CONTENTS

WEDNESDAY, 10 MAY

CHAMBER HANSARD

Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000—
  First Reading ............................................................................................... 16123
  Second Reading ........................................................................................... 16123

Datacasting Charge (Imposition) Amendment Bill 2000—
  First Reading ............................................................................................... 16128
  Second Reading ........................................................................................... 16128

Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No. 1) 2000—
  First Reading ............................................................................................... 16128
  Second Reading ........................................................................................... 16128

Financial Management and Accountability Amendment Bill 2000—
  First Reading ............................................................................................... 16131
  Second Reading ........................................................................................... 16131

Youth Allowance Consolidation Bill 1999—
  Consideration of Senate Message ............................................................... 16131

Fuel Sales Grants Bill 2000—

Product Grants and Benefits Administration Bill 2000—

Fuel Sales Grants (Consequential Amendments) Bill 2000—
  Second Reading ........................................................................................... 16133

Centenary of First Sitting of Commonwealth Parliament .................................. 16171

Ministerial Arrangements ................................................................................. 16171

Questions Without Notice—
  Budget 2000-01: Deficit .............................................................................. 16172
  Economy: Debt Reduction Strategy ............................................................ 16172
  Tax Reform: Income Tax ............................................................................. 16173
  Tax Reform: Income Tax ............................................................................. 16174
  Distinguished Visitors ................................................................................... 16175

Questions Without Notice—
  Australian Dollar: Value ............................................................................. 16175
  Economy: Management .............................................................................. 16176
  Goods and Services Tax: Inflation ............................................................... 16177
  Rural and Regional Australia: Budget Initiatives ......................................... 16178
  Budget 2000-01: Structural Surplus ............................................................ 16179
  Rural and Regional Australia: Health ........................................................... 16179
  Goods and Services Tax: Inflation ............................................................... 16180
  Herbert Electorate: Health Initiatives .......................................................... 16181
  Goods and Services Tax: Families ............................................................... 16182
  Employment: Policies .................................................................................. 16183
  Goods and Services Tax: Assistance Scheme .............................................. 16184
  Welfare Reform: Budget Initiatives ............................................................. 16185

Personal Explanations ...................................................................................... 16186

\Auditor-General’s Reports—
  Report No. 42 of 1999-2000 ........................................................................ 16187

Papers .................................................................................................................. 16187

Business—
  Parliamentary Secretaries: Ministerial Status ............................................. 16187

Matters of Public Importance—
CONTENTS—continued

Families: Budget.......................................................................................... 16188
Minister for Health and Aged Care............................................................... 16197
Suspension of Standing and Sessional Orders............................................. 16197
Personal Explanations....................................................................................... 16199
Committees—
  Public Accounts and Audit Committee—Report ........................................ 16200
  Public Accounts and Audit Committee—Executive Minutes ..................... 16202
  Joint Standing Committee on Foreign Affairs, Defence and Trade—
    Membership................................................................. 16203
National Capital Authority................................................................................ 16203
Bills returned from the Senate ................................................................. 16203
A New Tax System (Fringe Benefits) Bill 2000—
  Consideration of Senate Message............................................................. 16203
Fuel Sales Grants Bill 2000—
  Product Grants and Benefits Administration Bill 2000—
  Fuel Sales Grants (Consequential Amendments) Bill 2000 ......................... 16203
  Second Reading........................................................................................... 16203
  Third Reading.............................................................................................. 16231
Product Grants and Benefits Administration Bill 2000—
  Second Reading........................................................................................... 16231
  Third Reading.............................................................................................. 16231
Fuel Sales Grants (Consequential Amendments) Bill 2000—
  Second Reading........................................................................................... 16231
  Third Reading.............................................................................................. 16231
Jurisdiction of Courts Legislation Amendment Bill 2000 ......................... 16231
Adjournment—
  Griffith Electorate: Telecommunications Towers........................................ 16231
  Australian Broadcasting Corporation: Zimbabwe Reportage........................ 16232
  Linda Electric Industries: Protest by Employees........................................... 16233
  Sir William Keys........................................................................................... 16235
  Precision Radar Monitor System: Report.................................................... 16235
  Guttershield: Freecall Number .................................................................... 16237
Notices.............................................................................................................. 16238
QUESTIONS ON NOTICE—
  (Question No. 1133)—Marriage Celebrants: Proof of Birth ..................... 16239
  (Question No. 1171)—Goods and Services Tax: Sports Physiology.............. 16239
  (Question No. 1215)—Taxation Statistics: Salaries ....................................... 16240
  (Question No. 1220)—Sydney (Kingsford Smith) Airport: Advanced Runway Decision Advisory System ............................................. 16240
  (Question No. 1235)—Regional Forest Agreement: East Gippsland............. 16241
  (Question No. 1236)—Regional Forest Agreement: North-East Victoria.......... 16242
  (Question No. 1237)—Regional Forest Agreement: Central Highlands ......... 16243
  (Question No. 1238)—Australian Taxation Office: Benchmarks.................. 16243
  (Question No. 1252)—Income Units............................................................. 16243
  (Question No. 1262)—Characteristics and Performance of Higher Education Institutions Report............................................................... 16244
  (Question No. 1273)—Refugees: Deportation1273Refugees: Deportation
    Deportation .............................................................................................. 16245
  (Question No. 1281)—Refugees: Deportation................................................ 16245
  (Question No. 1288)—Australian Federal Police: Witness Interviews ........... 16246
CONTENTS—continued

(Question No. 1296)—Retirement Assistance for Farmers Scheme .......... 16246
(Question No. 1427)—Motor Vehicle Leasing: Sales Tax Exemption....... 16247
(Question No. 1430)—Minister for Employment, Workplace Relations and Small Business: Media Release ..................................... 16248
(Question No. 1435)—Refugees: Mandatory Detention ............................. 16248
(Question No. 1455)—Minister for Employment, Workplace Relations and Small Business: Domestic Violence Legislation Administration ...................................................................................... 16249
Mr SPEAKER (Mr Neil Andrew) took the chair at 9.30 a.m., and read prayers.

BROADCASTING SERVICES AMENDMENT (DIGITAL TELEVISION AND DATACASTING) BILL 2000

First Reading

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

Second Reading

Mr McGAURAN (Gippsland—Minister for the Arts and the Centenary of Federation) (9.31 a.m.)—I move:

That the bill be now read a second time.

The introduction of digital television and datacasting services in Australia from 1 January 2001 is a very significant development in the history of television. Consumers will be able to view clearer, sharper pictures, and choose between different types of television viewing—such as wide screen movie quality programs, or multiple camera angles for sporting programs. They will also, through their television set, be able to have access to new datacasting services which are likely to include a wide variety of information, education, advertising, and shopping services.

In 1998 the foundations were laid for Australia to enter the digital television era when the parliament passed legislation to establish the basic framework for conversion to digital television. This legislation sets out the broad framework for converting free-to-air commercial and national television from analog to digital. The rules governing the operation of digital television and datacasting services were to be determined following a number of statutory reviews.

The Broadcasting Services Amendment (Digital Television and Datacasting) Bill 2000 sets out the operating rules for digital television and datacasting services following a review process which included extensive consultation with stakeholders and the public about options for appropriate regulatory solutions for the digital conversion process. Reports of the eight completed reviews are to be tabled in parliament during the current sitting period. One review remains to be completed and will be tabled as soon as the government’s decisions on the spectrum allocation process have been finalised.

The bill also sets out a framework relating to HDTV standards and levels, the nature of datacasting and program enhancements, and on arrangements relating to captioning, the provision of new services in underserved areas and arrangements for the hand-back of analog spectrum.

Must carry standard definition television (SDTV) and HDTV Quotas

A key feature of the government’s digital television policy has been to minimise the disruption to consumers during the conversion period and to minimise the costs of conversion.

The bill requires free-to-air broadcasters to provide a standard definition digital simulcast of their transmission in analog mode at all times in addition to meeting HDTV quota requirements.

The requirement to provide SDTV provides real choice for consumers. SDTV receivers will be more affordable and are expected to be more widely available in the initial phase of introduction of digital television. Consumers will be able to choose whether they want: . cinema quality pictures with access to datacasting services through a more expensive HDTV set; . access to new services and a higher quality picture through a cheaper SDTV set; . access to new services on their existing analog television set through a set top box; or . continuing, for the time being, to watch their existing analog programs but without the additional services available via digital transmission through their existing analog set.

Because SDTV receivers will be more affordable, this measure will encourage more rapid take-up of digital television and datacasting. More rapid take-up may also lead to a more rapid reduction in prices of equipment. In addition, the faster the conversion to digital, the sooner the government will be
able to turn off analog services and regain valuable analog spectrum for re-use.

Requiring the simulcast transmission of SDTV at all times also means that consumers can buy SDTV equipment and know they will always get a picture. If this requirement was not included, it would mean that when programs were broadcast only in HDTV, those with SDTV sets would not receive a picture.

SDTV pictures, while they will not have the ‘cinema’ quality clarity of HDTV pictures, will still provide viewers a very high quality picture free of the ‘ghosting’ and ‘snow’ that characterise the reception experienced by some viewers.

As part of the requirement to provide SDTV at all times, the government expects that broadcasters will provide an audio stream using the MPEG sound standard. The government would encourage the industry to reach a common position on this issue, but may be willing to consider regulating a standard, using existing powers in the legislation, if this appears necessary in the interests of consumers.

The government remains committed to HDTV as a key feature of digital television and is moving to implement the mandatory HDTV requirement as agreed by parliament. The spectrum loaned to television broadcasters will provide sufficient spectrum capacity for HDTV.

The bill puts in place the following requirements for HDTV.

Free-to-air broadcasters are required to commence HDTV as soon as practicable after the commencement of digital services in a licence area.

Within two years of commencement of digital transmissions, commercial and national broadcasters must provide at least 20 hours per week of HDTV programs.

Commercial broadcasters must meet this target with material originally produced in HDTV. The HDTV requirements for the national broadcasters, the ABC and SBS, are more flexible to take into account their diverse programming sources and may include upconverted SDTV material.

A review will be held in 2003 on HDTV quotas and the provision of HDTV in remote areas.

The provisions contained in the Bill impose a modest target, which will ensure that HDTV programming is made available to those who choose to purchase HDTV sets.

**Datacasting**

The 1998 legislation introduced an interim definition of datacasting. Following a review of the scope of datacasting services, the government considers that this definition should be modified. The legislation needs to be clearer about what kinds of services can be provided and about the distinction between datacasting and broadcasting services.

The parliament has legislated that no new commercial television licences can be issued until after 2006. Therefore, the regulatory regime needs to prevent this being circumvented by ensuring that datacasters do not become de facto broadcasters.

The parliament also prohibited multichannelling by broadcasters at least until a scheduled review in 2005. Therefore, the legislation needs to eliminate the possibility of broadcasters using their datacasting services to provide multiple television broadcasting channels and thus contravening the multichannelling ban.

The regulatory regime for datacasting will be implemented through a new schedule 6 to the Broadcasting Services Act 1992, the BSA. The regulatory approach will focus on the kinds, or ‘genres’, of programs and services which datacasters are allowed to provide. Datacasters will be prevented from providing content in genres regarded as free-to-air television—for example, drama, current affairs, sporting programs and events, music programs, infotainment and lifestyle programs, light entertainment and variety programs, compilation programs, quiz programs and games shows. The Australian Broadcasting Authority, the ABA, may make written determinations concerning whether or not programs fit within a particular genre.

Datacasters will be able to provide short extracts of these television program genres, as long as the extracts are not self-contained, and are not provided in a way that facilitates
their combination to form a television program.

There will be limitations placed on the audio material datacasters can provide. This is primarily intended to prevent them from operating as radio broadcasters, and will not prevent them from providing a wide range of permitted audio material.

The ability to provide news, financial, market and business information is likely to enhance datacasting services and their attraction to audiences. Therefore, datacasters will be able to provide short news, business information or weather overview bulletins. In addition, bulletins may be provided on an individual news item, on a topic of business or financial information and on weather information, if they are made available to a viewer by selecting from a menu on the screen. Outside the restricted genres, datacasters will be able to provide any services. These include, but are not restricted to, programs providing information on products, services and a range of activities; educational programs associated with courses of study; foreign language news bulletins; transactions such as home shopping; banking and bill paying; any matter which is in the form of text and still pictures, including Internet web sites; Internet carriage services which provide individual end users with point-to-point access to the Internet; interactive games; and parliamentary broadcasts, or broadcasts of the proceedings of a court, royal commission or similar body.

Datacasting licensees will be able to provide their customers with individual point-to-point connections to the Internet. This will increase the range of business models available to datacasters. For example, it will allow a datacaster to function as an Internet service provider, providing connections to the Internet rather than just content.

In common with all other means of accessing the Internet, this would allow users of datacasting services to have access to programs such as video clips of news stories, or streamed audio and video services, where they are made available on web sites. The moratorium in the BSA on new commercial television services applies to services delivered by any technological means including the Internet. However, there is currently some uncertainty whether services such as streamed audio and video obtainable on the Internet are, legally, broadcasting services. This is a generic issue relating to the convergence of broadcasting with other services, and it is therefore proposed to refer the matter to the ABA for their detailed consideration over the next 12 months.

Rules applying to datacasting services under this legislation will apply only to services provided in the broadcasting services bands spectrum, and will not affect services delivered by other technical means. Subject to this limitation, they will apply in respect of all datacasting services, whether by commercial broadcasters, national broadcasters or other datacasters.

The ABA will be provided with strong powers to enforce the distinction between datacasting and broadcasting. The ABA will issue datacasting content licences and oversee their use. It will be an offence to provide a datacasting service without a datacasting licence, or in breach of the conditions of a licence. Licences can be suspended or cancelled. The ABA will have the power to apply to the Federal Court for an injunction to prevent a datacaster from continuing to provide a datacasting service without a licence or in breach of a licence. The ABA can also issue remedial directions towards ensuring a datacaster complies with licence conditions.

Datacasters must also, as a group, develop codes of practice dealing with, for example, access to undesirable material, and handling of complaints.

The bill also prevents national broadcasters or commercial broadcasting licensees or those in a position to control such licences from controlling a datacasting licence. These measures give effect to the government's policy that free to air broadcasters should not be allowed to purchase or control additional spectrum.

The provisions for the licensing of datacasting content outlined earlier will be separate from the provisions for the licensing of datacasting carriage. The bill provides for datacasting transmitter licences to be issued. Until 2007, these licences can only be used...
to transmit services provided under a data-casting content licence issued by the ABA. Datacasting transmitter licences will have a term of 10 years, with the expectation of a single renewal for five years only.

The statutory moratorium on the issue of new commercial television broadcasting licences is scheduled to end in 2006. From 1 January 2007, therefore, spectrum licensed to datacasters will be able to be used for any other service licensed under the BSA, in addition to licensed datacasting. The regulatory arrangements applying to the use of this spectrum from 1 January 2007 will be the subject of a statutory review in 2005. The review will also examine what charges and other financial arrangements—if any—should apply to this spectrum.

Program Enhancements

I now turn to program enhancements. The ability to provide enhanced services will make digital television more attractive to consumers. The bill provides that free-to-air broadcasters will be allowed to provide digital enhancements to their main simulcast programs. These enhancements may be in any form, such as text, audio or video, provided that: the sole purpose of the transmission is to enhance a television program; there is a direct and close linkage between the enhancement and the primary program; and enhancements are transmitted simultaneously with the primary programs to which they are linked. The bill will also allow enhanced programming in the form of live coverage of a different sporting event to that being broadcast as a primary program, provided that the event is being played at the same venue, is in the same sport and overlaps in time with the primary program. This will allow, for example, broadcasters to enhance a program providing live coverage of a tennis match by providing different camera angles, each player’s results in past matches, video highlights from these past matches and each player’s ranking and career highlights. They will also be allowed to provide coverage of another tennis match taking place at the same time in the same venue.

Broadcasters will also be able to use the flexibility provided by digital technology to deal with problems created by program overlaps. The bill will allow free-to-air broadcasters to use their additional channel capacity in dealing with overlaps where the end of a sporting match, or the telecast of other significant events as designated by the ABA, runs over time due to circumstances outside the control of the broadcaster and, as a result, clashes with another program which commences at its scheduled time. This means that viewers will have the choice of switching to the other program or watching the end of the event.

National Broadcasters

The government recognises the important role of the ABC and SBS in providing digital television services to viewers. With the start-up of digital television, the ABC and SBS will be obligated to simulcast their analog programs in digital mode and to meet HDTV format and captioning requirements. Under the provisions in this bill, the national broadcasters will be able to televisualise enhancements of their analog programming. They will also have the flexibility to provide innovative datacasting services. This will ensure that the national broadcasters are able to use digital television to enhance their charter functions, that they are placed on the same footing as the commercial television broadcasters in terms of the permitted range of digital television programming and that there is a common regulatory regime for all datacasting services.

It is not proposed, however, to amend the Broadcasting Services Act to lift the current statutory prohibition on national broadcasters providing multichannel television programming. There is a legitimate concern that free-to-air multichannel television programming would unfairly compete with the developing pay TV sector. It would also be inequitable to lift the ban on ABC and SBS multichannel programming while maintaining the current prohibition on commercial free-to-air multichannelling. This issue is best addressed as part of the statutory review of multichannelling that is to be conducted in 2005, in the light of experience with the introduction of digital technology and further developments in the pay TV industry.
Captioning

Free-to-air television plays a major role in providing entertainment, education and information to audiences throughout Australia. The advent of digital television provides the opportunity to significantly improve the access of the deaf and hearing impaired to television services. The BSA requires that standards be determined that, as far as practicable, require broadcasters to caption programs transmitted during prime viewing hours and to caption all news and current affairs transmitted at any time. The government has carefully considered the advice from broadcasters, the deaf and hearing impaired community and other stakeholders on the effect of this requirement and whether it should be amended. As a result of these considerations, the government has decided to limit exemptions only to programs or parts of programs in a language other than English, programs or parts of programs providing music without English words, and incidental or background music. These requirements will bring Australia more in line with developments in countries such as the United States of America, Canada and the United Kingdom.

Underserved Areas

In regional Australia there are currently a number of areas which have fewer than three commercial television services. There are currently four solus markets—that is, markets which have only one commercial channel. There are 10 other markets which have only two commercial services available. The government wishes to encourage the provision in these underserved regional licence areas of up to the same number of commercial television broadcasting services as are provided in most metropolitan areas. The government is mindful of the particular economics of underserved markets, with small widely dispersed populations requiring extensive transmission infrastructure and providing a low advertising revenue base. Therefore, the most effective way to introduce new services in these markets within a reasonable time frame is to allow existing broadcasters to provide such services. This is also consistent with the moratorium on new commercial licences in other areas.

Additional services would be supplied in regional solus markets principally through the existing legislative provisions which allow the granting of a second licence to the incumbent in a solus market if spectrum for a second analog service is available. Incumbents granted a second licence in these markets will be allowed, under the bill, to multichannel the digital transmission of the existing and new services in SDTV format. This will allow these broadcasters, if they wish, to minimise their conversion costs by using the same infrastructure to transmit both digital services. These multichannelled services will be exempt from the HDTV requirements, subject to review in 2005. Digital transmission of the original and second analog service is required to commence by 1 January 2004.

In the case of two-station markets, the bill will provide for a third digital-only service to be provided either by one of the existing incumbents or by a joint venture by the two incumbents. If only one of the incumbents provides the new service they can elect to do so by multichannelling in SDTV format—with exemption from HDTV requirements, again subject to review in 2005. The new service is required to commence by 1 January 2004, or any earlier time notified by the ABA.

These changes will provide the opportunity for incumbent broadcasters in solus and two-service markets to provide new digital services with lower roll-out costs, and provide the potential for new services for consumers in these regions.

Spectrum planning

Free-to-air television broadcasters are to be loaned sufficient additional spectrum, free of charge, to enable them to simulcast their existing service in analog and digital format for at least eight years. At the end of this period they will be required to hand back the spectrum no longer required for analog transmission. It is important that at this time the ABA has the maximum capacity to plan future spectrum efficiently.

The current legislative provisions could limit the ABA’s flexibility and restrict its ability to take advantage of the spectrum
efficiencies arising from digital technologies. The bill will amend the legislation to ensure that the ABA has the power to allot the channels that will be used by the broadcasters for digital services after the end of the simulcast period having regard to the most efficient use of spectrum.

**Conclusion**

This bill represents a significant step forward in the process of implementing digital television in Australia. It puts in place all the major requirements for digital television conversion and for the establishment of datacasting and provides a comprehensive framework under which broadcasters can embark on the provision of the new and exciting digital services. It also provides broadcasters and datacasters the maximum certainty through legislation.

There will, of course, be a need for some review of progress, given that we are entering a new environment in which technology is constantly changing and developing. The bill provides for such reviews, which will facilitate adjustments of the framework in the light of experience and the take-up of digital television. I commend the bill to the House and present the explanatory memorandum.

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

**TELECOMMUNICATIONS (CONSUMER PROTECTION AND SERVICE STANDARDS) AMENDMENT BILL (No. 1) 2000**

**First Reading**

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

**Second Reading**

**Mr McGauran** (Gippsland—Minister for the Arts and the Centenary of Federation) (9.58 a.m.)—I move:

That the bill be now read a second time.

The Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No.1) 2000 makes several critical and other desirable amendments to part 2 of the Telecommunications (Consumer Protection and Service Standards) Act 1999. That part establishes the universal service regime for telecommunications. The universal service regime ensures that telephone and digital data services are reasonably accessible to all Australians. These two components of the regime are known as the universal service obligation, or USO, and the digital data service obligation, or DDSO, respectively.

Currently around 400,000 telephone services are subsidised under the USO.

The bill has its origins in two particular matters: the interim capping by parliament of Telstra’s USO costs for the financial years 1997-98, 1998-99 and 1999-2000, and the consequential review of USO arrangements in 1999; and the allocation by parliament of $150 million from the Telstra 2 social bonus to provide untimed local calls in remote Australia.
Against this background the bill has two main objectives. The first is to enable the minister to determine a universal service provider’s USO cost for up to three years in advance, thus providing an effective method of forward costing the USO and with it, a higher degree of certainty and stability for the industry.

Secondly, the bill makes a number of amendments to the USO regime to provide prospective participants in the remote Australia untimed local call tender with certainty about the future USO environment they would be operating within should they win the tender. This certainty will enable prospective tenderers to approach the tender process with more confidence, and make it more likely that the tender will extract the greatest benefit for people in remote Australia and best value for money for the Commonwealth and taxpayers generally.

It is critical that amendments to achieve these objectives be in place before 1 July 2000. This will ensure a smooth transition from the current interim capping arrangements, and prevent any possibility of providers accruing compensation entitlements under the default arrangements which have caused such difficulties in the past. It will also enable the tender to proceed quickly with a view to delivering to remote consumers the benefits intended by the parliament.

To expedite the passage of these urgent amendments, the government is introducing them in a short first bill. A second, substantive bill will be introduced at a later date to implement all elements of the government’s USO reform package announced on 23 March 2000.

The government is also taking the opportunity provided by this bill to make a number of relatively simple changes to part 2 to simplify its administration and enhance its flexibility. These will assist the government to progress the USO contestability pilots pending passage of the proposed second bill.

I would now like to turn to the details of the proposed amendments.

As a result of the difficulties with the default process for calculating a universal service provider’s USO cost, where liabilities are determined ex post, a key objective of this bill is to empower the minister to determine that cost in advance. This will be the preferred method for setting a universal service provider’s cost in the future.

Forward-looking determination of USO costs will be given effect by amendment of section 57 of the current act, which deals with the calculation of a universal service provider’s net universal service cost. The proposed determination power is modelled on that conferred on the minister under the capping legislation passed by the parliament last year.

The amendments to section 57 will enable the minister to make a written determination specifying an amount that is to be the USO cost or a method for working out the USO cost for a specified person, or for each person in a specified class, for a specified financial year. The minister’s determination will be able to encompass up to three successive years, thus providing longer-term certainty for industry.

Prior to making a determination the minister will be able to seek the advice of the ACA and consider any other matter the minister considers relevant.

A ministerial determination is required to be notified in the Commonwealth Gazette but it will not be disallowable. This is because determinations will generally relate to significant amounts, and it is important to the operation of universal service providers and the industry as a whole that they be able to stand. Moreover, if a determination were able to be disallowed, the universal service provider may need to make use of the default subsection 57(2) process, which is administratively demanding and has given rise to significant difficulties in the past. The nature of USO cost determinations is such that they will inevitably be subject to intense industry, public and parliamentary scrutiny, regardless of whether or not they are disallowable. As a matter of course the minister will need to exercise exceptional diligence in the preparation of such determinations.

In order to provide prospective participants in the remote Australia untimed local call tender with greater certainty and assist
the tender process, the bill addresses three main issues.

First, tenderers need to be certain they will become the universal service provider for the area covered by the tender should they win it. Proposed amendments to section 20 of the current act provide that the person with whom the Commonwealth enters into a written agreement under the Telstra Corporation Act 1991 in relation to the $150 million for the provision of untimed local calls will, where the agreement so provides, become the regional universal service provider for the region specified in the agreement without the need for a separate declaration. The commencement date of the person becoming the provider would be as set out in the agreement, and the date would be able to vary between areas within the region.

Second, tenderers need to know how the grant the successful tenderer will be awarded will affect the level of industry funding of ongoing USO costs. To remove any doubt, proposed amendments will provide that a grant under section 56 or 57 of the Telstra Corporation Act should not be taken into account by the ACA, for example, in giving the minister advice on an appropriate USO cost or in assessing a claim under the default methodology.

Third, tenderers need to know what ongoing access they will have to information necessary to fulfill their obligations as a universal service provider or otherwise comply with part 2. Proposed subsection 24A(2) will enable a new or prospective universal service provider to give a departing or former universal provider a notice requiring the former provider to give the new provider information that will assist the new provider do things it is required or permitted to do under part 2. The information must be sought within six months of the person being declared or becoming the new universal service provider. This will enable the new provider to request information, for example, on service location and customer contact details, so that it can manage any customer transfer processes. A former provider will be required to comply with a reasonable request as soon as practicable. In the event that there may be dispute as to whether requested information is reasonable in terms of a new provider’s needs, the minister will be able to make a written determination. Beyond this, the ACA, as industry regulator would, in the first instance, adjudicate on the reasonableness of any request and the time to meet it. The ACA has powers of direction in relation to compliance with the act.

In recognition that in a more dynamic telecommunications environment DDSO providers as well as USO providers could change in an area, similar provisions have been proposed in relation to the DDSO.

In terms of simplifying the administration of the universal service regime and enhancing its flexibility generally, a number of relatively simple amendments are proposed. These changes are seen as useful in the context of the proposed tender and pending full implementation of the government’s wider USO reforms. In many instances the amendments simply streamline arrangements for actions already possible under the act. The main amendments in this regard are to:

- enable there to be more than one USO provider in an area at one time without the need, as is now the case, for enabling regulations;
- make it clear that the minister can consider a range of matters in deciding whether a person should be declared as a USO provider;
- enable carriage service providers as well as carriers to be declared as DDSO providers—thus enabling them to provide their customers with access to industry funded customer equipment rebates and enhancing competitive neutrality; and
- enable the declaration of a universal service provider to come into effect from the time specified in the declaration, as opposed to the current restrictive default of declarations commencing on the first day of the financial year.

There are a number of minor stylistic and procedural amendments as a result of these changes. Where appropriate, similar amendments have been made in relation to the DDSO provisions.

The bill contains a number of application and transitional provisions explaining how
the new provisions affect existing instruments.

In summary, the bill makes several critical and other highly desirable amendments to the current regime for universal service in telecommunications. Together, the amendments will significantly enhance the operation of the USO and DDSO to the benefit of the large number of Australians who depend upon them, as well as furthering the goal of providing untimed local calls in remote Australia.

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

Debate (on motion by Mr Stephen Smith) adjourned.

FINANCIAL MANAGEMENT AND ACCOUNTABILITY AMENDMENT BILL 2000

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.09 a.m.)—I move:

That the bill be now read a second time.

This bill, a bill to amend the Financial Management and Accountability Act 1997, provides for a supplement to annual and special appropriations on account of amounts of goods and services tax paid by Commonwealth entities, as part of consideration for a taxable supply or on creditable importations, which are recoverable through the input tax credit mechanism—that is, recoverable GST.

The need for this technical amendment results from the way in which GST will impact on the transactions of the Commonwealth, and the way in which annual and special appropriations are made. The Commonwealth and Commonwealth entities will be liable to pay GST in respect of taxable supplies and taxable importations, so that they will be treated in much the same way as other GST taxpayers. They will not be exempted from GST passed onto them by their suppliers.

The accepted Australian guidance concerning the accounting treatment of GST in respect of expenses and assets is set out in Urgent Issues Group Abstract 31, issued by the Australian Accounting and Research Foundation in January this year. Consistent with this guidance, annual and special appropriations will be made on a GST exclusive basis. Accordingly, amounts in the annual appropriation bills represent the net amount, or cost to the budget, that parliament is asked to allocate for particular purposes.

It is a constitutional requirement that all payments by the Commonwealth be made under appropriation made by law. This bill proposes an amendment to the Financial Management and Accountability Act 1997 to provide for additional appropriation to supplement annual and special appropriations, equal to any recoverable GST payable by Commonwealth agencies. This will ensure that there will always be sufficient appropriation to cover the full amount of a payment, where the GST exclusive amount of the payment has been made by way of annual or special appropriation. Parliamentary control over, and scrutiny of, expenditure will not be diminished as a result of the additional appropriation. The additional appropriation will not have any budgetary impact, as the part of the payment it represents will be recovered by the Commonwealth agency or department as an input tax credit. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Martin Ferguson) adjourned.

YOUTH ALLOWANCE CONSOLIDATION BILL 1999

Consideration of Senate Message

Consideration resumed from 6 April.

Senate’s requested amendment—

(2) Schedule 4, page 132 (after line 5), after item 16, insert:

16A Point 1067G-E17

After “1067G-E18”, insert “, 1067G-E18A”.

16B Point 1067G-E18

After “business” (first occurring), insert “which includes the provision of professional services”.

16C After point 1067G-E18

Insert:
Interest in business assets when business includes carrying on of primary production

1067G-E18A Subject to point 1067G-E19, 75% of the value of a person’s interest in the assets of a business which includes the carrying on of primary production is disregarded if the person, or his or her partner, is wholly or mainly engaged in the business and the business:

(a) is owned by the person; or
(b) is carried on by a partnership of which the person is a member; or
(c) is carried on by a company of which the person is a member; or
(d) is carried on by the trustee of a trust in which the person is a beneficiary.

Mr DEPUTY SPEAKER (Mr Jenkins)—The question is that the requested amendment No. 2 be not made.

Mr ANTHONY (Richmond—Minister for Community Services) (10.12 a.m.)—Last night the Treasurer announced that the government will be modifying the youth allowance family assets test to increase access to the youth allowance. An income test will still apply but the assets test on farm and business assets will be relaxed. The government will not be supporting the amendment put forward by the Democrats in the Senate because it is technically flawed. The provisions of the Democrat amendment are technically flawed as they were drafted to replace clauses which were previously repealed. Dependant young people claiming youth allowance are generally subject to a parental means test. This test comprises a family assets test, a parental income test and a family actual means test. The family assets value limit for youth allowance, which is indexed in January each year, is currently $414,500. The net value of family and business assets is currently discounted by 50 per cent, allowing families with net assets of up to $829,000 to access the youth allowance.

From 1 January 2001, the proposed changes will increase the discount from 50 per cent to 75 per cent, allowing families with net assets of up to $1,658 million to access youth allowance. It is estimated that around 7,200 young people and their families will benefit from this measure. The majority are expected to come from rural and regional Australia. This is great news for families in regional and rural Australia as well as families operating small businesses. The projected cost is around $131.5 million over four years. Obviously, these measures will be brought forward as part of the government’s budget package. The new changes will be implemented on 1 January 2001.

Mr ALBANESE (Grayndler) (10.14 a.m.)—I rise to add to the comments made previously in the debate on the Senate requested amendment to the Youth Allowance Consolidation Bill 1999 when it was before the House some three weeks ago. The difference is that the government reversed its position last night and is now saying that we were right three weeks ago when we were pursuing this amendment. The government essentially agreed in the budget last night to actually fulfil an election promise that it made back in 1996. The Treasurer’s speech last night demonstrated that the government had finally been forced into a corner by the Labor Party, by the Democrats and by their own constituents—forced to fulfil a promise that it was clearly uncomfortable about keeping.

Mr Anthony—You never supported it; you never go there.

Mr ALBANESE—I go to regional Australia a lot, Larry, as you would know. Indeed, on Friday I was in Richmond, and it is a lovely seat. Labor and the Democrats supported a 75 per cent exemption of farm assets for the purpose of qualifying for the Common Youth Allowance and Austudy. This is because many farmers are asset rich and income very poor. Rural and regional families are shown to participate in higher education at only two-thirds the rate of urban Australians. It is vital that there is equal access for rural and regional people to education and income support for young people. This is a promise that the coalition government took over four years to deliver. Last night they caved in to the pressure exerted by the Labor Party, the Democrats and their own constituencies. There might indeed be an election coming because there is a desperate attempt by the government to address the devastating impact that previous budgets have had on rural and regional Australia. Perhaps my visit to the electorate of Rich-
mon with the Labor Party caucus gave the government the ideas that they put last night in the budget. So bereft of ideas are this government that a staffer for the member for Richmond came to the Labor Party caucus meeting to get some ideas as to what should happen in rural and regional Australia. We made him welcome; we even invited him to address the people who had gathered there.

Mr Martin Ferguson—We did not charge him $2.50 for scones.

Mr ALBANESE—And we did not charge money. It was free—put on by the Labor Party at Banora. Perhaps it was the member for Richmond who was the minister at the meeting where people were charged money to hear about the impact of the GST on their rent. It is not surprising that a government, which now accepts everything that we were saying weeks ago—although weeks ago it was no good—gets its ideas by going to Labor Party caucus meetings to get some policy ideas about what is really needed in rural and regional Australia. I am pleased that the government has caved in to the pressure; I am pleased that this change will now occur as a result of the Labor Party and the Democrat amendments in the Senate.

Question resolved in the affirmative.

FUEL SALES GRANTS BILL 2000
Cognate bills:
PRODUCT GRANTS AND BENEFITS ADMINISTRATION BILL 2000
FUEL SALES GRANTS (CONSEQUENTIAL AMENDMENTS) BILL 2000

Second Reading

Debate resumed from 12 April, on motion by Mr Costello:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (10.19 a.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 condemns the Government for worsening the city/country fuel price differential by imposing a GST; and imposing a costly, complex, and uncertain new layer of compliance burden on fuel retailers”.

The Fuel Sales Grants Bill 2000, the Product Grants and Benefits Administration Bill 2000 and the Fuel Sales Grants (Consequential Amendments) Bill 2000 operate as a package to provide a tiered system of grants for petrol sales to consumers in non-metropolitan areas with a higher rate of grant to be provided for sales in remote areas. They operate to standardise the administrative framework for grants and benefits administered by the Commissioner of Taxation and ensure that the grants are covered under the Taxation Administration Act 1953 like other taxes in such areas as prosecutions and offences, collection and recovery, and so on. The bill talks about the scheme being estimated to cost $500 million over four years from 2000-01. There was an update of that in the budget last night: the cost over four years will be $562 million. This is a cost to the budget that was not factored into the ANTS package. This scheme represents a vindication of the position argued by Labor going back to before the last election when we pointed out that including petrol in the goods and services tax would widen the city-country petrol price differential. For a long time, the government resisted this argument and claimed it was not so, but we see legislation before the House which is an admission and acknowledgment by the government of the fact that it is so.

The government’s plan involves reducing the excise on fuel by a set amount, such as 7c or 8c per litre, and then imposing the 10 per cent GST on fuel. The formula will have effect depending upon the retail price at the time. For example, if the existing retail price of petrol were 77c, removing 7c of excise and imposing a 10 per cent GST—that is, 7c—would have no effect on the retail price. However, as anyone who has driven around the country or spent any time in country areas will readily understand, at various petrol stations around the country there will be prices in excess of 77c. Generally, the further away you get from the metropolitan area the higher that price differential becomes. For example, if you have a petrol station in country New South Wales which currently charges 87c, there will be a price effect whereby it reduces the price by 7c a litre for the excise reduction but then the 10 per cent
GST kicks in. It would add 10 per cent of 80c—that is, 8c. The retail price in that country service station would increase from 87c to 88c because of the GST. Therefore, the city-country price differential also increases. Where a petrol station is very remote—we are all aware of examples in the Northern Territory, Western Australia and so on—the price will be even higher, which will mean greater than 1c increases. That price effect is an inescapable mathematical fact, despite the weasel words in the ANTS package that no petrol price need rise.

To overcome the problem, various government ministers—the Prime Minister, the Treasurer and the former Deputy Prime Minister, Tim Fischer—were saying that no petrol price would rise. Despite their claims, Labor continually pointed out that this promise was undeliverable under the original ANTS package. Motoring organisations, and in particular the Australian Automobile Association, consistently confirmed Labor’s argument, as have respected and prominent commentators such as Terry McCrann. Indeed, at one stage Treasurer Costello actually attempted to walk away from the promise when he told Laurie Oakes on the Sunday program that there were limits on the promise. This jettisoning of the bush caused outrage in regional Australia, together with Treasurer Costello’s other observation—indicating his concern for the wellbeing of rural Australians by saying that the way to resolve some of their unemployment problems might be to see rural wages fall. Those two statements by Treasurer Costello did a great deal of damage to his aspirations to become leader of the Liberal Party at some stage and caused him to lose quite a lot of support amongst country members of parliament. The Prime Minister was not going to have any of Treasurer Costello’s observation that there were limits on this promise. The Prime Minister said, ‘The promise will be honoured in full.’ This led to the announcement last month of this grants scheme which constitutes the legislation before the House.

To look at these measures in a little more detail: the bill establishes a grants scheme to fuel retailers in respect of sales in non-metropolitan and remote areas to end users. A grant will apply to all such sales after 1 July. A sale is when the fuel is delivered, not when it is paid for. This bill is particularly light on detail. What it really does is establish a registration system for the grants but precious little else. It merely establishes a framework for the grants. To obtain a grant a person has to register under the scheme and there is simply no detail provided about the key points. For example, where are the non-metropolitan locations that qualify for the grants? The government cannot tell us. Which service stations, which areas, will be able to apply for and receive these grants? Secondly, where are the remote locations that qualify for the higher level of grant? Once again, we do not have any information about this. What is the rate of grant at the various places? No information is provided about that at all. All of these absolutely basic, fundamental points are to be given to us in the form of regulations to the bill. There is nothing here. The parliament and the community are not being told anything in the way of detail concerning this legislation. In my book, that is a very unsatisfactory situation.

It is also intriguing that in last night’s budget we were given some figures about the size and the cost of this scheme. When we turn to the budget papers—and I will come back to this a little later—we see the Fuel Sales Grants Scheme being costed at $121 million for the financial year 2000-01, $120 million for the financial year 2001-02, $125 million for the following financial year and $135 million for the financial year after that. In order to make these calculations, you would think, expect, hope that somebody within the government would know something about which locations are going to qualify for the grants and what the rate of grant is going to be. If you do not know something about those sorts of things, how on earth can you provide budget figures which go down to the last million dollars? If the government knows which areas are going to be dealt with—it is high time it did know because the GST is scheduled to come into effect on 1 July and the problem we are talking about here will come into effect from 1 July—it should come clean with the parliament and the community and tell us which
areas are to be the subject of these grants, rather than expect the parliament to debate and pass this legislation in ignorance.

Put simply, the bill is a farce. It does not clarify any of the details which are necessary to evaluate the effectiveness of this scheme. We are most concerned that the government either has not yet actually settled the detail of the boundary changes, in which case it is extraordinary that they could provide that sort of information in the budget—and that information would be highly unreliable—or, if they have settled the detail of the boundary changes, that they are not prepared to come into the parliament and come clean concerning which areas will be eligible for the grants. So all we have is the Treasurer’s announcement that non-metropolitan locations will get 1c per litre grants and remote areas will get 2c or possibly more. It is clear that this is a proposal arrived at on the run in the government’s panic about being caught out yet again on another undeliverable GST promise. So we have to register our concern about the uncertainty and confusion of the new scheme.

Let me also make the observation that this scheme is not a benefit, as the government would portray it and would have you see it and believe. It is simply an attempt to offset the adverse impact of the GST on the city-country price differential. So, as I explained to the House, given the history of the thing, you can see that this is simply offsetting a situation where otherwise prices would rise and the city-country petrol price differential would arise as a result of the imposition of the GST.

I also note that we have before us the Product Grants and Benefits Administration Bill 2000. This scheme will impose a further compliance task on fuel retailers. Presumably the cost of compliance will be retained by the retailer, although this is unclear. If not, retailers would make a loss through participating in this scheme. The details about the full compliance burden are non-existent, as are almost all of the other administrative details. So the obvious questions are: how often are grants paid; what is the base for calculating grants—is it past sales or is it anticipated sales; is the grant subject to income tax for the recipient; what records have to be kept in order to satisfy the requirements of the scheme? We can see that the bill covers administrative matters such as method of registration and cancellation of registration; assessments and payments of claims; record keeping requirements; compliance enforcement measures such as those against schemes which attempt to abuse the grants scheme; recovery of unpaid debts; penalties for false statements, et cetera, and information gathering and access powers for the Commissioner of Taxation, including secrecy provisions. This particular bill standardises the administrative framework for grants and benefits administered by the commissioner.

The final bill in this particular trifecta, the Fuel Sales Grants (Consequential Amendments) Bill 2000, will amend the Taxation Administration Act 1953 to ensure that the administrative provisions which apply generally to acts administered by the Commissioner of Taxation will apply appropriately to the new grants and benefit laws. These include those relating to prosecutions and offences, the general interest charge which applies to outstanding amounts, and the collection and recovery of tax related liabilities. Labor will not be opposing any of these bills. But we note that there is a range of concerns about the lack of detail in them, and we note that there is a key issue of consumer protection here: the question of the effectiveness of the mechanism to ensure that these grants are indeed passed on to consumers. The ACCC will be tasked with enforcing that but in practice this would appear very difficult. I have no doubt senators who are very good at pursuing some of these issues will take an interest in this area. So Labor understands that this scheme represents compensation for the GST. It has been our consistent position throughout the GST debate that, while we oppose the GST and believe that the compensation measures are inadequate, they should not be opposed, and we will not be opposing them.

Let me now turn to last night’s budget papers which contain some detail, as I have indicated, about the cost of the Fuel Sales Grants Scheme. Quite a lot of media report-
ing this morning has focused on this budget being one of assistance to rural and regional Australia and has focused on the government’s table 5 in the budget papers, headed ‘Additional Assistance to Rural and Regional Australia’. But if you have a look at this first financial year, the year 2000-01, and go to this much-trumpeted additional assistance to rural and regional Australia, what do you find is the biggest line item here? It is in fact the item we are debating, the Fuel Sales Grants Scheme, $121 million out of a total of $327 million. So more than one-third of this so-called additional assistance to rural and regional Australia is in fact merely compensation for a GST based price rise which they had claimed all along would not happen. It is not assistance of any kind whatsoever, yet it is included in the budget papers and is being trumpeted around as some benefit to rural and regional Australia.

If you look at the total of the four-year period, you find in that total additional assistance of $1,800 million over a four-year period that the Fuel Sales Grants Scheme constitutes $500 million of that—$501 million to be precise—and that it comes second to the health package which costs $562 million. So to give people an idea of the magnitude of this, it has been costed at $500 million and trumpeted as part of assistance to rural and regional Australia, but it is simply there in order to endeavour to ensure that you do not go backwards, that you do not end up paying more for your petrol in country areas as a result of the GST, and that the city-country price differential does not increase still further. So this is a piece of trickery, a sleight of hand on the part of the government, endeavouring to claim that it is providing this additional assistance to rural and regional Australia when it is nothing of the kind. It will simply, at best, enable country people to stand still and not go backwards. This is just one of the many fiddles in a budget which I think the shadow Treasurer described as having more fiddles than the Tamworth Country Music Festival.

We also want to express concern about the cost of the administration of this scheme, and the cost both to government and to the small retailers—the service station operators—who will be part of this scheme. Once again, in looking at Budget Paper No. 2, we can see that there is an allocation to the tax office of an additional $9.5 million in order to implement this tiered grants scheme—that is, $9.5 million to administer a grants scheme which is a little in excess of $100 million each year. That must be something close to world’s worst practice in cost of administration. It really is an extraordinary amount of money.

We are going to see not only a substantial compliance burden for the government with additional costs involved there but also a substantial compliance burden on fuel retailers. I mentioned earlier that there are a whole series of questions which have not been answered by the government about how often grants are paid, the basis for calculating them, whether it is past sales or anticipated sales, what records have to be kept in order to satisfy the requirements of the scheme, issues to do with assessing and paying claims, method of registration, cancellation of registration and so on. It is quite clear that there will be a very substantial compliance burden on petrol station retailers as a result of this. We have yet more administrative complexity and bureaucratic red tape for small business all because of the goods and services tax. This is yet another set of bills before the parliament necessitated by the goods and services tax. This complicated scheme is yet another example of the price tag that comes with the goods and services tax.

Treasurer Costello has talked about simplifying Australia’s taxation system. He would have to be joking. Peter Costello has done for the cause and reputation of tax simplification what Mike Tyson did for the gentle art of dating. It is not simply a question of the compliance burden; we also have to be sure that the tax office is up to it. Can the tax office police this scheme and prevent it from being rorted? Can it make sure that people who claim the fuel grants are eligible for the fuel grants and that petrol which attracts the fuel grants is sold in country areas and that country consumers do indeed benefit?

I want to express concern about that in light of the very unhappy experience we have had recently concerning the fuel sub-
stitution scandal. Just this week, in a hearing before the Senate Economics Legislation Committee, we heard further evidence concerning the fuel substitution scandal. Liberty Oil provided evidence which suggested that something like $400 million was lost in exercise last year due to fuel substitution rorts going on and that the government was remiss in catching up with it. They pointed out that it had cost them something like $5 million to $7 million in lost profits. As an indication of the seriousness of these issues, Mr Kevin from Liberty Oil said that Liberty personnel had been subject to death threats and so on, for daring to raise this issue. He went on to express great disappointment about the failure of the government and the tax office to act sufficiently to prevent these rorts. He said:

We started talking to the tax office well over 18 months ago and then we started writing to Senator Vanstone and then Assistant Treasurer Kemp. That was about April of last year. The reaction was too slow for us ... It was too slow ... We got the response: ‘Yes, we are looking into it. We will do something about it. Yes, we are on to the problem.’

He went on to say:

We did not get the response we wanted. In fairness to the Taxation Office and Customs, I gather they have other things on . . .

Mr Kevin is referring, of course, to the GST. That is precisely our concern: as a result of GST, the tax office have not been addressing these sorts of issues properly. You have to wonder about their capacity to police a system like the Fuel Sales Grants Scheme, given that they have been such a conspicuous failure in relation to fuel substitution. Indeed, Mr Kevin pointed out to them Liberty’s belief that there is a new fuel substitution racket in process, involving naptha. He pointed out that naptha is a hydrocarbon—which comes out of a distillation process—which is being mixed with petrol. In order to try and combat this—and it is Liberty’s belief that there is not a legitimate use for naptha; that it is just a product used in the refining process—Liberty had sent personnel out to west of Quilpie in Queensland, near the South Australian border, which they believe is one of the sources of naptha. Mr Kevin said:

We are conducting our own investigation to try to get the evidence that this is happening ... to get the tax office to shut this rort down.

It is really quite inappropriate that a company like Liberty Oil should have to be playing private investigator. That is the sort of thing that the tax office ought to be doing itself. Even more disconcerting was the evidence from the tax office before the Senate committee when it was asked what it was doing about naptha. Mr Charleston from the tax office said:

Up until I saw the submission from Liberty, I was unaware that there was any rorting at all in respect of naptha.

The Senate committee went back to Mr Kevin, who said:

I am pretty sure that in previous conversations the tax office said that they knew about naptha and, in fact, named some of the people who were involved in transporting this around.

He went on to say:

I am a little dumbfounded ...

Mr Charleston responded:

I can only assume that the information was given to our investigation area, and I would not have been privy to that information. But there have not been any direct allegations given to my area about any rorting with respect to naptha.

It is very disconcerting for companies like Liberty who have talked to the tax office and then heard that this area of the tax office is not talking to another area of the tax office. Mr Kevin said something later on like, ‘Perhaps every time I have a conversation with the tax office, I will have to write it down and send it in a letter.’ I can understand that concern—that, when companies are identifying these fuel substitution scams and drawing it to the attention of the tax office and the government, nothing is being done about it.

It is not simply a question of letting the tax office know, and finding that there has been inadequate response to that. Both Liberty Oil and the Apco service stations company in Geelong wrote to four separate ministers: the Assistant Treasurer, the Minister for Justice and Customs, the Attorney-General and the Treasurer last year, in letters dated 31 May and then on 6 July, drawing attention to these fuel substitution rackets,
only to have the government and the tax office claiming after these things blew up earlier this year, ‘Oh well, the first time we heard about this was this year.’ Tax Commissioner Carmody said in a press release on 3 March:
The specific issue of the use of imported toluene as a fuel substitute was only raised with the tax office this year.
In trying to defend this proposition before the Senate committee, the tax officers were reduced to arguing that toluole was a different substance from toluene. Senator George Campbell asked Mr Jackson:
Was the ATO advised by the Assistant Treasurer’s office about the allegations raised by Liberty Oil in a letter to the minister on 22 June 1999?
Mr Jackson replied:
There is no reference in that letter from Liberty, as far as I can recollect, of toluene.
He said that the letter just talked about solvents as a generic substance. When Senator Campbell asked about the letter from Apco to the Attorney-General on 31 May, which expressly mentions imported toluole, Mr Jackson said:
I think there is no mention of toluene in that submission.
Toluole is a fuel grade of toluene. When it is imported it is classified to a different part of the customs tariff...
This is a pathetic defence. Toluole and toluene are the same thing. I have here a chemical analysis from the Environmental Health Center of the United States, which describes toluole as a synonym for toluene. Indeed, when I raised this issue with both Liberty Oil and Apco, they laughed. They said, ‘We have been pointing out this racket to these ministers.’ When they used the word ‘toluole’, they were expecting action on the part of the government to combat these fuel substitution scams. So, given the government’s failure to act satisfactorily in relation to this matter, you really have to wonder about its capacity to satisfactorily handle the administration of the Fuel Sales Grants Scheme.

The other point I would make in the last minute available to me concerns petrol. Back in 1998, the Treasurer deregulated the price of petrol and claimed that this would lead to lower petrol prices. Anyone who wants to have a look at the bowser out there will see nothing of the kind. Unfortunately, the Treasurer’s taking the ACCC out of price monitoring has had the opposite effect. Labor wants to do something to try to fix these problems at source, and my colleague the member for Hunter has moved a private member’s bill to try to address this—to address the lack of wholesale competition in the industry by giving service station franchisees a legislatively guaranteed right to shop around for up to 50 per cent of their petrol. (Time expired)

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! Is the amendment seconded?
Ms Macklin—I second the motion and reserve my right to speak.

Mr IAN MACFARLANE (Groom)
(10.49 a.m.)—The amendment that has been proposed by the member for Wills is a half-hearted attempt, as are most of the ALP’s attempts, to come to grips with the complexities of the current system. This is also a half-hearted attempt to deflect from the issue, which is that we are continuing not only to deliver election promises to people in rural and regional Australia—and of course to all Australians, particularly in the area of tax—but also ensuring that people in rural and regional Australia are not disadvantaged as we introduce one of the greatest, if not the greatest, tax reforms in Australia’s history.

A number of initiatives have been put forward by the Howard government to ensure that there is fairness and equity in regional Australia. I must admit I found it rather interesting to note the member for Grayndler’s comments about the devastating effect that we are supposed to have had on regional Australia. I am not sure how much time the member for Grayndler spends in regional Australia, particularly in the area of tax—but also ensuring that people in rural and regional Australia are not disadvantaged as we introduce one of the greatest, if not the greatest, tax reforms in Australia’s history.

A number of initiatives have been put forward by the Howard government to ensure that there is fairness and equity in regional Australia. I must admit I found it rather interesting to note the member for Grayndler’s comments about the devastating effect that we are supposed to have had on regional Australia. I am not sure how much time the member for Grayndler spends in regional Australia, but let me assure him that I have spent a great deal of time there, in fact most of my life. If he wants to see devastation, he needs to go to Doctor Who and go back in time a little to when the Labor Party was in power for those 13 dreadful years when interest rates soared and the bush was completely left behind. It was even acknowledged by previous Prime Minister Paul
Keating that the bush was being left behind. I was there when he said it in regional Australia—at Dingo in Queensland. I find it sheer hypocrisy to hear the ALP accusing the current government—which has done so much already and which has promised so much more for regional Australia—of devastating regional Australia, pretending that the ALP has done anything at all. Quite the opposite is the case. As I travel through regional Australia what I hear, despite the enormous difficulties that rural and regional Australia continues to face, is the air of optimism that is flowing from stable, good government—from low interest rates, low inflation and massive tax reform that will remove taxes from primary production in a way they never have been before.

Referring back to the amendment, to where it uses the words ‘costly, complex and uncertain new layer of compliance’, I suggest that the member for Wills, if he ever has the time, have a look at the complexity and compliance costs of the existing sales tax legislation as it applies to rural and regional Australia—the complexity of policing, the uncertainty of knowing whether or not you are within the law and the absurdity of amendments that were carried by the previous Labor government where, for example, if you bought a spanner to fix a bolt on a tractor it was not sales tax exempt but if you bought one for a harvester it was. There must have been logic in that—even Swaziland would have been confused by that—and I can sure as hell tell you that primary producers were confused. It is an incredibly complex system that is open to rorting and that did not deliver anything but revenue to the government when they promised tax cuts under l-a-w and did not deliver but jammed up further the wholesale sales tax rate so that primary producers and regional Australians paid even more.

The member for Wills then went on to misquote—as is not uncommon from that side of the House when they have nothing constructive to say—misconstrue and confuse even more by talking about the Treasurer’s intent with this legislation. The Treasurer’s intent and the government’s intent in making sure that fuel prices in regional Australia fall as a result of tax reform never wavered. It is a sheer mistruth to suggest that he said there were limits within what he could do.

Mr Fitzgibbon—That’s what he said!

Mr IAN MACFARLANE—The quote was nothing like that; produce the quote and I will believe you. I guarantee the member for Hunter cannot produce the quote. I have read the quote and the issue relates to the Constitution and it is about the limits of what any government can do to ensure fairness and equity under the Constitution. We have managed to achieve what we set out to do unhindered by the Constitution, and we have done it ethically and fairly. When the member for Wills had finished misconstruing that and other statements by the Treasurer, he then proceeded with the old art form of attacking professional public servants going about their day-to-day duties, calling them a failure. I think that is a disgrace. Public servants do their jobs as best they can and to see their professionalism attacked in this House in such a way is damaging both to their credibility and to the credibility of those who attack them.

The reality in regional Australia is that they eagerly await the coming tax reform. This bill, which is about ensuring that fuel prices do not rise under the GST, is but a small part of the many tranches of legislation that will assist the bush and regional Australia with one of their most costly commodities—that is, fuel. It is not about compensation, as the member for Wills referred to it; it is merely about rebating in advance to those people an unintentional collection of extra excise in the form of a GST. It was never ever our intention to increase the level of excise on fuel. You know that, Mr Deputy Speaker, and we know that. I think the mechanism that we have put in place will ensure that. It is simply a mechanism that will ensure that those people who buy their fuel outside metropolitan areas are not asked to pay any more for their fuel than need be.

Of course, the member for Wills failed to go into any detail about the massive fuel savings that will go on not just in rural and regional Australia. Of course, had the Labor
Party supported us, the savings would have
gone on right across metropolitan Australia
as well but, as usual, they opposed us. But
there will, of course, be massive rebates for
heavy transport right across Australia and for
all transport over four tonnes GVM in re-
gional Australia, to the tune of 24c a litre.
There will also be a further 10 per cent re-
bate under the GST tax credits for all busi-
nesses that use fuel. Those sorts of savings in
fuel are the sorts of things that business in
Australia is crying out for. They do not want
to hear the rhetoric, mistruths and failed
mathematics thrown up by the member for
Wills. I sat here and did the calculation in
my head. I think he may have used a calcu-
lator to do it but he should not have wasted
his time. If you work through the rebate sys-
tem properly, the grants system and the
mechanism, the price of fuel will at worst
stay the same and at best, as it does in my
electorate of Groom, come down marginally.
The reality is that this grants scheme, along
with the tax credits under the business tax
and GST, will deliver cheaper fuel for people
in regional Australia.

The fact that the member for Wills is con-
cerned that we have not as yet published the
detail, again underlines his basic lack of un-
derstanding of the situation in terms of what
some people in the fuel industry will do to
attempt to rort the system. He talked with
great eloquence about how systems can be
rorted, yet he fails to understand or even
wish to acknowledge that one of the main
reasons we are not publicising the exact
boundaries yet is that people will try to take
advantage of them. Let me assure you that
there is nothing to be concerned about. This
mechanism will work. The reason I know it
will work, despite the concerns of the mem-
ber for Wills and his prophecies of doom, is
that I have seen a scheme like this already
working in Queensland. It has worked there
because that state had the foresight under
previous coalition governments not to intro-
duce the state fuel tax that we have seen in
other states. I have to give the ALP their
due—when their turn in power came they too
failed to introduce that tax, and I applaud
them for it. The reality, though, is that
Queensland is the exception.

When the Constitution required that the
tax be levied by the Commonwealth and not
by those states wishing to impose the tax, a
mechanism needed to be developed and op-
erated which allowed Queensland motorists
and fuel users to receive the tax back in their
pockets. Let me inform the member for Wills
that that mechanism has been in place now
for some three years and has worked ex-
ceedingly well. There is no complexity for
the service station operator and there is cer-
tainly no complexity for the motorist, who
probably does not even know it exists—all
they know is that they pay what they should
for fuel. The suggestions by the member for
Wills that the detail is scant and that this bill
has been developed on the run are far from
the truth. The reality is that a great deal of
thought has gone into this bill to ensure that
the detail had been worked through in terms
of delivery, the effect on the consumer and
making sure that the scheme is not open to
rorting. When it is necessary—which is, I
agree, not far away—that detail will be an-
nounced, and the scheme, along with the rest
of the tax reform package, will come into
place.

I think it only fair to say that it is not only
regional Australia which eagerly awaits the
introduction of this fuel scheme and others; it
is in fact all small business. As I said earlier,
under the new tax system fuel will be
cheaper to business. Whether you run a cor-
ner shop or a multibillion dollar operation,
fuel will be cheaper for you. At a bare mini-
mum you will receive back under your tax
credits the 10 per cent GST that will be im-
posed on fuel. I have a number of major
transport companies in my electorate as well
as the largest passenger operation in Austra-
lia, McCafferty’s buses. They will reap sub-
stantial benefits from the introduction of the
various rebate and taxation arrangements
surrounding fuel. McCafferty’s buses’ now
deceased principal told me before he died
that the benefit to McCafferty’s Coaches will
be $3 million—$3 million less in fuel tax.
That is a wonderful incentive not only for
that company but also for those consumers
and passengers who travel on those coaches.
Neil Mansell, who runs a substantial trucking
operation out of Toowoomba, and Simons
transport are both unanimous in their support
for not only the fuel tax changes but also the GST and the new tax system. They, of course, are going to be major beneficiaries. Their trucks and their tyres will be cheaper. They will probably save something like $60,000, maybe $70,000, in the purchase and set-up of a new rig. Then, of course, there will be 24c a litre off their diesel. What more could you ask for? But, of course, we know there is more: like the steak knives, the whole tax package as it comes into being will deliver to small and large business in Australia the sorts of incentives that they have been crying out for.

This fuel sales grants legislation is part of the tax reform package, and it is there to ensure that consumers in regional Australia, who already pay a differential in price for their fuel because of their location, are not asked to pay any more. The differential rates, of course, do not occur for any other reasons other than a lack of competition in their local fuel markets and their geographic location. This grants scheme will deliver to regional Australia the certainty that they will be able to purchase fuel at the same price or even less than they are paying now. It is important that we understand that this scheme not only should work but also will be policed. It will be policed by the ACCC, who will ensure that service station operators and fuel retailers pass on the benefits of the grants scheme to the local motoring community. Compliance costs, contrary to what the member for Wills says, will be minimal and the grants will be paid in advance to fuel retailers to avoid any cash flow difficulties.

It is worth while putting this whole tax and grants scheme into the context of what it will actually do in relation to fuel issues in regional Australia. There will be a saving in rural and regional transport costs and fuel costs of $1.9 billion annually. When you put that into the context of what we announced last night for regional Australia, I have bad news for the member for Wills and the member for Grayndler. I know that, when I go back to my electorate on Friday, my regional electorate will be pleased to see me and pleased to see that our government is still delivering for regional Australia. There was $½ billion or more in last night’s budget to ensure that health services in regional Australia are equitable and easily accessible to people who live there. There was an increase in the discount for business and farm assets to allow easier access to youth allowance—something regional Australia has been waiting for, something that I lobbied for when I was President of the Queensland Graingrowers Association and something that I am sure no-one in this House would dispute is going to be a great thing for us.

Of course there are other things. The Jobs Pathway Program that operates so successfully in Toowoomba will benefit from the $10.3 million that will be made available to it over the coming year, an increase over the previous year’s allocation. There is $2 billion in the budget for apprenticeship schemes. In Toowoomba apprenticeships are something that are keenly sought after, and when you see that allocation offering some opportunity and some direction for young people it is little wonder that last night regional Australia welcomed our budget. It was also very pleasing to see that the government also found the opportunity to assist in subsidising the cost of digital television. Along with all those measures, plus all the many other measures that we have introduced in the budget and in our policies for regional Australia, this Fuel Sales Grants Scheme is just another brick in the wall that provides stability and certainty that those in regional Australia now have a government that is ensuring that business, farming and social opportunity have equity and certainty and are able to operate with a great deal of confidence.

Mr FITZGIBBON (Hunter) (11.08 a.m.)—I rise in support of the amendment moved by the member for Wills to the fuel grants bills. Having listened to the contribution of the member for Groom, I have to say that he really is living in denial—he is totally deluding himself. I could not help but watch the expression on his face as he stood there trying to sell this Fuel Sales Grants Scheme as a positive measure for people living in rural and regional Australia. He got fairly political, and no doubt I will be further into my contribution, but let us take a non-political view of this for now. Let us take a couple of views from independent commen-
tators, beginning with Terry McCrann, who writes for the Daily Telegraph. Let us see what he says about the impact of the GST on petrol:

John Howard and Peter Costello are now exposed as the biggest GST cheats of them all.

They are putting in place a vicious hidden tax that will rip hundreds of millions—and indeed over time, billions—of dollars from motorists.

I’m not talking about the GST itself, bad enough as that might be, but the vicious GST version of “bracket creep”.

Simply, the way the excise tax on petrol is increased every six months in line with CPI inflation. And then the GST on petrol will increase on that excise hike.

This is a tax on a tax, and that has been well documented by a number of commentators. On 1 July, when the GST will be introduced, inflation will rise, and we now have the government concealing that the inflationary rise will be well above four per cent. What happens when the CPI rises? Petrol excise will rise. And then what will happen to the GST, given that the GST falls on top of the excise?

The GST component of the petrol tax will rise as well. It is a simple fact that by July next year motorists in this country will be spending at least $600 million more on petrol excise than they are now. The fuel grants scheme legislation that we have before us today, which represents compensation for that impact, has a total value over four years. But the commentator makes a clear point that there is no guarantee whatsoever that this grant is going to be passed on to the consumer. The member for Groom tells us that everything is going to be all right on the night because the ACCC is going to be policing the scheme. Allan Fels and his team are going to be the busiest persons in this universe, I suspect, after 1 July next year. John Howard, the Prime Minister, tells us, ‘Don’t worry about any of the ills or the adverse effects within the GST,’ and Joe Hockey, the Minister for Financial Services and Regulation, cannot explain them in the parliament, but Allan Fels and his team are going to sort it out! Let us go back to the independent commentator, who says:

However, whether prices have been reduced at the pump by the amount of the grant will depend on prices charged throughout the supply chain which could involve a number of decision makers. For example, if a wholesaler decides to increase their price, or reduce a current discount, to a particular outlet in an area, or all outlets in an area, it will be very difficult, in the absence of any contrary evidence, to determine that this is due to the grant being offset. While the ACCC may be successful in determining where prices have increased to make a windfall gain of the grant amount, the matter must be in doubt given the current relatively much greater variations in price. With regional prices currently varying from the metropolitan price by large amounts, for example, –0.2c in Berry to 7.9c in Batemans Bay, ensuring that the grant is not exploited in the future would appear to be a difficult task.

They are not my words; they are the words of an independent commentator. A GST budget was brought down last night that reflects the way in which this government has recklessly squandered what should have been a healthy budget surplus, given the consecutive years of economic growth we have enjoyed in this country. Why didn’t we have a healthy budget surplus last night? Because
they have squandered all that money in their attempt to compensate people for the adverse consequences of the GST. There are many examples of that, but there could not be a better example than the one before the parliament today. As our independent commentator from the library has implied, half a billion dollars of taxpayers’ money will, at the end of the day, go straight into the pockets of the major oil companies because there is no way that the ACCC is going to be able to determine whether or not there is exploitation of this grants scheme. There is not a chance in the world.

Let us have a look at the record of the major oil companies on these issues. Would you trust them, Mr Deputy Speaker? I suspect not. Why is it that we have city-country price gaps of up to 13c a litre? It cannot be explained by transport costs alone. It cannot be explained by adding volume throughputs to the equation. It cannot even be explained by adding the non-forecourt sales of those service stations to the equation. The major oil companies take excessive profits wherever and whenever they can get away with it. They do that on a regular basis, and country motorists are usually the ones that wear the main brunt of that. This grants scheme is going to do nothing to improve that situation. It is just going to line the pockets of the major oil companies. So you can just about say now that there is no compensation for motorists but that, by 2008, $1 billion of extra tax will be imposed upon them at the petrol pump.

One of the features of this scheme is the way it sets out divisions around our continent. We do not have any of the detail, but we understand that if you live in X area you will get a 2c a litre grant and if you live in a more remote area you will get a 3c per litre grant. We do not know where those areas are. We have not seen the maps. It took a long time to secure the maps for the diesel rebate and the conurbations involved, and we are yet to see the maps for petrol. In a recent interview on ABC Radio in Darwin, Senator Grant Tambling told the interviewer that he expected the Northern Territory to be one zone. Notwithstanding the fact that prices in Darwin and in places like Tennant Creek can vary by 5c a litre or more, he is going to make the Northern Territory one zone. This is the debacle we see flowing out of this ridiculous proposal.

But how did this all come about? The Prime Minister made a promise, which he has repeated in this place and in other places on a number of occasions, that the GST would not cause petrol prices to rise. When he initially made that commitment, I think he was quite genuine. I think he simply misunderstood the processes. He thought at the time that you could take 7c a litre off the excise and put a 10 per cent GST on it and that there would be no change. The mistake he made is that he struck up the 7c reduction rate when fuel prices below 77c were the norm. As you know, in more recent times fuel prices in the 80c and 90c ranges are more commonplace. As simple mathematics dictate, if you take off 7c and put 10 per cent on, the price will not rise up to a point of 70c a litre. But prices beyond 70c per litre, with 7c off and 10 per cent on, will result in an increase in the price of fuel. So the Prime Minister has a dilemma. He can maybe take another cent off the excise and make it 8c, but of course reducing excise costs him an extraordinary amount of revenue each time he does so. In effect, that further exacerbates the city-country gap because of the constant higher prices in the country. The arithmetic is quite simple.

So where does he find himself now? He cannot take the excise any lower. That is not palatable as it is too much a cost to revenue and it exacerbates the city-country gap. So he says, ‘We’ll have a grants scheme. We’ll have a scheme that directly rebates motorists and compensates them for that city-country differential.’ That is a ridiculous squandering of taxpayers’ money—we will not be opposing it; that would be silly of us: we know that this thing will not work—but we are not going to have the government going back to the electorate and saying, ‘The GST wouldn’t have caused petrol prices to rise if only the Labor Party and the Democrats had allowed our grants scheme through the parliament.’ We are not that silly. We will let them have their scheme, and we will let the Australian motorists see for themselves how
ridiculous it is and how it will fail to prevent a rise in petrol prices as a result of the introduction of the GST.

I want to go back to the issue of the major oil companies. I said that you cannot trust the major oil companies to do the right thing, and I stand by that. This is an industry run by an oligopoly. It is a highly vertically integrated industry, where the major oil companies have control over prices all the way from the refinery to the bowser. Malcolm Fraser tried to break that up in 1980 with the introduction of the Petroleum Retail Marketing Sites Act, an act which is still in force which restricts the number of service stations the major oil companies can run directly to 420 collectively. It has been an effective act of parliament. It is also an act of parliament which the government in recent months have been trying to repeal. Why? Because, rather than attempt to curtail the power of the major oil companies, they want to give them unfeathered power. They want to give them more power to control the price of petrol all the way from the refinery to the bowser.

In addition to that, in the interim the major oil companies have been circumventing the sites act and attempting to grab for themselves more power by putting in place a system known as multisite franchising, where one franchisee, usually an ex-employee of the company, has control of up to 20 sites. If they control him, they control 20 sites effectively. More interesting than that is an extraordinary admission in the recent Senate inquiry into the private member’s bill I have before the parliament with respect to petroleum issues. In regard to the use of multisite franchises, BP conceded and admitted—I think it was a mistake on their part; I do not think that they had intended to—that they are now franchising service stations giving the franchisee the option of running the forecourt area, that is the bowser, the actual sale of fuel, on a commission agency basis. Commission agency, which is effectively the same as a company run service station, counts as a site under the sites act. If a company is allowed to have 100 sites, counted under those sites are those that they directly run themselves and those that they operate on commission agency. But BP are allowing franchisees to run their forecourt area on a commission basis yet are not counting those franchisees under the sites act. They are illegally circumventing the sites act, and they have admitted so in that Senate inquiry. Mr Deputy Speaker, that gives you some measure of the extent to which you can trust the major oil companies to pass on this rebate to the Australian consumer.

What should the government do? If the government wants to do something about the city-country price differential, it should adopt the principles contained within my bill. It does not have to accept the bill—I concede that governments do not pick up bills of opposition members—but what it can do is embrace the principles contained within my bill and get on with introducing real wholesale competition for the first time in this country. The ACCC chairman, Professor Fels, supports those principles. Those principles are also supported by the Motor Traders Association of Australia and by the National Farmers Federation. There is only one group of people in this country that does not support those principles, and that is the major oil companies themselves. Of course, the government, both now and historically, is in the pocket of the major oil companies and it is going to give the companies exactly what they want. It is not going to support a bill or the principles contained within a bill that introduces competition into the market for the first time. It wants to ensure that the major oil companies maintain the cozy arrangements they have historically enjoyed in this country. It thinks it is an extraordinary thing to say that exclusive contractual ties between a franchisee and a major oil company should be subject to the competition test under the Trade Practices Act. It says, ‘What a terrible thing to do.’ We have heard Senator Minchin in the Senate criticise my bill, comparing allowing franchisees an ability to shop around for a homogenous product, which is fuel, with allowing Kentucky Fried Chicken to sell McDonald’s hamburgers, or some such rot. What a ridiculous comparison. Fuel is a homogenous product. I am sure you, Mr Deputy Speaker, fill your car at BP and two days later refill at Shell. You are mixing the fuel. There is no such thing as ‘Put a tiger in your tank’ anymore; it
is a homogenous product. There is no reason why those franchisees should be tied through exclusive contracts to one major oil company.

The bill we have before us today is a farce. It will not work. If it did work, it would give motorists $500 million over four years, but the GST will take $1 billion over eight years. But it is not going to work, so there is no doubt that the motorist is going to be the big loser as a result of the GST. Petrol up, cigarettes up and beer up. These are three very important issues, of course, in the electorates of all members in this place. My advice to the government is to put ideological obsession behind them. If they really want to do something for country motorists, they should get in and support the principles contained within my bill and get on with breaking up the power of the major oil companies, and for the first time give country motorists a fighting chance.

FRAN BAILEY (McEwen) (11.28 a.m.)—I would like to state first and foremost how proud I am as a member of this government to stand here today and support this landmark legislation. It is landmark legislation because I believe that for the first time a federal government has acknowledged the very real differences between city and country in relation to those all-important fuel prices. It is a landmark decision because this legislation, the Fuel Sales Grants Bill 2000, is actually going to take action to ensure that country people get a fair deal in regard to petrol prices.

At the last election, the Prime Minister, and indeed all members of this government, made a promise to their electorates that people would not be paying more for their petrol because of the GST. There was to be a formula introduced to ensure that. I was one of those—and I do not walk away from it and I make absolutely no bones about it—who was concerned as to how we were going to implement the formula that was going to ensure that we honoured that commitment we made at the last election. The formula which we have developed is, firstly, to reduce excise on fuel, and that is going to take place. As well as that, we still have the problem of fuel prices in country areas. As I said, this is landmark legislation because it ensures that country people are not going to be disadvantaged in relation to fuel prices with the introduction of the GST. This legislation will achieve that by instituting a grants system which will be paid directly to garage proprietors. That grant of 1c or 2c a litre—depending on how far out the country people live, radiating out from metropolitan areas—will ensure for the first time ever that country people and their needs are being taken care of. This landmark decision follows on the acknowledgment in the budget delivered in this place last night of the very real concerns that many of us have for our regional communities.

I have a very large electorate, covering almost 15,000 square kilometres, which runs from the northern outer metropolitan areas of Melbourne right up into the rural areas in the central highlands and alpine regions of Victoria. Many of my constituents who live in outer metropolitan areas have asked me in the past, ‘How is it, Fran, that people living in those rural areas have been neglected for so long?’ I would say, without a shadow of a doubt, that the answer to my constituents’ questions can be seen in the speeches just given in this place by the member for Hunter and the member for Wills. I paid particular attention to what the member for Hunter was saying.

Mr Slipper—No-one else does!

FRAN BAILEY—He was actually saying, Parliamentary Secretary, that this government is squandering the money that is to look after the fuel grants system—effectively, that this government is squandering money that is looking after the concerns of people living in rural and regional areas. That gives an indication as to why our regional areas have been so neglected in the past. The member for Hunter actually had the audacity to say we should put ideological differences behind us. If ever a member in this place was giving vent to his ideological preferences, it was the member for Hunter and the previous opposition speaker, the member for Wills. What they are saying is, ‘Leave the country people aside. Don’t take care of them. Look after only the people in metropolitan areas.’ Those days are gone.
The budget last night flagged that those days are well and truly gone. It has taken this coalition government to enact legislation that is going to protect the needs of country people, not just in petrol prices but specifically in regard to health, education, aged care, the youth allowance and community leadership programs across a whole range of issues. I will speak about that in a minute.

The member for Hunter said, ‘Let’s put these political differences aside and see what some of the experts say.’ He then went on to quote some political journalists. I want to do what the member for Hunter suggested: I want to put all political differences aside. I am going to tell this House what some of my constituents have had to say about this legislation. When legislation coming into this place is of direct concern to my electorate of McEwen, I go to the people in my electorate and ask them, ‘What do you think about this legislation? Do you believe that this legislation introduced by this government is going to be of direct benefit to you?’ Let me tell you what some of my constituents have had to say. I want to talk firstly about a very hardworking family in my electorate of McEwen, Sue and Robin McKinnell. The McKinnells are timber harvesters and contractors based in Healesville. They service a very large area of my electorate going right up to Mansfield. In fact, they travel outside my electorate of McEwen right down to Geelong, through the Dandenongs and all of that vast area of country in between. Currently, they have three trucks and employ 15 people. Their whole business is dependent on fuel. For their three trucks, they spend between $20,000 and $23,000 per month on diesel. They buy it from a supplier and store it at their own premises.

They also have utes and cars that they use for the general running of the business; for example, if they need maintenance or parts they use them, as well as for relocating their workers from one particular area where they could be carting timber. The bill for those vehicles is between $600 and $900 a month, and that fuel is actually purchased from local garages, which of course is very important to the local Healesville economy. In actual fact, about one-third of the McKinnells’s business budget goes on fuel. A grants system is going to affect their business and, they tell me, will keep fuel prices reasonable. They have said that without the grants scheme they would be worse off. It is of direct benefit to their business. These comments are coming from a very hardworking family in my electorate.

I then contacted some garage proprietors in my electorate. Mr Nick Caloutas from the Ampol petrol station in Healesville, known as Bub’s service station, raised an issue that members of the opposition have raised: this whole question of the differential between city and country fuel prices. It was with breathtaking audacity that the member for Hunter criticised this government for not doing something about the differential in petrol pricing. As the member for Hunter and all members of the opposition would know, the Commonwealth does not have the constitutional authority to deal with that problem. But when this government tried to get bipartisan support in the Senate, it was members of the Australian Labor Party who prevented us from getting that bipartisan support to do something about fixing up the differential between city and country fuel prices. I want to say to all members that any member of the opposition who has the audacity to stand up in this chamber and to criticise this government about the differential should be taken to task because their party prevented this government from doing something about the differential. How dare any of them have the audacity to get up in this place? That is a problem that underpins the reason why the government wants to introduce this Fuel Sales Grants Bill 2000, because it is going to level the playing field. It is going to tip the balance, for the very first time, in favour of country people.

Nick Caloutas from the Ampol station in Healesville has said that the only concern he has is this pricing structure, which, he says, at the moment is absolutely ludicrous and country people are disadvantaged because of it. He supports the grants system because, he says, it is going to make it fairer for consumers living in the country.
the Shell service station in Seymour says he thinks that the grants scheme is a great idea. He raised one concern with me about the role of the oil companies, but the ACCC has a very important role in monitoring this. Mr Aldous has years of experience. He has had 20 years of experience with an oil company and 20 years of experience with a service station. I think comments from people like Ian Aldous should be listened to. The members of the opposition should listen to the comments of people like my constituents because they have years and years of experience in the industry.

In summary, Mr Aldous says that he, like so many country people, gets sick to death of the criticism from many city people who say, 'If people chose to live in the country, it is their problem.' He says, 'But where would the country be if everyone moved to the city? We wouldn't, for example, have food on the table.' He says the grants scheme sounds great. It will be great but there are a few things, especially with the oil companies, that need to be watched, and the government has included those in the legislation. Graeme Smith, the owner-manager of the Alpine service station in Mansfield, says that this legislation is one way of actually pulling that price differential back between the city and the country. He gives all points to the government for being prepared to introduce this sort of fuel grants legislation.

The main theme is that people in the country are paying more for their fuel than people in the city. They have very real concerns. In the words of one of my constituents—and I could not have summed it up better if I tried—this fuel grants system 'is a beauty'. He is looking forward to the introduction of it because he is going to be able to pass on that benefit to all of the country people who are so dependent. This is one of the things that this government understands.

There are differences. Living in a small country town you cannot simply walk down to the corner of the street, hop on a tram or a bus, or get access to a train, to get to whatever point you want to get to. Country people are so reliant on their cars for both their business lives and their family lives. That is what this government understands and that really underpins not just this fuel grants legislation but also the whole philosophy behind the budget that was introduced into this chamber last night.

It is true that people living in country areas over the past two to three decades have really been the victims, having had services removed and skilled human resources depleted. In many cases they have poor access to health and educational services. In the budget two lines referred to assistance that this government will provide to the small aged care facilities to help defray the cost of accreditation—the fees that many of those aged care facilities have had to pay for the accreditation process. Importantly, it has also dealt with what I believe has been a key indicator of the health of our regional communities and what was picked up in our recent infrastructure report, *Time running out*, which I tabled in parliament a few weeks ago: this loss of leadership and loss of skilled human resources. In the budget, more than $31 million dollars is provided to tap into and to provide access to develop community leadership programs. The philosophy behind this fuel grants legislation is exactly the same philosophy that underlies all of our budget: that we recognise the differences between city and country. We understand that the country has been doing it very tough for a number of years and that a number of its services and human resources have been depleted. We as a government are going to ensure the rebuilding process for our regional communities. This fuel grants legislation is a reflection of that philosophy, it is part of this government’s recognition of the problems that have beset so many of our regional communities and it underpins the rebuilding.

This is landmark legislation. It is a landmark decision by a federal government to take this action to support the people living in our regional communities. At the turn of the century, regional Australia contributed roughly 31 per cent to our gross domestic product. Today it contributes around eight per cent—a significant part of our national economic performance. That economic performance depends on the ability of businesses to be competitive and viable. The cost of fuel in our regional areas affects every
Mr MURPHY (Lowe) (11.48 a.m.)—After listening to the member for McEwen say what wonderful things the government is doing for people living in the bush, I would like to mention—as many members know—that I was born and raised in the bush in a little country town called Dunedoo and I know only too well how people feel in the bush. What the member for McEwen failed to tell the House this morning was that the fuel sales grants scheme represents a vindication of the position argued by the Labor Party prior to the last federal election, namely, that including petrol in the GST will widen the city-country petrol price differential. It ought to be recorded in the House that these were the very things that we were saying before the last federal election. I will get to the member for Hunter’s bill later in this debate.

I start by saying that I support the amendment moved by the member for Wills earlier this morning, and I support the Fuel Sales Grants Bill 2000, the Fuel Sales Grants (Consequential Amendments) Bill 2000 and the Product Grants and Benefits Administration Bill 2000 because they will provide compensation to people living in the bush, who have to pay a very high, unfair price for fuel, and any relief that is given to people in the bush from the crushing effects of the GST has to be a very good thing. At this stage of the debate, I would also like to make the point that we know that, when the GST comes in, inflation will rise, that petrol excise is linked to the CPI and that therefore petrol excise will increase and the GST component will increase on top of this. Also, by July 2001, people will be paying another $600 million in petrol excise. This money will not be going into the pockets of the motorists; it will be going straight into the pockets of the oil companies. No doubt the shareholders are rubbing their hands with glee because the profits of the oil companies will continue to soar.

These bills operate as a package. As we know, they provide a tiered system of grants for petrol sales to consumers in non-metropolitan areas, with a higher rate of grant to be provided for sales in remote areas. They standardise the administrative framework for grants and benefits administered by the Commissioner of Taxation and ensure that the grants are covered under the Taxation Administration Act 1953 like other taxes in such areas as prosecutions and offences, collection and recovery, and so on. The scheme is estimated to cost about $500 million over four years from 2000-01, and this represents a further cost to the budget that was not factored into the ANTS package; I want to make that quite clear. I have to say that the way we are debating this bill this morning is a farce, much like the Treasurer’s so-called surplus announced in the budget last night in this House. It is simply a political measure designed to alleviate some political stress caused by the usual set of misleading statements by the government. In 1998, prior to the election, the government promised:

The price of petrol at the bowser will not go up. ... The excise will come down by the amount that’s equivalent to the GST and the price will not go up 1 cent at the bowser.

The government thought that the excise reduction was meant to achieve this result, but it will not.

It took the government months to accept what the opposition has been saying: that the excise reduction would not result in no price increase at the bowser. It was a simple argument. If you take 7c off the price of petrol and then add the 10 per cent, you can only achieve a zero price effect if the price of petrol starts at 77c or lower. This was obviously not going to work. To fix the broken promise, we have a half-baked measure, and this half-baked measure has even been dressed up as a positive by the government. In the budget, the government sold this measure as the second biggest benefit to the country. That is a lie. It is not an extra benefit. On 7 September 1998, before he had dreamed up this scheme, the Treasurer said:
Petrol and diesel excise will be reduced so that after the application of GST the pump price remains the same for consumers.

This is clearly a lie now. Excise has been reduced, but it is not enough, is it? It is a scheme to deliver on a promise that the government could not deliver on. We must be clear on this. As I said, the package of bills—the Fuel Sales Grants Bill 2000, the Fuel Sales Grants (Consequential Amendments) Bill 2000 and the Product Grants and Benefits Administration Bill 2000—are designed to lower the price of petrol. The grants scheme will introduce a minimum of a two-tiered system to ensure that the price of petrol does not increase. The first tier is to apply to sales in non-metropolitan areas and the second tier to remote areas. The Treasurer said that there may well be a third tier. I suppose they are keeping that in reserve as a GST implementation emergency fund.

The bill is long on promise but short on details. The bill does not contain details of what areas are in and what areas are out, nor the amount of the rebate on each tier or how the rebate is calculated. We have to rely upon easily changed regulations for the detail. So this bill is basically a blank cheque for fulfilling a promise. It allows the government continual attempts to shut the gate after the horse has bolted. So far the blank cheque is worth $500 million over four years, but we will have to rely upon further press releases from the Treasurer to see whether that changes. The opposition will not be opposing the legislation because we believe that the compensation that exists for the introduction of the GST is not enough. It will not compensate for the price increases that will flow as a result of the GST.

The issue of fuel is always a contentious one and I can understand why. People in non-metropolitan areas complain that the prices are higher than they should be in the country and the city people complain that there appears to be collusion in the marketplace as the prices at different stations follow each other and regularly appear to increase on the eve of long weekends. Cynicism abounds in the marketplace. It is not clear that the bill will achieve its aim either. Instead of fixing the problems in the oil industry that lead to price differential between country and city, the Prime Minister has decided to provide a subsidy to the major oil companies. This rebate is paid to the service station owner once he has bought the petrol. The major oil companies are going to realise that the service station owner has just got his petrol a cent or two lower than he used to. What is to stop the oil companies simply increasing the base price of petrol by a cent a litre? Nothing. They have the private health companies to follow as an example.

The government must get serious about petrol prices and do something positive about the regulation of the industry. Labor wants to do something positive to try and fix the problems at the source. A while ago in this debate the shadow minister for small business, Joel Fitzgibbon, pointed out in relation to the private member’s bill that he is trying to introduce into this House but which is being thwarted by the government. He wants to address the lack of wholesale competition in the industry by giving service station franchisees the legislatively guaranteed right to shop around for up to 50 per cent of their petrol. What is wrong with that? The measure will increase competition at the wholesale sales level, curtail the influence the oil majors have over retail prices, and produce lower retail prices for consumers. These days both leaded and unleaded fuels are very much homogenous products and independent resellers already retail fuels from various sources. The bill will also provide the ACCC with enforcement powers, thus giving resellers the protection they require from retribution.

The government’s 1998 reforms have been a failure. This rebate scheme is an admission of that fact by the government. In 1998, upon announcing the deregulation of the industry, the Treasurer said:

This wholesale shake up of the petroleum retail and marketing sector is designed to give better prices for motorists, and, in particular, to give a better deal to rural and country motorists.

Did it give a better deal to country motorists? No, it did not. Time and again the Treasurer has announced a better deal on petrol prices, yet they keep rising. The Treasurer is a serial offender when it comes to petrol, constantly
giving false hope. Labor’s plan will address many of the fundamental problems by allowing genuine competition at the wholesale sales level.

This bill also represents a portion of the unexpected pay-offs for the GST that were not anticipated in the original ANTS package. It is part of the reason why the budget is in such a shocking state. The $2.8 billion cash surplus for 2000-01 becomes a $2.1 billion deficit as soon as all the budget diddles are moved. The surpluses this year and next are constructed largely out of the sale of spectrum. The Treasurer has now admitted that that figure is $2.6 billion out of the $2.8 billion surplus. This is the biggest fiddle of them all—a $2.6 billion gift from the heavens. The Treasurer and the Prime Minister are now running around telling everyone that this is not a sale of the asset—that this is not the same as the asset sales that were included by previous Labor governments in the bottom line. But that is a lie. Spectrum is a capital asset according to the Treasurer’s own head of budget policy.

The Treasurer also argued from opposition that the proceeds of asset sales should not be used to prop up the budget bottom line. A business could not get away with it, but the Treasurer thinks he should be allowed to. In his 1995 National Press Club budget speech the Treasurer promised that his charter of budget honesty would require that the structural deficit be shown in the budget. He did it in his first budget but it is not there any more. With Access Economics stating that the structural deficit is of the order of $5.6 billion, is it any wonder the Treasurer now refuses to show it in the budget papers. This is double standards of the highest degree, just like the fuel grants legislation.

I wanted to make those points in light of the budget that was handed down in this chamber last night because they are relevant to this debate. As I said at the outset, we support these bills because they will give relief to people living in remote areas of Australia in particular. They have been crucified with very high levels of fuel prices for far too long. Notwithstanding what has been said by the government this morning in the debate, it was the Labor Party prior to the last election that foreshadowed the problems arising from the GST in this area. That needs to be said again and again. To the extent that these bills will provide relief to people in rural Australia, make it fairer for them and give them some relief from the GST, which is to come into effect on 1 July, they are something that we on this side of the House must support.

Mr NAIRN (Eden-Monaro) (Midday)—These three bills—the Fuel Sales Grants Bill 2000, the Product Grants and Benefits Administration Bill 2000 and the Fuel Sales Grants (Consequential Amendments) Bill 2000—are good news for rural and regional Australia, and certainly good news for my electorate of Eden-Monaro. They deliver on the promise that was always made, that fuel prices in country areas would not change as a result of the removal of excise and the application of a GST. These bills with a grants system totally deliver on that promise.

A lot has been said about fuel prices over the last couple of years. When looking at these bills we need to look at some of the history of fuel prices to put into context some of the things that have been said on both sides of the House. Since I was elected in 1996, I have kept copies of petrol receipts when I have bought fuel around my electorate. I have a large and diverse rural and regional seat. Petrol is something that country people rely upon. They do not have public transport—there is no public transport through my electorate—I have a large and diverse rural and regional seat. Petrol is something that country people rely upon. They do not have public transport—there is no public transport through my electorate—so if people want to go anywhere they have to get in their cars. So I think petrol prices are much more relevant to people in my electorate than they are to lots of people in city areas.

The difference between city and rural prices has certainly been prominent in people’s minds. When we came into government we put in place a number of things to address the whole issue of petrol pricing. The first thing we did was get rid of the Laidley agreement. The Laidley agreement was basically a deal between the former Labor government and their union mates to guarantee jobs for union workers. It was part of the ‘no ticket, no job’ philosophy that they had right across the board. You had to be a particular union member to be able to drive trucks with
fuel and deliver throughout Australia. That was the first thing we did: we got rid of the Laidley agreement so that there was not that sort of monopoly as far as the transport of fuel was concerned. The second thing we did was create some transparency at the wholesale sale price end of it. All sorts of funny deals were going on, so we opened up the pricing mechanisms to get better competition.

It is interesting to look at the price of fuel over the last few years around some of the towns in my electorate as we implemented those changes and as other things happened in the fuel cycles. Shortly after I was elected, in Cooma, for instance, we were paying around 80c a litre for unleaded fuel. I have a graph here showing my purchases of fuel in Cooma going back to 1996 and coming right up to today. All of a sudden there was quite a marked drop in the price of fuel. In Cooma, it was when Woolworths came in. So it shows that if you can get competition you can drop the price of fuel. Fuel went down, in fact almost to 70c a litre. It was hovering around 80c; it went down to around 70c. Then it went up a little bit and, over the next couple of years, basically it stayed reasonably the same with a slight drop as these reforms came in. So, over the last few years, until about April or May last year, the price of fuel in Cooma was running at around 74c or 75c—a good 5c or 6c a litre cheaper than it had been back in 1996. From about April last year on, the price of fuel has gone up because the price of crude oil has gone from about $US1 to a barrel to about $US30 a barrel. And that is reflected in the price. The rule of thumb is that $US1 a barrel equates to about 1c a litre. Crude went up by about $US20 a barrel, so the price of fuel went up by about 20c a litre to over 90c a litre in the last year.

Similar patterns have shown up in places like Bega. Back in 1996 we were paying 82c or 83c a litre. We got it down with those reforms to about 77c a litre in the early part of last year. Once again, that was a fall of a good 5c or 6c a litre. Once again, when crude oil went up the price of fuel went up. Batemans Bay has been similar. It was around 82c a litre; it went down to about 74c—probably a little bit more of a reduction there—for that period last year. Once again, after crude oil went up the price went up. In Queanbeyan, near the ACT, similarly the price of fuel back in 1996 was 74c or 75c a litre. It went down to as low as 68c a litre after many of the reforms were put in place, but now it is back up again. Contrary to what lots of people feel, there was actually quite a drop in the price of fuel over the last few years until the price of crude oil took off. That has happened over the last 12 months. Opposition members have stood up here and spoken, but you cannot really tell whether or not they support these bills. They virtually speak against them, and then at the end they say, ‘We actually do support them.’

Mr Slipper—No policy base.

Mr NAIRN—No policy at all—they just swap and change whichever way the wind is blowing. It fits with what has happened over a number of years as far as they are concerned. There has been a lot of rhetoric about fuel prices, but, during their time in government, excise went from about 6c a litre to 36c a litre. There were huge increases—total tax takes. Some of the big tax takes were in fact during their last five years in office when they were having higher and higher budget deficits. Even though they were increasing taxes, they were pulling even more money out of people’s pockets. They were spending it much faster than they could get it.

The history of fuel prices over the last couple of years has seen some action towards reform. We could go further if we could get some support from the Labor Party in the Senate for further legislation to improve competition in the retail sector. This grants system is certainly there to make sure that, with the introduction of the GST, the price of fuel will not go up. We have heard ramblings from the ALP that this is something we had to do to fix up a problem. We are honouring a promise: we said the price of fuel would not go up. That is what is happening. We are taking off excise and applying the GST. The rebate will apply throughout rural and regional areas to ensure that there is no need for the price to go up.
I think the opposition spokesperson said that there is no guarantee that this will be passed on. Their comment about the GST generally on this aspect is, ‘Dreadful business’—as far as they are concerned, anybody in business is dreadful—‘will not pass these savings on.’ What absolute rubbish. They have no idea how the marketplace works. I do not think a single one of them on the other side has ever worked in the marketplace. You would have to ask the question: what is stopping these dreadful businesses from putting up their prices today? You do not have to wait for a GST to put up your prices. Anyone in business can walk out and stick their prices up tomorrow. What is stopping them from doing it? Competition—the marketplace—is why they are not doing it. The argument from the opposition is that retailers will not pass it on. I hope that all the small retailers in the fuel business out there hear that the opposition reckon that the poor old business owner in the service station is not going to pass on this rebate. That is what the opposition are saying. They are saying that small business owners running service stations are not going to pass on the benefits to the consumers.

That is exactly what the opposition spokesperson said earlier on in the debate. The argument is such nonsense. They have made the same argument about prices on items generally after the GST. They believe in a tax system where you totally hide the wholesale sales tax at all sorts of different rates and nobody knows how much is in there at all. Nobody knows what is happening in that respect, whereas with the GST you know that there is that 10 per cent. Those opposite want to maintain that tax system along with their mates from Swaziland and Botswana—although Botswana is going to change. They want that type of system rather than a much more open system. The argument that price cuts and reductions in tax will not be passed on to the consumer is an absolute nonsense, because there is nothing stopping businesses today, irrespective of the taxes, putting prices up. The thing that stops them is competition. That is what you have to ensure occurs.

In addition to this particular grants system, the great benefit that will occur in the bush is in relation to diesel fuel, particularly with transport. We know that the cost of many things in rural and regional areas is significantly more than in urban areas because of the transport costs. Transport costs are built into just about everything that you buy in rural and regional areas. Reducing the cost of transport, where we are dropping the excise on diesel from 45c a litre to 20c a litre, will have a huge impact on the cost of transport and, therefore, on the cost of goods.

I spoke at a breakfast here this morning about the budget, and I was intrigued when one of the other speakers—the Leader of the Opposition in the ACT Legislative Assembly, Jon Stanhope—was complaining that the ACT will not get the benefit of the diesel rebate. In fact, they will get it for trucks over 20 tonnes but they will not get it for trucks between four and 24 tonnes operating within the ACT. He did not understand that you could still operate from Canberra; that what counts is where you do your deliveries; that it has nothing to do with where you are located. Anyway, they never do read these things. He was complaining about it and I thought, ‘Why are you complaining about it? You should go and talk to your federal Labor mates who actually voted against it.’ They are the ones who voted against it and prevented the ACT from being involved. I found it quite staggering that he was complaining that the ACT was not getting that benefit. When you add those sorts of benefits, plus the fact that anybody running a business will have the full GST aspect of their fuel refunded—which once again brings down further costs not only in rural and regional Australia but also in urban Australia—in rural and regional Australia, it is all a very positive aspect.

One other point I would like to make before I finish is in relation to the previous speaker, the member for Lowe. He was complaining about the aspect of putting the GST on fuel. The Labor Party were always opposed to it because it could have this extra effect of different fuel prices. We are overcoming that with this legislation. I found that
interesting coming from a party that has defended and wants to keep a sales tax system that has worked very much against rural and regional Australia with respect to freight. And if they were honest with themselves, of course, they would go out and say that they will bring it back.

I notice the member for the Northern Territory here today. I remember that when I first went to the Northern Territory I had to buy a part for my Land Rover. The part had a price and then applied to that was wholesale sales tax—at the time I think it was between 20 and 30 per cent; the rates had changed; they went up quite a bit under the previous Labor government—and then they applied a percentage for freight. So we were actually paying freight on wholesale sales tax. That was the system that they defended, and defend to this day. That was probably one of the greatest added influences on the cost of things in rural and regional Australia, adding a percentage for freight above and above a very high wholesale sales tax system. That is where you got a huge disparity between the cost of an item bought in Adelaide or Sydney or somewhere, compared with a rural or remote area. For the opposition to stand up and complain about the GST applying to fuel is hypocrisy to the nth degree, as usual. All in all, these grant bills ensure that the price of fuel will not increase as a result of taking off excise and applying a GST. It is a fair system, and it is what we always said we would do. Combined with the other benefits of the huge reduction in diesel, it will be of great benefit to businesses and any consumers living and working throughout my electorate and in rural and regional Australia in general.

Mr SNOWDON (Northern Territory) (12.16 p.m.)—I am pleased to contribute to the debate on the Fuel Sales Grants Bill 2000. At the outset I must say that I wonder about the rhetoric coming from the government side of the House. I have followed this debate intensely over a number of years. The former Leader of the National Party came into the Northern Territory during the lead-up to the last election campaign and effectively said that fuel prices would fall. Not to be outdone, the then Northern Territory Chief Minister, and now President of the Liberal Party, said on ABC radio on 14 August 1998 in relation to the price of fuel:

When you look at all the taxes that are coming off—the fuel taxes—we’re going to be better off in the marketplace, 7¢ a litre it is coming down based on these calculations.

Interviewer: Seven cents a litre for unleaded at the bowser?

Shane Stone: Yes.

Fred McCue: I thought we were just looking at a cut in diesel.

Shane Stone: No, it’s across the board. It was a specific question I asked the Prime Minister when we had our discussions, and indeed it is in his package.

How wrong he was! I think that illustrates the way in which the government parties—the Prime Minister, the Treasurer, the transport and regional services spokesperson—have misled the Australian community about the impact of fuel prices.

You will recall, Mr Deputy Speaker, that this is not the first occasion I have raised this matter in the House. Indeed, as recently as Wednesday, 12 April I asked the Prime Minister a question in relation to the price of fuel at Kaltukatjara-Nguratjaku. The price of fuel in this community is $1.30 a litre. I was told by the Prime Minister that I would have to wait to see the impact of this new policy shift on 1 July. Effectively, we know what this is all about. The fact is that the government is not able to deliver on the promises it made to the Australian community in the lead-up to the last election, and now in this House we are dealing with a measure whereby we are being asked to allocate $500 million over four years to subsidise fuel prices in the bush, in an attempt to extricate the Prime Minister, the Treasurer and the National Party leaders. Every other minister and backbencher on the Liberal and National Party side of this House have gone out promoting the idea that fuel prices will fall.

Then, of course, the language changed. It became, ‘Prices need not rise.’ I asked this question on 12 April because I believed that prices at that community would rise. This morning I checked on fuel prices in a number of other communities around my electorate. At Ramingining it is $1.30 a litre, at
Nguiu on Bathurst Island it is $1.40 a litre and at Barrow Creek it is $1.15 a litre. I am left to ask the government: how do you expect me or any of the people who purchase petrol at these bowers to believe that fuel prices will not rise in these communities? Are you saying that you will provide a rebate at 5c a litre or 6c a litre or 4c a litre to these communities in isolated areas of Australia? What undertakings are you prepared to give this parliament on an absolute guarantee that fuel prices will not rise? The fact is: the government is not prepared to give us that guarantee.

I think this is quite illuminating. I pondered the contribution of the member for Eden-Monaro, who said words to the effect that the marketplace was the reason why fuel prices were kept low. The member for Eden-Monaro was an official in the Northern Territory Country-Liberal Party and lived in the Northern Territory for some time. I wonder whether he or any member of the government could explain to me or to any resident in the Northern Territory how sole traders in small communities benefit the community by virtue of competition.

The community I spoke of earlier, Kaltukatjarra-Nguratjaku, is some 800 kilometres south-west of Alice Springs. The nearest competitive bower is 300 kilometres away. Are you saying to me, are you expecting the Australian community to believe, that in regional Australia there is effective competition in the fuel market? Is that what is being said here: that the benefits of free, fair and open competition are being felt by the residents of these communities wherever they might be and anywhere in regional Australia, not only in the Northern Territory? We are not all fools. We are not going to be misled by this mantra that comes from the government: how sole traders in small communities benefit the community by virtue of competition.

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When I asked the Prime Minister that question on 12 April, I expected him to take it seriously. But I do not think it has been taken seriously. I note that when we are talking about fuel prices of $1.40, $1.30, $1.10, $1.15 or $1.20 a litre, this means that, to make this rebate effective, as I said previously, the government will need to provide rebates of three to six cents. Let us see the colour of your money. Let us see how these regions will be determined. Let us see which retailers will benefit and let us see which communities will benefit. I think I can say with some surety that the communities in my electorate, communities where the cost of living generally is higher than anywhere in Australia, will not get relief in the way that the government suggests will be a result of this process.

I was drawn to an article in the Canberra Times 12 April 2000 in which a spokesman for the Royal Automobile Club of Victoria referred to this scheme as ‘opening a whole new Pandora’s box’. He asked the question: ‘What is the definition of remote and non-metropolitan locations?’ That is a question we repeat. Exactly how much will be removed from the excise? He then made the point that inflation of about six per cent would push up petrol prices by 2c a litre. I have had a look at the budget papers of last night, and the price impact of the ANTS package will be to increase prices by 6.75 per cent in the first quarter after the introduction of the package and by 5¼ per cent over 12 months. What does this say about the effectiveness of this proposal put to us by the government? I am reminded by the shadow minister at the table that, based on last night’s budget inflation figures, motorists will be paying at least $600 million more for petrol excise by this time next year. Even if you accept the government’s figure, which I do not, that inflation will hold at 2.5 per cent for the next, say, six to eight years, motorists will be paying an additional $1 billion each year in petrol excise. So much for the $500 million over four years!

What are the implications of this for people who live in the bush? I am left wondering what goes through the minds of the regional members of the government parties. I listened intently to the member for Groom and the member for McEwen and I have to say that I am somewhat confused. I am not sure they read the budget papers that I read last night. I am not sure they have actually
thought about this question raised by the member for Eden-Monaro about competition and the market. I am not sure they understand or have any real comprehension of what the government has done and what it intends to do in relation to fuel prices. I am not sure about what they understand about the overall impact of last night’s budget on people who live in rural and remote Australia. What I am sure of, though, is what my understanding is—that is, despite the rhetoric coming from the government benches, it is very clear that in my electorate the impact will be negative. Not only have I exposed the facade in this petrol scheme; there is another facade in relation to the question of diesel.

Again in the lead-up to the last election campaign I had the then Leader of the National Party, various government ministers, the Northern Territory Chief Minister and every other phoney who wanted to trot into the Northern Territory articulating words on behalf of the coalition and saying to the Northern Territory community that freight costs would come down as a result of the GST. I have in front of me a document that I received this week from a transport company in Darwin to its customers. I want to read just a portion of it in relation to prices. It says:

We have conducted a review of our expenses and don’t believe there are many items where we will make substantial savings through the abolition of wholesale sales tax. This is because a large number of our costs are sales tax free, including wages, either directly or indirectly through subcontractors. The main areas that costs are likely to fall are the costs of new vehicles, trailers and fuel, with trailers being serviceable and held for many years, it is going to take a long time for the cost savings of any replacements to filter into eventual business costs.

Diesel fuel is one major component of the cost of our business and one area where the introduction of the GST and the diesel grants scheme is expected to impact on transport operators’ costs. The pump price of diesel has risen substantially over the last 12 months due to the global increase in crude oil prices. A large number of our subcontractors are currently levying us with a fuel surcharge between 2.5 and six per cent of their line haul rates. With the introduction of the DGS from July 1, we are hoping they will remove this surcharge. It is not inherent that there will be significant changes to their base rates.

What does that tell us? It tell us that freight rates will remain the same. With the effects of inflation, my guess is that they will rise. What does this do to the arguments of the government about the impact on the cost of living in regional and remote Australia? It exposes the government’s arguments as futilities. What it says to the people in my electorate is that this government not only has misled them but also has compounded the error through last night’s budget.

If you live in the remote areas of Northern Australia, the government has delivered to you the potential for increased prices, increased taxation and increases in interest rates. How can this be of any benefit to the people who live in regional and remote Australia? Yet we have the government standing up here waxing lyrical about the beneficial elements of last night’s budget for the bush. The elements to do with private medical practitioners and getting doctors active in the bush are welcome. But what has the government done to improve educational outcomes in regional and remote Australia as a result of last night’s budget? What has it done to improve road infrastructure in regional and remote Australia as a result of last night’s budget? What has it done to improve telecommunications infrastructure in regional and remote Australia as a result of last night’s budget? What has it done to improve the condition of public health infrastructure in regional and remote Australia in last night’s budget? The answer to all of those questions is nought—absolutely zero.

In my electorate and, I might say, a number of electorates across Northern Australia we have large numbers of Aboriginal communities and people on CDEP. We had last night a statement from the government that it would increase CDEP places by 1,500. In the context of where we are, that means that we are still 1,000 below the figure that we were at in 1995-96. The government has not even restored the figure it was when it came into government—when it slashed unmercifully into the ATSIC budget.

Mr DEPUTY SPEAKER (Mr Hawker)—Order! I would ask the honour-
able member to keep within the context of the bill.

Mr SNOWDON—Mr Deputy Speaker, I followed this debate all morning and, with respect to you, I heard the member for Groom and other government members talking about other elements of the budget in relation to the bush—and that is what this is about. These CDEP recipients are the people who are supposedly going to benefit from these fuel rebates. As I think I have illustrated quite aptly, they are not going to benefit at all. What I am saying is that the government has compounded the error.

The government, in the way it introduced and brought down this budget, has condemned these communities to further years of poverty. The government has not done anything in this budget and certainly through this fuel stuff to improve their lot one iota. To me, you must take a holistic approach to community development. Fuel prices are an important component for these communities where people are on fixed incomes and have the highest cost of living in Australia bar none. As a result of last night’s budget, they get no benefits. They get no improvement to health outcomes, and these are the people who have the worst health outcomes in Australia. They get no improvements in educational outcomes—and, as we have seen by successive reports into those sorts of matters, they have the worst educational outcomes in Australia. Mr Deputy Speaker, I ask you: is that fair; is that reasonable? I say to the members of the government who are so proud about last night’s budget: have a good read and understand its implications for the people who live in the bush.

This budget, in terms of remote and regional Australia—but particularly remote Australia—is farcical. I say to the members of the government: do not be misled by the rhetoric that is coming from the Leader of the House, the Treasurer and the Leader of the National Party about the benefits of these fuel changes to the bush. They are illusionary and they will not improve the outcomes for those communities. My strong view is that, at least in those communities that I have known where petrol prices are currently $1.30 or $1.40 a litre, prices will not come down and in fact will rise. (Time expired)

Mr SECKER (Barker) (12.36 p.m.)—In the brief time that I heard the last speaker, the member for Northern Territory, he was complaining about areas which do not have anything to do with these fuel grants bills, but I think it is very important to rebut some of his comments. He asked what we had done to improve educational outcomes for country people. I can assure the member for Northern Territory that one of the great initiatives in last night’s budget was an increased discount on farms and businesses from 50 per cent to 75 per cent which will ensure that a lot of country students in the electorate of Barker—and, I am sure, in the electorate of Northern Territory—will now be able to afford to study at university. Also there is an increase of 10 to 30 per cent in the living away from home and boarding allowances. So if that is ‘nothing for country students’ I suggest that the member for Northern Territory have another look at the actual initiatives of this budget.

He also suggested that health outcomes are not going to improve. What a load of rubbish! Here we have a budget which was almost entirely designed to improve health outcomes for rural and remote areas, yet he says we are doing nothing. There was nearly $600 million extra in initiatives in last night’s budget to ensure that we have doctors, GPs, specialists, allied health professionals and nurses out there serving the health needs of country people. Of course we have a huge increase in aged care funding for country areas as a result of this government’s decisions. Certainly, Mr Deputy Speaker Hawker, I can join with you in tak-
ing great pleasure in the green triangle initiative, as I know you worked very hard on it. I was very pleased that initiative was announced last night as part of the budget detail. That will certainly help country people in both our electorates, and in the member for Forrest’s electorate, because they are so important in the training and retention of health professionals in our electorates.

It gives me great pleasure to speak on the fuel sales grants package of bills, which is designed to ensure that electors in the electorate of Barker, which I have the privilege of representing, and in other country electorates will no longer have to pay more for fuel as a result of the A New Tax System and the introduction of a GST. This was a commitment and promise of the Howard government at the 1998 election which we are now delivering on. This sees our commitment to country people further enhanced by the year 2000 budget delivered last night. In the plan for the A New Tax System entitled Tax reform: not a new tax, a new tax system released in August 1998, well before the election, it was stated:

At the time of the introduction of the GST, the Government will reduce excise on petrol and diesel so that the pump prices for these commodities for consumers need not rise. To achieve this promise it was estimated at the time that the rate of excise would need to be reduced by 7c a litre with the reduction being replaced by the GST payable. Businesses are able to claim input tax credits. They will be able to claim that amount of GST on petrol. For this purpose, the term ‘petrol’ will be read as including retail sales of diesel fuel. The promise was repeated a number of times during the October 1998 election campaign. For example, the Prime Minister, John Howard, stated:

And because the price of petrol at the pump doesn’t rise you will find in business that your petrol is seven cents a litre cheaper.

At another time he said:

The price of petrol at the bowser will not go up . . . The excise will come down by the amount that is the equivalent of the GST and the price will not go up 1 cent at the bowser.

The difficulty in implementing this promise arises from the fact that petrol prices are generally higher in rural and remote areas than in metropolitan areas, so the adding of a 10 per cent GST to a higher base price will result in the final price being greater than the adding of the 10 per cent to a lower base. For example, if petrol in a metropolitan area retails for 77c per litre and excise is reduced by 7c a litre, the addition of a 10 per cent GST will result in the same retail price of 77c per litre. However, if the retail price is 85c per litre in a regional or remote area and excise is reduced by 7c per litre, the GST will be added to a base price of 78c per litre, leading to a final price of 85.8c a litre, which is a 0.8c increase, due to the replacement of part of the excise payable with a GST. This is the result of the differing fuel prices in city and country areas. As prices increase in both metropolitan and country areas, it can be expected that the additional amount payable due to the GST will increase. Having variations in the rate of excise between different areas in a state or even between states, which may be considered as a method of reducing the base price prior to the application of the GST, is not an option due to section 51(ii) of the Constitution which provides power for the Commonwealth to legislate in regard to taxation but ‘so as not to discriminate between states or parts of states’. As an excise is a method of taxation, this paragraph effectively prevents the Commonwealth from imposing different rates of excise for regional areas compared to metropolitan areas.

The question of whether the Commonwealth can effectively bypass this restriction through a grants scheme direct to the operators of a retail outlet raises many constitutional issues. Due to payments of grants to individuals rather than through the states, it appears that the Commonwealth is relying on the appropriation power contained in section 81 of the Constitution. As the scheme is not restricted to corporations or interstate trade, it would appear that neither of these powers will be sufficient to support the entire scheme. So we have come up with this proposal to ensure, in line with the government’s commitment regarding petrol, that the price of petrol is not increased due to the introduction of the GST. This will be met, as the Treasurer announced in a press release dated 11 April 2000. He said that a fuel
The grants scheme would be introduced with a minimum of two levels of grants to ensure that retail prices do not increase due to the introduction of a GST. The first level will be available for non-metropolitan sales and the second for sales in remote areas.

The Treasurer also announced in a door-stop interview that there may be a third level of grant. In explaining the scheme, the Treasurer said:

The Government will be introducing legislation as early as tomorrow, which will set up a scheme under which grants can be paid to petrol retail stations in regional and remote areas, which will allow a tiered grant, one cent a litre, and two cent a litre. If necessary, there could be a requirement for a three cent a litre tier.

I am glad to hear that because it may be needed on Kangaroo Island, which is part of the electorate of Barker. It went on:

But one cent a litre in regional, and two cent a litre in remote ... will ensure that for consumers, as a result of tax reform, petrol prices need not rise.

The scheme is largely to be implemented through regulation rather than by specific criteria contained in the bill. The Treasurer’s press release states:

Details on entitlement to the grant scheme, including the mechanism for determining non-metropolitan and remote areas, along with the grant rates will be prescribed in the regulations to the legislation.

Regarding which areas are to be included in regional or remote areas, a spokesman for the Treasurer is reported as saying, ‘You will have to wait and see—closer to the introduction of the GST,’ and, ‘If we were to announce it now, there might be a temptation for some to increase prices to take advantage.’ The scheme is estimated, in the Treasurer’s press release, to cost around $500 million over four years.

It is interesting to compare fuel excise charges under the previous Labor government with the record of the Hawke-Keating Labor government. When Labor came to government in 1983, the fuel excise on petrol was a relatively small amount of 6.155c per litre. However, in a matter of months they increased it by 1c a litre to 7.155c on 1 July 1983. Not content with that, less than two months later they increased it again by nearly two more cents a litre to 9.027c a litre on 23 August 1983. That is a nearly 50 per cent increase by the Hawke-Keating Labor government in less than six months of government. This was only the beginning of worse to come, because over the term of the Hawke-Keating governments, those 13 miserable years, they raised fuel excise no less than 31 times. From the original 6.155c per litre, the Hawke and Keating governments increased the fuel excise to 34.183c a litre—an increase of over 28c a litre. This amounted to an increase of 555 per cent over the term of the Hawke-Keating Labor governments.

We now have a Labor opposition that bleats about caring about the country, despite a record of having increased fuel excise by a whopping 555 per cent. And then they come up with a silly amendment that could only be generously called a political stunt. The Labor Party’s so-called answer is not to have a GST on petrol. That so-called answer would rob all businesses in Australia of the ability to claim back the GST and to have cheaper fuel to run their businesses. By being able to claim the 10 per cent GST back—or about 7c a litre—businesses are more able to compete for export markets in the global economy and more able to run profitable businesses, and that is very important for country areas. Businesses are thus even more likely to grow and to increase employment than they are under the present Labor instituted system of taxation. We have already increased the work force by 650,000 jobs in four years with low interest, low inflation and high growth, and our taxation reforms will help our businesses and our job generators even more.

As I said, the Hawke-Keating Labor governments increased the fuel excise by 28c a litre—a 555 per cent increase in 13 years. That averages out at nearly 43 per cent increase in fuel excise for every miserable year the Labor Party were in government. This equates to over 2c a litre per year. Contrast that with the four-year record of the Howard coalition government, discounting the 8.1c a litre collected on behalf of the states as a result of the High Court decision in 1997—and it should be discounted because the fed-
eral government does not get the money, the states do. The federal government was collecting 34.183c a litre at the time it came to government in 1996. This money was, of course, for the federal coffers. It now collects 36.087c a litre, which is a less than 2c a litre rise over four years, or less than half a cent a litre extra per year. That is a 5\frac{1}{2}\% increase over four years, compared with Labor’s 55\% per cent increase over 13 years—an average increase of 1.4 per cent per annum compared with Labor’s 43 per cent per annum. So the record of our government on fuel excise is far better than that of the previous Labor government.

To ensure that country fuel consumers are not disadvantaged under the A New Tax System, we are delivering a $500 million grants scheme to ensure that country fuel does not go up. This, together with the GST rebates and the 23c a litre fuel reduction for the transport industry, means cheaper fuel for country people. It does not stop there. When we came to government in 1996, avgas, which is for use in the aviation industry, had an excise that had increased from 4.555c litre to 18.478c a litre under Labor. We then reduced it from that 18\frac{1}{2}c a litre to its present level of only 2.718c a litre—nearly 16c a litre less than under Labor. One can only say that we are about less tax, not more tax like the Labor Party.

These fuel grants bills will mean that the consumers of fuel in my electorate of Barker will benefit by the subsidies that will be set at either 1c, 2c or 3c a litre. I could imagine that a place like Kangaroo Island might even qualify for the higher rate of 3c a litre. As a frequent visitor to Kangaroo Island as part of my electorate responsibilities, I know that this will be warmly received. I will spend five days on Kangaroo Island in May. As an island that measures about 150 kilometres by 80 kilometres, that is an important factor for not only the locals but also the 160,000 tourists who annually visit the wonderful island of Kangaroo Island.

The price of petrol can be broken into a number of major components, some of which are relatively constant regardless of the place where retail petrol is purchased and sold and others which are variable. The major component of retail price can be seen as the price of crude oil, which is determined by international prices, which are reflected in the import parity price. We have seen the results of that over the last 15 months or so. Other components are, where petrol is purchased directly from overseas rather than from an Australian refinery, the purchase price plus transport costs to Australia; the profit margin for the refiner-importer; the excise payable to the Commonwealth, which is a constant rate regardless of the source of the petrol, which includes the 8.1c a litre going to the states; transport costs from the refiner distributor to the retailer; the retail profit margin; and any state or territory concessions. Of these components, the only one that can be regarded as totally transparent is the amount of excise charged by the Commonwealth, although this is proposed to be changed by this bill.

The price of the basic inputs—that is, the crude for refiners and petrol bought from overseas from distributors—is principally dependent on the world price of crude oil and can be seen as being in the same category as excise, being the same regardless of where the petrol is sold. While it would initially appear that the profit margin of the refiner-importer should also be equal regardless of where the petrol is sold, such an assumption would ignore the effect of the refiner-importer being able to sell larger volumes when there is a short-term oversupply of petrol. As it takes time to alter production schedules and for refiners there is a large component of fixed cost relating to the investment in the refinery, situations will arise where a refiner or importer will have a surplus of petrol and will be willing to accept a lower cents per litre profit so long as an increased volume is sold. Similarly, if importers wish to clear stocks, they will be willing to reduce their profit margin to sell in high volume.

While the above may apply in a reasonably competitive market usually found in areas of higher population density and hence higher demand and total turnover, the situation can change dramatically where there is little or no competition. With the abolition of a maximum wholesale price and general deregulation of the industry, retailers in remote...
locations with a relatively low turnover are likely to be faced with a higher wholesale price when there is a general shortage of petrol than would otherwise apply, and it is unlikely that they will benefit from discounts, due to the relatively small volumes that they sell. Obviously that is more in line with what happens in country areas, and that is why there is a price differential for country areas versus the city. It is a lot to do with the actual supply and demand.

I conclude by saying that it does give me great pleasure as the member for Barker to support the measures contained in this bill because they ensure that country consumers do not pay more for their fuel; in fact, they should pay slightly less. (Time expired)

Mr SIDEBOTTOM (Braddon) (12.56 p.m.)—Mr Deputy Speaker, you will be pleased to know that the parliamentary network printer went down 15 minutes ago with my speech in it.

Mr Secker—And mine.

Mr SIDEBOTTOM—I could guess that from some of the things you were saying, though you did very well. As a result we will work our way through, just as this government is trying to work its way through the shemozzle that is this GST and this Fuel Sales Grants Bill 2000, on which I am very proud to stand up and have my fourpence worth on behalf of the people of Braddon but also to support the amendment put forward by my colleague the shadow minister.

The package of bills we are debating now for the planned fuel sales grants, I am sorry to say, only adds fuel to the confusion and fear surrounding the goods and services tax. This government continues to lurch from one GST disaster to the next as we nervously await the introduction of its new tax system. Earlier today we had my friend the member for Groom telling me that he was actually looking forward to the end of this budget week so he could go home to his constituents in the electorate of Groom—a very nice place which I have had the privilege of visiting a couple of times—because, he said, they are gleefully awaiting his return as they are so looking forward to the introduction of the tax. I do not know how many streets he has visited in his electorate but, if he came to mine and I am sure to those of the member for Barker, the member for Blair and others in this House, he would find that people are not eagerly looking forward to the introduction of this new tax, and we all know it.

It has been like this from the moment of the Prime Minister’s promise in 1995. Those opposite are so anchored in history they love to tell us about the 13 years before their four years of disaster. The Prime Minister said that there would ‘never, ever’ be a GST. Those opposite do not mind going ‘l-a-w’ several times over in chorus, but they forget ‘never, ever’ a GST. Every broken GST promise and every GST problem is a problem of this government’s own making. And so it will be with the price of petrol, as the member for Barker has alluded to, in the aftermath of the introduction of the GST. Remember the infamous promise that the cost of petrol would not rise? Then the spin doctors were fed this line and said, ‘My goodness, of course it’s going to rise. What are we going to do?’ We then got this phrase ‘need not rise’. Yesterday in this House at question time—and you all squirmed with him—the poor old Minister for Financial Services and Regulation, the affable Mr Hockey, was very unaffable when he squirmed and wormed his way around. All he had been asked for was a simple assurance that prices would not rise more than 10 per cent after the introduction of the GST. What did we get? We got the ‘Joe Hockey-Moore’ response, which is basically, ‘I need to consider this a bit more, and you know our policy.’ We are totally confused on this side of the House, you are confused on the other side and the electorate is equally confused.

What has happened from the outset in the petrol pricing debacle is typical of the whole GST saga. The pledge that prices would not rise was repeated several times in the lead-up to the 1998 election. For example, as our ‘pre-bush bash’ Prime Minister said:

And because the price of petrol at the pump doesn’t rise you will find in business that your petrol is seven cents a litre cheaper.

He went on to say:
The price of petrol at the bowser will not go up. The excise will come down by the amount that is
the equivalent of the GST and the price will not go up one cent at the bowser.

And what of our bush-loving Treasurer? In September 1998 he promised no petrol would rise as a result of the GST—anywhere. Just recently he wanted to ‘limit’ the level of compensation to motorists outside non-metropolitan areas. The Prime Minister and the Treasurer have been doing some fancy footwork of late trying to live up to their GST petrol promises, but they keep tripping themselves up. It is well known that people living in regional, remote and rural Australia pay much more than those in metropolitan areas for their petrol. It was obvious to most that adding a 10 per cent GST to a higher base price, as we see in regional and remote areas, would result in the final price being greater than adding 10 per cent to a lower base, as enjoyed by metropolitan areas.

Yet the Prime Minister and the Treasurer seemed to have difficulty coming to grips with the concerns flooding in from regional and remote parts of Australia over the impact of the GST on petrol prices. They promised to reduce the fuel excise by around 7c a litre, with the reduction being replaced by the GST. For example, with petrol in a metropolitan area retailing for 77c per litre and with the excise reduced by 7c per litre—as has been promised—the addition of a 10 per cent GST would result in the same retail price of 77c per litre. That is fine if you happen to live in, say, Melbourne or Sydney. However, if the retail price was, say, 89c per litre—and I can assure you it is much higher in many areas of rural and regional Australia; it certainly is throughout my electorate where I paid a little more than that per litre just recently—and the excise was reduced by 7c per litre, the post-GST price at the bowser would be 90.2c per litre, an increase of over 1c a litre.

As prices increase in both metropolitan and regional and rural areas, it can be expected that the additional amount payable due to the GST will increase. That is simple mathematics. As I said, the problem for the Prime Minister and the Treasurer arose from the fact that petrol prices are generally higher in regional and remote areas than they are in metropolitan areas. It was a fact overlooked in their initial calculations, although we should not really be surprised by that, because a lot of what is going on in regional Australia is still being overlooked by this government.

Take last night’s budget for example. This government has blown another opportunity for regional and rural Australia with a budget best described as bland and very ho-hum. There is little in it for regional areas like the north-west coast in my electorate to get excited about. While I acknowledge and welcome funding for rural health in the budget, there is still a long, long way to go. I am concerned that the Treasurer has not seriously addressed the issue of access to further education for students in rural and remote areas. Outside the increase in assistance for families in rural and remote areas accessing education and an increase in the eligibility criteria for the youth allowance in respect of farming families, I do not see any practical assistance at all to help students and families access further education when they have to move away and live away from home. As the report *Time running out: shaping regional Australia’s future* pointed out, it is a national disgrace that regional students are being discriminated against, because they must go to the metropolitan areas or the cities to take up higher education. The cost differential between those living away from home and those who live in the metropolitan areas is about $8,000 to $10,000 per annum. None of these problems were attacked in this budget. Regional and rural Australian families need assistance to access higher education.

The budget we heard delivered last night is a GST budget. Clearly, regional and rural areas do not fit into this government’s economic strategy. Against a backdrop of GST confusion over petrol prices, we are now being told that the price of petrol will not rise as a result of the goods and services tax because of this government’s hastily constructed Fuel Sales Grants Scheme—a $500 million scheme over the next four years which, by the way, was not factored into the A New Tax System. As we were told in last night’s budget, it will cost $121 million next financial year. But do not be fooled by the
smoke and mirrors approach that has become the hallmark of this government’s GST. The fuel sales grants will not be a benefit; they are simply an attempt to offset the disbenefit of the effect of the GST on the price differential of petrol prices between the city and the country. The fuel sales grants are at best an admission that motorists outside capital cities or metropolitan areas—motorists in the so-called bush—stood to be slugged by the GST induced petrol price increases.

This warning was sounded by the Labor opposition in 1998, prior to the federal election and afterwards. I am still to be convinced that motorists in rural and regional Australia will not be slugged. The Treasurer announced via a press release on 11 April that a fuel grants scheme would be introduced with a minimum of two levels of grant to ensure that retail prices do not increase due to the introduction of the GST. The first level would be available for non-metropolitan sales and the second for sales in remote areas. The Treasurer also announced, as my friend the honourable member for Barker pointed out, that there may even be a third level of grant. In explaining the scheme, the Treasurer stated:

The government will be introducing legislation ... which will set up a scheme under which grants can be paid to petrol retail stations in regional and remote areas, which will allow a tiered grant, one cent a litre and two cents a litre. If necessary, there could be a requirement for a three cent a litre tier.

The scheme is to be implemented largely through regulation rather than by specific criteria contained in a bill. The Treasurer went on to say:

Details on entitlement to the grant scheme, including the mechanism for determining non-metropolitan and remote areas, along with the grant rates will be prescribed in the regulations to the legislation.

But we still do not know which areas are to be labelled regional or remote and we certainly have no assurances that motorists living in these areas still will not pay more for their petrol because of the GST. I doubt that the Prime Minister and the Treasurer know either. What we do know is that petrol prices in regional and remote areas of Australia remain significantly higher than those in metropolitan areas. In my electorate I know this to be true. It was reaffirmed this week by a random survey conducted by my office of petrol prices not only in Braddon but around Tasmania. It merely strengthens my resolve to ensure that any move to narrow the price differential between city and country petrol prices is effective. I support the move for compensation for the impact of the GST on petrol prices, and I can only agree with Tasmania’s peak motoring body, the Royal Automobile Club of Tasmania, that there needs to be a lot of clarification. The RACT is concerned too over what areas in Tasmania will be classed as metropolitan, regional and remote. It too is in a quandary over how the grants will be administered. Will Hobart and, indeed, our other cities, including Devonport and Burnie in my electorate, be classified as regional areas? Who knows.

In Tasmania this week, petrol prices ranged from the mid to high 80c a litre mark to a high of over $1 a litre on King Island. Petrol prices across my electorate will rise by at least 1c a litre after the GST and, again, it will be families in rural and remote areas who stand to be among the hardest hit. They knew from the start that the planned reduction in the fuel excise would not compensate for higher petrol prices. Even now, a big question mark still hangs over what they will pay for their petrol in comparison to motorists in the cities, despite the planned fuel sales grants.

There are too many unanswered questions. Earlier today, the member for Groom claimed that the reason for this is that the government does not want the system to be rorted before 1 July. So, in this case, ignorance is bliss. With all due respect, that type of answer is a nonsense. Of course people want to know in advance what is going to affect their business, what is going to affect the consumer and how they can plan for that. That is the same as saying, ‘We will not give any new information on the compliance tax or the mechanism of a GST before its implementation on 1 July.’ What absolute rot.

We still do not know what the mechanism will be for deciding who gets the rebate and
who does not, and whether it will be 1c, 2c or even 3c. Tasmania, as we have seen from the diesel fuel rebate scheme, was designated as a single zone, but how will this apply under the fuel grants scheme? Incidentally, the fall in the price of diesel will be little comfort for many rural communities, despite the trumpeting that we have heard several times in this place, because there are still no guarantees it will fully compensate families for the rise in petrol costs post GST. We could not even get the Minister for Financial Services and Regulation to give us an assurance about that yesterday.

A survey late last year by the Australian Bureau of Statistics revealed that people in rural areas spend as much as 25 times more on petrol than they do on diesel. Generally, families in the country do not pick their children up from school on a tractor or do the grocery shopping in a truck; they use a petrol driven family car and they may well pay more for that privilege because of the GST. But with the diesel fuel rebate, at least in Tasmania we know the eligibility criteria. With the fuel sales grants, we do not. We have to wait because there is a great fear, as the member for Groom was saying, that the system would be rorted. Even the member for Eden-Monaro said that what will keep a lid on the system will be competition. We all know what that is going to do—and I would not hold my breath for that. But even he did not fall for the answer that we do not want to introduce it too early because people will rort the system beforehand. I thought we had a watchdog to look for things like that, but they are very busy at the moment. We still do not even know what legislative power they have, anyway. There we go—we will have to ask the Minister for Financial Services and Regulation again today exactly what powers they have and what assurances we as consumers will be given.

It was left to a spokeswoman for the Treasurer to fend off concerns over which areas are to be designated as regional and remote areas to be eligible for fuel sales grants. I suspect that that is where my good friend the member for Groom found the inkling of an answer to this—because he is generally a man of commonsense and I could not understand how he came up with that answer. The spokeswoman for the Treasurer said:

You will have to wait and see . . .

That is an excellent answer. She would probably be on $150,000 a year to give that answer. I know that the member for Blair will just love that answer. The spokeswoman went on:

. . . closer to the introduction of the GST—ah!

and if we were to announce it now, there might be the temptation for some to increase prices to take advantage.

What has happened to the mechanism of competition referred to by the member for Eden-Monaro? That only applies sometimes. Other times they just go out and rort. What a stupid answer.

What also concerns me about the mess this government has created with the GST is that the Prime Minister and the Treasurer seem to class everything outside of the major cities as ‘the bush’. I do not believe they truly comprehend the difference between regional and rural Australia and thereby lump our nation into just two categories, the city and the bush—

Mr Cameron Thompson interjecting—

Mr SIBEBOTTOM—And Blair. Herein lies another problem when it comes to the practical delivery of the fuel sales grants. Today has raised more questions than have been answered. Where are the non-metropolitan locations that will qualify for the grants? Where are the remote locations that will qualify for the higher grants? What is the rate of the grant at the various places? Clearly, the fuel sales grants package is simply too short on detail. But, like a lot of other things, we will hold our breath and wait for that magical day, 1 July, when everything will be revealed and Australians will happily drive along in their jalopies grateful to this government for everything that it has done.

The bill merely establishes a framework for the grants. The rest remains a mystery. It does not clarify any of the details that are necessary to evaluate the effectiveness of the scheme. It is more policy on the run. That is why we still have not got answers to the
other key questions about the fuel sales grant, such as: will it be 1c, 2c or even 3c per litre; what price per litre will be used as the benchmark? What if the grant payment is not enough to cover the GST price increase; what guarantees are there that proceeds from the scheme will actually be passed on to motorists? Indeed, the latter is a very interesting question. There is nothing in the package of bills that can force petrol retailers to pass on the compensation to motorists. We are told that 'competition will do that', yet another speaker alluded to 'rots'.

The Treasurer stated that, in addition to its already enormous task of ensuring that there is no price exploitation during the introduction of the GST, the Australian Competition and Consumer Commission will be responsible for ensuring that grants are passed on to the retail customer. But is the ACCC sufficiently resourced to also monitor the fuel sales grant? I doubt it very much. Surely this government does not expect the ACCC to set the retail price of petrol—or does it? There is a real sense of deja vu in the way the Prime Minister and the Treasurer have handled the petrol price issue. That is probably because they still have not figured it out for themselves yet. I wait, with the rest of Australia, with bated breath.

Mr CAMERON THOMPSON (Blair) (1.16 p.m.)—It is a pleasure to address this Fuel Sales Grants Bill 2000 today. I would like to cover a range of issues but at the start I would like to comment about the amendment that has been moved by the opposition. I notice that it is an amendment to the motion for the second reading that was moved by the member for Wills, rather than any kind of substantive amendment to the actual legislation we are considering.

We have heard a range of comments from members on the opposite side picking at the proposal that is before the House, but we do not have a substantive amendment from them—some proposal that might make it better, something that might improve it. For example, we heard from the member for the Northern Territory. I love to listen to the member for the Northern Territory, because he is so wonderfully proficient at pronouncing the strange and exotic names of the places in the Northern Territory that he represents, and he does it very well. But, realistically, where is the amendment that puts forward his proposal that the total amounts available under this package be up to 6c per litre, for example? Why could the opposition not propose that? Why could they not specify the areas in which these various rates would apply, as has been suggested by the member for Braddon? They have not done any of that either. What their amendment says is: 'Waffle, waffle.' It says:

"whilst not declining to give the Bill a second reading, the House condemns the Government for worsening the city/country fuel price differential by imposing a GST; and imposing a costly, complex, and uncertain new layer of compliance burden on fuel retailers".

It is a nonsense addition; it contributes nothing but a lot of hot air. It contributes about as much as the member for Braddon contributed. It is waffle. That is all it is. His computer broke down, and what did we get? We got waffle. I suppose the computer also broke down when opposition members were writing their amendment, because all we got was another lot of waffle.

As I said, I would like to discuss a range of things in relation to this bill. Something has been made of the issue of the pump price for fuel not needing to rise. That comment has been used by the government all the way through this process. I can recall it being made during the election campaign. I can recall it being made all the way down the track. I will repeat it again: the government would reduce excises on petrol and diesel so that the pump price of those commodities need not rise. That is what we have said all the way along. We have been very consistent. Members of the opposition have done a little bit of pushing and shoving and endeavoured to drive their wedge through, to confuse the public, as they always do. But that has been the commitment all the way along.

This government is to be congratulated for the fact that it has taken that commitment very seriously. We have listened to people such as the member for Northern Territory and those people who live in remote places such as Nguiu and other parts of the Northern Territory. He has come up with exam-
I do not know if Yuendumu was one—of all those little places where fuel prices are really very high. We have listened to that. We have set about coming up with a scheme which addresses that problem. As a result of that, outlays in 2000-01 will be $110 million, and those outlays will rise to $135 million in 2003-04. That is a significant improvement for people in those small towns who are reliant on petrol for which they have to pay an inflated price. They have to put up with that situation. The government has come to their aid with a proposal to make sure, as it said in the first place, that for consumers the pump price of those commodities does not rise. The government is being entirely consistent and should be congratulated for keeping its commitment to the community in that regard.

I turn now to the Bills Digest which has been prepared on this issue. I refer to things in the real world as opposed to the world of fantasy espoused by the member for Braddon and the member for Northern Territory. As I say, it is okay for them to highlight the problems, but what we are talking about in this House is finding solutions. The Bills Digest notes that in Toowoomba there is a variation of 3.9c on the capital city price of fuel with a monthly variation of 5.7c; in Warwick, the variation is 0.4c with a monthly variation of 4.7c; in Gladstone, it is a 6.6c change from the capital city with a 6c a litre monthly variation; and in Roma, it is 12.8c with a monthly variation of 4.7c a litre. That is what is going on out there in the real world. There are alternative prices being offered. I commend the Bills Digest for the way it goes through the mechanisms behind that. We need to take that into consideration because we should not be living in an ivory tower here. We should be focusing on what is going on out there in the real world.

I want to mention something else that I believe is highlighted very nicely in the Bills Digest. I know that I am fortunate because I come from a state where, by and large, fuel prices are relatively low. They are low, as is pointed out by the Bills Digest, as a result of the concessions that apply in a number of states. I notice in Queensland it is the highest at 8.2c; in Tasmania it is 2c; in the Northern Territory, 1.1c; and in Victoria, 0.4c. Those subsidies have a big impact, and they need to be noted in the context of this debate.

Having noted the fact that Queensland, particularly Brisbane, is privileged to have those low prices, I have done some research looking at the trend of fuel prices over the past couple of decades. The average retail price of petrol in Brisbane has gone from 30.6c a litre in December 1980 to 69.9c a litre in December 1999. I suppose that is a trend that would be familiar and typical. There has been a consistent rise across Australia, and all members would have noted that. Averaging the price of fuel in the 1980s, the list that has been supplied to me by the Parliamentary Library shows that the price in the 1980s was 43.4c a litre and in the 1990s it was 62.5c a litre. Strangely, in all that time, the highest price recorded in the statistics was in December 1990, at the time of the Gulf War, at 74.5c a litre.

Putting that to one side in order to find out the price in real terms—in other words, adjusted for inflation and all those other inflationary factors—what has the real price of fuel in constant dollar terms been that has been paid in Brisbane over that period? In real terms, in December 1980 the price paid per litre was 77.5c a litre in Brisbane. At the end of that decade, what was the price in real terms? It was 75c a litre. There has actually been a reduction over that period. The highest price noted in real terms in all that time was not at the time of the Gulf War but in September 1995 when it was 92.2c a litre. Calculating the average for those two decades so members do not think that what I am reporting here is a price hike at one time or another, the average for the 1980s was 79.6c a litre and the average for the 1990s was 70.5c a litre. There is no doubt that reflects added competition in the marketplace. As I said, I must add the rider that we in Brisbane have certainly benefited a great deal from the subsidies I have spoken about.

Another issue I want to cover in the time available to me is the position of Australia when it comes to fuel production. For the benefit of the House, I highlight a project
that has interested me for many years. I want to mention two Australian companies, Central Pacific Minerals and Southern Pacific Petroleum. Both those companies have been lurking about in Queensland for quite some time now. In fact, they were founded in 1968. They are known colloquially and have been known over many years as the Rundle twins because the focus of their attention has been the Rundle shale oil deposits in Queensland. Those two companies cover a range of deposits. The deposits which contain oil in shale are massive. In fact, according to the research I have had done, the companies jointly control 24.4 billion barrels of in situ oil in eastern coastal Queensland. That is a massive resource. The good news is that some time ago those two struggling companies, which for years were really penny dreadfuls in share marketing parlance, have linked up with a giant American company, Suncor, and are looking at the development of those deposits.

Suncor has been successful in Canada in extracting oil from oil sands. The difference, of course, is that in Queensland we have oil shale. It is difficult to adjust the technology from one to the other. They have licensed from Suncor a special processing plant called the Alberta-Taciuk processor into which oil shale is fed. As things are going at present, they are currently gearing up their existing plant to produce in the order of 4,500 barrels of crude oil per day. This work is not going on across that massive resource I spoke of—that is, their existing oil shale holdings which extend from Bowen to the south of Gladstone—but in one specific place on the Stuart oil shale deposits very close to Gladstone in Central Queensland.

Initially, the company began by sending some of the shale from Queensland over to Canada for processing through the existing equipment. The Canadians fiddled around with it in order to make the best of it. They have now moved to a second stage where they are developing a plant at Gladstone. As I said, if that is successful, that plant alone will produce 4,500 barrels of crude oil a day. If they are successful in achieving widespread production—and in the next stage they are talking about something like 85,000 barrels a day—if the full Stuart shale oil deposit itself comes into production, we are talking about the production of 200,000 barrels a day. That is starting to get to a large quantity, but they are talking about a cost of production of $US8 a barrel. Obviously there are commercial possibilities for this development. It really is something that could be of massive benefit to Australia and something we must continue to advocate and explore.

If the estimated amount of production from Stuart is extended right across the holdings of the Rundle oil twins and Suncor, there is the potential to produce something like 1.6 million barrels of oil a day if all of those areas were brought into production. Australia’s total oil production in 1997-98 was 585,000 barrels a day. So you can see that we are talking about massive potential for oil development in Australia. With a lot of good luck and good management, that could have a huge impact on Australia’s oil position.

To put that project in the context of the whole of Australia, what they are talking about is the possibility for Australia to be self-sufficient in oil. They use words like that but that is not a realistic position, because we sell oil to the world markets and they sell oil to Australia. But the fact is that we will be a net producer of oil; we will not be importing as we do at the moment. In 1998-99 we imported 29,733 megalitres of oil. As I said, in 1997-98 we exported 25,763 megalitres of oil. So we will change our position in which we are exporting roughly the same amount as we import. We will change our position so we can be a net exporter of oil. I think that is something that could dramatically change the way the oil market operates in Australia and the reliance that we talk about in this House that Australians, particularly Australians in country areas, have on the Australian oil industry. That Stuart oil deposit contains approximately three billion barrels of oil and is obviously something that requires our interest in this House.

Returning to the issue we currently face, it is important that people in rural areas have the support of the government when it comes to maintaining stability in oil prices and
maintaining an efficient level of production. Under the tax changes put forward by the coalition government we are talking about a diesel fuel rebate scheme that will deliver to people in country areas a reduction of 23c or 24c a litre in the cost of diesel. That is a significant reduction in production input costs. As I said before, the impact of that will be felt very keenly in places such as the Northern Territory, Mount Isa, Broken Hill and so on. Those are the areas that are going to benefit to an absolute maximum degree from that package from the coalition government.

If you are interested in having the odd beer, I know that in the Northern Territory stubbies of beer are a comparatively rare sight. Why is that? It is because the cost of the added weight of glass containers on trucks is regarded as prohibitive, so everyone in the Northern Territory, in general, tends to buy their beer in cans. When that is the degree of impact that transport has on that economy, I can tell you that the changes proposed by the coalition will have a huge and positive effect on that economy. It is something that certainly should not be overlooked when we regard that as a frontier area in Australia for development, an area into which we are pouring a lot of support and one which could certainly go a long way ahead under the changes proposed by the coalition government.

The package we are discussing today will guarantee that fuel prices in country areas need not rise, just as they need not rise in any other part of Australia. It is important that that promise—just as there were many other promises that made up the government’s tax package—be delivered. Through this process we are delivering it. I think it is unfortunate that the opposition has not found fit to suggest some positive changes to the legislation. If the opposition really were serious in picking various holes in the proposal that it keeps talking about, it would have suggested changes. It is wasting our time with waffle about what should or should not happen in relation to the motion for the second reading. Overall, this is a very positive measure for Australia, and I welcome it.

Mr O’CONNOR (Corio) (1.36 p.m.)—The Fuel Sales Grants Bill 2000, the Fuel Sales Grants (Consequential Amendments) Bill 2000 and the Product Grants and Benefits Administration Bill 2000 are the latest bills from the government in their attempt, firstly, to prop up the implementation of the most unpopular tax in Australia’s history, the GST, and, secondly, to deliver on a promise to rural and regional Australia which the government knew when they made it they could not keep.

I will canvass once again, for the House and for all residents in rural and regional Australia, the litany of promises and weasel words from this government on their GST and fuel prices. First, we had the Prime Minister with his cast-iron commitment to rural and regional Australians living in country towns small and large throughout the length and breadth of Australia. He made a commitment that he would never ever introduce a GST, and here we have in this legislation today a bunch of bills relating to the implementation of a GST that the Prime Minister said he would never, ever introduce. It is now a matter of history and public record that the Prime Minister reneged on one of the most important promises he has made to rural and regional Australians since he was first elected.

Then we saw the rather insulting definition of the promise made to the Australian people; that is, there is a difference between a core and a non-core promise. In my day, any farmer’s child who made a promise to their parents and then said, ‘I’m sorry, Dad—or Mum—I made you a non-core promise’ would have got a thrashing. Yet here we have the Prime Minister going to the electorate of Australia saying that he would never, ever introduce a GST. Then when he proceeded to introduce it, he said, ‘Well, it’s really only a non-core promise.’

On the fuel issue, a plethora of coalition ministers—the Prime Minister, Mr Howard; the Treasurer, Peter Costello; the Deputy Prime Minister, John Anderson; and a bevy of National Party ministers and members—stated very clearly that petrol prices would not rise under the GST. I want members of the House to reflect on that particular statement that petrol prices would not rise under the GST. I want members of the House to reflect on that particular statement that petrol prices would not rise under the GST. We then had the Treasurer’s now infamous statement and retraction that under the new tax arrangements petrol prices
the new tax arrangements petrol prices ‘need not rise’ as a result of the GST. Gone was the cast-iron commitment that petrol prices would not rise. In its place was a statement—some more weasel words—that under the new tax arrangements petrol prices need not rise as a result of the GST.

Let me recount those positions for members opposite so that they get them very clear and so that the Australian people are very aware of what the Prime Minister and the Treasurer have said. On the issue of the GST, the Prime Minister said ‘never, ever’ and then he said it was a ‘non-core promise’. On the issue of fuel, the Treasurer said, ‘Under the GST, petrol prices will not rise,’ and now he says that they ‘need not rise’. With this sort of deception, is it any wonder that we have witnessed the rise of One Nation in rural Australia? Is it any wonder that the National and Liberal parties have been decimated in rural and regional areas in recent state elections—in New South Wales, in Queensland and now in Victoria, which is now the jewel in Labor’s crown? Victoria is now the jewel in Labor’s crown thanks to Jeff Kennett and his lackeys in the National Party who went along with everything that the Liberal Premier did to rural and regional Victoria. Now, in their own areas that they have represented historically for many years, they have been thrown out on their ears by an electorate that is sick of them.

When the government announced its fuel tax measures as a part of its GST package, the opposition claimed quite correctly that the government could not deliver on the commitment that it had made, namely, that petrol prices would not rise under the GST arrangements. We were right. Let that be a matter of public record: we were right. The $500 million Fuel Sales Grants Bill we are debating today is testament to the correctness of the position that we adopted. If the government were correct in its initial statement that prices would not rise under the GST, there would be no need for this package of arrangements that we are now debating in the House today. Even with this package of measures, even with the $500 million of extra expenditure, the government cannot return to its original commitment that petrol prices will not rise.

I challenge the Treasurer, I challenge the Prime Minister and I challenge the honourable member for Indi, who has just come into the chamber. I was in the state electorate of Benalla the other day. In the state electorate of Benalla, we know that the head of the VFF, Mr Peter Walsh, really wants the seat of the honourable member opposite. We know that is a fact. I must say that the honourable member for Indi was spoken of very favourably in the electorate of Benalla when I visited there. But, like the rural Liberals and the National Party people, he has a lot of explaining to do as to why they are perpetrating this deception regarding fuel on rural and regional Australia. In announcing the measures in his press release of 11 April 2000, the Treasurer stated that petrol prices need not rise. This is what he had to say:

For business (which gets a credit for GST) this means the cost of petrol and diesel will fall by about 10 per cent. For consumers this means that prices need not rise as a result of GST.

I challenge all you honourable members opposite to come into this debate and say to the people of rural and regional Australia what you said originally—that is, that petrol prices will not rise. You will not do it because you cannot do it. You were caught out, and that is why we have here a $500 million package on fuel to try to smooth over the anguish in the bush about your deception on fuel.

When the opposition pointed out in simple mathematical terms the fact that once petrol prices rose to above 77c a litre then rural consumers and farmers would be paying more for their petrol, the government quite fiercely claimed that we had our figures wrong. They are not claiming it now. We have them scuttling into this chamber with a $500 million package to save their neck in the bush, because they deceived them. They are not saying now that we are wrong, because we were simply right. They trumpeted their original promise around rural and regional Australia till the cows came home, trying to convince an unbelieving public that prices would not rise under the GST. Now we have this humiliating backdown in this legislation today, with a $500 million pack-
age of measures to try to keep the lid on petrol prices.

My words now are to the rural Liberals and to the National Party: how much longer are you going to suffer the humiliation that is heaped on you by this arrogant Treasurer? How much longer are you going to suffer that humiliation? How much longer are you going to go to people in the bush and tell them that petrol prices will not rise and then have to go with your tail between your legs and say, ‘They need not rise’? You must be the greatest bunch of suckers that this parliament has ever seen.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The member for Corio will direct his remarks through the chair.

Mr O’CONNOR—I certainly will, Mr Deputy Speaker. I might speak the truth in these matters, but I defer to the procedures of the parliament in this regard. The essence of the Fuel Sales Grants Bill is that the government is establishing a scheme of grants to fuel retailers in respect of sales to end users in non-metropolitan and remote areas. Here we have a $500 million package of bills with no detail about the key elements. We have no detail, for example, of where the non-metropolitan locations are that qualify for the grants.

Dr Stone—Can’t you read?

Mr DEPUTY SPEAKER—The parliamentary secretary at the table will be silent.

Mr O’CONNOR—I am pleased that the parliamentary secretary interjects about the maps. I would be interested to know whether in my electorate of Geelong, which is the premier provincial city in rural and regional Victoria, retailers qualify for this grant or not. Perhaps she could tell me that. In this hideous spatial economics that the government is now engaged in, every other map that has been drawn has lumped us in with Melbourne in wretched conurbations designed to confuse transport operators and drive them out of Geelong into Ballarat and further down into the Western District.

Apart from the appalling lack of detail on the actual mechanics of the scheme, there is one area of particular concern to all of us, and that is: will the grant moneys be passed on to consumers and will petrol prices be kept down? It is not an edifying debate that has transpired in this House over the powers of the ACCC to police these sorts of arrangements. The simple fact is that the ACCC does not have adequate resources to effectively police the scheme. The bell was rung on this in the Bills Digest which has been produced as the background to this piece of legislation. This is an impartial document produced by the House and the Parliamentary Library to guide members through the labyrinth of this sort of legislation. This is what the Bills Digest had to say:

While the ACCC may be successful in determining where prices have increased to make a windfall gain of the grant amount, the matter must be in doubt given the current relatively much greater variations in price. With regional prices currently varying from the metropolitan price by large amounts, for example, -0.2c in Berry to 7.9c in Batemans Bay, ensuring that the grant is not exploited in the future would appear to be a difficult task.

Then, of course, the Bills Digest says it all: Finally, given the relatively large sums involved in the scheme, the question must be asked as to whether the funds could be used in a more effective way to assist people in remote and regional areas...

That is a very interesting conclusion drawn by the author of that document.

While we are in the context of the GST and this debate on petrol and other fuel, might I reflect on the impact of the GST on used car markets in Geelong. I know the honourable member for Corangamite, who has just joined us in the chamber doing his daily task for the government of distributing papers and questions, would have an interest in this. I have been contacted by small used car dealers who are extremely concerned about the adverse impact that the GST will have on the used car market in our region. I have undertaken to bring their plight to the attention of the House—and I am doing that today. As members would appreciate, in many regional areas the majority of used car dealerships would be regarded as small businesses employing from two to eight people. Many of these smaller businesses would turn over, on average, 20 to 30 cars per month and they work on very tight margins. Any
market distortion that impacts on their sales and turnover is likely to impact very heavily on their profitability and their ability to service overdrafts and their bank debt.

One estimate provided to me by local used car dealers is that around 30 per cent of used car sales are done privately. They fear that the GST changes of the sort encapsulated in the bill that we are debating here today will push many buyers and sellers into that private market area, to the detriment of their business. As small businesses, they are forced to incur substantial compliance costs for the GST. In addition, they must charge 10 per cent on their sales and they are already committed to paying four per cent in stamp duty. So their product is already at a disadvantage in the marketplace vis-a-vis private sellers. Their quite reasonable fear is that people in the marketplace will go to the private market to avoid paying those imposts, and this will substantially reduce their turnover.

The government needs to appreciate the importance of these small businesses to regional economies. For example, when a used car dealer prepares a car for sale, they can spend in the region of $2,000 to $3,000 on basic reconditioning of those cars. This money is spent in local paint shops, in local mechanical repair places and in car detailing businesses. There are many other individuals and family businesses that either depend on or supplement their turnover from each used car sale. In my electorate, one conservative estimate puts expenditure on reconditioning alone at around $40 million to $50 million. That represents a substantial injection of income into local businesses.

As members will appreciate, any diversion of demand from the official market, where the GST and stamp duty must be paid, to the private market will affect not only the dealers but downstream businesses as well. I ask the Treasurer to examine this matter, because it is of very real concern to those used car dealers. Like everybody else, small business people have long memories. They know that John Howard said that he would 'never ever' introduce this outdated and insidious tax. They know the government is spending $360 million of their money to persuade them that the GST and the fuel arrangements in the bills that we are debating here today are good for them, when they know that they are not. And they know that the $200 voucher from the government is a pittance compared to their cost of compliance. These small businesses know that Treasurer Costello has squandered $10 billion of the surplus on the introduction of the GST in the recently announced budget. So they really want their concerns heeded and acted upon. I say to the Treasurer: this is your tax and you address these concerns.

In conclusion, I reiterate what I said in the beginning. It is a real tragedy that the National Party members and the rural Liberal members of this parliament have betrayed the rural constituency yet again on fuel prices. It is not only the issue of petrol prices that we are debating here today. Out there in rural Australia, the people will wreak their vengeance on the coalition for the diesel hoax that is being perpetrated on them because they know, as we know, that the flow-on effects that are being claimed—the exaggerated claims that are being made by the coalition in rural and regional areas on this whole fuel issue—cannot be delivered. The savings in terms of lower prices for goods and services in regional areas will not be delivered because they cannot be delivered—just like the government’s promise that the GST would not increase petrol prices. We knew that it could not deliver on that particular promise and we were proved right. I am telling the government now: you cannot deliver on the exaggerated claims you have made to the bush with regard to diesel. When the people really twig to that, then they are going to come after you with a vengeance. (Time expired.)

Mr LIEBERMAN (Indi) (1.56 p.m.)—I am very pleased to support the government’s legislation on the Fuel Sales Grants Bill 2000. I would like to congratulate the Prime Minister and the Treasurer for this initiative. It first of all provides and ensures that, after the introduction of the GST on 1 July, when consumers of fuel from non-metropolitan areas in Australia obtain their fuel at the pump the prices at the pump need not rise as a result of the GST. That is the effect of this
legislation. It is a complex issue because, across Australia, excise is applied uniformly. Under the Constitution, excise has to be applied in a uniform manner. It is a difficult and complex task to find a solution, and the Prime Minister and the Treasurer have done that very effectively. I am very pleased to support this legislation, as a member of the government and a member representing part of regional Australia, because we all wanted to ensure that the government delivered on its undertaking in its tax reform package. At the last election, we said that the introduction of the GST would be done in such a way that fuel prices at the bowser need not rise. This legislation is delivering on that undertaking.

I believe it is a fair interpretation, from hearing Labor Party members speak on this bill, that it appears that the Labor Party is going to vote against this legislation. They are consistently voting against reforms of tax and against the reduction in fuel prices for small business—which I will comment on briefly—and now they are telegraphing that they are going to try to frustrate and apparently defeat this measure, which will deliver the promise that the government made. They do not want us to deliver on our undertaking. We should be using a mirror to reflect their words back on them, because they are culpable and responsible for their actions and should be made accountable. The Labor Party do not want small businesses to get their fuel at a 10 per cent cheaper price—which they will under the government's policies. The Labor Party, in fact, have fought hard to frustrate this legislation, now it appears they are positioning themselves to prevent country and regional motorists from being able to buy their fuel at the correct price after 1 July. I repeat that the price at the bowser need not rise as a result of the introduction of the GST.

The shadow Treasurer is in the chamber. Let him get up and do a mea culpa. Let him now say that the opposition has been wrong and that he will now support the legislation. He has been caught red-handed. Either he supports regional and country motorists not having to pay higher fuel prices at the bowser due to this legislation or he does not. It is black and white. They have been found out for their duplicity. What they are trying to do is to further create problems. Why would any party in Australia and this parliament want to prevent small businesses from getting a discount on fuel? Why would they want to prevent the cost of petrol and diesel falling by about 10 per cent after 1 July? Why would they want to say to, for example, a young plumber in my electorate with a Holden ute that he cannot get his fuel price reduced by about 10 per cent after 1 July?

Mr SPEAKER—Order! It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member for Indi will have leave to continue speaking when the debate is resumed.

CENTENARY OF FIRST SITTING OF COMMONWEALTH PARLIAMENT

Mr SPEAKER (2.02 p.m.)—I advise the House that earlier today, in company with the President of the Senate, I witnessed, by video link to the theatrette in this building, a joint sitting of the two houses of the Victorian parliament. At that sitting, a motion was proposed by the Premier, the Hon. Steve Bracks, and seconded by the Leader of the Opposition, the Hon. Dr Denis Napthine. It invited both houses of the Commonwealth parliament to return to Melbourne on 9 and 10 May 2001 to commemorate and celebrate the centenary of the first meeting and sittings of the Commonwealth parliament. The motion was agreed to unanimously.

As members will be aware, 99 years ago today this House and the Senate held their first sittings in the Victorian parliamentary chambers. Appropriately, the Victorian parliament has this day invited us to return in 12 months time to the original home of the Commonwealth parliament to celebrate its centenary.

When the motion is formally received, it will be listed as an item for business. I know that all members will join me in thanking the Victorian parliament for its invitation.

MINISTERIAL ARRANGEMENTS

Mr Howard (Bennelong—Prime Minister) (2.02 p.m.)—I inform the House that
the Minister for Finance and Administration will be absent from question time today and tomorrow due to ill health. The Treasurer will answer questions on his behalf. It has been reported in the press that Mr Fahey has legionella. I am told by him that his condition is good, despite having it, and that he expects to make a full recovery shortly. I know that all members of the House will wish that to be the case.

Mr BEAZLEY (Brand—Leader of the Opposition) (2.02 p.m.)—On behalf of the opposition, I express our good wishes to the Minister for Finance and Administration and our hope for a very quick recovery. We also wish that for all the others who are caught up with the same problem from the same source.

Mr SPEAKER—I thank the Leader of the Opposition. I know the House echoes the sentiments expressed by both the Prime Minister and the Leader of the Opposition.

QUESTIONS WITHOUT NOTICE

Budget 2000-01: Deficit

Mr CREAN (2.03 p.m.)—My question is to the Treasurer. I ask him whether he recalls telling the National Press Club on 17 May 1995:

Part of the Charter of Budget Honesty should be the publication of data on the Commonwealth budget structural deficit to give a picture of the underlying deficit after the influences of the business cycle are removed. ... Such information would make a particularly important contribution to honest assessments about the budget.

Do you recall showing the structural deficit in your first budget? Why didn’t you show it in yesterday’s budget? Is it because it would show you, as Access Economics have stated, in deficit to the tune of $5.6 billion?

Mr COSTELLO—I thank the honourable member for Sturt for his question. This financial year, 2000-01, for the fourth time in a row the coalition budgets for a surplus. In the financial year 1999-2000, which will be completed on 30 June, it is estimated that the outcome—not the budget—will be a surplus of $7.8 billion. By running the budget in surplus, the coalition has been able to repay Labor debt. There is no way that this change in the budget is better illustrated than by the following fact, which I would recount to all members of the House.

In the last five budgets of the Labor Party, after paying for all of their expenses from all of their sources of revenue, their deficits
were such that they needed to borrow $80,000 million. After paying their expenses they had to borrow $80,000 million. The coalition this year brought down its fifth budget and, after paying for its expenses and getting the budget in surplus, it will repay $50,000 million of Labor debt. With Labor after five budgets, debt went up $80 billion; with the coalition after five budgets, it not only has kept the budget in surplus but has repaid $50 billion of Labor debt. We are five-eighths of the way there in relation to Labor debt.

I heard some of the Labor Party saying this morning, ‘Oh, they have only repaid $50 billion of our debt. They should be repaying more. They should be repaying more than $50 billion of our $80 billion worth of debt so that we, the Labor Party, could hope to get into government and have our debts repaid and take advantage of it.’ These complaints by the Labor Party, ‘You should be repaying more of our debt,’ are like Ned Kelly going round, robbing the bank at Jerilderie and saying, ‘There wasn’t enough money in the vault.’ This is the Labor Party: ‘We want to get into office and you have not repaid enough of our debt.’ We have repaid $50 billion of Labor’s $80 billion debt, and nothing could more illustrate the difference between a Labor government and a coalition government: a Labor government in five budgets ran up $80 billion worth of debt; the coalition in five budgets paid off $50 billion of it.

**Tax Reform: Income Tax**

Mr BEAZLEY (2.09 p.m.)—Mr Speaker, my question is to the Prime Minister. I refer to the tables on pages 5-6 and 5-20 of Budget Paper No. 1. Don’t these tables show that one year after your tax cuts are introduced revenues from personal income taxes will be back to where they are now and, after two years, the average Australian taxpayer will be paying $600 more in personal income tax than they are today? In the light of these budget figures, can you guarantee your promise that 80 per cent of taxpayers will be on a top marginal rate of no more than 30 per cent two years from now?

Mr SPEAKER—While I do not have the tables on 5-6 and 5-20 or whatever with the appropriate designations at my fingertips, the question, it seemed to me, related to bracket creep, and on that the Prime Minister is responding.

Mr HOWARD—The point that I was making, before being interrupted with an utterly irrelevant point of order, was that one of the things that bears upon the extent of bracket creep is, of course, the rate of infla-
tion. The Leader of the Opposition has been running around talking about the increase in the CPI in the September quarter of this year. That increase, which of course will be reflected on one occasion only and will recede in subsequent quarters, was the average of inflation under the years that the Labor Party were in government. Our spike was their average. Through the years that they were in government they had an inflation average of what it is now predicted it will be on a once-only basis as a result of the introduction of the goods and services tax.

The Leader of the Opposition asked me about some of the reasons for increased income tax collections. One of the reasons why we have increased income tax collections is that we have more taxpayers. And we have more taxpayers because we have more people in work. One of the distinguishing features of this government is that we have added 653,000 Australians to the job list of this country as a result of the policies of this government, and most particularly our policy of reducing debt. Never let it be forgotten that, when that man was in charge, in five years that government ran up $80 billion of debt—and in just five years, under the stewardship of this government, we will have repaid $50 billion of that $80 billion of debt. Whenever the Labor Party talk about budgets and whenever we hear a lecture on fiscal rectitude from the Labor Party, it is like hearing a lecture on corporate propriety from Christopher Skase! When we hear a lecture from them on fiscal propriety, I will remind them, and every one of my colleagues will remind them, that in five years they ran up $80 billion of debt. You left this country in hock. You stopped every attempt we made in our first, second and third budgets to claw back the position. It will always be the proud boast of this government that, having inherited that $80 billion of debt, run up in only five budgets—that is a phenomenal performance; you have to be really great financial geniuses; you could understand it in 10 budgets; you could understand it in 20 budgets; but five budgets!—we have paid back $50 billion. And it will be ever to the credit of this government that, despite the obstruction of the Labor Party, despite the legacy and the mess they left us, despite all of their attempts in the Senate to stop us getting it right, we have put the books back into balance, we have got this country out of hock, and that is why the international community and the Australian people admire and respect the economic management of this government under this Treasurer.

**Tax Reform: Income Tax**

*Mrs VALE (2.17 p.m.)—*My question is addressed to the Treasurer. Are you aware of comments alleging that the government’s income tax cuts to be introduced in 52 days time will be clawed back within a year? What is the government’s response to such comments?

*Mr COSTELLO—*I thank the honourable member for Hughes for her question. I was astounded to hear the claim being made on radio this morning by none other than the Leader of the Opposition and the Deputy Leader of the Opposition that income tax cuts would be clawed back. At first I thought the Leader of the Opposition was announcing a tax policy; that he would be increasing the rate of income tax if he ever got elected. But no, although income tax rates are being reduced—20 per cent is coming down to 17 per cent and the 43 per cent rate is coming down to 30 per cent, and staying there—the allegation is being made by the Labor Party that somehow, although the income tax rate is permanently lowered, people will lose the value of that particular income tax cut. It took me back to the last time Australians were promised income tax cuts, which was before the 1993 election. Did I say they were promised income tax cuts? No, they were l-a-w. The kind of income tax cut that the Labor Party produce is one that is in law before an election and mysteriously disappears out of law after an election. These are real income tax cuts which are legislated and will come into force in 52 days time.

*Mr Crean—*And then disappear!

*Mr COSTELLO—*The member for Hotham says ‘and then disappear’. What he says is that, as revenue from income tax increases, that must mean that somehow the tax cuts disappear. But, as the Prime Minister has said, one of the reasons why income tax receipts increase across the forward esti-
mates is that more people go into work—a point which has apparently completely eluded the Deputy Leader of the Opposition. More people get higher wages—another point that has apparently eluded the Deputy Leader of the Opposition.

The variables that will be changing are higher real wages and more people in work, and that is one of the benefits of good policy. But, if the Labor Party had their way and there were no income tax cuts—none whatsoever—not only would individuals be paying higher income tax but, of course, government revenues would boom. On Thursday night, when he gives his budget reply, the Leader of the Opposition is going to announce his roll-back. He is going to name the goods and services on which he intends to roll back the goods and services tax—the tax that he is so opposed to that, if he ever gets elected, he wants to keep. When he gets up on Thursday night, he is (1) going to announce where his roll-back is coming from, (2) going to announce how he would fund, as the Deputy Leader of the Opposition is calling for, more spending on education, science, infrastructure, regional development, jobs, industry and public hospitals, (3) going to announce how he will have a bigger surplus, because he is apparently in favour of a bigger surplus, and (5) going to announce how he is in favour of income tax cuts which should not grow out in the forward estimates. He will roll back in relation to the GST; roll up spending; roll out the barrel to the interest groups; roll over to the unions—and put together a whole lot of mutually inconsistent promises which he knows and we know cannot be delivered on. But we wait with bated breath.

Distinguished Visitors

Mr Speaker—The House will be pleased to learn that we have present in the gallery this afternoon a parliamentary delegation from the Republic of Indonesia, led by the Deputy Speaker of their House of Assembly. On behalf of the House, I extend to you, Sir, and all members of your delegation a warm welcome.

Honourable members—Hear, hear!

Questions Without Notice

Australian Dollar: Value

Mr Crean (2.22 p.m.)—My question is again to the Treasurer. I ask him whether he recalls telling the parliament on 30 June 1995, and again I quote:

A nation’s currency is a mark of how its economy is perceived in international markets...the mark that has been given to our currency and to this Prime Minister’s economic management is a failure—an absolute failure.

Treasurer, in the light of the fact that the Australian dollar was then worth US71c, do you stand by that statement?

Mr Costello—As I have made entirely clear, the government do not target a particular exchange rate—a policy which, as I recall, was introduced by the Australian Labor Party with the support of the coalition. For that reason we do not say a particular rate which we would expect the currency to go to, but we do say that we think it important to run strong fundamentals in economic policy.

Mr Beazley interjecting—

Mr Costello—I hear the Leader of the Opposition say that we are not doing that: we are not running strong economic policy. I suppose we should follow his example: we should have unemployment at 11.3 per cent; we should have the budget in deficit by $17 billion; we should have inflation at the rate of the Labor Party average in the 1980s of eight per cent; and we should be running up $50 billion worth of debt. We think it is important to run strong fundamentals in economic policy.

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Mr Costello—I hear the Leader of the Opposition say that we are not doing that: we are not running strong economic policy. I suppose we should follow his example: we should have unemployment at 11.3 per cent; we should have the budget in deficit by $17 billion; we should have inflation at the rate of the Labor Party average in the 1980s of eight per cent; and we should be running up $50 billion worth of debt. We think it is important to run a strong economy in Australia. We think it is important to have good growth, low inflation, a good budget position. Those are the fundamentals that we focus on. Our interest rates on home loan mortgages—even though they are 7½, 7.8 per cent outside of the last year—are still the lowest home mortgage variable rates since 1973. They are lower than at any period in 13 years of Labor Party government. If you went through the 13 years of Hawke-Keating government, although you would find home mortgage variable rates at 17 per cent on
some occasions, you would not find them in the seven per cents. That is another reason why—

Mr Downer—Seventeen they were.

Mr COSTELLO—You would not find the number seven in front of it, but you would find the number 17 in front of it during the 1980s. The government intends to keep running a strong economic policy. That is why we reformed the tax system. I said last night in the budget and I say it again: there are some that pretend that reform is not necessary, and there are some that are even worse; they want to oppose reform whilst hoping one day to take the benefits of it. As I said last night, you cannot take the results if you will not do the work.

Economy: Management

Mrs ELSON (2.25 p.m.)—My question is addressed to the Prime Minister. Would the Prime Minister inform the House how responsible economic management has enabled the government to meet its other responsibilities to provide lower taxes, more jobs, better health care and stronger families?

Mr HOWARD—I thank the member for Forde for her question. I remind the House of the concluding words of the Treasurer’s budget speech last night when he said that it was a document that brought together the economic as well as the social goals of the government. The message out of last night’s budget is that there is a dividend for the Australian people as a result of responsible economic management. What we are able to say to the Australian people is that we inherited an $80 billion debt, run up in only five years by the former government, and in five budgets we have cut $50 billion out of that $80 billion debt. We have reduced the level of inflation. We have delivered lower interest rates. We have generated 653,000 more jobs. We have undertaken further major economic reforms. We are introducing, on 1 July this year, the largest single economic change for the better that this country has had since the end of World War II. Everybody who knows anything about Australian politics knows that for the last 30 years the one great economic reform that both sides of politics accepted was necessary was fundamental reform of our taxation system. Former Labor Prime Minister Bob Hawke knew that. In his days as Treasurer, former Labor Prime Minister Paul Keating knew that. It was supported by the current Leader of the Opposition when he was a member of the Hawke government. It is something that I have advocated for many years. But only one government in the last 25 years has had the courage to introduce that reform.

We have the spectacle opposite of a group of people who leave behind an economic mess—who run up $80 billion in five budgets—and then at every turn they set about trying to obstruct and prevent the newly elected government from introducing the reform measures. But, despite that, we have been able to reduce that debt by $50 billion in only five budgets. We are able to talk of lower interest rates, of more jobs and of tax reform. Last night I was very proud to hear the Treasurer announce the biggest ever assault by any government in Australia on the greatest area of rural disadvantage in this country, and that is inadequate health services. That particular reform, which has, quite rightly, won very significant acclaim within rural Australia, will be supported by every Australian, whether they live in the country or in the city, because it is the unarguable right of every Australian citizen to have access to competent and affordable health services. That has been the cornerstone of our approach.

Therefore, I can say to the member for Forde that good economic management has a great social dividend. That social dividend is lower debt for the nation. $50 billion of lower debt in only five budgets. It means lower interest rates—to the tune, even after the recent increases, of $220 a month less than was the case in March 1996. It means increases in real wages because nominal income growth has gone ahead of the rate of inflation. It means lower levels of inflation. It means 653,000 more jobs. It means generational change in the tax system. It means fundamental reform of the way we operate the labour market exchange system in this country, whereby Job Network is delivering infinitely better outcomes than were delivered under the old CES. It means a record
number of apprenticeships and traineeships. ‘Apprenticeship’ became a dirty word under Labor. We have resurrected the place and the respectability of apprenticeships. It means that private health insurance is again enjoying the support of middle Australia. It is returning to high levels. It means increased provision for public hospitals because we have increased the money going to public hospitals in Australia.

On top of that, with the introduction of the goods and services tax, every last dollar of it will go to the state governments of Australia. They will have more money for police, more money for government schools and more money for public hospitals. So I say to the member for Forde that yes, there is a great social dividend. There is a social dividend for the entire nation; there is a social dividend for the families of Australia; there is a dividend for all of us in responsible economic management—and there is a message in that for those who miserably sit opposite.

**Goods and Services Tax: Inflation**

Mr BEAZLEY (2.31 p.m.)—My question is to the Prime Minister. Prime Minister, wasn’t the announcement last night of an inflation rate of $3 per cent over the year and a 6¼ per cent GST driven inflation spike in September confirmation that the inflationary impact of the GST will be far greater than the 1.9 per cent you paraded at the 1998 election and upon which you based your compensation package? Doesn’t this now mean that, faced with a GST of $24 billion this year, rising to $30 billion, and with disappearing tax cuts, Australian families and workers will face higher taxes overall, higher prices and higher interest rates?

Mr HOWARD—The answer is no. As a result of the reforms that we are introducing, Australians will enjoy lower income tax; Australians will enjoy a superior indirect tax system; rural Australians will enjoy lower fuel prices; Australian business will enjoy a lower company tax rate. This crowd opposite want to stop us reforming the Australian taxation system. The Leader of the Opposition gets up and says, ‘It’s a $30 billion tax slug so I’m going to keep it.’ That is what the Leader of the Opposition says. He walks both sides of the street on every issue. He did it again last night on the budget. He gets up and the Deputy Leader of the Opposition gets up and they both fulminate with outrage: ‘It’s a phoney surplus,’ they say, ‘but it’s so phoney that we want to add to it.’ They get up and they say, ‘It’s a phoney surplus.’ They say that the surplus is not really there. But, in the next breath—forget that statement—‘We want to spend more money on this; we want to spend more money on some other program.’ No doubt on Thursday night, as well as talking about where he is going to roll it back, the Leader of the Opposition is going to list all the additional expenditure of a Beazley Labor government. And of course he is going to tell us how he is going to fund that. In the same breath he is going to tell us how he is going to shore up this allegedly phoney surplus. That is not walking both sides of the street: it is walking both sides of the street and the middle all at the same time—a remarkable achievement.

Can I just say to the Leader of the Opposition that the taxation reform that this government had the courage to introduce, a taxation reform that we took to the Australian people, a taxation reform that was laid out in detail to the Australian people, a taxation reform for which we had a mandate, and the detail, the openness and the transparency of that program, have been without parallel in the political history of Australia. It is now only 54 days before that will be introduced—

Mr McGauran—Fifty-two.

Mr HOWARD—Fifty-two. Time passes when you are having fun. There are only 52 days before it is introduced, and I predict now that the Australian people, a few weeks after its introduction, will look back with contempt at the obstruction tactics of the Australian Labor Party. They will remember that it was the coalition that had the courage to do the right thing, that it was the coalition that had the courage to do what was good for Australia, and that it was the Labor Party that not only ran up $80 billion of debt in five budgets but set about, from the moment the member for Brand became the Leader of the Opposition, obstructing, delaying and trying to frustrate the desire and the authority of this government to take good decisions in the long-term interests of the Australian people.
Rural and Regional Australia: Budget Initiatives

Mr LAWLER (2.35 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Will the Deputy Prime Minister advise the House how the tremendous initiatives in the federal budget will assist people in my electorate of Parkes as well as others in rural, regional and remote areas of Australia? Do these initiatives deliver on recommendations from the regional summit held last year?

Mr ANDERSON—I thank the honourable member for his question; a very good one it is. Last night the Treasurer announced a major investment in this country in what can best be described as the social infrastructure of rural and regional Australia—a very welcome investment over and above the benefits that flow from sound economic management, the benefits that clearly reflect sound discipline in fiscal management, a discipline that the ALP were not able to apply in government and plainly would be unable to apply if, per misfortune, they were ever able to fall back into government.

The first point I want to make is that, in some of the rhetoric we have heard in the last couple of days, there is one thing that can be taken absolutely for certain—country people see through your confected concern for rural and regional Australia. They know your track record and they know you never change. The ALP had 13 years to make a difference in rural and regional Australia and, of course, the fact of the matter is that Labor did. They did not miss. And country people are still counting the cost. The ALP had 13 years to make a difference in rural and regional Australia and, of course, the fact of the matter is that Labor did. They did not miss. And country people are still counting the cost. I went back through some figures that I did a few years ago to illustrate the unbelievable relative cost of your interest rate regime for our farmers and our small businesses. While I was looking at that, we just did a bit of work, and in 1983 indicative interest rates in this country were around 15 per cent, but for our competitors in America—whether a farmer or small business or whatever—they were about 8½. By 1990 in this country, the base rate, if you were a really good borrower, was about 18.25 per cent. Do you know what it was in the US? It was a fraction over eight per cent.

In this country, under the stewardship of this government, by February of this year the commercial interest rate could be fairly said to be about 8.25 per cent while in the US it was 8.73. If that is not a story of sound economic management that is of enormous benefit not just to the broader economy but to rural and regional Australia, then I do not know what is. It is that discipline, that winding back of the debt which had arisen from the $80 billion over and above the $16 billion that was already there, that we are now able to point to as being wound back by $50 billion by the end of this financial year. Those sorts of savings give us the flexibility to move.

Last night’s package—a very major investment in the social infrastructure of rural and regional Australia—is worth running over. It has been alluded to by the Prime Minister and by others—$562 million to really address rural and regional health. I sincerely thank the minister for health for his hard work in putting it together. In a couple of moments—I am sure it will not embarrass him—I might even be tempted to record some of the positive remarks that have been made around the country in relation to it. Then, of course, there are two measures that are incredibly widely welcomed today, as we have seen, particularly in remote areas. They relate to the greater assistance under the isolated children’s scheme for people in remote areas, many of whom, as we know, are facing real difficulties in meeting their children’s educational needs. There is better access to the youth allowance with the discounting of farm and small business assets. There is, of course, the $306 million boost to Agriculture Advancing Australia, which is a package that took the place of a much inferior and much smaller package—the old RAS under the ALP—and substantially increased funding for such valuable programs as Farm Family Restart and for FarmBis. There is a $500 million contribution towards petrol pricing in rural and regional Australia. These are over and above the sorts of initiatives that we have already seen put in place such as the Rural Transaction Centres, the
Wednesday, 10 May 2000

Foundation for Rural and Regional Renewal and the Stronger Families and Communities.

The endorsements, I think, are worth referring to briefly. The National Rural Health Alliance has warmly welcomed the range of new initiatives. David Brand from the AMA said:

Major expenditure on rural health could not be more welcome.

Barry Hailstone in the Advertiser made this interesting comment:

It is the biggest boost to the health of people living in rural and remote areas since the advent of the Flying Doctor.

Dr Arn Sprogis, the spokesman for the Hunter Urban Division of General Practice, said:

This is the first time in living memory that a government has made a serious attempt to rectify the 30 year drain on rural communities in the health sector.

Megan McNicholl, who had a great input into the summit, summed it up this way:

This is a very positive budget. Many families will welcome the government’s commitment to ensuring that students from regional and remote Australia have improved access to education and training and the ICPA has also welcomed the Prime Minister’s pre-budget Stronger Families and Communities Strategy. They commend the flexible support that will available through this initiative.

Budget 2000-01: Structural Surplus

Mr CREAN (2.42 p.m.)—My question is again to the Treasurer, and it refers to an earlier answer he gave to a question of mine and his claim that the budget is in structural surplus. Treasurer, isn’t it true that nowhere in your budget does it show a structural surplus? And how much do you say the structural budget surplus is?

Mr COSTELLO—The answer to the first part of the question is no. As I said—

Mr McMullan—Which page?

Mr COSTELLO—Do you want to know which page?

Mr McMullan—Yes.

Mr COSTELLO—Page 1-28. I will read it to you:

... a substantial part of the forecast 2000-01 projected out-year surpluses would be structural.

I would have thought it was pretty obvious. You asked the question: ‘What page?’ and I read it out to you. Let me come to this question because we get really interested in the Labor Party, which is now interested in surpluses. First of all, we put the budget into surplus on a headline basis, which the Labor Party never did. Then we say, ‘We ought to put the budget into a surplus on an underlying basis,’ which the Labor Party never did. And then we said, ‘We ought to move to accrual accounting and put it into a surplus on an operating basis,’ which the Labor Party never did. So then they thought up a fourth definition to try and sort of find a fourth way of actually trying accounting which would somehow try and prove that there was a deficit which they failed on, in addition. This is the Labor Party which wants to (1) roll back GST; (2) increase spending; (3) increase surpluses, with a track record of an $80 billion debt. The Labor Party lecturing the government on surpluses! The captain of the Titanic giving lectures on boat safety! That is what it is: the captain of the Titanic giving lectures on boat safety.

Mr Crean—Mr Speaker, I rise on a point of order. It goes to relevance. If he is so confident about this structural surplus, how much does he say it is?

Rural and Regional Australia: Health

Mr LIEBERMAN (2.45 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister outline to the House how people living in rural and regional communities will benefit from announcements in last night’s budget in the area of health?

Dr WOOLDRIDGE—I thank the member for Indi for his question. Paying off your debt means you do not have to pay as much interest, and it means that you have more money to spend on things such as health. Rural health is the big winner from last night’s budget. But this is not the first time we have made initiatives in rural health. We are building on the successes of the past four years, with our university departments of rural health, the John Flynn scholarships, the
rural retention payments and the multipurpose centres in regional communities.

The initiatives fall broadly into two areas: more doctors, and better services. There will be an increased number of doctors in rural Australia from the beginning of next year, with more training places in the general practice training program. We will be increasing the training program from 400 to 450 doctors, but 225—or half of them—will be regionalised and wholly located within rural Australia for the first time. In addition, young doctors taking up these training positions will get financial incentives to train in the country. Secondly, we are providing three types of assistance for people who wish to practise in rural areas or who come from rural areas. The RAMUS scheme scholarships recognise the fact that kids from the country going to med school have greater costs than kids from the city—quite simply, they just cannot live at home. We will be doubling the number of RAMUS scheme scholarships from next year, and there will be 400 scholarships available across the years of medicine.

Mr Sidebottom interjecting—

Mr SPEAKER—The member for Braddon!

Mr Sidebottom interjecting—

Mr SPEAKER—The member for Braddon is defying the chair!

Dr WOOLDRIDGE—For the first time ever, we will be allowing young doctors to work off their HECS debts by practising in a rural location. Thirdly, we will be providing scholarships for doctors who are prepared to commit themselves, and to have that commitment backed up by a restriction on the Medicare provider number into rural Australia. There will be 100 scholarships each and every year, and this measure will have a very substantial effect in the medium to long term. A substantial specialist outreach service will provide specialists to regional centres and will expand specialist training in rural Australia, something that has been started under this government and that we look forward to expanding very substantially. So a doctor who wants to be a surgeon and to practise in rural Australia will be able to do a wholly rural surgical training program. Finally, we have a rural training network, which I believe will change the face of medical practice.

Under better services, for the first time ever we recognise that you just cannot get enough doctors in country Australia. Allied health professionals can fill many of the holes, and we will be allowing divisions of general practice to engage allied health professionals. Our regional health centre program will almost double, with another 85 communities getting regional health services. We have initiatives to retain and to recruit pharmacists into rural Australia on a scale that we have never attempted before. We have addressed the issue of small hospitals in the non-government sector, particularly the bush nursing hospitals in Victoria and the small private hospitals in Queensland. The honourable member knows about this—he is on my door every other day about the hospitals at Walwa, Chilton, Violet Town, Yackandandah, Euroa. I can say to him that everyone of those communities now has a lifeline for their small hospital. The Victorian health minister has been in the media, asking me to assist him in keeping these hospitals open. I can now say to him that I can assist him, and I will assist him. I will be writing to him in the near future and offering to work with him to ensure these hospitals stay open.

While I am on my feet—it was not a budget measure, but it relates to these hospitals—I have just approved a one-off increase of 10 per cent in the amount of money they will get for nursing home type patients from health funds. This will be an immediate injection of money for these small hospitals. All in all, they are historic reforms. As I travel extensively in country Australia, I have never heard country people ask for anything other than what city people take for granted. This will mean that that is a reality.

Goods and Services Tax: Inflation

Mr CREAN (2.50 p.m.)—My question is to the Treasurer. I ask him whether he stands by his budget speech claim that the GST ‘is not expected to have any significant impact on wage settlements on ongoing inflation’. Treasurer, why then does the latest certified agreement of the Australian Industrial Reg-
istry, one of the agencies in the portfolio of the minister for employment and industrial relations, include a specific GST clause, a clause which allows renegotiation of the wage agreement if the GST inflation spike comes in higher than expected? Treasurer, if you cannot convince the minister for employment that the GST will not put pressure on wages, why should ordinary Australians believe you?

Mr COSTELLO—I have no difficulty in convincing the minister of that, or indeed of most things. I find him a very convincible fellow and, may I say, a very convivial fellow who is great company. I will take a stab at this, but I would suspect that he does not personally negotiate these agreements. You produce an agreement and say, ‘Why hasn’t he negotiated a different clause?’ I will take a stab at it, but I think it might be because he does not actually negotiate these agreements. I might be wrong about that—because I know that the unions negotiating them personally—because I know that the unions love his company. It may well be that he is down there in Melbourne negotiating them personally. Come to think of it: I would not be surprised to see the old ex-ACTU leader negotiating on behalf of the unions down there. That would not surprise me at all.

Government policy is that, because taxes are being cut and family assistance is being increased and that means that people will have more disposable income, there are no grounds for second round wage claims. I think that is borne out by the fact that, for a family on $40,000 with two children, one under the age of five, the combined effect of income tax cuts and increased family assistance is $50 a week after tax. As a result of that, any price rise that occurs—some prices will go up, some will stay the same and some will come down—would be fully compensated.

As we are on the subject of employee claims and union demands, I would like to ask the Australian Labor Party where it stands on the CPSU’s claim—it has stopped work in the Australian Taxation Office in a bid to stop registrations of the Australian business number. As the Australian Labor Party now wants to keep the GST, I do not think it would be too happy with a union trying to sabotage registrations. But, Mr Speaker, you can look in vain at the ex-union officials sitting on the front bench of the Labor Party and expect to hear a word of condemnation over the CPSU stop-work in the Australian Taxation Office, which has the objective of preventing ABN registrations. The Labor Party now wants to keep the GST. It needs those registrations. Can it stand up to the CPSU and its campaign? For that matter, can it stand up to any trade union campaigns?

Herbert Electorate: Health Initiatives

Mr LINDSAY (2.54 p.m.)—My question is addressed to the Minister for Health and Aged Care. The minister has spoken of exciting initiatives in the area of health in rural and regional Australia. Would the minister inform the House of other health initiatives that were announced in last night’s budget, such as the new bowel cancer screening initiative, or any other initiative that may benefit my electorate of Herbert?

Dr WOOLDRIDGE—I thank the honourable member for Herbert for his question. There are quite a number of other initiatives in the budget that relate to health, not specifically to rural health. The honourable member mentioned one that I find particularly exciting and that is a very large pilot program for bowel cancer screening. I must say that I had some difficulty convincing my colleagues of the merit of providing 50,000 people each year with a sigmoidoscopy but the fact is that bowel cancer affects 10,000 people a year and 4½ thousand Australians die of it. There is growing evidence that people over the age of 50 can have bowel cancer detected early through an annual sigmoidoscopy and that it may lead to very substantially improved survival from bowel cancer. But the logistics of trying to screen a whole country for bowel cancer, as we do for breast cancer and cervical cancer, are fairly frightening. So we will be undertaking a very major pilot program over the next three years, inviting 50,000 Australians to take part and, through their general practitioner, to undertake a very large-scale screening. This will inform us for future policy development. If we can actually show that we can improve
outcomes through screening for cancer of the bowel, that is something that all Australians should be very happy about.

There is money for nucleic acid testing of our blood. Our blood is already very safe but it can be even safer. Nucleic acid testing started some months ago and it is now formalised in this budget. I should inform honourable members that earlier this week I received the first advice that a unit of blood that was contaminated with hepatitis C and that had tested normal on the ordinary tests for donated blood had in fact been picked up with nucleic acid testing as being hepatitis C positive, the donor being in the window period where it does not show up. Again, every Australian can think of the damage that could be done by a single unit of blood contamined with hepatitis C or HIV, and this initiative means that is much less likely.

The National Cord Blood Bank network will get to full strength over four years and will mean an additional 40 children every year with leukaemia can get a proper match for their bone marrow transplants and have a much higher chance of a cure. The initiatives in pharmacy are quite a major step forward. We are proposing from the middle of the year to change the basis on which prescriptions are given. They will be barcoded and the Medicare number will be part of the prescription. While this will be voluntary, we would expect the majority of doctors and Australians to participate. It will mean that, in real time, we can verify any contraindications, any cross-reactions with other drugs, and we can even let the doctor know by an email that the script has been filled.

Finally, a very extensive training network around Australia that is going to completely change the way that medical students are trained will be established, and this will particularly affect the electorate of the member for Herbert. At the moment, most undergraduate medical training takes place in the cities by city doctors with a city focus. A kid from the country who wants to go to med school has to leave the country for 10 years to do undergraduate and postgraduate training. Not any more; we will be expanding our university departments of rural health and will be offering every medical school in Australia a clinical school, funded to the order of $3 million to $4 million per year, recurrent. These clinical schools will be in rural Australia. James Cook University, which has a medical school, which quite frankly would not be there if it were not for the member for Herbert, will be able to apply for a clinical school and have a good part of their undergraduate training outside Townsville. This means that probably 25 per cent of undergraduate clinical training will be in country Australia. Under these changes, a kid in year 11 or year 12 at a country high school, who is bright and has the prospect of getting into medicine, or if they are just outside the cut-off getting one of the additional places that will be made available in medical schools, will be able to take a John Flynn scholarship and go back to work in the country for every year of their undergraduate training. They will be able to do all their clinical training at an undergraduate level in country Australia and then they will be able to do all their postgraduate training in country Australia. So, rather than country Australia having perhaps 10 to 15 per cent of all training in medicine, they will have at least 50 per cent. This will change the focus and will mean that the country will get a fair deal.

Goods and Services Tax: Families

Mr BEAZLEY (3.00 p.m.)—My question is to the Prime Minister. Do you recall the case of John and Wendy from the GST advertisements who, under the new family tax benefit income test, will lose $67 a fortnight in the partnered parenting payment if one of them stops work to care for their children? Do you recall your promise of a Family Assistance Office review mechanism to address this problem and your words in this place on 10 April that:

I can assure John and Wendy they will not be worse off

Why, then, Prime Minister, in last night’s budget was $15 million allocated to ‘assess inquiries regarding this scheme’ but no money allocated to actually compensate those worse off? Why have you funded an exercise to discover whether John and Wendy are worse off but you have not allo-
cated any funds to actually compensate them?

Mr COSTELLO—The budget last night introduced the Family Assistance Office review mechanism, following the announcement of 10 April 2000 of the broad parameters of the scheme, to enable people to claim a top-up payment. The expenses that are put out there are of the order of $15 million. The reason why it is a scheme of limited duration is that the example, as I recall, that the Leader of the Opposition relies upon requires somebody to actually resign from the workforce during the course of the year. The reason for that is that the test which applies in relation to family assistance—in relation to that one payment and that one payment only—is currently a fortnightly test, and as we harmonise all of the tests it goes to a yearly test. So you have to actually try to find somebody who would have been able to have a big drop in income for a particular fortnight but had a large income over the course of the year and find out why it was a rare occasion and a transitional occasion because, at the end of the year, the year clicks over and that person is still out of the workforce and under the yearly income test does not have the disqualification that comes about. As a consequence, it is a one-off transitional for a part-year only. That is why the compensation is of the order it is and the budget papers make full provision for it.

Employment: Policies

Mrs MAY (3.02 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister inform the House of Australia’s labour market and job prospects over the next 12 months? Is the minister aware of any alternative policies which place these prospects under threat?

Mr REITH—I thank the member for McPherson for her question. The figures in the budget are very positive in terms of employment prospects over the next 12 months. In fairness, one should also say that this reflects a dividend from a lot of sensible policy reform over the last three or four years, whether it be in education, with a couple of hundred thousand apprenticeships and equipping young people to take jobs or in the Job Network and the work that has been done there to get people into work. Right across government there have been a lot of reforms. Our pro small business reforms have been encouraging small businesses to go out and give somebody a job.

Based on today’s numbers, with 650,000 odd jobs created since this government has been in office and an unemployment rate now the best in 10 years, as we look to the next 12 months, the figures are pretty encouraging. In fact, employment is expected to grow at a robust 2¼ per cent in the year ahead and the unemployment rate is expected to fall to 6¼ per cent by the June quarter 2001. And that is whilst the participation rate is moving up. So that is a very good number and is testament, I must say, to the very good economic management of Australia and I think a great tribute to the Treasurer on the work that he has done. This is very good, practical, sensible economic management, delivering real benefits, getting people into jobs and giving us the wherewithal to help people in need, particularly in rural Australia in the health area. The IMF has said that one of the positives of economic management in recent years has been the structural reforms—and I refer to page 2.25 of the budget. It says:

... structural reforms have raised Australia’s sustainable productivity growth, thereby enhancing the growth potential of the economy.

I suppose that is stating the obvious. It is much easier to state the obvious than it is to implement the obvious reforms necessary when, of course, we have been opposed every inch of the way by the opposition as we have tried to correct the mistakes that we inherited as a government.

In the area of fiscal policy we have been able to get interest rates down. Why? Because we have been better at managing the nation’s finances. What a tremendous record it is for us to have paid back $50 billion of the $80 billion that Labor racked up over their last five years. Now what do we find? As we look to the future, while the benefits of the policies we have been putting in place are flowing through to the Australian people, we find on the Labor Party side that they are cooking up all the same old policies that
gave us the splurge and all the pro trade union policies that got Australia into trouble when Labor were last in office. We have my opposite number, the shadow minister, this week—not just this week, but this week was bad enough—implying that she wants to spend a billion dollars more on universities. She also wants to spend $240 million on TAFE, because she reckons we cut it, which we did not. But leaving that point aside, there is $1.24 billion. That ought to be on the list on Thursday night. Back in February she was going to expand employment services in Job Network. That was $1.8 billion. So if we add that on, now we are up to $3 billion. Then of course there are wage subsidies. The sky is the limit. So there is a lot of spending to be announced on Thursday night. I tell you what, Treasurer, you are going to need all your patience and your biggest ever computer to be able to work out the spending increases, the tax increases and the burgeoning surplus which they are going to provide as well.

Just to cap it off, not only has good fiscal policy been great for small business, and therefore good for jobs, but on the other side they are going to go down to their conference in July—and what is the Leader of the Opposition going to do? He has done it already basically: he is going to give us a public rollover to the trade union leadership and take us back to the 1970s and 1980s, the very thing that the IMF says has in fact—

**Mr SPEAKER**—The Leader of the House will resume his seat. The Manager of Opposition Business on a point of order.

**Mr Lee interjecting**—

**Mr SPEAKER**—The member for Dobell, the Manager of Opposition Business has the call.

**Mr McMullan**—We have had more than enough of the minister.

**Mr SPEAKER**—Does the Manager of Opposition Business have a point of order?

**Mr Beazley**—He’s finished. He’s gone. He’s pretty boring.

**Goods and Services Tax: Assistance Scheme**

**Mr BEAZLEY** (3.08 p.m.)—My question is to the Prime Minister. Prime Minister, doesn’t your announcement of the details of the GST assistance scheme include your first admission that 80,000 people will be worse off under your GST? Why do you only intend to compensate these 80,000 when NATSEM provided evidence to the Senate GST inquiry that there would be more than one million people who would be worse off under the GST?

**Mr HOWARD**—The situation is that way back last year the package was negotiated through the parliament in the face of fierce, tenacious and destructive opposition from the Labor Party—and now of course they are going to embrace it. That has to take the cake. You try to stop something coming into operation, you run a fear campaign, you say you are going to roll it back and then in the end you say it is so dreadful and pernicious and malicious that you are really going to keep it. That really does take the cake. But we made it clear that, if there were, by dint of their employment or other arrangements, people who did not enjoy the benefits of the tax reduction package, there would be a process whereby they could apply. This was announced months ago, and it is quite separate from the issue on which the Treasurer gave an answer a few moments ago that there would be.

As for the analysis made by NATSEM, we do not automatically accept that. We are completely satisfied that people are not going to be worse off. We believe that, because of the mechanisms that have been put in place, the only people who are going to be worse off are those who are avoiding their proper taxation liabilities. The indications to date are that there is a large number of additions to the estimates of business registrations and therefore the indications are that the effect of all of the measures will be to flush out of the community people who are not meeting their liabilities. That ought to be something that everybody in the parliament supports. We all pay less tax if everybody pays what they ought to pay, and that is a
very, very simple principle of the new taxation system.

It is now, as I have been reminded, 52 days before this great taxation reform comes into operation. For breadth and scope, it is certainly the most courageous and visionary remaking of the taxation system of this country ever. I say again, and in every answer I give to the opposition I will say the same thing: you know that this is something that is good for Australia. You know that this country has needed tax reform. You know that you did not have the fortitude and the courage when you were in government to persevere with it and you know deep down that you have done the Australian people in the eye by adopting such a destructive and negative attitude towards the attempts by the government to introduce the taxation reform.

You also know, as we know, that when this reform is introduced—despite all of your nitpicking, despite all of your scaremongering—when it is bedded down, three things will happen. Firstly, it will be recognised by the Australian people as a great reform. Secondly, you will quietly put aside any idea to change it if ever you are elected to government. You hate it so much that you will hang on to it! Finally, and very importantly, in a few months time the Australian people will remember with contempt your absolute neglect of the national interest in the attitude that you have taken towards tax reform.

Over the last 25 years governments on both sides of politics in this country have endeavoured on occasions to make reforms that have been to the long-term benefit of this country. When the former Labor government introduced financial deregulation, it was supported by the coalition. When the former Labor government reformed the tariff system, it was not opposed by the then opposition because it was for the long-term benefit of Australia. By comparison and in contrast, when this government in the last four years, in the name of the national interest, has had the courage to introduce two historic reforms—namely, industrial relations reform and taxation reform—instead of copying the lead of the coalition in opposition, the Labor Party, to its eternal shame, has duded the national interest—

Opposition members interjecting—

Mr HOWARD—The Labor Party opposed industrial relations reform and perhaps, although not forgiving them for that, you could understand it because they are still by and of the trade union movement. When it came to taxation reform they had a golden opportunity to do what we did in relation to tariff reform and what we did in relation to financial deregulation—rise to the national interest, put aside temporary partisan advantage—but, no, they failed to do that. Not only is it in government that you can fail the national interest but also you can fail the national interest in opposition. Opposition is not just about opposing for opposition’s sake. Oppositions are part of the system. You have great national responsibilities. You have obligations not only to the people that elected you but also to the Australian people, and you have been a miserable failure on this issue. You have done the national interest shamefully in the eye.

Welfare Reform: Budget Initiatives

Dr SOUTHCOTT (3.14 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs representing the Minister for Family and Community Services. The 2000-01 budget represents a significant investment in the reform of Australia’s welfare system. Minister, would you inform the House who will benefit from these budget initiatives and what the reaction to these budget initiatives has been?

Dr KEMP—I thank the member for Boothby for his question. The initiatives in this budget in the social welfare area represent a historic break with the past. Australians today want an end to the philosophy that the Labor Party brought to social security policy, which was the handout mentality based on passive welfare which trapped people year after year in welfare dependency. We all remember how the Labor Party attracted young people out of school by offering them welfare benefits, unemployment benefits, if they dropped out of school and went on the dole. This government pursues an entirely different strategy in relation to welfare. People in this country want to see a real improvement in the capacity of people to help themselves. They do not want to see
these problems develop in the first place. They want the incentives in the welfare system right. They want to see this handout mentality pushed into the past. They want to see social security support going to those who really need it.

In this budget, the government pursues a fundamentally different approach. It is an approach which is based on the belief that a strategic investment in individuals, in families and in communities is critical to this country’s social and economic health. The budget contains a new investment of more than $400 million for individuals, families and communities. Amongst the most important of these items is the $240 million families and communities package, which is an investment in the future of the country, strengthening the ability of families and communities to help themselves. The strongest welfare network in this country is the family. This government is committed to strengthening the capacity of Australian families to bring up the next generation. The initiatives include $65 million to provide greater choice and flexibility in child care, $40 million to establish a stronger families fund, helping parents develop learning skills in their young children, and $37 million to help up to 400 communities develop their leaders and engage up to 10,000 young people in a youth cadetship program. These programs have been fundamentally important in helping many young people get a strong sense of self-esteem and a strong ethic of contributing to their communities, and this is going to be a very important initiative in many communities around Australia.

The government has also extended in this budget the youth allowance eligibility by lifting the 50 per cent discount on farm and business assets to 75 per cent. This is an investment in young people and the future of our rural and small business communities. The youth allowance corrects the incentives that were in the dole under Labor for young people to drop out of education. It is a tremendous social reform in itself, and it is currently being extended in a way that will help over 7,000 additional families in rural and regional Australia.

In my own portfolio, of course, the government is investing over the next four years some $2 billion in providing new apprenticeships. One of the most significant investments contained in the budget is not a big spending initiative; it is one to put in place three pilot programs with the aim of improving opportunities for the long-term jobless and of helping jobless families and mature aged unemployed people. These are three groups which have not shared as others have in the economic prosperity that Australians are enjoying, and these pilots will be important in helping the Welfare Reform Reference Group to deliver a report which is comprehensively based on programs that will have demonstrated effectiveness. I was very pleased to see the comments of the independent chairman of the Welfare Reform Reference Group about these pilots when he said that they are a step in the right direction and will contribute to the final report of the reference group, which will develop a broad framework for reform of the social support system. This government has put forward real policies, real reform and real improvement, and that is the difference between it and the other side of the House, which has no policies, no direction and no hope of improvement.

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

PERSONAL EXPLANATIONS
Mr REITH (Flinders—Minister for Employment, Workplace Relations and Small Business) (3.20 p.m.)—Mr Speaker, I wish to make a personal explanation.

Mr Speaker—Does the honourable member claim to have been misrepresented?
Mr REITH—Yes.
Mr Speaker—Please proceed.
Mr REITH—There was a question which implied that I had agreed to a second course. I can advise the House that the premise upon which the question was based is quite wrong and misleading. There is a registry certified agreement.

Mr Crean—Mr Speaker, I rise on a point of order. It goes to the procedures of this House. The minister ought to know better
than anyone else that he has got to show where he has been misrepresented. He has not shown that and—

Mr SPEAKER—The Deputy Leader of the Opposition will resume his seat. The Deputy Leader of the Opposition has made his point. I will determine who rises or who is seated. On an occasion yesterday I exercised some latitude in the absence of the Deputy Leader of the Opposition to the member for McMillan over a matter of a personal explanation. I will listen to the Leader of the House and see whether he has been misrepresented, but he needs to indicate that he did not misrepresent himself.

Mr REITH—I have just one sentence, Mr Speaker. There is a clause which is directed at allowances, the principal allowances being travel allowances such as remote locality air flight entitlements, but there is no link with wages or remuneration.

Mr SPEAKER—The Leader of the House will resume his seat.

Mr Crean—Mr Speaker, if that is the allegation of misleading, I seek leave to table the document that specifically refers to a goods and services tax clause in his agency which he is responsible for.

Leave granted.

Mr Crean interjecting—

Mr SPEAKER—The Deputy Leader of the Opposition would find it frightfully inconvenient for the chair to take any action at this time.

AUDITOR-GENERAL’S REPORTS


Mr SPEAKER—I present the Auditor-General’s Audit Report No. 42 of 1999-2000 entitled Performance audit: magnetic resonance imaging services: effectiveness and probity of the policy development processes and implementation.

Motion (by Mr Reith) proposed:

That the report be printed.

Mr McMULLAN (Fraser—Manager of Opposition Business) (3.23 p.m.)—Mr Speaker, I know it is unusual to speak on this motion, and I will be very brief, but we seek from the minister an assurance that he is going to move a motion to take note of this report and list it for debate.

Mr SPEAKER—The question before the House is that the report be printed.

Mr McMULLAN—I am speaking to that motion, Mr Speaker, and I am saying that the reason that I am speaking to the motion—

Mr SPEAKER—The Manager of Opposition Business will resume his seat. The Manager of Opposition Business has raised an issue which he is entirely at liberty to do under the appropriate forms of the House. In this case, the motion before the chair is that the report be printed, and he is obliged to confine his remarks to the printing of the report.

Mr McMULLAN—Our support for this motion is contingent upon an assurance from the Leader of the House that he will move a motion to take note of this. We seek his assurance that he will do so and that he will then list it for debate. If he does that, we will unquestionably support this motion.

Mr SPEAKER—The Leader of the House may respond, but the question before the House is that the report be printed.

Mr REITH (Flinders—Leader of the House) (3.24 p.m.)—If the opposition do not want the report printed, it will not be printed. As to the matter that he has raised, obviously I will refer it to the relevant minister.

Question resolved in the affirmative.

PAPERS

Mr REITH (Flinders—Leader of the House)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings.

BUSINESS

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

That standing order 48A (adjournment and next meeting) be suspended for the sitting on Thursday, 11 May 2000.

QUESTIONS TO MR SPEAKER

Parliamentary Secretaries: Ministerial Status

Mr SPEAKER (3.26 p.m.)—On 13 April the honourable member for Denison raised
with me the matter of the status of parliamentary secretaries following commencement of the Ministers of State and Other Legislation Amendment Act, particularly in relation to chapter XI of the standing orders concerning questions seeking information. The crux of the submission to me by the member for Denison was that the recent legislative change had provided for the appointment of parliamentary secretaries to administer a department of state. The House resolved on 5 May 1993 that, for the purposes of the procedures of the House, any references to ministers shall be taken to include parliamentary secretaries, with the exception of references to questions seeking information, chapter XI. The member for Denison suggested that this resolution, as a deeming provision, was inappropriate given the substantive nature of the appointment of parliamentary secretaries.

I can understand the reasoning that has led the member for Denison to raise this matter. However, I am also mindful of the comment made by the Prime Minister in the course of informing the House on 13 March this year of the appointment of the parliamentary secretaries on 10 March following commencement of the amending act. The Prime Minister indicated that the appointment of the parliamentary secretaries did not signal any intention to change the role or broad range of functions that have been performed by parliamentary secretaries under successive governments. The change does not, I believe, necessarily have significance in the way in which the House exercises the function of ministerial accountability. Questions on or without notice from members of this House to Senate ministers are directed to House ministers as the minister representing the Senate minister. There is not direct accountability.

The Standing Orders Committee recommended in 1974 that a trial be conducted of ministers of one house attending the other house to answer questions. In 1986 the Procedure Committee again considered and rejected the proposal. It is open to the House to determine the way in which it exercises its accountability functions. It has done this in relation to parliamentary secretaries by the resolution of 5 May 1993, which has effect unless and until amended or rescinded by the House. I think that the resolution should still be regarded as the House’s decision as to the limits on the role of parliamentary secretaries in its proceedings. Nonetheless, I thank the member for Denison for raising the matter with the House.

MATTERS OF PUBLIC IMPORTANCE
Families: Budget

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

The failure of the government’s budget to deliver a believable surplus, low inflation, reduced wage pressures and lasting income tax cuts and therefore take pressure off Australian families.

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

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

Mr CREAN (Hotham) (3.29 p.m.)—What a difference it makes in this place when the government’s economic credentials have been questioned by the money markets and the commentators. The very first day after the Treasurer’s fifth budget, we see question time cut short and him scurry out of the place. He has been telling us that he has been on 10 radio programs today defending this budget. Why is he not in the House defending it? The truth of the matter is that this budget has exposed the Treasurer and put him under pressure for the first time in his stewardship of the economy for his appalling fiscal management and the pressure which that in turn is putting on interest rates.

Let there be no mistake about this budget. This is the budget that brings home the GST. In bringing home the GST, this budget then wants to treat it as an orphan. It wants to pretend that the GST does not exist within its parameters. It wants to say that the GST is not a Commonwealth tax. Having fought so hard to foist this thing on the country, it wants to deny its very existence. It is also a budget that relies on a phoney surplus, and I
will detail that a little later. This budget contains more fiddles than the Tamworth Country Music Festival. This is a budget composed of duplicity and fiddles, in particular, three fiddles—the fiddlers three. It is also a budget which introduces tax cuts which disappear in 12 months, yet the GST remains forever. It is a budget which shows for the first time the higher inflation impact of the GST—not the 1.9 per cent that the government has been talking about which framed its compensation package but 6¾ per cent as the initial hit and then over the year 5¾ per cent. Higher inflation and loose fiscal policy lead to higher interest rates. Make no mistake about that. If anyone doubts it, they only have to look at the words of Chris Richardson from Access Economics today who said, ‘This budget will mean another interest rate rise by the Reserve Bank.’ In short, it is a budget of higher taxes, higher prices and higher interest rates and it will leave ordinary Australians worse off.

It has been very interesting today that not only has the Treasurer scurried from the chamber and not only have they cut question time short but we have not had the usual bonhomie from the Treasurer who usually comes into this place after his statements and likes to tell us about the endorsements he has had for his great economic words. There have been no endorsements today. Why? We only have to look through the newspapers today to get an indication as to what they think: ‘Let the GST begin’; ‘The surplus from the sky,’ with a cartoon of the Treasurer cooking the books; and a headline that accuses Costello of cooking the books.

Mr Hockey interjecting—

Mr CREAN—Global Joe at the table has found one, and it is the Bulletin. Which Bulletin? The Townsville Bulletin! There we go. The Melbourne Age: ‘Costello juggle draws fire’. Also, ‘Dollar is the first casualty’; ‘Dollar dives on the detail’; ‘Costello pulls very iffy rabbit out of the hat’; ‘Dial a surplus’; ‘PM’s Olympian gamble’; ‘Too sycophantly by half’—I think we know who they are referring to—‘The bottom line a virtual surplus, not a true surplus’. We get to the editorial writers now, the people who are making the assessments, taking into account all of the factors. The Australian: ‘Board shows policy hypocrisy’. Then, ‘A lack of vision and discipline’; ‘An illusory budget surplus’. Some endorsement! And this is the fifth budget which this Treasurer would have you believe is his crowning glory. There is a huge fiscal loosening associated with this budget. That comes about from three big fiddles, which we exposed because they leaked the story. There will be an interesting little argument in the inside corridors of the Liberal Party as to who leaked what to the Daily Telegraph about the Timor tax disappearing. In the process of leaking it, to keep interest rates off the front page, they had to say how they were going to pay for it. What they let out was that they were going to use spectrum sale—the sale of thin air. We are not arguing that it is not an asset which is not capable of being realised. We are simply saying that it cannot be counted in the budget bottom line. Not only do we say that; economic commentators say it. The head of budget in the Department of the Treasury says that the spectrum is an asset sale. No business could get away with fixing its budget line by including the sale of assets, but this government has done it to the tune $2.6 billion.

Let us understand the $2.6 billion. You cannot find it in the budget papers. We looked over six hours yesterday in the lockup. Where did it appear? It appeared on a piece of paper that came to us five minutes before the lockup ended. Why? Because there had been a palace revolt in the press gallery. When that smiling Treasurer walked in to claim credit yet again for another piece of great economic work and was left floundering by the response that they got, he was asked, ‘What is this figure?’ and the first thing they did was to suddenly produce a bit of paper, but for only those who asked. Take the $2.6 billion out of the $2.8 billion claimed surplus and you have not got much left. Almost the whole of the surplus disappears.

But that it not all. There is more to the trickery of this government. The Reserve Bank dividend is from this year’s activities and should be brought to account in this year’s accounts, not in next year’s, not in the
budget. Where have they put it? Not in this year, when it is received, but next year. They have pushed it into next year. And it is to the tune of $700 million. You can get the gist.

They make the claim that all of the revenue from the GST goes to the states, but there is a period ranging from four to eight years before the states actually get in front. So, to plug that hole to get the states on side, they had to offer them a compensation package—grants, if you like—to make up the difference. But is the grant shown in this budget in its totality? No. The states are supposed to get the equivalent of $2.6 billion this coming budget year as the first top-up for the GST. As we understand it, $1 billion shows up as a grant but the other $1.6 billion shows up as a loan. The significance of it being called a loan is that it does not have to show up in outlays. Therefore, the bottom line looks better for them. Add the $1.6 billion shonk associated with their GST to the $0.05 billion minus that they already have and they have effectively got a $2.1 billion underlying deficit.

We heard the Prime Minister talk before about what degree of economic genius it takes to do certain things. But tell me how a government that three years ago was set to record an $11 billion surplus next year has produced a $2 billion deficit. It is a $13 billion turnaround in three years.

Mr Beazley—That is with no recession.

Mr CREAN—There is no recession and it is going into its fourth year of plus economic growth. If you like, it is into its ninth year of plus economic growth. It is rare economic genius to have record, sustained growth in an economy and record receipts in terms of revenues and to produce a deficit. Yet that is what this government has done. It is a $13 billion fiscal loosening, and you wonder why the money markets are worried. There is a $13 billion fiscal loosening, and what for? To buy a GST—to purchase, at any cost, this dog of a tax. That is what we have seen in terms of the fiscal loosening. But it is not just the fiscal loosening that is putting pressure on interest rates; it is also what it says about the inflation rate. The inflation rate in this budget, we are told, for the first time, as a result of the GST spike in September, will be 6¼ per cent. They were telling us that when the GST came in pensioners would be overcompensated at four per cent. Yet they are going to get four per cent on 1 July and they are going to be paying 6¼ per cent more in prices. They have been dudged again. Over the year there will be 5¾ per cent inflation. We have never seen that figure before, and it is up on what the government said before. This is a government that has deluded and deceived the Australian public about the effect of this GST, and it is now having to be brought to account in its budget.

Then we have the wages pressure, because this is one of the uncertainties referred to in the budget. There is always a reference to uncertainties, where things could change if certain parameters change. Wages growth is one of those important uncertainties. Why? It is because the tax cuts will disappear within 12 months. If people have been sold this package on the basis that they will get compensation, and they see it disappear in 12 months, don’t you think they will be seeking it in wages? Is that an unrealistic expectation on the part of the workforce in this country? When you have the department of the Minister for Employment, Workplace Relations and Small Business acknowledging the need for further comeback in negotiations to take account of the GST, you can understand what is going to be happening across the workforce in this country and where that pressure could arise.

We have also heard the Treasurer today talk in terms of the tax cuts in this budget. Let me say this about the tax cuts: the budget papers show, as the Leader of the Opposition has demonstrated, that within 12 months as much will be received in income tax revenues as this year. In other words, the tax cuts disappear after 12 months—but the GST lasts forever. This is a government that wants to tell you these are the biggest tax cuts in history. The problem with them is that they
disappear in 12 months time—but you have a GST forever. Everyone knows that this is a government that will put that GST rate up. Everyone knows it. This is also a government that has gone around today in the selling of the budget saying, ‘This is the first tax increase in a decade.’ Those opposite were saying, ‘Have you ever heard Labor produce a tax cut?’ Let me, for the record, put this other great lie to rest. These were the tax cuts that Labor delivered: one on 15 November 1993, one on 1 January 1991 and one on 1 January 1990. Instead of there being no cuts in taxes over the last decade, there were three. There were three tax cuts in the last decade. But that is not all: there were four in the previous decade, in the seven years 1983 to 1990, when Labor was in office. In all there were seven income tax cuts under that government, giving back more than bracket creep. Let us just nail the deceit of this government. We were a government capable of producing tax cuts without a GST. We said at the time of the last budget that you could give tax cuts this time round without a GST. What the figures last night demonstrate is that this government could have delivered tax cuts without a GST.

The government also argues that Labor never produced a structural surplus. I challenge the Treasurer to show why he did not put in the structural surplus this time round. Apart from the fact that he could not show me where he had, even though he referred to some vague words in the document, he said Labor never produced them. Let me refer him to chart 4 in his very first budget, which shows the structural surpluses over the period 1979 to 1997. The only structural surpluses produced were under Labor. That is in his own document. As for the underlying surpluses, which John Howard said we did not produce either, just have a look at what Ted Evans had to say on 19 May, praising our record in terms of surpluses versus the coalition’s when compared to the percentage of GDP. This is a government that has failed its fiscal responsibility. It has put pressure on prices and on wages, and that is why interest rates are under pressure too. (Time expired)

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (3.44 p.m.)—I refer members of parliament, and in particular the member for Hotham, to the words in Budget Paper No. 1 at 4.8 of budget papers 1993-94. The words that will live in infamy are at the top of the page:

The timing of the income tax rates scale changes announced in One Nation will be altered.

L-a-w: the timing of the income tax rates scale changes announced in One Nation will be altered. Every person in Australia should send a bill to the Leader of the Opposition and to the member for Hotham. That bill should be for over $4,200 for every child, every man and every woman on the continent for the accumulated debt of the Labor Party in just the last five years of government of $80 billion. That $80 billion represents over $4,200 for every man, woman and child in Australia. That was the lasting legacy of the Labor Party in government. If Australia were a corporation, it would be guilty of a breach of the Corporations Law for trading while insolvent. We have repaid, this government has repaid, the coalition government has repaid, $50 billion of the Labor Party’s $80 billion of debt. We have repaid over $2,600 for every man, woman and child in Australia of the Labor Party’s $4,200 debt per person.

It is more significant than that. We have just heard the member for Hotham boasting, ‘Here is a coalition that has included in its budget papers the proceeds of the licensing of spectrum,’ and we are running a substantial budget surplus and repaying debt. Yet, at the very same time as the Labor Party were abolishing the l-a-w tax cuts and giving the people of Australia headline inflation of 3.9 per cent year to year and mortgage rates of 10.5 per cent, they were delivering a budget deficit. At that time the Labor Party had in their own budget papers the proceeds of the sales of Qantas, 19 per cent of the Commonwealth Bank, the Moomba to Sydney pipeline system, CSL Ltd, the Housing Loans Insurance Corporation, a further 30 per cent of AIDC Ltd, the Commonwealth uranium stockpile, ANL Ltd, the war service land settlement scheme, the MacLeod hospital site in Melbourne, the Snowy Mountains Engineering Corporation, Cockatoo
Island, Brisbane airport land, Newington armament depot and the Anzac rifle range.

So it was selling assets, running a deficit, jacking up interest rates and running consistently high inflation—and it has the hypocrisy to come into this House and start lecturing us about what proper fiscal management should be. In the year before, the same Labor Party that holds itself out as being strongly opposed to privatisation sold the Tokyo embassy, leased Chifley Square and sold Williamstown dockyard, the Commonwealth phosphate rock stockpile, the Commonwealth Government Centre in Melbourne, the Paris head of mission residence, the Commonwealth accommodation and catering services, the defence services home loans scheme, Australia House in Sydney, Avalon airfield, the Australian Defence Force home loans assistance scheme, housing loan assistance schemes in the ACT, and various others, as well as having the proceeds of the sale of Qantas. So the Labor Party was spending money from the proceeds of asset sales, it was running a budget deficit and it has the gall to come in here and start lecturing us about fiscal responsibility when we have spent the last five years paying off the Labor Party’s debt.

Let us talk about some of the economic indicators in the budget. What this government prescribed last night in the budget is a strong Australian economy. We have set down that Australia will continue to grow in excess of 3½ per cent for the fourth year in a row while maintaining low interest rates, keeping underlying inflation totally in check and at the same time ensuring that there is further job growth that is going to deliver an unemployment rate by the end of next year of 6¼ per cent. What the Treasurer laid down last night were the foundation stones for the rebuilding of Australia’s future on a sustainable basis. How crucial those words ‘on a sustainable basis’ are, because over the history of Australia in the 99 years since Federation we have seen the governments of the Commonwealth try to do something about putting in place the long-term economic health of the Australian economy. At times governments have run into deficit to do it, and at times governments have taken certain economic risks to do it, but during the term of the coalition government we have for the first time seen an Australian government that is committed to running sustainable budget surpluses; a government that is committed to spending only what it has and not what it has not got; an Australian government that is committed to tearing up the bankcard.

Let us be factual about this. If the Leader of the Opposition were holding a bankcard it would be one of those new Centurion American Express ones. He would be the lead centurion in the pack. The Leader of the Opposition is the only person in the world that could have been responsible for accumulating a debt of $50 billion and leaving the debt for someone else to worry about. In addition to the $50 billion that he left, that we have paid in full, he has left us a further $30 billion that we still have to repay over the lifetime of this government and in future governments’ terms. We have only partly completed the job of repaying the debt of the Labor Party—the same Labor Party that went to the election in 1996 with the Leader of the Opposition stating, on 29 January 1996, to the Australian pensioners investments conference:

“This strategy of fiscal consolidation, ie. surpluses, has led to a small budget surplus in 1995-96 and growing surpluses forecast over our forward estimates periods.

The Leader of the Opposition was claiming at that time that he was going to leave Australia with budget surpluses into the future. When we came into government we found that under the Labor Party’s budget strategy, which he lauds in front of Australian pensioners, he left us a $10.3 billion deficit which in the next year would have exceeded $7 billion, then $8 billion and so on. He left us with a growing deficit. He left us with a structural deficit. He left us with $80 billion worth of debt, Labor debt, which, as I said before, was in excess of $4,200 per person. At the same time the Labor Party had sold a raft of Australian government assets simply to pay for their day-to-day bills, which in the end they could not do.

The irony in all of this is that the Labor Party that are so unctuous about lecturing us about tax reform are the same Labor Party
that increased wholesale sales tax from 10 per cent to 12 per cent, from 20 per cent to 22 per cent and from 30 per cent to 32 per cent, with absolutely not one dollar of compensation to any Australian family or any Australian battler, at the same time as they were tearing up the infamous words that I referred to concerning the dedicated l-a-w tax cuts. The legacy that they left for Australian businesses of high interest rates, high unemployment and high inflation has been resolved only because of the commitment of the coalition to deliver a better quality of life for Australians by taking the hard yards in terms of repairing the budget deficit and by making structural change in the economy that has delivered strong growth, sustainable growth, and greater wealth for the average Australian.

This morning the Deputy Leader of the Opposition put up a comment on his Internet site. This is not a bad site: it should be good reading. The address is www.alp.org.au. He does not have his own site: he relies on the Australian Labor Party. The Deputy Leader of the Opposition says that there is little or no investment in education, science, infrastructure, regional development, jobs, industry or public hospitals.

As the Treasurer, the Prime Minister and so many others have pointed out, we have the Leader of the Opposition—including the shadow minister at the table, the honourable member for Melbourne, who was even critical of his own leader about the level of rollback, saying that they should not be rushing to make any spending commitments before the next election: he understands exactly what we are at—saying that he is going to roll back the GST, which means collecting less revenue for the states. He says that he will maintain the funding levels for the states, that he will spend more on education, science, infrastructure, regional development, jobs, industry and public hospitals and that he is not going to sell any assets to pay for it—there is no sale of Telstra to pay for it—and, at the same time, he is going to run big budget surpluses.

Mr Prosser—How is he going to do it?

Mr HOCKEY—It is a magic pudding. He has already been gorging himself on it. A magic pudding is the only way to go. I cannot see how he can do it. I do not think anyone else on this side can do it. I ask all those on the Labor Party side to put up their hands if they think the Leader of the Opposition can do it. I see that there is one hand up. One person believes that the Leader of the Opposition can do it. That is just a touch disappointing for the Leader of the Opposition. If the Deputy Leader of the Opposition was not so committed to the strategy he would be doing the numbers against the leader.

There is only one side of the House that is committed to a stronger Australia and that is the coalition. There is only one side of the House that is committed to structural budget surpluses and that is the coalition. There is only one side of the House that is committed to helping Australian families and that is the coalition. There is only one side of the House that is laying the foundations for a stronger Australia—not just today but into the future—and that is the coalition.

Mr SERCOMBE (Maribyrnong) (3.59 p.m.)—The Minister for Financial Services and Regulation in his normal colourful way referred to the Corporations Law earlier in his address. I imagine that if this government was a public company and produced something like this present budget, it would have the Australian Securities and Investment Commission crawling all over it investigating it. It would certainly be getting some pretty hard questions from the Australian Stock Exchange. One would imagine that the share price would have slumped pretty dramatically by now and the shareholders would have been well and truly calling for the directors’ blood.

Frankly, this is a shonky budget. It is shonky in terms of its surplus; it is deceitful in terms of the tax cuts it is talking about. We even had the odd position of the Treasurer apparently denying his paternity of the GST in the budget. The budget very clearly brings into public debate the failed opportunities for our future as an Australian nation due to this government’s track record. If we remove the Treasurer’s fiddles, as the Deputy Leader of the Opposition called them, the $2.8 billion cash surplus for the 2000-01 year in fact becomes a deficit of at least $2.1 billion—and this against a background of
sustained economic growth within our economy. The surplus is built, as the government presents it, on $2.6 billion from the sale of spectrum. Business could not get away with this but the Treasurer says it is okay. The reaction throughout the business community is pretty clear. On today’s ABC News Online the chief economist of the Colonial State Bank says:

“We wouldn’t be giving it a pass mark, no.”

“The difficulty with the Budget is the way that the Budget surplus looks like it’s being achieved. $2.8 billion budget surplus is projected, but alongside that is effectively $2.6 billion in asset sales. That’s really what the financial markets didn’t want to see.”

There is no doubt that there is an accounting fiddle here. The executive director of budget for the Treasury in evidence at the Senate Economics Legislation Committee in May was asked:

Is the sale of spectrum the sale of capital assets?

He said:

... of course it is.

So we have a shonky accounting exercise forming the basis for establishing the government’s supposed surplus. There are other shonks in the budget, as the Deputy Leader of the Opposition has made clear. $1.65 billion of the GST compensation package for the states is made as a loan—a loan, mind you—rather than as an outlay in order to prevent it having to be brought to account in calculating the real underlying deficit of this budget.

Another shonk is that it has been estimated by Access Economics—which is hardly noted as a Labor oriented firm in terms of economic commentary—that almost $700 million of the 1999-2000 Reserve Bank dividend has been shuffled into the 2000-01 year to artificially prop up the bottom line. If directors of a public company did something like that they would certainly have the Stock Exchange well and truly coming down on them and they would probably be charged by ASIC over that particular practice. And here we have a government that has made so much of the charter of budget honesty. I suppose out of generosity I ought to acknowledge that the Treasurer did in fact fulfil his promise in his first budget—but not since then—to reveal the structural deficit, a structural deficit which Access Economics now estimates to be $5.6 billion. No wonder Wonder Boy, the Treasurer, refuses to show this in his budget papers.

We have this against a background where the 1997-98 budget forecast a cash surplus of $10.7 billion for this year we currently have under deliberation. That cash surplus that was projected only a couple of years ago by this government has been whittled away by a government that is desperately trying to sweeten the bitter GST pill. We see elsewhere in the budget documents evidence of probably more atrocious sins to come. The future impact of the full sale of Telstra appears to be factored into the government’s forward estimates for the period beyond 2001-02. We can tell the House, as the Senate already has, I believe, by motion, that the government will not be able to factor the proceeds of a possible sale of Telstra into their forward estimates because the realities are, as the Senate has made clear, that it is just not going to happen.

The budget is phoney in respects other than on the question of its surplus. The tax cuts are deceitful because, as the Deputy Leader of the Opposition has made quite clear, they are clawed back, basically, one year down the track from now. After two years, taxpayers will be paying, on the government’s own figures, $600 million more per annum in income tax than they are now, and in addition to that $600 million extra which is built into the budget forward estimates they will be paying the goods and services tax. The budget forward estimates for revenue show that individual income tax will be up 10.9 per cent in the 2001-02 year, 6.6 per cent the following year, and 9.9 per cent for the year after that. This is not, as the Treasurer says, the biggest personal income tax cut in Australia’s history; it is the biggest income tax fraud in Australia’s history.

On revenue generally, and not just the revenue that is being sourced from personal income tax, the former Treasury secretary, John Stone, who I think was a party associate of some of our friends on the other side—once again no friend of the Labor Party—lets
the cat out of the bag. The Adelaide Review just this month said:

In truth, as every taxpaying man and woman in our Australian streets knows, in the coming financial year, Commonwealth taxes are going to rise.

The Treasurer tries to hide this by extraordinarily excluding the goods and services tax from his figures. He is denying paternity of this tax in the Family Court of the Australian nation. The budget speech does not even refer, as far as I can see, to the GST. Maybe we should do a DNA test on the GST. This is an extraordinary circumstance where we are looking at nearly $30 billion being the funds that will flow to the public sector from the GST. What we get in the budget papers, on page 8.43, is some mumbo jumbo about:

Due to methodological and data-source changes associated with the change ... which encompasses measures derived under both cash and accrual accounting, should be used with caution.

‘Should be used with caution’ is dead right, because the government really, in terms of its presentation of this position to the Australian people is really quite deceitful.

For ordinary Australians, then, the budget means higher taxes, higher prices, higher interest rates and a tougher life. As I said before, it is a budget that reflects the lost opportunities for Australia that have been presided over by this government. The $8 billion in cuts that previous budgets have rendered to education, research and development, public hospitals, the tax on superannuation as a much needed source of savings, are all to be frittered away on trying to market this dog’s breakfast of a tax, the GST.

And now, strangely enough, we are going to see that we are in fact, in terms of its presentation of this position to the Australian people is really quite deceitful.

Mr SERCOMBE—Yes, they’ve finally fessed up. This indicates what the Australian people are going to be facing. Against that background, it should be noted that the compensation package for Australian battlers is based on the 1.9 per cent figure and not the 6.75 per cent figure. So what have we got in this Olympic year of the government’s legacy in this budget? We have a record high current account deficit, record high foreign debt, record high household debt, record high household debt ratios, record high credit card debt and record low savings ratios. If ever there was a document that demonstrated that this mob has to go, it is this budget.

Mr St CLAIR (New England) (4.09 p.m.)—I certainly relish the opportunity to speak on this matter of public importance, particularly because of the fact that the budget announcement last night from the Treasurer really is a matter of public importance. It stands out to me as being very important to Australian families and to the Australian public as a whole in metropolitan areas and in rural areas such as my electorate of New England. It stands out as being particularly important because it is the fifth budget in a row handed down by this government that is in surplus. It has been stated by the Treasurer that the budget is in surplus by $2.8 billion. Let us think about that: $2,800 million in credit. This surplus includes around $2.6 billion that will come from the sale of licence fees for the use of mobile phone spectrums.

So what? I ask. So what if they had included money from the spectrum licence fees in this wonderful, healthy, surplus budget. Such revenues, as you know, Mr Deputy Speaker Jenkins, have been included before in all budgets since about 1955 and money is money—$2.8 billion in surplus.

We on this side love surplus budgets, because a surplus means that we have money to deliver new programs and to deliver more funding for projects in our local areas. You cannot do that when you are in the red, like, for example, the Labor Party were when they were in power for 13 years. In this budget, and the four beforehand, this government has managed to pay back, as we have heard today in this MPI, $50,000 million in debt that
had been built up by the Labor Party. We are paying back the debt that Labor left us with. I would remind honourable members of this House that this government has not borrowed one single dollar to add to that debt since it was elected in 1996. In the five dark years previous to this government, though, the dark ages of the Labor Party, they managed to rack up an astounding $80,000 million in debt. Of that $80,000 million in debt, we have paid back $50 billion, and $9 billion is allocated from this budget—another budget that the Labor Party does not like.

Let me reflect for a moment on the record of the Labor Party when it comes to their version of responsible leadership. In 1989, home loan interest rates were 17 per cent. Just before that period, I bought new sawmill equipment, and I paid 26 per cent as a small business person. I am sure that other members who were small business people would understand that. Let us look at Labor’s 1993 record, when they promised those wonderful l-a-w tax cuts, with Keating saying that they were ‘enshrined in law’. They were never delivered. In the lead-up to the 1993 election, the then Prime Minister said, ‘What I am promising is not to put up tax.’ That is what he said. In 1993 on Lateline, he said, ‘We are not going to put up tax.’ Do you know what happened between 1993 and 1996? Petrol excise increased three times. Fringe benefits tax increased three times. The Medicare levy went from 1.4 to 1.5 per cent. Company tax increased from 33 per cent to 36 per cent and the sales tax—that wonderful thing that we are getting rid of, thank goodness, on 1 July—on passenger cars went from 16 per cent to 21 per cent. They even had a departure tax, which increased from $20 to $25. The sales tax on wine and cider increased in three stages. But they have a great record, as the speakers on the other side have been talking about! They had unemployment of 11.2 per cent. We are factoring in 6¼ per cent in this coming year and, by October 1992, one million Australians were out of work, more than at any time since the Depression.

Remember the accumulated debt, Mr Deputy Speaker? In the last five years of the Labor government, they racked up more than $50 billion in debt. No wonder the Labor Party do not like this budget. It is understandable that the Labor Party do not like this budget, or any other budget that this government brings down. It is because the government is responsible. This budget is responsible. It is strong and it delivers for average Australian people and families something that the Labor Party have dismally failed at, despite their claims voiced loud and clear, and again voiced here today, but mostly falling on deaf ears through the union movement in this country. What does this budget deliver? Among many other worthwhile and well-targeted initiatives, this budget delivers $12 billion in personal income tax cuts, the likes of which this country has never seen.

This budget delivers for rural and regional Australia. I would like to take this opportunity to look at some of the programs that have been specifically targeted to regional and rural Australia—country Australia where I and my colleagues and many around Australia come from. The budget delivers more than $309 million in the extension of the Agriculture—Advancing Australia package for over four years, which was due to end. The package was originally unveiled by this government in September 1997. There is $168 million for Skilling Farmers for the Future, which combines the existing FarmBis and Property Management Planning programs to help farmers improve their skills. There is $111 million for the Farm Family Restart Scheme. There is a two-year pilot program to promote on-farm innovation, as well as many more. The government has confirmed funding of $240 million over four years for the Stronger Families and Communities Strategy. And don’t we need that in the country? As well as the stronger families fund, there is the early intervention and parenting and family relationship support. There is greater flexibility in choice of child care and the discount applying to farm and small business assets under the assets test has increased from 50 per cent to 75 per cent—a great win for country people. The budget also delivers the biggest ever rural health package, and I would like to speak a bit on that later. Best of all, this budget delivers a fairer, less confusing and stronger tax system for Australia—a
new tax system that is up to date and that will set Australia in the direction of continued success and prosperity into the new millennium.

I would like to take this opportunity to congratulate the Prime Minister and the Treasurer on their delivery for the people in country Australia, with an improved health system that is specifically targeted to country people. I want to also take the time to bring home to members of this House, to the people of New England and to all the families in country Australia what has been achieved by the sincere cooperation and determination of the Minister for Health and Aged Care, the Hon. Michael Wooldridge, and the Deputy Prime Minister, Leader of the National Party and Minister for Transport and Regional Services, John Anderson.

Ever since I came into this place, after the federal election in October 1998, one of the issues I have been absolutely passionate about and have spoken often about in this House has been the delivery of health services for the people of New England and the country in general in both the large regional centres and the small communities that are found throughout the New England. I believe that this government has delivered a new future for the people of country Australia, and I would like to go through some of those targeted programs that will make secure the quality of life, and therefore the future, of our country towns and families. The important issue, as stated in the booklet, is that the program recognises there is no one-size-fits-all answer to rural health and that local solutions must be tailored to local programs. (Time expired)

MINISTER FOR HEALTH AND AGED CARE
Suspension of Standing and Sessional Orders

Ms MACKLIN (Jagajaga) (4.19 p.m.)—I move:

That so much of standing orders be suspended as would prevent the shadow minister for health moving forthwith that the Minister for Health and Aged Care immediately attend the House and explain why, in light of the conclusions brought down this afternoon by the Auditor-General of the Commonwealth, he should not resign immediately.

Motion (by Ms Worth) put:
That the member be not further heard.

The House divided. [4.24 p.m.]
(Mr Speaker—Mr Neil Andrew)

Ayes............ 72
Noes...........  63
Majority......... 9

AYES
Anderson, J.D. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Causley, I.R. Charles, R.E.
Downer, A.G. Draper, P.
Elson, K.S. Eintsch, W.G.
Fischer, T.A. Forrest, J.A.*
Gallus, C.A. Gambaro, T.
Gash, J. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hawker, D.P.M. Howard, J.W.
Hull, K.E. Jull, D.F.
Katter, R.C. Kelly, D.M.
Kelly, J.M. Lawler, A.J.
Lieberman, L.S. Lindsay, P.J.
Lloyd, J.E. Macfarlane, I.E.
May, M.A. McArthur, S.*
McGauran, P.J. Moore, J.C.
Moylan, J.E. Nairn, G.R.
Nehl, G.B. Nelson, B.J.
Neville, P.C. Nugent, P.E.
Prosser, G.D. Pyne, C.
Reith, P.K. Ronaldson, M.J.C.
Ruddock, P.M. Scott, B.C.
Secker, P.D. Slipper, P.N.
Somlyay, A.M. Southcott, A.J.
St Clair, S.R. Stone, S.N.
Sullivan, K.J.M. Thompson, C.P.
Thomson, A.P. Truss, W.E.
Tuckey, C.W. Vaile, M.A.J.
Vale, D.S. Wakedin, B.H.
Washer, M.J. Williams, D.R.
Wooldridge, M.R.L. Worth, P.M.

NOES
Adams, D.G.H. Albanese, A.N.
Andren, P.J. Beazley, K.C.
Bevis, A.R. Bereton, L.J.
Burke, A.E. Byrne, A.M.
Cox, D.A. Crean, S.F.
Danby, M. Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, I.A.
Gerick, J.F. Gibbons, S.W.
Gillard, J.E. Griffin, A.P.
Hatton, M.J. Hoare, K.J.
Mr Speaker—Is the motion seconded?

Mr BEAZLEY (Brand—Leader of the Opposition) (4.29 p.m.)—I second the motion. The minister met with the doctors, the radiologists and the scan

Motion (by Mr Reith) put:

That the member be not further heard.

The House divided. [4.30 p.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes…………… 71
Some…………… 62

Majority……… 9

AYES

Anderson, J.D. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Causley, I.R. Charles, R.E.
Downer, A.J.G. Draper, P.
Elson, K.S. Entsch, W.G.
Fischer, T.A. Forrest, J.A.
Gallus, C.A. Gambaro, T.
Gash, J. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hawker, D.P.M. Howard, J.W.
Hull, K.E. Jull, D.F.
Katter, R.C. Kelly, D.M.
Kelly, J.M. Lawler, A.J.

LIEBERMAN, L.S. LINDSAY, P.J.
Lloyd, J.E. MCAFARLANE, I.E.
May, M.A. McARTHUR, S*
MCGUHAN, P.J. MOORE, J.C.
MOYLAN, J. E. NAIRN, G. R.
Nehl, G. B. Nelson, B.J.
Neville, P.C. Nugent, P.E.
Prosper, G.D. Pyne, C.
Reith, P.K. RONALDSON, M.J.C.
Ruddock, P.M. SCOTT, B.C.
Secker, P.D. SLIPPER, P.N.
Somlyay, A.M. SOUTHCOCT, A.J.
St Clair, S.R. Stone, S.N.
Sullivan, K.J.M. Thompson, C.P.
Thomson, A.P. TRUSS, W.E.
Tuckey, C.W. VAILE, M.A.J.
Vale, D.S. WAKELIN, B.H.
Washer, M.J. WILLIAMS, D.R.
Worth, P.M. WILKIE, K.

NOES

Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Brereton, L.J. Burke, A.E.
Byrne, A.M. Cox, D.A.
Crean, S.F. Danby, M.
Edwards, G.J. Ellis, A.L.
Emerson, C.A. Evans, M.J.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Gerick, J.F.
Gibbons, S.W. Gillard, J.E.
Griffin, A.P. Hatton, M.J.
Hoare, K.J. HOLLIS, C.
Horne, R. Irwin, J.
Jenkins, H.A. Kernot, C.
Kerr, D.J.C. Latham, M.W.
Lawrence, C.M. Lee, M.J.
Livermore, K.F. Macklin, J.L.
Martin, S.P. McClelland, R.B.
McFarlane, J.S. McLeay, L.B.
McMullan, R.F. Mellum, D.
Morris, A.A. McMullen, R.F.
Murphy, J. P. O’Byrne, M.A.
O’Connor, G.M. Pilcher, T.
Quick, H.V. Roxon, M.L.
Ruddock, P.M. Sawford, R.W*
Sercombe, R.C.G* Smith, S.F.
Sitch, M.P. Snowdon, W.M.
Welsh, M.J. Thomson, K.J.
Wilkie, K. ZAHRA, C.J.

PAIRS

Fahey, J.J. Hall, J.G.
Schultz, A. Crosio, J.A.

* denotes teller

Question so resolved in the affirmative.

In division—

Mr Crean—Mr Speaker, on a point of order: this motion that we are being gagged on is to try to get the minister responsible to
hold himself accountable in this chamber. He has just left the chamber and is not even voting in his own defence. Is that correct?

Mr SPEAKER—The decision of members as to where they vote is not in any sense the concern of the chair.

Mr Crean—The shredder! Has he got the shredder working overtime?

Mr SPEAKER—The Deputy Leader of the Opposition might be reminded that there are certain privileges that do not apply when a division is in process.

Question so resolved in the affirmative.

Original question put:
That the motion (Ms Macklin’s) be agreed to.

The House divided. [4.33 p.m.]

(Mr Speaker—Mr Neil Andrew)

AYES

Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Berreto, L.J. Burke, A.E.
Byrne, A.M. Cox, D.A.
Crean, S.F. Danby, M.
Edwards, G.J. Ellis, A.L.
Emerson, C.A. Evans, M.J.
Ferguson, L.D.T. Ferguson, M.J.
Fitzgibbon, J.A. Gerick, J.F.
Gibbons, S.W. Gillard, J.E.
Griffin, A.P. Griffin, C.P.
Hoare, K.J. Griffin, W.C.
Horne, R. Irwin, J.
Jenkins, H.A. Jull, D.F.
Kerr, D.J.C. Kelly, D.M.
Lawrence, C.M. Kelly, J.M.
Livermore, K.F. Lawler, A.J.
McClelland, R.B. Lieberman, L.S.
McLeay, L.B. Lord, C.S.
Melham, D. Lloyd, J.E.
Mossfield, F.W. Lovett, K.G.
O’Byrne, M.A. Macfarlane, B.R.
O’Keefe, N.P. Macfarlane, I.E.
Price, L.R.S. MacArthur, S *
Ripoll, B.F. Moore, J.C.
Rudd, K.M. Nairn, G. R.
Sciaccia, C.A. Nelson, B.J.
Sidelbottom, P.S. Nugent, P.E.
Snowdon, W.E. Pyne, C.
Thomson, K.J. Ronaldson, M.J.C.
Zahra, C.J. Stone, S.N.

NOES

Anderson, J.D. Andrews, K.J.
Anthony, L.J. Bailey, F.E.

Question so resolved in the negative.

PERSONAL EXPLANATIONS

Mr HOWARD (Bennelong—Prime Minister) (4.38 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—The Prime Minister may proceed.

Mr HOWARD—An article in the Canberra Times yesterday entitled ‘Aboriginal academic walks out on doctors’ quoted Professor Marcia Langton of the University of Melbourne accusing me of ‘boong-bashing’ because of comments made on a rural tour about ‘welfare cheques being blown on booze’. She is further quoted as saying this:
Every Aboriginal is a drinker and a problem, according to our Prime Minister...

Those allegations are false, they are offensive and I totally repudiate them. In fact, I have searched my records and I cannot find any statements I have ever made that can remotely resemble that kind of allegation. Indeed, when I was in Bourke on 31 January, I was asked on 2WEB radio about whether the government was considering food vouchers for Aboriginal families. What I in fact said was, 'I think the vouchers is not something that is on the government’s agenda.' I then went on to say quite specifically that parental irresponsibility was not something confined to the Aboriginal community; it was in fact a general community problem, not confined to Aboriginal people. As a result of that interview, the elected ATSIC representative for the area, who had previously been disinclined to attend a community function that I was addressing, decided to come and commented positively on the remarks that I had made in the radio interview. I do not mind my views on these issues, when they are accurately reported, being criticised, but I think this is about as offensive as any person holding a chair in a university can possibly be. It is a disgusting, untrue allegation and I emphatically repudiate it.

COMMITTEES

Public Accounts and Audit Committee

Report

Mr CHARLES (La Trobe) (4.40 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit, I present the following report entitled Report 375—Annual report 1998-1999.

Ordered that the report be printed.

Mr CHARLES—by leave—Under the Public Accounts and Audit Committee Act 1951, the JCPAA is required to prepare a report on the performance of its duties during the year. I will briefly discuss the committee’s highlights of the year. This financial year saw the consolidation of the Joint Committee of Public Accounts and Audit’s role as the audit committee of the parliament with its new responsibilities, under the Auditor-General Act 1997, coming into effect on 1 January 1998. The committee has long supported the concept of the Auditor-General being an independent officer of the parliament. In 1996 it tabled a report entitled Guarding the independence of the Auditor-General which recommended legislative guarantees of audit independence for the Auditor-General and an extension of the Auditor’s mandate to include performance audits of government business enterprises. The report also recommended an enhanced role for the committee in the appointment of the Auditor-General and the Independent Auditor and in determining the level of appropriations for the Australian National Audit Office. The committee’s recommendations were incorporated into the present legislation.

On 4 February 1999 the committee exercised its review power to approve the appointment of an Independent Auditor for the Commonwealth by holding a public hearing to consider the suitability of the government’s nominee for the position. By means of this approval process, the committee sought assurances that the nominee was suitably qualified for the position, whether there was any existing or potential conflict of interest and the extent of the nominee’s experience with audits of Commonwealth agencies and of the resources available to undertake such audits. After examining the nominee, Mr Michael Coleman of the accounting firm KPMG, the committee affirmed its approval of the appointment.

The committee also considered the draft budget estimates of the Australian National Audit Office by means of a slightly revised process. The committee sought and obtained the agreement of the Minister for Finance and Administration to table its report on the draft estimates before the budget was brought down on 11 May 1999.

Committee reports tabled during the 1998-99 financial year included those on the New submarines project of the Department of Defence, Asset management by Commonwealth agencies and Australian government procurement. In addition, two review reports of hearings on Auditor-General’s reports for the second and third quarters of 1997-98 were tabled. The committee was invited to
carry out an inspection of one of the Collins class submarines by the Managing Director of the Australian Submarine Corporation, Mr Hans Ohff. The inspection took place on 28 April 1999. In addition, I was invited to sail with the *Dechaineux* on 28 and 29 April 1999. I was able to observe at first-hand the operations of the submarine and to talk at length with the officers, crew and ASC personnel. In its review of the management of Commonwealth assets, the committee found that a cultural change was needed in order for public servants to better appreciate the value of the assets they manage. Such change should, in the committee’s view, be actively promoted by agency chief executives as well as by the Department of Finance and Administration through an asset management forum for the sharing of expertise.

The issue of the management of Commonwealth government purchasing is the subject of another of the committee’s inquiries for the year. Like asset management, procurement is another function which has been devolved to agencies. The committee found that the rate of devolution in recent years had resulted in inconsistent service delivery and in a loss of oversight and coordination of purchasing at the whole-of-government level. Recent committee inquiries into Public Service agencies have demonstrated shortcomings in contract management. Such findings are significant in an environment where many government services have been subject to commercial contestability and contracting out and in which responsibility for successful risk management has been devolved to agency heads. The committee has embarked on an inquiry into contract management in the Australian Public Service in an attempt to identify systemic problems in contract administration and to develop better practice standards which can be applied across agencies.

The biennial conference of the Australasian Council of Public Accounts Committees, held in Fremantle on 22 and 23 February 1999, provided the JCPAA with the opportunity to brief members of public accounts committees from the states, territories, New Zealand and Papua New Guinea on the range of its responsibilities under the amended Public Accounts Committee Act. I was elected chairman of ACPAC for the years 2000-01. As chairman, I intend to promote the idea of an expanded forum in the Asia-Pacific which will facilitate mechanisms for good governance and public accountability throughout the region.

May I conclude by thanking the committee for its support and commitment throughout the 1998-99 period. I would also like to thank the secretariat for its support throughout the year. I commend the report to the House.

Mr COX (Kingston) (4.46 p.m.)—by leave—There is one aspect of this report of the Joint Committee of Public Accounts and Audit which I think I should bring to the House’s attention. One of the sectional committees has now been meeting on an inquiry for well over a year, and that of course is on the Community Education and Information Program. This is proving to be an extremely difficult inquiry, and I hope that it is going to be concluded shortly and that it will not drag on for another year, as it well might if the rate of progress that we have had over the preceding 12 months is maintained.

The inquiry relates to the roughly $12 million that was spent by the government before the last election to advertise its GST campaign. It has been the endeavour of the committee to come up with a satisfactory set of guidelines to which both sides of the House would agree to ensure that there is proper scrutiny and control of government spending on advertising campaigns.

While that satisfactory set of guidelines has not been achieved—and I, for one, would say that the previous guidelines that were used by the previous government were not adequate either—spending on GST advertising continues apace. The government has spent, and continues to spend, a large sum of money on it. The shadow Treasurer has provided me with some information that suggests that $225 million has now been spent on this campaign—money which has been spent in the absence of proper guidelines. One of the aspects of that expenditure is GST education grants totalling $104 million to organisations, so not all of the $255 mil-
lion has been spent on traditional campaign advertising. Still, more than $120 million on an advertising campaign on an issue of government policy that is so contentious, and without proper guidelines, is a concern, and I hope that we will be able to establish a proper set of guidelines within the next couple of months so that this irregularity does not continue.

Public Accounts and Audit Committee

Executive Minutes

Mr CHARLES (La Trobe) (4.49 p.m.)—by leave—I present the following executive minutes on reports of the Joint Committee of Public Accounts and Audit:

Executive Minute on Report 366—Review of Auditor-General’s reports 1997-98, Second quarter;

Executive Minute on Report 367—Review of Auditor-General’s reports 1997-98, Third quarter;

Executive Minute on Report 368—Review of Audit Report No. 34 1997–98, New Submarine Project, Department of Defence;


I ask leave of the House to make a statement in connection with the minutes.

Leave granted.

Mr CHARLES—On behalf of the Joint Committee of Public Accounts and Audit, I table executive minutes for Reports 366, 367, 368, 369 and 371, received in response to reports of the committee tabled since 30 March 1999. I will refer separately to each of the executive minutes in my remarks. I will firstly address Report 366: Review Of Auditor-General’s Reports 1997-98, Second Quarter. As part of this review, the committee examined two performance audits of the Auditor-General which focused on equity in employment in the Australian Public Service and matters relating to a contract between the Department of Employment, Education, Training and Youth Affairs and South Pacific Cruise Lines Ltd. The JCPAA made four recommendations, which were agreed to by the government.

Report 367: Review Of Auditor-General’s Reports 1997-98, Third Quarter examined three performance audits of the Auditor-General which focused on DEETYA International Services, the sale of DEETYA International Services, the sale of Brisbane, Melbourne and Perth airports and selected functions of the Child Support Agency. The committee made four recommendations, which the government has supported.

Regarding Report 368: Review Of Audit Report No. 34 1997–98, New Submarine Project, Department Of Defence, the committee gave top priority to its review of the new submarine project. The review examined findings raised by the Auditor-General in Audit Report No. 34. Of the committee’s seven recommendations, six dealt with administrative matters and one with policy issues. The government has supported the six recommendations relating to administrative matters.

The committee’s policy recommendation No. 5 is currently under consideration by the Minister for Finance and Administration. As part of this recommendation, the committee requested that legislative provision be provided for, either through amendment of the Auditor-General Act or the Finance Minister’s Orders, to enable the Auditor-General to access the premises of a contractor for the purpose of inspecting and copying documentation and records directly relating to a Commonwealth contract. The committee considers that access powers proposed in this recommendation are an essential part of enhancing parliamentary scrutiny of executive government, and accordingly will monitor progress with this recommendation.

On Audit Report No. 369—Australian government procurement, the committee made 12 recommendations, of which 11 were responded to as part of a government response in November 1999. The executive minute responded to recommendation No. 9, which was supported by the government.

Audit Report No. 371—Review of Auditor-General’s reports 1998-99, First Half examined three performance audits of the Auditor-General which focused on aviation security in Australia, the planning of aged care and the costing of services. The government supported, supported with qualification and noted the three recommendations made by the committee.
In conclusion, I am pleased with the high rate of support for the committee’s recommendations, as indicated in these executive minutes. However, in addition to noting executive minutes in this way, the committee will at various times seek to monitor the extent to which recommendations have been implemented.

Joint Standing Committee on Foreign Affairs, Defence and Trade

Membership

Mr DEPUTY SPEAKER (Mr Jenkins)—The Speaker has received a message from the Senate acquainting the House that Senator Sandy Macdonald has been appointed a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade.

NATIONAL CAPITAL AUTHORITY

Mr DEPUTY SPEAKER (Mr Jenkins)—The Speaker has received a message from the Senate acquainting the House that the Senate has agreed to a resolution approving the proposal by the National Capital Authority to refurbish the south-west wing of Old Parliament House.

BILLS RETURNED FROM THE SENATE

The following bill was returned from the Senate without amendment or request:

A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Amendment Bill 2000

A NEW TAX SYSTEM (FRINGE BENEFITS) BILL 2000

Consideration of Senate Message

Bill returned from the Senate with amendments.

Ordered that the amendments be taken into consideration at a later hour this day.

FUEL SALES GRANTS BILL 2000

Cognate bills:

PRODUCT GRANTS AND BENEFITS ADMINISTRATION BILL 2000

FUEL SALES GRANTS (CONSEQUENTIAL AMENDMENTS) BILL 2000

Second Reading

Debate resumed.

Mr LIEBERMAN (Indi) (4.56 p.m.)—As I was saying before question time, the Fuel Sales Grants Bill 2000 is an important bill which will have the effect of ensuring the reduction of excise on petrol and diesel following the introduction of the GST on 1 July this year. So, when the bill is passed, for business there will be an input tax credit for GST on fuel purchases. This means that the cost of petrol and diesel for business will fall by about 10 per cent. For non-business consumers, it will mean that on the passage of the bill prices need not rise as a result of the GST. Because of the complexity of the fuel industry and distribution system in Australia and the gap that exists between city and country prices at the bowser, a gap which the coalition believes is too wide, the coalition has been working very hard to address that inequity. I will address those matters and report some progress on them in the course of this resumed debate. It is necessary that this bill be passed so that a new grant system is introduced that legally and constitutionally will effectively ensure that the government’s policy and promise are delivered 100 per cent.

I was saying before question time that it is obvious from the speeches being made by members of the opposition that they are continuing to delay and to try and sabotage the implementation of the government’s tax reform package, despite the fact that the GST is now enacted in law and will commence operation on 1 July. Their contribution so far in the debate on this bill is, in my view, a very evil and sinister one. It is one that clearly indicates that they have the intention of doing what they can to perhaps defeat this bill, frustrate it and sabotage these measures so that the government’s tax reform package does not get delivered. That is clearly their motivation. It must be, because during question time we heard the Prime Minister refer to the role of the opposition in our democratic society to oppose where appropriate but also to always have a responsibility to deliver in the national interest. It was legitimate for the ALP to oppose a form of GST, as it did at the last election and through the legislation in the parliament. But, now that the legislation is enacted and GST is law and will operate from 1 July, I would suggest that
the opposition has a duty to ensure that measures following the introduction of the new GST designed to reduce the cost of fuel for consumers are in fact enacted and in place by 1 July. If those opposite do not do that, having regard to the fact that the GST is now law and will operate on 1 July, they are guilty of acting against the interests of motorists, particularly motorists in country and regional Australia. Furthermore, they are not discharging their duty to act in the national interest, that is, as an opposition to facilitate the enactment of legislation following the passage of core policy law that enacts new law such as the GST law.

I did not think there was any legitimate debate that could be raised with respect to that, but no, we have the spectacle here now, tragically, of the opposition losing further respect in the Australian community by taking cheap shots and by endeavouring to scare and to sabotage. Here we have an amendment—which, of course, I oppose—which is further evidence of their disgraceful behaviour. Putting it another way, in raw political terms, what we have is a government which wants to fulfil its promise that prices need not rise as a result of the GST, particularly in relation to country motorists. We all have a duty to ensure that country motorists are protected. Also, the government is determined that our policies to stimulate small business and to reduce the cost of business in Australia, especially small business, are delivered. So it is that we are determined that the cost of petrol for small business will fall by 10 per cent—a historic move which will have enormous benefits and encourage small business to invest and to create new jobs.

We are equally determined that our policies with respect to the GST input tax credits available to small business, the expansion of the Diesel Fuel Rebate Scheme and the introduction of the Diesel and Alternative Fuels Grants Scheme are in operation so that there is a historic reduction in the cost of transport in Australia. In a country as vast as ours, where the cost of transport is embedded in the price of everything, if you are a consumer, a business person or an exporter—and we are a trading nation, needing very much to remain competitive and gain more trading opportunities in the rest of the world—it is absolutely vital and fundamental that this parliament ensures, in the national interest, that the costs of doing business in Australia are reduced where possible. That is what the government is about. That is what this legislation facilitates. It is part of the mosaic of reform. But we have the spectacle of an opposition acting against national interest, capriciously endeavouring to frustrate, sabotage, delay and perhaps defeat these reforms.

Consequently, the people of Australia have an opportunity to reflect on that behaviour and, when they meet a member of the ALP, perhaps a federal member, and he tells them that he wants the gap in the price of fuel between city and country to be reduced and says, ‘Please accept I’m genuine in this regard,’ I think the Australian community are entitled to say, ‘How can you possibly be telling me the truth? How can you possibly expect me to believe that you are in fact intent on achieving that very worthwhile goal, when I see daily and I read the debate in Hansard about this bill in this House today, and subsequently no doubt in the Senate, that because the GST is now law you are continuing to try to stop the implementation of law designed to ensure that the prices need not rise at the bowser on the introduction of GST, that the price of petrol and diesel will fall by about 10 per cent for small business and that the expansion of the Diesel Fuel Rebate Scheme and the introduction of the Diesel and Alternative Fuels Grants Scheme are effectively implemented?’

Mr Horne—Are we opposing this?

Mr LIEBERMAN—That is an interesting question from my good colleague at the table representing the opposition. Doesn’t he know what the opposition’s position is on this bill?

Mr Horne—I don’t think you do. It is a rhetorical question.

Mr LIEBERMAN—I know very well. I have heard the speeches and of course have seen the amendment. They cannot squirm away from this. They are exposed for what they are. The people I am talking about are entitled to ask an ALP federal member of
parliament to explain themselves and to say, ‘You are humbugs.’ The ALP is in fact sabotaging the reform of taxation and the reform of transport costs in Australia, and the efforts to expand trade and to reduce the costs of our exported goods and thus create more wealth and job opportunities in Australia. That is the consequence of behaving irresponsibly against the national interest. Reflecting upon the performance of the ALP, I guess it is not a surprise because in its 13 years in government where it attempted to grapple with the difficulties in reforming the fuel industry—and it is a complex, hydra-headed monster and there are many inequities in it; I have mentioned that many times in this place—its efforts were to have an inquiry, then another inquiry and then another inquiry, and finally, in its last gasp in government, to have Professor Fels and the ACCC have another inquiry.

When Professor Fels’s report came in recommending action—which, incidentally, substantially supports the coalition’s policy for reform of the petroleum industry—the coalition was then the government. The ALP had been thrown out of office after 13 years of ineptitude, and now in opposition the ALP started to oppose, frustrate, delay, sabotage, undermine and represent dishonestly the effect of Professor Fels’s recommendations and the coalition’s reform policies in fuel. That is on the record because when the legislation to introduce the coalition’s reforms to the hydra-headed monster of the petroleum industry, based largely on the ALP’s inquiry through Professor Fels, reached the Senate the ALP ganged up with others in the Senate and voted down and delayed the legislation to introduce reforms in the petroleum industry. So they have to answer that. That is why we do not have a code of conduct in this hydra-headed monster industry, which is very much needed. We have not got it and that is a shame.

Furthermore, we hear the bleating from the other side about the government increasing the cost of fuel—which it is not—as a result of the GST. This legislation will ensure that it is not as a result of the GST, because that is the purpose of the legislation. When we hear the bleating of the opposition, pretending to want to protect the motorist and pretending to want to do something about the gap between city and country prices, we find that in their 13 years of government they deliberately increased the cost of fuel. They increased the excise on fuel three times.

Mr Brough—By how much?

Mr LIEBERMAN—It was by almost 100 per cent. I ask myself, as an ordinary sort of Australian: how can this be? How can I sit here and hear them attack the government for its efforts to control the price and to ensure that it will not go up at the pump as a result of the GST—and for doing things that are legitimate, proper and responsible—and hear them bleat in an effort to protect the motorist when I see their record in government? It is a record of increasing the cost of fuel and increasing the excise three times, by almost 100 per cent. Then I look comprehensively at their record on tax reform—prior to the election, during the election and since the election—and I see this is a consistent pattern of attempting to stop Australia from prospering. In their own political interest, they see it as an opportunity—because reforming tax takes guts. You know that. Reforming tax and doing all of the things that we have been doing takes courage and guts. The opposition did not have it in the 13 years they were in government. They failed.

You would have thought, on reflection, that they would have committed themselves in this current parliament to being not guilty of that behaviour and to doing something in the national interest to foster and achieve those reforms that it takes guts to deliver. No, what we have seen is a continuation of that irresponsible, politically opportunistic, scaremongering campaign. I think the record books will show that when people look at them after 1 July, when the implementation takes place and the dust settles, and when people get used to the operation of the new tax system—and it will take a bit of work to do that, but it will happen. We will then be able to reflect and we will then, I predict, be able to ask the ALP to ask themselves honestly whether they have any right at all to aspire to being the alternative government of this great nation. I would suggest, on their
On Thursday night, we are going to see the spectacle of the hapless Leader of the Opposition responding to the budget.

Mr Horne—Talk about fuel. That is what this is about.

Mr Lieberman—This is very much to do with that, as well as with the hapless opposition leader coming into the House on Thursday night, posturing, attacking the budget, attempting to destroy its credibility and attempting to undermine the confidence of Australians and Australia’s economy in these very challenging times. At the same time, he will be explaining how he will fund all of the promises made to date, which are quite substantial, by his shadow ministers in various portfolios and by himself. I have not got the exact figures, but I think they are in excess of $6 billion already. At the same time, as a spectator on Thursday night, I will be trying to understand how this could be. He has already said that he will not go into debt and he will not borrow. He said that he will not increase taxation. He said that he will not sell assets, and he is opposed to the sale of Telstra and all of that debate, which is subject to an inquiry. He is opposed trenchantly to that. He will not even look at the opportunities. He is not even prepared to keep his mind open: he has already made his decision on that. Yet he is going to deliver all of these magic puddings for Australia. Of course, it is not possible to do that—and the Australian people realise it.

Mr Andre (Calare) (5.12 p.m.)—This bill attempts to meet the promise contained in the government’s plan for a new system that the pump price for petrol and diesel for consumers need not rise due to the impact of the GST. ‘Need not’ is the hope; I fear the result will be different. Such an undertaking was repeated several times during the 1998 election campaign, when the Prime Minister stated that, because the price of petrol at the pump would not rise, ‘you will find in business that your petrol is 7c a litre cheaper’. Whatever the impact of this grants scheme—1c for non-metropolitan and 2c for remote areas—it is going to be a very hard task to deliver a fuel price cut of the proportion the Prime Minister has promised, irrespective of the claim businesses can make for inputs. Why? It is because petrol prices are higher by a significant degree in country areas than in the city, and the simple application of a drop in excise and a 1c or 2c grant will not, I believe, deliver a result that country motorists or businesses will readily recognise as a significant saving. I would hope I was wrong.

Examples have already been given in this debate and in the media that clearly demonstrate how the addition of a 10 per cent GST to a higher base price in country areas will have a far greater impact than adding 10 per cent to a lower base price. The higher the price, the more the difference is exaggerated, of course. The government is unable, due to constitutional restraints, to introduce differential excises; thus we have this grants scheme, although the Bills Digest still raises questions about the scheme’s constitutionality anyway. While the grants scheme should be welcomed, the real question is whether it will be passed on and how that passing on can realistically be monitored, especially by an ACCC which will have its time cut out keeping up with a fraction of the plethora of issues arising from the implementation of the GST and other competition questions.

Most of the detail of implementing this system is not contained in legislation but will be controlled through regulation. We do not know which areas are to be included in the definitions ‘non-metropolitan’, ‘regional’ or ‘remote’. The bill does not contain specific conditions for grants. Why, I ask, when a definition of different zones is contained in the Income Tax Assessment Acts, are not the differing zones for this scheme included in the legislation? I can only presume it is to stop any early advantage being taken of the scheme by oil companies or wholesalers absorbing the grant through price increases now. However, that underlines the whole problem with the petrol pricing regime. We all know how complex the petroleum industry is with its mix of local refinery and independently imported fuel, retail mix of independent and franchise operated service stations and so on. The excise payable to the
Commonwealth is perhaps the only transparent part of the final price to motorists, although, in most cases, they are unaware of just how much the Commonwealth does take and indeed how tiny a proportion it puts back into roads, particularly rural roads. But that is another issue, not related to this bill.

The imported price of crude or refined petrol can be seen as a constant part of the price as well. But one would have to be sitting in front of a screen with a calculator or following the prices day by day in the paper to keep track of the world price and trace its impact through to the bowser—not that you could anyway; there are far too many distortions to transparent marketing along the way. The non-constant parts of the retail price are the profit margins of the refiner or importer, the wholesaler and the retailer. This largely depends on volume and is where the average motorist gets totally lost. Importers and refiners offload petrol to favoured sites in order to clear refinery and storage space for new imports. That fuel is obviously not available to all outlets, particularly distant country sites with small volumes. That may well be regarded as the luck of the draw, the result of true market forces: if you sell more, you can afford to trim your margins, so what is all the worry about? The worry is that small volume is exactly the problem in rural areas. Motorists—and retailers—want to know why they should be penalised for living in and operating a business in rural areas simply because their local service station sells less fuel than the Ampol on Parramatta Road.

Getting rid of outlets to force up volume may seem an attractive option, but the result of this will be multi-site franchises tied to major oil companies, with less, rather than more, competition, and even less pricing transparency, I would suggest. Similarly, the arrival of Woolworths in the marketplace appears to have an initial strong downward pricing impact, but then its price settles back just marginally below the top price being charged in the town. With the abolition of a maximum wholesale price and the continued push for deregulation of the industry, retailers in country areas with a low turnover are the victims and so are their customers. They are faced with an even higher wholesale price when supplies are short and they do not benefit from any discounts because of that small volume.

The government’s failure to get an agreement on a new oil code between the major oil companies, independents and franchisees was, at this point in the process, a godsend to country motorists because, I believe, such deregulation would have lessened what competition exists in country areas and would have led to higher rather than lower prices for country consumers. It may have attended to some of the difficulties that franchisees have brought to my attention in the transfer of operations, but in the big picture that is pretty small change in terms of the broader problems. The blind faith in the free market that was reflected in the government’s ill-fated Petroleum Retail Legislation Repeal Bill would simply have increased the power of the oil majors. The repeal of the retail sites and franchise acts would have led to the closure of more independent operators, to increased oil major dominated franchises and, inevitably, to higher prices in country areas.

In answer to a question on country petrol prices in this place last month, the Treasurer accused the opposition in the Senate of ‘cheapjack opportunism’ in opposing the recommendations of the ACCC seeking deregulation at the retail end so that margins could drop. That was a question I happened to ask. Apart from my firm belief that such deregulation would have increased wholesale margins and thus retail prices, no such opposition occurred in the Senate because the Petroleum Retail Legislation Repeal Bill 1998 was never debated. It was not defeated; it was not debated. It was withdrawn by the government. For the record, in announcing this, the Minister for Industry, Science and Resources said:

It has proved impossible to get all parties to agree to all elements of the reform package. And why would they have? In fact, the government treated parliament with contempt by introducing retrospective petroleum retail sites amendment regulations before that repeal bill was secured, and prior to any agreement on a new oil code, in order to al-
low BP Australia to restructure its site operations. That restructure was aimed at increasing BP Australia’s allocation of retail sites from 102 to 212. And people ask why parliament seems a little irrelevant and why representatives do not get the opportunity to debate and amend legislation when that sort of thing is done.

The purpose of the Petroleum Retail Marketing Sites Act 1980 was to restrain vertical integration by the major oil companies and to encourage competition. As I asked the minister in a series of questions on notice in August last year, how did the proposed government regulations conform to the purpose of that act? The Senate, quite rightly, disallowed these regulations and forced BP to revert to its existing number of sites. What cooperation can any government expect if it tries to govern by regulation which deliberately bypasses the legislative debating process? It was less than frank of the Treasurer to tell this House that the repeal bills were opposed by a party or parties more interested in keeping up differential petrol rates for rural and regional people than in bringing the differential down.

The Motor Trades Association was one organisation that welcomed my series of questions on notice asking whether the then proposed deregulation legislation would in fact guarantee cheaper fuel in rural and regional Australia. The MTA was of an opinion that it would not. When I asked if the government would legislate to ensure that all daily terminal wholesale prices plus terminal costs be made openly available to the public, I was informed that a more transparent pricing regime, both in terminal pricing and transport costs, and a contestable system of fuel transportation, would be introduced, but only after agreement was reached by industry participants on the future of the Petroleum Retail Marketing Sites Act 1980. So, only by repealing the very act that prevented vertical integration and encouraged competition, would the government be prepared to introduce this enhanced price transparency system.

Not only should reforms such as the publication of terminal wholesale prices be introduced, irrespective of the repeal of those acts, but also the government should go one step further and encourage retailers to display their wholesale prices. This would deflect the unfair criticism of service stations to where it belongs—the oil companies and the wholesalers. The problem in the whole petrol marketing system is the lack of competition at the wholesale level and this GST grants scheme will do nothing to address this.

The New South Wales Labor government has made much mileage out of the country fuel price issue with its Minister for Fair Trading introducing mandatory price boards for all petrol stations. He told a forum in Bathurst late last year that he accepted the disparity between city and country petrol prices had more to do with the practices of the oil majors than petrol retailers. Of course it does. That was the consensus at that Bathurst forum from participants in the oil industry. So why not mandate that service stations display their wholesale prices as well? That way pressure would be placed on the majors to treat franchisees and independents equally.

For example, a major oil company with a franchisee in Lithgow and an independent 20 kilometres away delivers fuel to both in the same tanker yet charges the independent far more. The same applies to heavily discounted petrol made available to outlets as far as Mount Victoria on the top of the sandstone curtain but no further west. Volume of sales on the Great Western Highway from Lithgow west would surely improve if the prices were more competitive. It would be more of a level playing field. The country service station operators are caught in a catch 22. They do not qualify for discounted petrol because they do not sell enough, yet they cannot sell enough unless they are treated fairly at a wholesale level. If the government is really serious about a fair price deal for country motorists it should be working with state governments to achieve a fair pricing regime.

We need to look at ways of improving access to refineries by independents, not looking at ways of reducing the number of independents. We should be looking at ways of ensuring regional distributors have access to discount prices when there is oversupply,
and clearly we need to rethink some provisions of the Trade Practices Act which are patently not ensuring free and open competition in regional markets. The price monitoring powers of the ACCC should be restored. The act is clearly not dealing with anti-competitive behaviour. If you maintain retail prices you are in breach of the act but, in giving price support subsidies, the major companies can effectively get around that act. The definition of a market under existing legislation precludes the ACCC from looking at alleged price discrimination in the central west. Apparently it is not a big enough market. That is why I support the Labor Party’s legislation currently before parliament which would allow petrol station operators at least to shop around for up to 50 per cent of their supplies. This proposal has received strong support from the ACCC but, as usual—whether it is one government in or another one out—the government cannot bring itself to even look at the feasibility of any opposition’s suggestions, it seems.

I wish to comment on several aspects of the grants scheme for diesel which is relevant to this debate. I noticed the member for Groom detailing the benefits truck and bus operators in his electorate will derive from the cut in the diesel excise for approved rural transport activities. I do believe that the McCaffertys bus operator, I think it was, and other trucking companies do stand to benefit from this scheme, but I question the benefits will be anything near as stark as the government claims. In fact, during debate on the earlier Diesel and Alternative Fuels Grants Scheme Bill last October I said:

It is arguable that the benefits the government claims will flow from this change have been overstated...

I have absolutely no reason to change that opinion here today. In fact, I discussed this matter today with Graeme Burke from Burke’s Transport in Bathurst, one of the most highly respected trucking operators in regional New South Wales, who is part of a group of non-aligned independent operators who have been together working through the intricacies of this new legislation. Mr Burke says that the diesel grants scheme is a ‘bloody nightmare’, which will require a tremendous amount of paperwork. He says that some of his truck journeys will qualify, some will not, and some parts of some journeys will also qualify. He quotes the example of one local company for whom he cants wanting a rebate on freight because of the perceived cut in expenses the diesel rebate will provide to Burke’s as the carrier.

Mr Brough—Take it up with the opposition. Why didn’t the opposition support it?

Mr ANDREN—He is saying that the whole thing at the moment is still—

Mr Brough—If they had supported it there wouldn’t have been a problem.

Mr ANDREN—I supported it, despite its problems. The material that Mr Burke picks up for his client—and a major client at that—comes from Maroota near Penrith, which is on the wrong side of the Nepean River to claim a grant. Similarly, he cants quarry stone from Oberon to Sydney and can claim a rebate, but the back load from Maroota to Bathurst does not qualify. Mr Burke has had to install a computerised bowser system at a cost of $30,000 to comply with the scheme. Treasury tells him his costs should be reduced by 6.2 per cent, but that was before fuel costs went up 20c a litre and are now on the way up again, he says. He says that unless fuel is priced in the high 60c per litre range he sees little gain from the scheme.

The sleeper in all of this is the GST itself. The inflationary impact is officially listed at 4 ½ per cent in the short term, but there are plenty of commentators who would argue that it could be higher and it could last longer. So the effects of a one or two cents grants scheme will be academic. Unless there is a display of wholesale prices how will the motorist know whether or not they are receiving the grant? The lack of competition and the continuing push by the government to achieve less not more competition in country areas is the sole reason why country motorists will be as cynical as I am about the real benefit to them of this grants scheme.

How in heaven’s name is any motorist able to track whether prices have been reduced at the pump by the amount of the grant
when there are so many pricing vagaries in the supply chain? The enforcement process is vague and I simply do not believe the ACCC will have the resources to maintain the vigilance required. The member for Indi speaks of the hydra-headed monster that is the petroleum industry. Only by regulation can one control a monster. Otherwise it rages rampant and does as it chooses. As I said, I do not believe the initiatives in this bill even begin to address the real reasons for the city-country price differential. As the author of the Bills Digest states:

Other than the fulfilment of what has become a highly sensitive commitment, it is difficult to see any aim in the scheme.

I repeat the comment I made at the conclusion of debate on the administration and compliance bills last October, because it applies equally to this bill:

I ... will support its passage with a warning that the expectations the government has built up in rural areas about the benefits that these changes will deliver will come back to haunt coalition members if those benefits prove as illusory as I suspect they will be.

Mrs DE-ANNE KELLY (Dawson) (5.30 p.m.)—At the 1998 election, the government undertook, as part of its comprehensive tax reform package, to reduce excise on petrol and diesel at the time of the commencement of the GST. This legislation gives effect to that very significant undertaking. However, it concerns me greatly that there are some who, not living in rural and regional areas, do not appreciate the absolutely fundamental and critical importance of an efficient and cost effective transport industry. Transport networks are the arteries of rural and regional Australia. They take our exports out and they carry our goods in. It is not understood by some that the transport of goods over a considerable distance adds very significantly to the end cost, be that to the customers of our exports or to small communities which require all of their goods and products to be brought in by transport. Sometimes this misunderstanding is simple ignorance. At other times, though, it is a wilful and deliberate attempt to deny rural and regional Australians the huge benefits that cost effective and efficient transport bring.

It is a matter of very deep regret that the benefits that this legislation will bring to regional and rural Australians have been resisted and opposed by a small but vocal minority. This extremist minority, which parades as a responsible environment lobby, believes not only that the government’s very positive initiatives to cut the cost of transport for rural and regional Australians should be abandoned but that the price of fuel should be increased.

I make reference to a speech made to the Senate by Australian Democrats Senator Lyn Allison on 29 March 1999. I use this speech as an example at random because it does demonstrate this rather unusual attitude. Senator Allison spoke about the alleged impact of the new tax package on the environment and the arts. She bemoaned the tax package initiatives which promised so much for those in rural and regional Australia in terms of fuel cost reduction. But the most interesting statement comes from the view that a reduction in tax on fuel will lead to an increased use of fuel. Senator Allison in her speech flirted with that absurd notion and quoted alleged experts who said that Australia was ‘proceeding along a path which would seriously worsen our air pollution problems.’ Are we expected to believe that primary producers, small business operators and other battlers in regional and rural Australia will be so excited over the positive outcomes of this legislation that they will go for long, pointless drives in their harvesters, their utes and their home vehicles, just to celebrate? As I said in my opening remarks, this is a ridiculous and absurd notion and it comes from a group who would want to deny rural and regional Australians equity with those who live in metropolitan areas.

I would like now to talk about international fuel prices and explain that fuel prices largely are not the province of the government. No government can legislate to protect consumers against price rises outside of its own control—a point that was well made by the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon. John Anderson, and the Assistant Treasurer, the Hon. Rod Kemp, in their statement on 12 April last. Mr Anderson said:
I know that the recent rises in fuel prices have been driving transport costs up and I recognise that this must flow through to consumers. However, the New Tax system and the Diesel and Alternative Fuels Grants Scheme will push transport costs in the opposite direction and these benefits will also flow through to consumers and exporters.

Under the government’s scheme, there will be a $1.9 billion reduction in petrol and diesel excise, plus a $500 million grants benefit distributed through rural petrol stations in regional and rural Australia. The new on-road Diesel and Alternative Fuel Grants Scheme, combined with the other changes in the tax package, will cut the cost of fuel used in many transport vehicles by 24c a litre. The existing off-road diesel fuel rebate scheme is to be extended, and with the new tax system changes will take about 44c a litre off the cost of rail and marine transport. For a marine tourist operator in my electorate who is finding it pretty tough in the tourist industry at this stage, that is going to be his profit for the year. He runs a game fishing vessel, and it is going to be a very significant contribution to his business and to many others. This is a tremendous boost for the tourism industry at a time when, frankly, it is fairly lean for tourism.

These reductions in the tax package will mean that business, which receives a GST credit for fuel, will enjoy a fall of about 10 per cent in the cost of petrol and diesel. This is a tremendously significant concession and will give a major boost to regional and rural Australia. It will also flow through to many hard-pressed communities, such as those battling in the sugar industry and those in the tourism industry in the north. The $500 million scheme over four years to provide relief for consumers will operate as a tiered grants system and it will help address the divergence in fuel prices between the cities and our rural and regional areas.

As I have said, Mr Deputy Speaker, I often get inquiries—as no doubt you and other members do—from consumers asking why petrol prices have risen in the last few months. I would like to take this opportunity to clarify the background to some of those price rises. In March 1999, the OPEC group of nine oil producing nations imposed a considerable cut in their production. OPEC produces about 26 million barrels or 35 per cent of the world’s supply, while key non-OPEC producers such as Mexico and Norway tend to follow their example when it comes to setting prices. OPEC imposed the March 1999 cut because of what it perceived as lagging prices at that time. In March this year, OPEC reviewed that decision and decided to restore production to pre-March 1999 levels, which translated into a production lift of 6.3 per cent or 1.45 million barrels a day. OPEC, however, has announced that it will review that decision in June.

Those of us in rural and regional Australia would know that, just prior to this decision in March, oil prices had reached $US34.37 a barrel compared with a low of $US10 a barrel after the dramatic 1998 oil price slump. We have seen oil more than triple in price in the last two years. Naturally, anything that triples in price in such a dramatically short time provokes community anger and resentment. There is a misconception in some areas that this price rise has somehow been engineered by the government. Of course, nothing could be further from the truth. The government, in fact, is using all of its resources, with regard to excise relief, to give relief to rural and regional areas and to ensure that consumers in the cities also have a much fairer regime for fuel pricing.

I would now like to turn to the opposition. On the eve of these massive tax cuts, which we welcome in rural and regional Australia, let us remember that the Labor Party during their 13 years in office increased the excise on fuel by a staggering 28c a litre, with not one concession for rural and regional Australia. In fact, let me quote the shadow Treasurer, Mr Crean, speaking recently on ABC radio:

...basically our position has always been that there should be this mix between indirect taxes and direct taxes. We always had fuel excise in that mix. We were not proposing to make any changes to the fuel excise regime.

Thus the opposition has clearly stated that it does not believe that rural and regional Australia should benefit by so much as 1c a litre price relief for their fuel. It is an absolutely heartless policy.
Now that the government has brought forward the Fuel Sales Grants Bill 2000, which is going to be such a great benefit to consumers, let us have a look at the amendment to the motion moved by the shadow minister, the member for Wills, Mr Thomson. The amendment reads:

... whilst not declining to give the Bill a second reading, the House condemns the Government for worsening the city/country fuel price differential by imposing a GST; and imposing a costly, complex, and uncertain new layer of compliance burden on fuel retailers.

What a lot of weasel words from a government that three times increased the excise on rural and regional Australia! ‘Worsening the city-country fuel price’—what absolute rubbish. This was a Labor Party government that had no mercy on rural and regional Australians when they were in government for 13 years. They voted against the tax reform package. They do not want 24c a litre relief for those in rural and regional Australia. They do not want 44c a litre relief for marine operations.

Mr Slipper—They hate country people.

Mrs DE-ANNE KELLY—That is correct. The parliamentary secretary has it right. Basically, they hate country people. That is the truth of it. They are willing to come in here with weasel words in amendments. But when it actually came to doing something during those 13 years it was always the 14th year and it never happened. This amendment is an absolute disgrace. It is entirely misleading; it tries to hide the fact that they took advantage of rural and regional Australians during their period of office. But it is what you expect, frankly, from people who are totally obsessed with walking both sides of the fence. By comparison, the government is making a meaningful contribution towards life in rural and regional Australia. I am very proud of the budget moved by the Treasurer in the last day.

I would now like to speak very briefly about other forms of fuel and bring the House’s attention to ethanol particularly. Ethanol is a great option for us in Australia. It is a high octane hydrocarbon produced from the fermentation of sugar or starch. Fuel ethanol is normally blended at five to 10 per cent concentrations called E5 or E10, but it has been used in concentrations as high as 24 per cent—E24. Ethanol blended with petrol serves as an oxygenator, enhancer and extender. Some of the benefits of ethanol blended fuels are a much cleaner environment, cleaner burning engines, lower net carbon dioxide emissions—which, of course, are now mandated by the Kyoto protocol—reduced dependence on imported crude oil and an expanded, diversified and hence marketing and economic opportunity for regional Australia. It is also a renewable resource. A five per cent blend of ethanol in all the fuel used, including diesel, for road transportation in Queensland alone would consume some 16 per cent of the entire Queensland sugar cane crop. Let me tell you of some of the environmental benefits of ethanol. The Canadian Renewable Fuels Association states that a 10 per cent ethanol blended fuel provides a 30 per cent reduction in carbon monoxide, a six to 10 per cent reduction in carbon dioxide and a net reduction in ozone forming emissions. Ethanol has a volumetric efficiency higher than petrol which boosts the octane rating of ethanol blended fuel—in other words, it burns better. This improves the fuel efficiency of vehicles, particularly those designed to use fuel with higher octave ratings. With the signing of the Kyoto protocol in 1998, a very significant reduction in greenhouse gas emissions has been mandated. It would be very good to see Australia take note of the opportunity that ethanol offers.

Mr Nehl—Fuel from crops.

Mrs DE-ANNE KELLY—Fuel from crops, a cleaner environment, a more efficient operation for volumetric efficiency in cars, and an opportunity to give more and, I guess, broader markets for many of those in rural and regional Australia.

I would also like to speak very briefly about shale oil. My electorate of Dawson has the largest shale oil deposit in Australia—at Condor—with some 9.7 billion barrels of oil in situ. The interesting thing about Australian shale oil is that it has one of the lowest sulfur contents in the world. As you would know, Mr Deputy Speaker, burning a low sulfur fuel means that there is less acid rain. Let me speak about some proposals that would assist
jobs in my area. If we were to look at mining the shale oil in Condor, in Proserpine, we could look at a direct employment of 550 people in construction, and 130 in operation. Such a project would cost in the order of $350 million to $400 million.

The indirect employment, once the operation was up and going, would be 470 people. Such a project to use our home-grown oil shale would increase income for individuals as well as taxes and charges for governments—$34 million in construction and $13 million during operations. As I have said, there are very negligible detrimental impacts, but there is the very positive benefit of being able to replace some of the 30 per cent of crude oil that we import into Australia and to provide jobs in a very depressed part of Australia. There are a number of very interesting options that I think the government could pursue in terms of ethanol and also in exploiting our tremendous sources of oil shale.

I would like to speak again about the bill, because this is a very significant bill for those of us who represent rural and regional areas. It is not an opinion of just those in the government and of backbenchers like me; it is a policy that has won wide praise. The National Farmers Federation president, Mr Ian Donges, in a statement dated 12 April, said:

It’s worth remembering that the all-up savings for the farm sector from the introduction of the indirect tax package including the GST, and consequent reductions in fuel excise, are estimated to be around $900 million—every year—and of course there will be flow-on benefits to the whole community.

Mr Deputy Speaker, $900 million every year. Mr Donges went on to describe the government’s Fuel Sales Grants Scheme as another significant boost for agriculture. He added:

In a welcome move, compliance costs for farmers will be reduced by provisions under the extended scheme.

There are others with praise for the government’s initiative. Queensland Farmers Federation president, Mr Richard Armstrong, has publicly thanked the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon. John Anderson, and the Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss, for their approach. He said:

Rural industry should be confident that the approaching GST arrangements will be good for this industry, good for exporters, and good for the economy.

The NFF president, Mr Donges, made the very valid point on 11 April, when he said:

The effect of high fuel excise taxes has long been an impediment to rural businesses and rural communities, so the new grants scheme will be a significant commitment by the Government and will help reduce the unfair price differential between metropolitan and rural prices.

Hear, hear to that! And yet we have amendments from the opposition, talking about increasing the differential! Obviously they do not read the papers, and they do not listen to the National Farmers Federation. But, of course, they have never listened to anyone in rural and regional Australia.

The government is to be congratulated for this initiative. It is one of the most important planks of the new tax package and has been done with resolve and determination in the face of great opposition from those on the other side of the House and ill-informed comment from other sources. It is a praiseworthy initiative, and we have waited a long time for it.

Mr MOSSFIELD (Greenway) (5.49 p.m.)—The Fuel Sales Grants Bill 2000, the Fuel Sales Grants (Consequential Amendments) Bill 2000 and the Product Grants and Benefits Administration Bill 2000 operate as a package to provide a tiered scheme of grants for petrol sales to consumers in non-metropolitan areas, with a higher rate of grants to be provided for sales in remote areas; to standardise the administration framework for grants and benefit administration by the Commissioner of Taxation; and to ensure that the grants are covered under the Taxation Administration Act 1953, like other taxes in such areas as prosecution and offence collection and recovery.

The ALP will be moving an amendment, but we are not endeavouring to oppose the bill in total. Our amendment reads:
That all words after "That" be omitted with a view to substituting the following words:

"whilst not declining to give the Bill a second reading, the House condemns the Government for worsening the city/country fuel price differential by imposing a GST, and imposing a costly, complex, and uncertain new layer of compliance burden on fuel retailers".

This bill supports the view, put by the ALP over a long period of time in this debate, that the inclusion of petrol in the GST will widen the city-country petrol price differential. The government's plan involves reducing the excise on fuel by a set amount of 7c or 8c a litre and then imposing the 10 per cent GST. This will have a differing effect, depending upon the retail price at the time. If the existing retail price of petrol were 77c, removing the 7c of excise and imposing a 10 per cent GST would have no effect on the retail price. However, if a country petrol station were charging 87c, removing the 7c excise and adding 10 per cent would increase the price from 87c to 88c a litre because of the GST, and the city-country differential therefore would increase. This price effect is an inescapable fact. The government continues to claim that no petrol prices would rise as a result of the GST. The Labor Party and many independent motoring organisations have consistently pointed out that the government simply cannot deliver on this promise.

The Fuel Sales Grants Bill 2000 establishes a grants scheme to fuel retailers for sales in non-metropolitan and remote areas to end users. A sale is when the fuel is delivered, not when it is paid for. The bill merely establishes a framework of grants. To obtain a grant, a proprietor has to register under the scheme. There is simply no detail provided about the key points—namely, where the non-metropolitan locations are that will qualify for the grant; where the remote locations are that will qualify for the higher grants; and what is the rate of grants at the various places. I would have thought that members on the other side would want to know this information. I think it is vital information if people in country areas are to benefit from this legislation.

In an earlier contribution to this debate today on this legislation I heard the member for Braddon, in a quite outstanding speech, make the point that the major motoring organisations in his state of Tasmania were seeking this vital information. And I am sure that the motoring organisations right throughout Australia are seeking this information. All of these key points are to be dealt with within the regulations to the bill. This is a bad way to conduct government— that is, by regulation. Where is the parliamentary scrutiny? I will quote from the excellent Bills Digest, which is available to us all, where it says:

The scheme is largely to be implemented through regulation rather than by specific criteria contained in a Bill. The Treasurer's Press Release states:

Details on entitlement to the grant scheme, including the mechanism for determining non-metropolitan and remote areas, along with the grant rates will be prescribed in the regulations to the legislation."

Regarding which areas are to be included in regional or remote areas, a spokeswoman for the Treasurer is reported as stating: 'You will have to wait and see—

What sort of a response is that when people want to know these details—closer to the introduction of the GST', and 'If we were to announce it now, there might be a temptation for some to increase prices to take advantage'.

I do not believe that this is the way to run government and I do not believe that this is the way to introduce new legislation. There is simply not a good enough reason for this parliament to be denied vital information in this legislation. If we were to accept this argument, we would not have any details about any legislation before the parliament because there would always be excuses as to why people want to withhold certain information. This is typical of the government: they want to push through this GST legislation without full scrutiny, or with as little scrutiny as possible. But I do not believe that the Australian people will accept that.

I also want to make the point that this is still a very unpopular tax. I believe that government members are being very brave or
very gallant, or being very silly, if they honestly think that this is a popular tax, because it is not a popular tax. People in my electorate are telling me that it is not popular and that they do not like it, and people in the constituencies of the government members must be saying the same thing. But, quite clearly, the people will not trust the government on this issue. Why should they? Firstly, we had the Prime Minister say that he would never ever introduce a GST. Then we had core and non-core promises and then we had limits on the promise whereby Treasurer Costello actually attempted to walk away from the promise when he told Laurie Oakes on the Sunday program that there were limits to the promise. This jettisoning of the bush outraged Australians. This in turn, of course, led to the Prime Minister claiming that the promise would be made in full.

The scheme itself is currently estimated by the Treasury to cost over $500 million over four years, although I believe that this cost may already have increased. Details have not been released to the public, other than the Treasurer announcing that non-metropolitan locations will get a 1c a litre grant and remote areas will get a 2c a litre grant. Put simply, this bill is very confusing. It does not clarify any of the details that are necessary to evaluate the effectiveness of the scheme. The Treasurer is simply saying, ‘Trust me.’

Ross Gittins had a description in the Sydney Morning Herald this morning, and these are his words:
The worry is, the supercilious one has little to be smug about—but shows no sign that he realises it.

So, ‘trust me’ Treasurer, I do not believe the Australian people will. Just as with the diesel fuel grants for heavy transport vehicles, the government presumably has not actually settled the details for the boundary changes yet. This legislation is another example of a half thought out GST proposal that is confusing to both the general public and business alike.

The Product Grants and Benefits Administration Bill 2000 will also impose a further compliance on fuel retailers. The cost of compliance will presumably be able to be retained by the retailer although, once again, this is not clear. However, if this does not apply, the retailer will suffer a loss through participation in the scheme. Does this matter? Of course it does not, as long as the government spin doctors are trying to convince bush voters that they are being looked after. Again, to blazes with the business owners’ problems. The details about the full compliance burden are non-existent, as are almost all other administrative details. For example, how often are grants paid? What is the base for calculating grants? Is it post sales or anticipated sales? Is the grant subject to income tax for the recipient? What records have to be kept in order to satisfy the requirements of the scheme? All of these are very important details for people in the industry.

This bill also covers other administrative matters, such as the method of registration and cancellation of registration; the assessment and payment of claims; compliance enforcement measures against those schemes that attempt to abuse the grants, recovery of unpaid debts and penalties for false statements; and, information gathering and access powers of the Commissioner of Taxation, including secrecy provisions.

The bill standardises the administrative framework for grants and benefits administered by the Commissioner of Taxation. The Fuel Sales Grants (Consequential Amendments) Bill 2000 will amend the Taxation Administration Act 1953 to ensure that the administration provisions which apply generally to acts administered by the Commissioner of Taxation will apply appropriately to new grants and benefit laws. These include those relating to prosecutions and offences, general interest charges which apply to outstanding amounts and the collection and recovery of tax related liabilities.

The lack of detail in this legislation will only add to the general confusion in the minds of the general public and business over the introduction of the GST. Does the government really think that the petrol outlets and their customers in Dundas, Dee Why or Doonside in Western Sydney will not ultimately demand to be part of the package? Because they most surely will. I have previously called for the whole GST package to be deferred for 12 months. This would allow people to come to grips with it and would allow, I believe, business and consumers to
understand it better. But, clearly, when one looks at this bill and considers last night’s budget, this will not happen. Therefore, the confusion will continue and the government’s GST will continue to cause them great electoral damage. Remember well that it is the Howard government’s tax package and not the ALP’s, and no amount of humbug and huffing from the government will have us attached to any part of it. The tax is yours and the Democrats. This bill, while providing inadequate compensation measures for this unfair tax, will however not be opposed by the ALP.

Mr RONALDSON (Ballarat) (6.01 p.m.)—It is a great pleasure to speak on the Fuel Sales Grants (Consequential Amendments) Bill 2000. I noticed with great interest that the member for Greenway made some comments today and talked about cash flow problems. I assure him that these grants will be paid in advance to fuel retailers to avoid cash flow difficulties. He also mentioned a number of other matters, including a supposed lack of scrutiny. I cannot think—in my 10 years in this place or the decade before then when I was taking an interest in politics—of any piece of legislation that has undergone greater scrutiny than the GST legislation. I thought it was very interesting that, when the member for Greenway sat down, the last thing he did was mumble under his breath, ‘We don’t oppose this.’ I have an amendment in front of me. If they do not oppose it, why is there an amendment?

Mr Slipper—It’s humbug.

Mr RONALDSON—It’s absolute humbug, and we have seen it now for about eight months. The simple fact is that the ALP have on every occasion since the introduction and before the introduction of the GST legislation done everything possible to put the fear of God into the Australian people. The great irony of this is that, having done this for the last six months or so, they then come in and mumble under their breath, ‘We’re not going to repeal it.’ If they are so vehemently opposed to the GST and every part of the legislation that accompanies it, why will they not remove it in the unlikely event that they get into government? Why is it that they come in here in relation to the Fuel Sales Grants (Consequential Amendments) Bill 2000, move an amendment and then mumble under their breath, ‘We’re not going to oppose it’?

If you went into country Victoria, country Australia, and said to someone, ‘There’s a proposal to dramatically cut the costs of fuel for small business, there’s a proposal to cut the fuel costs for farmers, there’s a proposal to cut the fuel costs for heavy transport and there’s a proposal to start addressing the differential between city and country prices and the ALP are opposing those proposals,’ they would say, ‘You are stark raving mad; they couldn’t possibly be.’ But the reality is that they have opposed this at every single stage. At every single stage the ALP have opposed what has been desperately required in regional and country Australia for a long, long time. The part that distresses me—again, through this amendment to the bill—is their total lack of understanding about regional and rural Australia. I am going to call it country Australia; I think it is a better term. They do not understand that small business people in country Australia are required to travel numerous more miles than their metropolitan counterparts. They do not seem to understand that the cost of transport, particularly heavy transport, raises the price of virtually every single product that we purchase in country Victoria.

I am pleased the member for Paterson has come in. I am sure that he would not support the amendment and would just go ahead and support the bill. But I will be interested to hear what he has to say about it in due course. He, at the moment, represents a country area, and I am sure that he would not oppose this sort of nonsense.

Mr Stephen Smith—Better than you can represent yours.

Mr RONALDSON—You have said that plenty of times, member for Perth, and we will see who is right after the next one. But I am sure the member for Paterson would not oppose what the government is doing. I would like to hear him stand up today and say, ‘The shadow minister has made an absolute goose of himself by moving an amendment in relation to this bill, and he should have just let it go through without this
carry-on, this charade, of moving an amendment. But I will just go back to where I was. An absolutely integral part of this new tax system for country Australians has been the reduction in fuel costs—the absolutely pivotal part of it. I just cannot believe that the ALP have not sat down and had a close look at this.

Mr Slipper—They can’t read.

Mr RONALDSON—That is probably one of the issues, but I suspect that most of them can read. But if that was an issue, you could understand it. But what really concerns me is that they are just playing dirty, cheap politics in the run-up to 30 June—just dirty, cheap politics that has no relevance to the future of this country. They reckon they might be able to score a few cheap, political points on the way through, but I think they are grossly underestimating the ability of the Australian people to see that sort of behaviour for what it is.

If you look at the great bulk of industries in country Australia, you will see they are exporters, and I am very pleased to say to the member for Paterson that they include his wine industry, which is now one of this country’s great export successes. A large number of other industries in country Australia—those industries that employ, those industries that support families and those industries that provide a future for our young people—are heavily reliant on export industries. I appreciate, Mr Deputy Speaker Mossfield, that you represent a city electorate, but the member for Paterson should know that there are some $4 billion in taxes on our exports.

Mr Forrest—That’s the monkey on their back.

Mr RONALDSON—As my National Party Whip colleague said, that is a huge monkey on their back. Surely commonsense would dictate that, if you take taxes off exports, the prices of those exports will potentially reduce. If those prices reduce, then surely they will become more competitive. If they become more competitive, then presumably more can be produced because there will be greater sales. If there are greater sales, more goods produced and more exports, then it is not unreasonable to think that there might also be some more jobs flowing from it.

Mr Horne—’If’.

Mr RONALDSON—I would have thought that was basic commonsense. As for the member for Paterson, I am not too sure what the unemployment rate is in his area—

Mr Horne—You guys haven’t helped it.

Mr RONALDSON—that is a very, very ignorant comment by the member for Paterson. That is beneath you, my friend.

Mr Horne—Really?

Mr DEPUTY SPEAKER (Mr Mossfield)—Order! I ask members to address their remarks through the chair.

Mr RONALDSON—Mr Deputy Speaker, that is a very ignorant comment by the member for Paterson. The realities are that employers—including new employers in my region—who have responded to the policies of this government have reduced unemployment in my region from about 16 per cent, when the Labor Party left office, down to under 10 per cent. Surely anyone with a modicum of commonsense will appreciate that you have to have people employing people before jobs are created. So don’t come that nonsense with me about what has or has not happened. The realities are that jobs have grown in my area only because people have been confident about putting people on and about growing their industries, unlike what happened in the late eighties and the early nineties when the Labor Party absolutely decimated country Victoria, decimated my own region. I tell you what: there is no uglier sight than to see people in the state they were in the early nineties. It was the most depressing thing that I have ever seen and it was driven by the ALP with patent nonsense about things such as ‘the recession we had to have’. What a charming little policy that was. What a charming way to destroy businesses. What a charming way to destroy families. What a charming way to destroy country Australia. ‘The recession we had to have’—what a charmer that was. What a disgraceful set of policies that would deliberately rip the heart out of country Australia. The realities are that this government has
implemented and put in place a set of policies that have given confidence to those people who are going to deliver jobs to country Australians.

One of the biggest issues has been confidence about moving goods around this country at the cheapest possible price. That is what this bill is about and that is what this government is on about. As I said before, if you lower the costs of moving goods, not only do you, the member for Paterson, get the benefit of it as a consumer but the organisations and the companies, both large and small, which you represent also get the benefit of it, and as they are getting the benefit of it they are employing the people that you are here to represent. That is the first point about this.

As for the other point, I was amused by the comments of the member for Greenway when he talked about a lack of scrutiny. I found that amusing because the member for Greenway has obviously forgotten the fact that the party which he represents snuck through—at 12 o’clock at night when darkness was there—sales tax increase after sales tax increase. Was that ever subjected to scrutiny? Was that ever part of a policy that was put to the Australian people that was voted on in an election? Not on your sweet nelly! It went through under the cover of darkness—no scrutiny, no compensation, no explanation to the Australian people.

Mr Forrest interjecting—

Mr RONALDSON—That is right. The ALP have an obligation to make sure that they are not spreading fear and loathing which is unduly affecting country Australians. That is what is happening. This ridiculous amendment is another example of that—a ridiculous amendment to allow them to keep on moving that fear and loathing to make sure that country Australians are not too sure about whether or not they are going to benefit. To do that and then to have the gall to whisper, ‘Well, we’re not going to remove it,’ I just think is absolutely totally duplicitous. It is totally duplicious for the ALP to carry on in the way it is at the moment—and they are trying to make sure that the Australian people do not know about it—and to whisper, ‘Well, we’re actually not going to remove it.’ The cost of transport and the cost of doing business in country Australia is going to be dramatically reduced by these GST measures.

This bill addresses a number of things. The first one is that the price of fuel need not rise as a result of the GST. I think that probably one of the dirtiest little tricks I have seen in the last 10 years was one of the ALP members saying that fuel had increased because of the forthcoming GST. Honestly and truly, that was a blatant untruth, and the person that made the comment knows that it was a blatant untruth. The person that made the comment knows that the price of oil 10 or 12 months ago of about $11 has gone up to around $32 about a month ago. That is why fuel prices have increased, and it has absolutely nothing to do with the GST. But why risk letting the truth interfere with a good political point-scoring opportunity? That is what it is all about: cheap political point scoring.

The member for Greenway asked why decisions had not been made in relation to exact rates and details of the grants, et cetera. The reason for that is that disclosing exact methods of determining the grant rates and the excise cut at this stage could allow some players to manipulate pricing structures. So, on one hand, the ALP is crying crocodiles tears for Australian consumers and, on the other hand, it is suggesting that something be done which would put those consumers potentially at risk. It is an absolutely nonsensical argument. We are going to make sure that, when these measures are introduced, they are introduced for the benefit of the consumer and not for the benefit of that small, fortunately, but nevertheless existing minority that will try to rip the system off. We are not prepared to allow that and nor should we, because we want to make sure that Australian consumers get the best deal out of this.

The bill provides significant funds. All the legislation going through parliament provides significant funds to enable us to address and keep that election commitment that the price of fuel need not rise. It has been welcomed by those who know something about the industry and those who know
something about country Australia. The VFF has welcomed what the federal government is doing in relation to this. The VFF knows darn well that this is the only government that has ever been prepared to take on the cost of doing business in country Australia. We have been trying to do something about the price of fuel and the differential between city and country. We have been trying to implement an oil code that would do that. But, again, which is the one group standing in the way of that? It is the ALP in the Senate. The ALP are again standing in the way of our doing something about it. This is the party that did absolutely nothing in government for 13 years, that showed not the remotest interest in country motorists in 13 years. In fact, they were so totally disinterested that they put up excise on a number of occasions. In 1983, there was a 1.87 per cent increase. There was a budget increase in 1986 of 3c and a budget increase in 1993 of 3c. There was another budget increase in 1994 of 3c. So not only were they not prepared to do something about this but they actually made petrol pricing worse by increasing those excises. They were not prepared to tackle the problem when they were in government—indeed, they actually put excise up as well—and now they oppose the government when it is trying to do something. That is where the ALP are coming from in relation to country Australia.

I thought it was very interesting to hear the ALP’s discussions on last night’s budget, which, as you know, Mr Deputy Speaker, introduced a number of the measures relating to this bill and other GST bills. You did not hear any message of support for this government’s assistance to regional Australia. There was not a word of support. Their silence was, again, a cheap political point-scoring exercise. The health of country Australians was addressed in last night’s budget. Did you hear a word of support from the ALP? Not a word. Their bona fides in relation to country Australia are absolutely non-existent. They did nothing in 13 years. The relevance of some parts of what happened in their time might be diminishing. Not only did they not do anything in their 13 years but they have purposely stood in the way of this government on every constructive thing that we have been trying to do. Every time we tried to do something, they have stood in the way and scored cheap political shots. They have not been prepared to support this government on any measure at all that is going to set this nation up for the future, and that contrasts directly with the former coalition opposition, which assisted the federal Labor government and supported those things that were going to drive this country forward. But this is a totally obstructionist opposition, devoid of any policy and intent only on opposing every single measure that this government has introduced. (Time expired)

Mr HORNE (Paterson) (6.21 p.m.)—I take a great deal of pleasure in rising to talk on the Fuel Sales Grants Bill 2000, and I know that the member for Ballarat is going to stay and listen to me because he is so interested in what I have to say. Actually, I quite like the member for Ballarat. He is a nice bloke except when he comes into the chamber, and then he adopts a completely different persona, and I know that the words that come out are not his. He knows that he is in line for promotion; he knows that if he says the right word to follow that leader that once upon a time said ‘never, ever’ maybe he will get there. And I think that that is what his speech was about tonight.

It was interesting to listen to the history of price rises for petroleum, because I happen to have here a copy of a speech that was made in 1978-79. Who was it made by? It was made by the then Treasurer of Australia, the Hon. John Winston Howard. What did he have to say? He said:

Subsidised indigenous oil prices encouraged a wasteful use of the key energy resource and inhibited the adoption of more energy-efficient processes and technology.

He went on to say:

In the light both of the budgetary situation and the desirability of improving energy use and the allocation of resources, the government has decided that all Australian produced crude oil should from tomorrow be priced to refineries at import parity levels. This will mean that consumers of petroleum products will in future pay prices based on world oil prices. However, the proceeds of the increased price paid by refineries as a result of this decision will accrue in the first instance to the government.
So not only do we have a Prime Minister who can say ‘never, ever’ but also he is the man who introduced parity pricing for Australian oil. It goes right back to 1978 when the boost in petroleum prices occurred, and it shafted right back to our current Prime Minister. So now what do we have? We have a government that has lost support in the bush. Let me just quote from another publication. Let me quote from a paper I read a fortnight ago. It says:
As I write, with the Australian dollar worth less than US 60 cents...

It is now down to 57c. It continues:
In June 1996 it was worth 79 cents US. Just think about it: in June 1996, when this government came to power, it was 79 cents and it is down to 60 cents. In four years of coalition management we have lost 25 per cent of our purchasing power on the international market. In the same time we have increased our external debt from $175 billion to $250 billion. In 1978 I wrote a letter to the Land suggesting the Fraser Government was the worst since Federation. Malcolm Fraser can now relax. His team has been surpassed in incompetence.

Where did that come from? I can tell you it did not come from any left-wing publication. It came from the Land newspaper, which comes from the stable of J.B. Fairfax, a right-wing newspaper that I normally would not buy. That was an editorial comment by John Carter.

This piece of legislation is about trying to restore some commonsense to transport. I was most interested in listening to the member for Ballarat and other government speakers today because they kept using the word ‘if’. They kept using the word ‘if’ because this legislation cannot guarantee a single thing. While there is no doubt that I support the amendment moved by the member for Wills, I also support the private member’s legislation that has been put on notice by my colleague the member for Hunter. The hypocrisy of this government is just so broad. This is a government that will come into this place and state repeatedly that it believes in free market forces. But when the member for Hunter has a proposition that the operators of service stations should have the right to purchase 50 per cent of their fuel on the open market what does the government do? It turns a deaf ear, cannot hear and ignores it. It cannot support a good idea from the opposition. Those opposite can be the champions of free market forces, but when it comes from our side—no action; no action at all. So we have got the ‘never, ever’ tax, we have got the man who gave us parity pricing for fuel and now we have got a government that is trying to find a way to get the transport of goods cheaper.

Let us have a look at the reality. I have been very critical of the Prime Minister at question time this year because he has quite deliberately confused the issue, as has the Deputy Prime Minister. When asked a question about petrol pricing, the Prime Minister would always talk about fuel. He would talk about fuel because everyone knew that diesel was going to come down. That had been promised, and we have been looking forward to it. Mind you, if you have been a transport operator for the past 12 months, you would really be wondering when the government was going to come to your rescue, because in the last 12 months diesel has gone up by 30 per cent. Most trucking operators that I know are subcontractors to bigger operations. What have they had to do about those costs? Has the government gone to their assistance? Not one jot. They have had to absorb those costs and at the same time they have been confronted with tyre costs going up by 15 per cent. They have been confronted with a GST that they cannot claim back yet because it is not law until 1 July. They have been confronted with GST on their insurance costs, and I can tell you that on a rig worth about $220,000 that is not cheap. You would be paying seven grand insurance, and 10 per cent on that used to be $700.

At the same time everyone is telling them that their costs should be coming down. I have got a couple of letters from a few trucking companies that employ subcontractors. For example, TDG Logistics Ltd in a letter to a trucking operator says, amongst other things:
Any cost savings that you realise should be passed on to TDG by way of lower rates for your services.

There is a letter from Austral Bricks—‘Build a better home’. They are going to have to
worry about GST on their product now where there was not one before. It says:

You have probably heard in the media that the ACCC has been given wide power to scrutinise pricing issues to ensure that profiteering, no increase in profit margins, occurs as a result of the introduction of GST, and this will also apply to both our companies. You have got to pass on your savings.

Let me tell you what one of the big trucking companies—Tolls—has done. While they have been sending out a letter similar to one of those letters, saying to their subcontractors, ‘You must pass on any savings to us,’ what have they done with their transport costs? They have increased them by 16 per cent. Here is a trucking company increasing its costs to its users by 16 per cent and, at the same time, saying to subcontractors, ‘Any savings you make must be passed on to us.’ Now I know why the member for Ballarat said ‘if’. Now I know why it says in this speech that at the last election the government announced that it would reduce excise on petrol on the introduction of GST and for consumers it will mean that prices ‘need not rise’. It does not say that they will not rise. It does not say, ‘We will guarantee there will be a drop.’ It says they ‘need not rise’. That is the strength of this legislation.

This government cannot guarantee a thing. They cannot guarantee that any savings will be passed on. If you do happen to know trucking operators, husband and wife owner-operators who work seven days a week, working long hours and probably up to about here in debt, because that is what our transport industry operates on, those people are the ones who are going to bear the full brunt. They are going to bear the pressure of the ACCC to ensure that they pass on any savings. At the same time, the big operators they work for will be pressuring them and saying, ‘If you’re not going to drop your costs, you’re only a subcontractor, so tough.’

I remind the minister at the table, the Minister for Forestry and Conservation, about another silly thing that this government has done without thought. The government has brought in another piece of legislation, unrelated to this, to not allow the importation of used diesel engines or parts over five years old. Let me tell you that 80 per cent of the trucks on our roads are over five years old and we do not have an industry that produces the motors they use. Just work it out. If the government is not going to allow them to be imported, what is going to happen when someone puts a con rod through a block or breaks a crankshaft? What are they going to do?

Mr Tuckey—You caused that.

Mr HORNE—And just for your information, Minister, let me tell you that the trucks that are owned and used by our defence forces and the Macks that operate around the Hunter Valley are 20 years old. The Unimogs, the four-wheel-drives that we use, are Mercedes. They are 30 years old. When the engines go in them—‘Sorry, you’ve got to put a new motor in those or you’ve got to throw the truck away.’ This government is screaming out that we are supporting a transport industry—supporting them to get out of the industry. Is the government, the champion of free market forces, supporting business when it will not allow private operators of service stations to buy half their petrol supplies on the open market?

Mr Tuckey—You would not support it.

Mr DEPUTY SPEAKER (Mr Mossfield)—Order! The minister at the table should address his remarks through the chair.

Mr HORNE—The government will not support that legislation, yet it claims to be the champion of the free market. I am extremely disappointed with this piece of legislation. I support the amendment moved by the member for Wills. The government, with its legislation, as I have shown, cannot guarantee a thing. Is it any wonder when you go back to 1978 and find out that our Prime Minister, then Treasurer, introduced world parity pricing for crude oil with the statement that Australians simply had to be prepared to pay world price for fuel. Now that the government realises how unpopular it is in the bush—and the smokes and mirrors trick of last night’s budget does nothing to change that—it is trying to find a way to reduce fuel prices.

In my electorate, that dreaded line, where if you are on one side of it you qualify for
the levy and if you are on the other side of it you do not, is going to be a nightmare to police on its own. Petrol is still going to be affected by the GST. As the Treasurer said in his second reading speech, he cannot guarantee that it will drop the price of petrol in rural Australia. There are plenty of places where the price of petrol is still up around 90c a litre. It will stay at that price after the GST. It will not come down. We will continue to pay dearer prices for our petrol, but we will also be paying dearer prices for other consumables because there will be a 10 per cent GST on them where there never was before. I am not sure how the government can pull the rabbit out of the hat with this piece of legislation. All I can say is that it appears it has failed again.

Mrs LIVERMORE (Capricornia) (6.36 p.m.)—I will be supporting this fuel sales grant legislation, paltry effort though it is. I will also be supporting the amendment moved by the member for Wills earlier today. His amendment makes very valid points about the glaring holes in this legislation and the protection that it fails to offer motorists in regional Australia. The Fuel Sales Grants Bill 2000 gives me the opportunity to speak on this issue, which is very important to my electorate. Petrol prices are very high in Capricornia. It is almost getting to the stage where it is a fact of life in Central Queensland. It is something that people grimaced and joked about for many years, but in the last year things have become drastic with quite major price hikes.

Throughout this debate, people have come in here and said that prices are high all over this country, and I do not doubt that. But the thing that really gets to people in my electorate in Central Queensland is that there seems to be no good reason for petrol prices to be as high as they are around CQ. The prices are just so much higher than comparable centres throughout provincial Queensland. Earlier this year, the RACQ conducted a survey and that survey was reported in the Courier Mail. It showed that Rockhampton had the highest petrol prices of any of the provincial centres in Queensland. It raises so many questions and is very frustrating for the people of Central Queensland that this is the case. There is just no obvious reason for us to be so out of sync with other comparable regional centres. You cannot explain it away in terms of transport costs. What it really comes down to—and I get this from speaking to the servo owners in Central Queensland—is the opportunism of the major oil companies. Effectively, we in regional Queensland subsidise the discounting that goes on in the metropolitan areas and in the higher volume sites in Queensland. That whole pattern of us in the regional areas not being profitable enough and not being attractive to big companies is hardly a new thing when we see banks and other services closing down at the same time as petrol prices rise.

There is no real reason for the discrepancy in prices that we suffer in Central Queensland, except for the market forces within the fuel industry, which contribute to that unfair playing field. Incidentally, in the article in the Courier Mail, the RACQ is quoted as attributing the high prices in regional Queensland and also the city-country differential that exists to the federal government’s deregulation of the fuel industry. That comes from the RACQ, not me. The price of petrol is the biggest issue for people in Central Queensland. It is literally the kind of issue that people stop to talk to you about in the supermarket or in the street. It especially happens when people have just come back from a trip to Brisbane, where they bought fuel 10c a litre cheaper than it was in Central Queensland. That concern is understandable, because the high cost of petrol in Central Queensland combines with the distances that people in my electorate have to travel for a lot of their basic services and activities.

It is quite common for sporting teams in the central west or in the mining towns in Capricornia to travel up to 2½ or three hours for their kids to play a game of sport at weekend fixtures. The same sort of thing happens when schools in the smaller towns have students travelling one to 1½ hours between schools so that they can broaden the curriculum that is available to them and the students do not miss out because they are at a smaller school. It is the same for health services. It is very common for people to
travel from Longreach or Barcaldine into Rockhampton or from the mining towns into Mackay. Travel is a big part of life in my electorate. The cost of petrol comes into everything that happens in my area. For example, a few weeks ago I met with some community groups. Invariably, the community groups in the rural areas of Capricornia have extensive outreach services, so the workers are always in the car. They are delivering those services and covering a large area. The higher petrol costs are really eating into the small budgets of those organisations, those budgets that are very squeezed, and are of course impacting on the services that they can provide.

The problem of high petrol prices is nothing new in rural and regional Australia. What would you expect a government confronted by this problem to do about it? I guess the last thing you would expect would be for that government to add another tax to it, but nothing surprises us anymore after the whole 'never ever' deal that we have seen over the last couple of years. So many promises were made by this government on the GST before the last election, and so many of those promises have been betrayed. We do not have to stretch our memory very far; let us just think back to last night, when the budget was handed down. The inflation figure that was supposed to be 1.9 per cent as a result of the GST we now find out is forecast to be 6⅓ percent. The second point is that the income tax cuts that this government boasted about so much before the last election will be eroded after just one year. Of course, as we always expected, the GST compensation is going to be hopelessly inadequate.

One of the big government promises that I kept a close eye on when I was campaigning at the last election was on the impact of the GST on petrol prices. The people of Capricornia and indeed the rest of Australia were made promises in respect of petrol prices in the tax package, which said:

At the time of the introduction of the GST, the government will reduce excise on petrol and diesel so that the pump price for these commodities for consumers need not rise.

We were all quite relieved about that. The Prime Minister added to that on 26 August, saying:

The price of petrol at the bowser will not go up. The excise will come down by the amount that is the equivalent of the GST and the price will not go up one cent at the bowser.

The Treasurer’s formula that was supposed to achieve this protection for consumers was to take 7c a litre off petrol and then add the 10 per cent GST. What we have seen unfold over the last year is a fairly familiar pattern to us. First of all comes the big claim about how fantastic the government policy is going to be, then the government gets caught out by the figures not really adding up and then you see this policy scramble, where the government plays some catch-up to cover its tracks. The interesting thing is that this happens so often when it comes to matters affecting rural and regional Australia. I say it is interesting, but it is not surprising because rural and regional Australia is just not on the government’s radar screen. If you never spend any time thinking about the needs and issues of rural and regional Australia, it is hardly surprising that you might overlook the issues that exist in that area.

It did not take long after the election for the Treasurer’s promise to regional Australia on petrol prices to unravel. The formula that swaps excise for GST only benefits motorists while petrol is under 77c per litre. It went through that level in Rockhampton about a year ago, and it was over that mark in the rural parts of Capricornia even at the time of the last election. This was not a big secret that the Labor Party cooked up to try to catch out the government. It has been there for the government to see for years. According to a quick ring around for today’s petrol prices in Capricornia, Rockhampton is charging 86.9c per litre, Barcaldine is selling petrol at 89.9c per litre—and I am advised that that will be rising by 2c overnight—and Moranbah, in the mining region, has petrol at 85.9c per litre. That is a fairly high volume site, so that does keep the price down a little bit there.

There is no doubt in anyone’s mind at this point that the government had not given a thought to the impact of the GST on the bush and to the fact that petrol prices were set to
rise even higher in CQ as a result of the GST. This did not seem to worry the Treasurer too much. Basically, he gave away the promise pretty quickly on the Sunday program earlier this year when he said to Laurie Oakes, ‘Yes, there was a promise, but there were limits on that promise. It is only the bush, after all. They’re used to getting done over, so we are not too worried about that.’ Finally—and I guess members of the government have to get some credit for this—the heat got too much for the Treasurer and he announced his scheme to offset the impact of the GST on petrol prices. He announced the scheme, and we now have the bill going through the House. But there are still many question marks hanging over the scheme. The first fairly obvious question that is not really answered in the bill is: how is the scheme going to work? Sure, grants will be made to retailers on a tiered basis in eligible areas. Of course, that raises the obvious question of what areas will be eligible. The bill does not tell us that, and the government has not told us that yet—with only 52 days to go, as they keep reminding us, before this actually comes into place.

Service station owners in my electorate, like most of their colleagues in small business, are yet to finally get the full understanding of how the GST is going to affect their businesses. They are finding it difficult to get the information they need, the detailed information they need, from the tax office and from the government about the GST. When I go and show them this bit of paper and say, ‘Here is another thing that you have got to work out before 1 July, but you cannot really work it out from this bit of paper anyway because the government still has not figured out how it is going to be put into place,’ they are going to be thrilled.

The other very important question is: will this scheme work? The answer to that at this stage is: who knows? The digest prepared on the impact of this bill is fairly sceptical, and why wouldn’t it be? It says:

With the relatively small amounts per litre to be provided under this scheme in relation to the total and, more importantly, the current variations in the price of petrol, it is difficult to see it having more than a marginal effect on the price a motorist pays for petrol.

It goes on:

Other than the fulfilment of what has become a highly sensitive commitment, it is difficult to see any aim in this scheme.

The service station owners are going to be thrilled about implementing this scheme that has no details, does not actually achieve anything for their customers and is just more complexity at this difficult time in their business operations.

The third question is: why do we need this scheme in the first place? We need it because of the government’s GST—only 52 days away. The government is really kidding itself if it thinks that people are going to be out there cheering about this. It is not a benefit; it is basically a scheme to try and offset the difficulties and impact of the GST. So this scheme, such as it is, does nothing but introduce more complexities for retailers at a time when they really do not need it, and it offers no guarantees to motorists. If we needed that spelt out any clearer, the Minister for Financial Services and Regulation obliged us in the House yesterday by being able to give no guarantees to us, as consumers and as representatives of consumers, that the government has a foolproof system in place to prevent and stop price exploitation following the introduction of the GST and this associated scheme. There is no confidence out there—and, I would suggest, no confidence in here—that this initiative will reduce petrol prices in the real world where it will count.

I owe it to the motorists in Central Queensland, who are struggling under the weight of high petrol prices already, to support any measure that will bring down the cost of petrol for them. That is why I seconded the member for Hunter’s private member’s bill, which seeks to open up the fuel industry to more competition at the wholesale level. That proposal suggests that we allow retailers to buy up to 50 per cent of their fuel from suppliers other than those they are contractually connected to. The ALP has the support of my local servo owners for the proposal. They would like to be able to shop around for the petrol they sell so that they can reduce the cost to motorists and at the same time run their businesses profitably. Those service station owners talk to me regularly,
and they know the flaws that exist in the fuel industry and see the opportunities that are possible under the shadow minister’s proposal. In my area, you only have to go a few hundred kilometres up the road from Rockhampton and there is a service station operating there that sources its fuel from a supplier independently, and the prices are significantly cheaper. The private member’s bill is not pie in the sky. The operators in my area see it working in practice every day. The service station owners certainly do not want the government’s continued push for further deregulation through the repeal of the sites act. With the repeal of the sites act we would see what has happened in so many other industries in this country. It would basically mean the big oil companies would be able to pick the eyes out of the market in a place like Rockhampton. They would be able to put small owner-operators out of business but would do nothing to improve competition where it is needed in the rural towns.

As I said before, I will support anything that means lower petrol prices for people in Central Queensland, but this flimsy proposal is not enough to hide the facts. This is needed as a result of a broken promise by the Prime Minister and his government. It does nothing to eradicate the city-country differential that is the source of so much anger and frustration in Capricornia. This scheme is nothing for motorists to cheer about, because the government is simply putting up petrol prices by imposing the GST and then hoping that this scheme, which is costing the budget $500 million, will alleviate the damage a bit. I have never heard of anything more ridiculous and more inefficient. My message to the government on behalf of the motorists of Capricornia is: scheme, no scheme; GST, no GST—we want cheaper petrol prices, and this had better work.

Mr O’KEEFE (Burke) (6.52 p.m.)—I would like to follow on from those very formidable comments by the member for Capricornia who has hit the issues right on the button concerning this legislation. It has been something that the government have had to cobble together to deal with the fact that once petrol prices get to over 77c per litre their formula does not work any longer in country areas. The government have been faced with a number of pressure groups and a number of issues in the lead-up to the introduction of its GST and they have been forced to bring in 700 amendments to the legislation that was tabled originally. There have been all sorts of pressure groups that the Treasurer has had to say no to, or chosen to say no to, and some that he has acceded to. But on the country petrol prices issue they could not get there fast enough with this piece of legislation.

We have to ask why this is. In what has been mooted for the last five years in the lead-up—in fact, going right back to Fightback and the whole intellectual debate that has gone on about the introduction of a GST in whatever form—there was always a reference to the huge offset for country areas: there would be a reduction in fuel prices that would lead to a lowering of costs for people in country areas. That has been one of the prime tenets of the whole argument for the last decade. They were going to deliver a reduction in fuel costs that, in turn, would lead to a reduction in general costs in country areas.

Last night in the budget speech there was one reference by the Treasurer to the reduction in diesel fuel prices that will occur as part of the budget measures. He did mention this legislation as a top-up to try and make sure that country petrol prices do not go up any further. But how can it be that for a decade you present as a major tenet of your rationale this major reduction in fuel prices, leading to a major reduction in costs, and then by the time you get to the crunch point you do not want to talk about it any more? When the Minister for Transport and Regional Services was at the box answering a question today in question time, the day after the budget, there was not a word of this claim about the reduction in transport costs and, therefore, a reduction in living costs in country areas. Why not? The answer, as I heard the member for Calare saying earlier in this debate, is that they are starting to become very careful about making this claim because they now understand that it has been a hoax. At all stages it has been a hoax.
The member for Capricornia spoke about country petrol prices. In the early stages of this debate I think they actually believed, because they were so fervent about it and it was such a common line across the whole backbench as well as the frontbench, that a reduction in transport costs would lead to a reduction in costs. If you take anywhere in Victoria, which is my state, as an example, where country petrol prices range from 3c and 4c a litre through to 10c and 15c a litre above those in Melbourne—the bigger states, the more remote states like Queensland, Western Australia and the Northern Territory, would virtually regard anywhere in Victoria as a metropolitan area—the differential can get as high as 15c, even in Victoria. But at no point in Victoria is the transport component of that litre of fuel any more than 1¼c per litre. In most places the transport component is less than 1c per litre. If, as they have continually promised, transport costs come down, even if it were by 20 per cent, that amounts to 0.2 of 1c per litre in Victoria. That is why the claim has suddenly disappeared—because the closer we get to the crunch point, the closer it becomes clear, firstly, that there is not going to be a reduction in transport costs and, secondly, whatever there is, it is certainly not going to flow on in prices to anybody in country areas. So the claim suddenly disappears from the rhetoric. It will not be allowed to disappear from the rhetoric.

Let me give another example, just in case I have not put this clearly enough. I remember in the lead-up to the last election the then minister for transport, Mr Vaile, going around country Australia in particular saying that, as part of the package, diesel fuel for the transport industry would decrease by something in the order of 20c per litre. Because these trucks use about one litre per kilometre in terms of fuel efficiency, that meant a saving in the operating costs of such a truck—a normal semitrailer, double bogey triaxial—of about 20c a kilometre.

That sounds fantastic—until you actually apply it to the consumer product. I did a little sum based on a semitrailer picking up a load of tinned tomatoes from the SPC plant at Shepparton in the Goulburn Valley and carting it to the supermarket warehouses at Dandenong and Clayton—a trip of about 200 kilometres. At 20c a kilometre, that amounts to a saving in the fuel bill of $40. To the transport operator I am sure that is significant, and it is significant until you ask what is on the truck. On the truck is 20 tonnes of tinned tomatoes. If they are 500 gram cans, which is a bit bigger than the normal can on the supermarket shelf, that is 40,000 tins. And 40,000 tins spread across $40 is one-tenth of 1c per can of tomatoes. That is the transport saving.

There are two bunnies at either end of the spectrum. At one end is the farmer who supplied the tomatoes. Is there any farmer—and they have all been fed this super-huge hoax—who seriously thinks he or she is going to get one-tenth of 1c per can more for the tomatoes that went in the tin? At the other end of the spectrum is the consumer. Is there any consumer who seriously thinks that the supermarket will be passing on a saving of one-tenth of 1c per can? The group that believes that they will receive more for their goods because in-built taxes will be reduced or because transport costs will be reduced—the farmers—and the group that believes that prices will go down because transport costs will go down—the consumers—have been fed a huge hoax. It is not being mentioned in this parliament any more because the ministers on the frontbench have come to understand that it is not going to be delivered and it cannot be delivered. Instead, here we are with a $500 million piece of legislation, trying to patch up one little end of it in the extreme.

Let me give another example of the fuel debate. I am particularly sensitive to this because my electorate starts on the outskirts of Melbourne and goes out about 100 kilometres in a north and west direction. A lot of people living in towns in my electorate commute to the city, and a lot of them have converted to LPG. LPG is the big time bomb waiting to go off for this government. People are complaining—quite justly—that LPG prices have gone up even more than petrol prices, and I will put forward a view as to why I think this has happened and why LPG
prices are going to change even more relative to petrol.

To understand this, you have to understand the regime that has operated in Australia in relation to LPG for nearly 20 years and has never actually been legislated. An understanding was reached with the industry when LPG was first introduced, and that was: provided the industry did not charge at the retail point any more than half the price of petrol, the government would not put excise on LPG. This occurred prior to the Labor government, which was elected in 1983, but Labor continued the understanding. We wanted to encourage an alternative fuel source and we wanted to wean ourselves off importing oil to the extent we could, so LPG was given huge encouragement. That encouragement was that LPG would not have federal petrol tax slapped on it. The price of LPG has always been half or less than half of the price of petrol because (a) there were no petrol taxes on it, and (b) it was generally recovered in the mining and refining process at the same time as petrol. The infrastructure was already there, so it was possible to bring out LPG at the prices we have been enjoying it and the retailer and the industry could still make a nice profit out of it.

Now the deal has been broken, because for the first time petrol tax is going on LPG, in the form of the GST. That means that the petrol companies no longer feel bound by the longstanding rule of thumb that LPG would not be more than half the price of petrol. That is why, in my electorate today, LPG is 45c a litre while petrol is at about 82c. So LPG is more than half the price of petrol for the first time. Because the government has broken the deal with the industry that has been in place for 20 years, the industry now feels that it is no holds barred—and they have actually gone up over the halfway point already. What does that mean? It means the petrol companies are either absorbing the GST prior to its introduction and they are going to leave the relativity at about where it is now—in which case they are in exactly the same situation as Mr Fels says Video Ezy is—or they are going to add a bit more on when the GST comes in.

Whatever way it comes about, though, the differential between LPG and petrol has been closed. Let me tell you this: people who have spent $1,500 converting their car to LPG are very price sensitive. They are much more price sensitive than the normal motorist, and we all know how price sensitive the normal motorist is. These people are now demanding an explanation: ‘How come when petrol went up and gas went up, gas went up more; how come petrol has come back a bit but gas has stayed up; how come the gap is closing?’ For a government that claims to be interested in regional people and regional electorates, I cannot believe that they have been so dumb about LPG. When they go scurrying back into the party room next week and start asking a few of the members about this, they are going to find out that LPG is all over their electorates and that people are just starting to wake up and are going to ask why. So we are going to have to concoct a tale, but we are going to have to bring in an amendment to this piece of legislation to solve the LPG problem as well.

I finish where I began by saying that for a whole decade of canvassing and promoting this great policy of John Howard, the GST—a policy that he first toyed with as Treasurer in the seventies—it was never possible to get it through the backbenchers representing country areas or even the ministers representing country areas without the promise that there would be very large reductions in the price of fuel and that that would mean that the cost of living in country areas would go down. It was never possible to get it through. That was the line Tim Fischer ran when he first came out with it. Now, of course, nobody is game to say it. They have run a million miles an hour from it, because it has now become very evident that it just is not there and that it was always a hoax—although I am not claiming that government members ran around participating in a hoax. I think they actually believed it. I think they actually believed their own rhetoric that the reason country prices are higher than city prices is the transport costs.

Of course, as I said much earlier, when you examine the transport cost in a particular item, it is actually quite negligible. When
you talk about a negligible reduction to a negligible item, you suddenly see standing
up on the floor of the federal parliament
those who have been promoting all these
supposed benefits suddenly bringing in leg-
islation to start plugging the holes. I have
just thrown on the table another little hole
that is particularly relevant to country trav-
ellers because they are the ones who have the
LPG in their cars. You had better go and fix
that one as well. We are happy to give pas-
sage to this legislation. All it does is verify
what we have already been saying. But it
does not, as the member for Calare and as
my colleague the member for Capricornia
said earlier in this debate, do a thing to move
away from that snowball that is looming and
rolling down the hill towards the govern-
ment, which is the claim that was made
about the reduction in prices in country
towns coming from a reduction in fuel
prices. It is just looming there as: ‘Why
didn’t it happen, why did you tell us it would
and what are you going to do about it now?’
It will be an interesting six months.

Mr SLIPPER (Fisher—Parliamentary
Secretary to the Minister for Finance and
Administration) (7.12 p.m.)—What an im-
pressive list of speakers we have had to de-
bate an impressive package of three fuel
sales grant bills which has been introduced
by the government. In our document A New
Tax System, we announced that we would
significantly reform Australia’s tax system so
that we would have a new tax system for the
new century. Honourable members would be
aware that this government is delivering on
this commitment to reform. Already we have
legislated $12 billion worth of income tax
cuts each year, a $2.4 billion increase in
family assistance each year, the abolition of
Labor’s antiquated wholesale sales tax; and
we have moved to reform Commonwealth-
state financial relations, including the aboli-
tion of various inefficient state taxes.

As a result of these changes, 80 per cent
of Australians will have a marginal tax rate
no higher than 30 cents in the dollar, and the
income tax cuts legislated by the governmen
t are the largest income tax cuts in Australia’s
history. There will also be a substantial in-
crease in pensions, benefits, family assis-
tance, and major reductions in business
costs, particularly for exporters. There will
be significant reductions in transport costs
for rural and regional Australia. It ought to
be recognised that all GST revenue will be
paid to the states and territories, which pro-
vides a more realistic basis for the future
provision of essential services such as
schools, public hospitals, police and roads. A
streamlined business registration and re-
porting regime will be in place, and there
will be a fairer tax system that will bring into
the tax net those currently operating in the
cash economy.

I mentioned a moment ago that significant
reductions in transport costs are an important
aspect of the government’s reform package.
Reduced transport costs will benefit us all
but will particularly benefit exporters and
those Australians living in rural and regional
Australia. We, of course, are the party inter-
ested in rural and regional Australia and, as a
government, we have delivered.

The Diesel Fuel Rebate Scheme will en-
able eligible business activities such as agri-
culture and mining to claim a full rebate for
diesel excise paid. The Diesel and Alterna-
tive Fuels Grants Scheme, together with the
availability of input tax credits for business,
will lower the cost of diesel used in many
transport vehicles by around 24c per litre.
Moreover, the availability of input tax credits
for registered businesses purchasing petrol
and diesel will mean that the price of these
will fall by around 10 per cent after the in-
troduction of the new tax system.

These measures are primarily aimed at
business, but the Fuel Sales Grants Scheme,
which is the subject of these bills, is aimed at
ensuring that fuel prices need not rise for all
consumers in regional and remote areas of
Australia, both business and non-business.
The Fuel Sales Grants Scheme is designed to
meet the commitment of the government that
prices for rural and remote customers need
not rise as a result of the change from an ex-
cise regime based on volume to a goods and
services tax regime based on dollar value.
The Fuel Sales Grants Scheme will provide a
grant for sales of petrol and diesel to con-
sumers in non-metropolitan areas, with a
higher rate of grant provided for sales in re-
mote areas. Several honourable members have commented today on the lack of detail. I would like to take this opportunity to assure the House that the detail will be made clear to the House as soon as possible. The honourable member for Wills was amongst members making that particular point. As honourable members would appreciate, fuel prices have been very volatile recently as a result of international crude oil prices. At this stage, the government is examining fuel prices throughout Australia in order to establish the actual rates. We anticipate being able to announce the rates of grants shortly, and details of rates and boundaries will be tabled in parliament in the form of regulations.

I will now turn to some of the other issues that have been raised in the debate. The honourable member for the Northern Territory has asked how the grants will apply in very remote areas. The government has made a commitment that fuel prices need not rise as a result of the introduction of the GST. As I noted before, the rates will be settled following the detailed modelling of fuel prices, and this will help determine whether a third tier of grant is necessary. The honourable member for Blair pointed out in his contribution that the Treasurer has left the way open for a third tier for retailers in extraordinarily remote areas, and the question was posed by the member for Northern Territory. I want to reassure the honourable member, who is not present in the chamber, that the aim of the fuel sales grant is to compensate for the impact of the GST, and the government is still considering its options. As I said, the Treasurer has foreshadowed the possibility of a very remote area rate, and the rates will be announced soon.

I will now turn my attention to coalition members who have been out in their electorates talking to their constituents about this grant. As was highlighted by the honourable member for McEwen, this grant and the government’s related measures will make a significant difference to small business. In addition to this, the honourable member for Blair has shown again how this grant could help small business expand. Some members opposite have raised concerns about the additional compliance burden created by this scheme, and the member for Wills indeed claimed that there would be additional compliance burdens. The facts are that, for the most part, we expect the compliance burden for business to be negligible. No new records will be required, and claims will seek only fairly simple data on actual fuel sales. In addition to this, the Fuel Sales Grants Scheme will provide a cash flow benefit to retailers of fuel so that the full benefit of the grant can be passed on to their consumers. This is due to the fact that the government plans to pay claims in advance.

It was raised by the opposition this morning that freight rates will not fall but may even rise. However, I would note that the government has legislated a number of measures which will reduce fuel costs and therefore transport costs. Just to recap on the relevant initiatives: the government will introduce the Diesel and Alternative Fuels Grants Scheme, providing a grant of around 17c a litre. The government will allow business to claim a GST input credit of around 7c a litre for GST paid on fuels. It has also been suggested in the House today that the grant will not be passed on to consumers. The honourable member for Hunter and the honourable member for Calare were both guilty of suggesting this. The suggestion by them was that it would be pocketed in some way by the major oil companies.

The Fuel Sales Grants Scheme will be prescribed under the Australian Competition and Consumer Commission’s price exploitation legislation. The ACCC has already in place a system for monitoring fuel prices and will be using this as a basis for monitoring the impact of this scheme. As we all know, the ACCC has wide-ranging powers to prevent price exploitation, and the government has been assured by the ACCC that it is resourced and in a position to ensure that there is no price exploitation in relation to this grant.

I would also like to draw to the attention of the opposition that a grant will be paid only for sales to end users of the fuel. This means that major oil companies will be entitled to a grant only for sales made to end users, and mostly grants will be paid to
service stations and other retail outlets. In addition to this, the grant being discussed today will be prescribed under the price exploitation legislation, and the government is absolutely determined that there will not be price exploitation. So the commission will carefully monitor petrol and diesel prices to ensure that retailers comply with this legislation.

The government wants to emphasise that this bill is a mechanism that will allow it to meet the commitment it gave to Australian consumers, and I am very pleased that the opposition is indeed supporting the government in this legislation. The member for Calare referred to what he claimed was the failure of the oil code under deregulation by the government. The oil code was proposed by the government as part of an overall restructure of the petroleum industry. Following representations by independent service stations, the government in August 1999 decided not to proceed with the implementation of the oil code for the time being.

The honourable member for Dawson highlighted the fact that the Labor Party in government substantially increased the excise on fuel, making it even harder for those in country areas. So the opposition really is absolutely hypocritical when it pretends to have any interest in those who live outside the great metropolitan areas of Australia. This was the point reinforced by the honourable member for Ballarat in his erudite contribution. The member for Greenway queried whether grants are subject to income tax. I am happy to advise the member for Greenway that section 56 of the Product Grants and Benefits Administration Bill 2000 clearly states that grants will indeed be taxable.

The Labor Party in this debate has been guilty of cheap and dirty politics. Indeed, it has failed to recognise the mandate given to the government at the last election. Australians voted for a new tax system. We as a government have legislated to implement the express wishes at the ballot box of the Australian people, and I believe it is pretty tragic that, in one of the oldest democracies in the world, the Labor Party fails to accept the people’s verdict.

The honourable member for Burke referred to LPG. LPG is not included in the Fuel Sales Grants Scheme. There are significant city-country differentials for LPG. LPG is eligible for a grant under the Diesel and Alternative Fuels Grants Scheme, and LPG has no excise. I would like to highlight a media release issued by the Australian Automobile Association. Mr Greg Hunting, the Director of Communications, said:

The fact that the grants will fall under the Price Exploitation legislation was also welcomed because it will mean that the ACCC will be able to ensure the grants are passed on to motorists.

That is a very welcome endorsement by an independent body. I am certain honourable members opposite will not be surprised to know that we do reject very strenuously the amendment moved by the honourable member for Wills. He claimed in that amendment that the government has worsened the city-country fuel price differential by imposing a GST and imposing a new layer of compliance on retailers. The simple facts are that the city-country price differential relates primarily to issues of isolation, freight costs and market factors. The GST is a small part only. The government has undertaken to ensure that fuel prices need not rise, and the bills give effect to this. The government has a range of other initiatives that will reduce transport costs, and I mentioned the input tax credits and the Diesel and Alternative Fuels Grants Scheme. These will also help to reduce the differential. Compliance costs will be minimal for fuel retailers and the grants will, as I said before, be paid in advance. Claims will need to provide simple information on fuel sales.

So the government does not resile from the substance of this legislation. We are very proud of it. It means that we are delivering on a promise to the Australian people, and while the Labor Party has come into the parliament to huff and puff, at the end of the day it is going to support this important initiative by the government. So we reject the amendment moved by the honourable member for Wills. I commend the legislation to the House.

Amendment negatived.
Original question resolved in the affirmative.

Bill read a second time.

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

**PRODUCT GRANTS AND BENEFITS ADMINISTRATION BILL 2000**

**Second Reading**
Consideration resumed from 12 April, on motion by Mr Costello:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.

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

**FUEL SALES GRANTS (CONSEQUENTIAL AMENDMENTS) BILL 2000**

**Second Reading**
Consideration resumed from 12 April, on motion by Mr Costello:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.

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

**JURISDICTION OF COURTS LEGISLATION AMENDMENT BILL 2000**

Message received from the Senate returning the Jurisdiction of Courts Legislation Amendment Bill 2000 and acquainting the House that the Senate has agreed to the amendments made by the House of Representatives to Senate amendments Nos 2, 4 and 7.

**ADJOURNMENT**
Mr DEPUTY SPEAKER (Mr Nehl)—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Griffith Electorate: Telecommunications Towers

Mr RUDD (Griffith) (7.30 p.m.)—I rise tonight in the House on a question of some importance to residential communities right across Australia and in my own city of Brisbane. That is the question of the construction of telecommunications facilities and towers in residential areas. Last month in my own electorate of Griffith in Brisbane I attended a public meeting at the Queen Alexandria Home on Old Cleveland Road involving the residents of the suburb of Camp Hill—about 50 to 100 people in all—and also representatives of a company called One-Tel which has before those residents and before the city of Brisbane a proposal to construct a telecommunications facility in order to expand its urban network. The issue which arose in their discussion with this local community was the impact of this tower on the visual amenity, the aesthetic amenity and the general peace of mind of that long-established residential community of Camp Hill.

Camp Hill, for those unfamiliar with the city of Brisbane, is a beautiful suburb. It is long established. It has been there for at least 60 or 70 years. Many of the houses have, in fact, been undisturbed during that time. But what the residents of Camp Hill on Old Cleveland Road have discovered is that One-Tel’s proposal is to fundamentally disturb their aesthetic amenity by constructing a very large, so-called low impact telecommunications facility right next door to a long-standing resident of that suburb, affecting a lot of his neighbours as well. When Ray and Hazel Smith first raised this question with me and other affected state and local members, it was decided to convene a public meeting so that the issues could be thrashed out. Not only did we have a public meeting, but the issue was felt so keenly across our community that we had some 970 people...
sign a petition objecting to the location of this particular facility in such a well-established residential suburb.

But when we got to the meeting, what was extraordinary was the level of corporate arrogance displayed by this company, One-Tel. This is a very successful firm. It is a dot.com firm which has made a lot of money, most recently in the stock market but more broadly through its activities in the telecommunications market selling bulk calls to private and corporate consumers. When presented with basic and, I think, reasonable objections from the local community as to why Onetel could not locate this facility elsewhere, the simple argument all along from Onetel was that this was not convenient for the company and was not in accordance with the corporate bottom line. Understandably, the result was that this community at Camp Hill became angry and determined to do something about it. The company, however, not being sensitive to what the community was arguing, decided to roll on and proceed with the construction. What we had one Saturday morning recently in Brisbane was the most unfamiliar sight for the residents of Camp Hill of local people turning out in large numbers to form a picket line against the construction teams that had been sent in by this company to continue with the construction of this facility.

It turns on a technical argument in the Telecommunications Act 1997, which makes a distinction between high impact telecommunications facilities and low impact facilities. The company argued that this was low impact, but a low impact facility under the definition of the act should be one which is actually part of an existing structure. A high impact facility, which has a much higher grade of approval and regulatory mechanisms associated with it by local authorities, is a freestanding structure and considerably taller. What the company had done was mask a high impact facility within a structure by constructing or reconstructing the building around it and calling it a low impact facility. The community, with the active assistance of the Brisbane City Council, took this matter to the Australian Communications Authority and, finally—only a couple of days ago—a determination was given that this was in fact a high impact facility and should be removed. The company, I understand, has reluctantly agreed to do this. But the matter will not stop there. The community, which is to be congratulated for its actions on this matter, may have won the battle so far but has not won the war. Other issues also now arise in other parts of my electorate, or adjacent to it, along Logan Road and Denham Terrace in Greenslopes.

While we have a very active local community movement committed to this, with the active support of state member Gary Fenlon, local councillors Sharon Humphries and Katherine Birmingham and the Brisbane City Council Lord Mayor Jim Soorley, we need to see radical improvement in the attitude and the corporate behaviour of this company, One-Tel. We need to see a greater commitment to the principle of collocation of telecommunications facilities so that we do not have this proliferation of visual pollution. What we need above all is a more vigorous approach on the part of the Australian Communications Authority to ensure that community interests, and not just commercial interests, prevail.

**Australian Broadcasting Corporation: Zimbabwe Reportage**

Mr PROSSER (Forrest) (7.35 p.m.)—I rise tonight to speak about an incident of great concern to me in relation to the ABC and the program *Foreign Correspondent*. I am sure you will all recall the ‘chase for Skase’ incident that occurred on Channel 7’s *Today Tonight* program. If it is possible, the ABC crew in Zimbabwe appear to have done something similar. But, unlike the Skase incident, it has the potential to endanger innocent lives and inflame an already delicate situation. Allegations have been made that an ABC news crew, allegedly from *Foreign Correspondent*, paid locals from nearby towns to stage a farm invasion in Zimbabwe. One white Zimbabwean farmer has made at least one compliant about the ABC’s practices in regard to this to the Australian embassy in Harare.

On *Foreign Correspondent* on 10 April a story on the situation in Zimbabwe was aired. A part of the story was an interview
conducted with Mr Rory Hensman, a white Zimbabwean farmer. Mr Hensman agreed to the interview. The following day while Mr Hensman was out, his wife, alone in the house, saw about 150 people coming into the gardens and surrounds brandishing sticks and chanting while being filmed by an ABC crew. On the actual story, these people were interviewed—depicted and captioned as farm squatters. The allegation has been made that the people shown were paid to stage the farm invasion and to pretend to be war veterans and squatters when they were in reality just people brought from the nearby township of Chinoyi.

I have personally confirmed with the Australian Embassy that a complaint in relation to this incident has been made. I understand that this is not the only incident where the ABC have been filming and war veterans or squatters have turned up wanting to or pretending to invade a farm, shouting and brandishing sticks. The situation in Zimbabwe is very dangerous. These white farmers, their families and their workers are already suffering in what is a very volatile political environment. People have been beaten and killed. Just what did the ABC think they were doing? The *Foreign Correspondent* report showed footage of whites that had been badly beaten at the opposition protests. Basically, was this not graphic enough for the ABC? Did the reporting team feel they had to spice things up a little by paying a hundred-odd locals to stage a mock farm invasion? These are people’s lives and it is not truthful reporting. Who knew about the incident? I know the Managing Director of the ABC knows about the incident. What I would like to know is what he is going to do about it.

For my part, I have referred the matter to the ABA for investigation. I suspect the ABC are in breach of their much touted code of practice which they have lodged with the ABA. I also suspect, just as importantly, that paying these people to stage farm invasions is a breach of the ABC editorial policies, which I note the ABC claim are freely available to the public. When I tried to check, I found the 1995 version of the editorial policy was indeed freely available on the ABC web site. But the 1998 version, which was updated after it was revealed that Jana Wendt’s *Uncensored* was making payments for interviews, is not accessible on the ABC’s web site without a password. As our national broadcaster, they could not possibly stage an invasion and pass it off as genuine news—surely? We need to find out, which is why I have referred the matter to the ABA. Brian Johns, Managing Director of the ABC in 1998, said in a letter defending the payments for interviews on *Uncensored*:

*Occasionally, modest payments to individuals will be appropriate when they are inconvenienced because of the ABC’s news gathering requirements and when the public interest and right to know are involved and access to information can be gained by no other means.*

Whether this makes what the ABC did ethically okay, I am not sure. Whether this is contrary to the ABC’s editorial policies, the ABA will find out. The question that should be asked is whether this piece of footage has been made available to other news outlets and passed off as being genuine. Aside from the ethics and the politics of this—and the public morality—what the ABC crew is alleged to have done is reprehensible, and one can only hope that they have not escalated this very delicate situation in Zimbabwe.

### Linda Electric Industries: Protest by Employees

Mr BYRNE (Holt) (7.40 p.m.)—In April I raised in the Main Committee the issue of the treatment or, should I state more accurately, the mistreatment of workers at Linda Industries, an electrical goods manufacturer situated in Noble Park which had been placed in receivership in November last year and which had, on 31 March, sacked 40 workers and, as I understand it, is moving to sack the remaining 30 workers in June. The 40 workers concerned, mostly migrant women with limited career prospects, were in fact unceremoniously escorted off the premises of Linda Industries by security staff, paid for by the company, on 29 March for asking one simple question: will the company guarantee the payment of my full entitlements? These are entitlements owed to the workers, who in some cases had been there for 10 years or more. They have not
been paid one cent of their owed entitlements, which in some cases amount to quite substantial amounts of money.

Up to this stage—that is, when the company had sacked them—the company had ummed and ahed and had attempted to evade the question. In fact it had positively misled the workers about whether or not it would be sacking them in the first place. In fact, this company, which was apparently quite solvent some two years ago, appears to be engaging in asset stripping. I understand that one of the owners of this company has a track record of coming into companies, running them into the ground, removing staff and asset stripping. It has also been caught hiring casuals in the place of sacked workers and has even been paying overtime to these casual workers. So much for corporate morality at Linda Industries!

Given the company’s apparent lack of concern for its workers—and I indicated this in the Main Committee—the sacked workers were particularly interested in this government’s response to their plight. In fact, one of these women, Anna Gaica, has written to Minister Reith with respect to her and her fellow workers’ plight. She has asked me to raise this letter in parliament and accordingly I will do so. I will read an excerpt:

On the 29th of March, others and myself were escorted off by 6 male Security Guards without any of the entitlements that we are owed. It has been very hard for me to cope since then. What we are asking for is a fair deal to be given to us, just as the layoff of the National Textile workers received.

We are ... predominantly women and of migrant background, living in depressed areas with limited career prospects for the future.

Reasons why we believe that we have a right for our entitlements to be paid immediately is:

The liquidators have hired casuals to do the work of unpaid sacked workers.

Some casuals are re-hired sacked workers who have not been paid their entitlements and are also working overtime.

Termination details do not provide all relevant details such as long service leave, superannuation, exact severance pay.

Some machinery and stock have been sold since to a Warnambool company.

The companies name ‘Linda’ and slogans have been sold.

I urge you to honour your statements that a Liberal Government will not disadvantage blue-collar workers of Australia. It is imperative that you show the same consideration to us as you did with John Howard’s brother and the National Textile Company.

It is obviously their misfortune that they do not have Stan Howard on the board of their company. However, had there been implemented the scheme that we have been putting forward for the past three years, which this government conveniently ignored until it was put under media pressure, they may have actually had a chance and some level of certainty of actually obtaining their full entitlements. In fact, the minister keeps on telling us that it is not possible for there to be an assurance of employee entitlements.

Let me point to the example of Tristar in Sydney. Tristar was formerly called TRW and produces automotive parts. The Arrow Press group purchased the company and the liability for the employee entitlements. In conjunction with the AMWU, those evil union people, the new owners have put in place an insurance scheme that will ensure that all employees will be paid out if the company fails. This is a great credit to the union and the management of the company and, furthermore, it is a vote of confidence in the company itself. I congratulate them and wish that more companies would follow their lead.

The minister should perhaps look at this example before he runs off and says that it is impossible to insure for these types of liabilities. Unfortunately, the minister ruled this out. For the first time, Mr Reith has apparently said that he would work unilaterally and start payments to workers for the community support scheme in June, but he has killed off any sort of option for an insurance scheme which would guarantee these full entitlements. So the workers of Linda Industries are going to test this government out. They are going to submit their applications to see if they are going to be treated fairly, like the workers of National Textiles, because they have a belief that they have the
same entitlement to their full entitlements. The workers of Linda Industries and the workers of Portland Industries, Bendigo Trading Company and Heavens Builders will see if they get the same treatment. *(Time expired)*

**Sir William Keys**

Mr Nairn *(Eden-Monaro)* *(7.45 p.m.)*—Tonight I rise to pay tribute to an heroic soldier and a great Australian. I refer to Sir William Keys Kt, AC, OBE, MC. Sir William passed away last Wednesday, 3 May, and there will be a memorial service for him next Monday at Duntroon. Sir William was born in 1923, the son of John and Irene Keys of Bombala. He was educated at Hurlstone Agricultural School, and he served as an officer in the Australian Army in both World War II and the Korean War. In 1950 he married Dulcie Stinton, and they had three daughters: Elisabeth, Amanda and Tammy.

Sir William was a really great Australian, and the work that he did particularly for the RSL over many years is something that people will never forget. He initially joined the RSL in 1944, and he was a member of the New South Wales State Council of the RSL from 1947 to 1961. He was national secretary from 1961 to 1978, and he was the national president from 1978 to 1988. There are so many achievements that he made during his time with the RSL that time does not permit me to go through them, but there are two areas that I wish to highlight. First of all, he really has played a role in ensuring the continuation of the Anzac tradition. Back in 1965, Sir William Keys negotiated with Turkey and others with great diplomacy for more liberal conditions to be applied to people visiting Gallipoli, and we have seen most recently how many Australians and New Zealanders go back there on Anzac Day. They can thank Sir William for much of what has been done in that respect.

The other matter was in relation to the repatriation system, which he fought very strongly to maintain as an independent system when, in the 1980s, there was a strong push for that to become just part of other social security areas. He certainly lobbied hard, and I think he succeeded, in the end, in getting Bob Hawke as Prime Minister at the time to ensure that not only were veterans affairs kept separate but conditions for veterans were improved.

Sir William was born in Bombala in my electorate on the Monaro. When he came back from the Korean War, he very shortly afterwards in 1951 stood for the seat of Eden-Monaro for the Liberal Party. It was a double dissolution election in the Menzies era. He lost that election by 600 votes—one can see that the tradition of very close contests in Eden-Monaro goes back a long way. I think that is why we certainly had a great affinity over the last few years.

I want to relate another story about Sir William’s role within the RSL and one of his initiatives that was not quite successful. He and an Aboriginal ex-serviceman, Reg Saunders, set off together to solve the intractable racial problems in an RSL club in a New South Wales country town. Both were thrown out of the club and out of the town. He was a very strong advocate for the things that he felt very strongly about.

I first met Sir William when I lived in the Northern Territory. He was the patron for the 50th anniversary commemoration of the bombing of Darwin, and he did a tremendous job as patron of that commemoration. I got to know him better over the last few years as he lived on Captains Flat Road, just out of Queanbeyan. He was a great supporter of mine over the last few years and a great worker within the community since he left the RSL. I pass on my regards to Dulcie and his family, and I express my sadness at his loss. He fortunately made it to the dedication of the Korean War Memorial a few weeks ago prior to his death. I finish by recounting something that Sir William Keys said:

None can speak so eloquently of peace as those who have known the tragedy of war.

That says so much about Sir William.

Honourable members—Hear, hear!

**Precision Radar Monitor System: Report**

Mr Murphy *(Lowe)* *(7.50 p.m.)*—A report of the Commission of Inquiry into a Precision Radar Monitor for Sydney Airport has just come to hand today. I am compelled to bring the contents contained in that report to the immediate attention of this House to-
night. The government stands condemned for releasing this report on a day when the public and the media have been saturated with information overload from the budget. Clearly, the government is trying to hide this report, but it cannot hide it from me. So grave are the conclusions contained in this report that I am duty bound to redress the wrongs contained in the said report. I first turn to conclusion C, which is worth reciting in full:

There will be some adverse environmental impacts on several groups of residents in Sydney, especially those living generally to the north of the airport in suburbs that lie under or adjacent to or between the extended central lines of the parallel runways 16R and 16L. These impacts will arise mainly from the increased number and/or frequency of overflights during morning and evening peak hours, and the consequent changes in the levels and/or patterns of aircraft noise experienced.

This is a catastrophe for the residents in my electorate of Lowe. This means very noisy, low, slow and dirty aircraft flying to the north of Sydney. This report means that all the presentations by Airservices Australia to the Sydney Airport Community Forum that the PRM would improve aircraft noise are false.

This government has lied consistently on the PRM. This government has betrayed the public interest totally. Anyone who has an interest in the public interest: churches, trade unions, community groups and rank-and-file citizens—anyone other than the corporate world—must be deeply shocked by the dictatorial nature of this government in its betrayal of representative democracy. The actions of this government are capricious and self-serving, with a demonstrated contempt for anyone other than the sectional interests that this PRM is pandering to.

I next refer to conclusion summaries A and B, which in summary state that there is insufficient evidence either way to conclude that the proposal will or will not have adverse environmental effects. I must at this point recite the principles of ecologically sustainable development and the precautionary principle to this House in full in order to demonstrate the implications of these statements. I use section 6(2)(a) of the Protection of the Environment Administration Act 1991 of New South Wales as a precise definition of ecologically sustainable development and the precautionary principle. Section 6(2) says:

For the purposes of subsection (1)(a), ecologically sustainable development requires the effective integration of economic and environmental considerations in decision-making processes. Ecologically sustainable development can be achieved through the implementation of the following principles and programs:

(a) the precautionary principle—namely, that if there are threats of serious or irreversible environmental damage, lack of full scientific certainty should not be used as a reason for postponing measures to prevent environmental degradation. In the application of the precautionary principle, public and private decision should be guided by:

(i) careful evaluation to avoid, wherever practicable, serious or irreversible damage to the environment, and

(ii) an assessment of the risk-weighted consequences of various options

According to this report, then, the directive of ESD demands that this government ought not postpone measures to prevent the admitted environmental impacts, as described in conclusion C and elsewhere in the report.

I next turn to conclusion D, which states that, in the absence of quantified information on the increases that are likely to occur, it is not possible to reach any conclusion about the possibility that the introduction of PRM would have unacceptable adverse impacts on health, education, amenity and lifestyle, property values or the natural environment.

This argument is puerile rubbish. The argument is a sinister twist on reason. It argues that the lack of quantified information—implying that qualitative or ethical arguments are therefore irrelevant—thus leads us to the conclusion that we must therefore test the PRM empirically. This line of reasoning is really saying that there is no known proximate causal link between the proposal and the harm to be caused. This assumption is often used by environmental consultants to erase the application of the ESD principle and the precautionary principle by arguing in rebuttal, 'Yes, ESD applies, but only if there is a risk of harm. If that harm cannot be proved, either empirically, non-qualitatively
or otherwise, then the principles of ESD and the precautionary principle do not apply.’ However, the conclusions are flawed, because the author of the report admits that there is a demonstrated and identified harm, as stipulated in conclusion C.

Australia is a signatory to a number of significant UN conventions that bind us as the Commonwealth to ESD and the precautionary principle. The precautionary principle compels us not to postpone measures to prevent environmental degradation. Let us make one point absolutely clear: the introduction of the PRM fundamentally offends the principles of ecologically sustainable development. This proposal also fundamentally violates the precautionary principle. I remind the Prime Minister of his threat to use external affairs powers to invoke UN obligations in other jurisdictions such as in regard to shooting galleries. If this government has any shred of decency at all, if it knows the word ‘consistency’ at all, it will deny the PRM proposal to proceed. We need no trial period; we have the impacts before us in black and white. My electorate of Lowe and other electorates to the north of the airport will suffer even more noise and even greater degradation. Finally, this proposal will spell the end of the long-term operating plan and destroy all hope for the residents of any fairness in distribution of aircraft noise.

Guttershield: Freecall Number

Mr LLOYD (Robertson) (7.55 p.m.)—Tonight I rise to raise the concerns of a company in my electorate over the unintended consequences of the outbreak of legionnaire’s disease in Melbourne. The problem this company has is that a couple of months ago they applied for a Freecall number, a 1300 number, which they intended to use in an advertising campaign about to get under way. Unfortunately, this Freecall number is almost identical to the Victorian health department Freecall number; there is in fact only one digit difference. Of course, the Victorian health department Freecall number was widely advertised as a number that people who were concerned about the legionnaire’s disease outbreak could ring. Obviously many thousands of people have rung this number. Unfortunately, the Victorian Bracks government did not react quickly enough to the fact that many thousands of people were going to ring this number. My understanding is that at that time, a couple of weeks ago, there was only one operator on the 1300 number. This meant that the number was constantly engaged and people kept dialling the number. Unfortunately, many of them missed the number or made a mistake on the number, so that this company, Guttershield, in my electorate received on 1 and 2 May between 400 and 500 wrong numbers, all calls which were meant for the Victorian Health Department.

As I said, this was a new number which the company had installed. In fact, they had not used it at all and probably had received only one or two phone calls on it. The problem is that 1300 numbers are free call numbers for the customer and the consumer but they are charged to the business. Guttershield are facing a considerable bill for these phone calls. I understand it is probably in the vicinity of $300 or $400 for calls that they have received through no fault of their own but through the fault. I guess, of the Victorian government for not putting enough people on to answer their phone number. The company rang me after they had contacted Telstra, because Telstra maintained that they had done nothing wrong. They had provided the 1300 number for this company, Guttershield, at West Gosford and they were still providing the service. They said that they were not responsible for people dialling the wrong number, and they were not prepared to refund the cost of these calls. In desperation, to try and stop the calls coming through and let their staff get on with the normal business of running the business, they got Telstra to have that number diverted to a message bank which said, ‘The call cannot be connected. Please check the number and dial again.’ This did at least stop the calls. The only advice I have got from Telstra is that Guttershield should contact their account manager and let them know that they have a problem. But Telstra have not made any commitment that they will refund the cost of these 1300 calls to Guttershield, nor has there been any commitment from the Victorian government to compensate for the cost of the calls.
I realise that in the context of this very serious disease outbreak which has affected hundreds of people, including some of our colleagues within the parliament, that cost of $300 or $400 may not be the huge impost. But I believe that it is a principle, and I really do not know where to turn. I accept the fact that Telstra say that they are not responsible, that they have delivered the correct service, but I do not believe that the company should in any way be held responsible for or made to pay for these calls. I certainly appeal to Telstra and to the Victorian government to look at any claims that may come from Gutershield to assist them in not having to pay this impost of the 1300 number. Any other businesses that may be affected similarly should also consider the fact that once they get a 1300 number they are responsible for any calls that come through regardless of whether those calls are for that business or for any other purpose.

Mr SPEAKER—Order! It being 8.00 p.m., the debate is interrupted. House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Reith to present a bill for an act to amend the Workplace Relations Act 1996, and for related purposes.

Mr McGauran to present a bill for an act to amend the Local Government (Financial Assistance) Act 1995, and for related purposes.

Mr Slipper to move:

That, in accordance with the provisions of the Public Works Committee Act 1969, it is expedient to carry out the following proposed work which was referred to the Parliamentary Standing Committee on Public Works and on which the committee has duly reported to Parliament: HMAS Albatross stage 2 redevelopment, Nowra, NSW.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Marriage Celebrants: Proof of Birth
(Question No. 1133)

Mr Hollis asked the Attorney-General, upon notice, on 15 February 2000:
Is it permissible for marriage celebrants to accept Australian Passports as proof of birth; if not, why not?

Mr Williams—The answer to the honourable member’s question is as follows:
Passports are useful evidence for proving the identity of persons being married.
However subsection 42 (1) (b) of the Marriage Act 1961 provides that a marriage shall not be solemnised unless there has been produced to the authorised celebrant in respect of each of the parties,

"(i) an official certificate, or an official extract of an entry in an official register, showing the date and place of birth of the party; or

(ii) a statutory declaration made by the party or a parent of the party stating that, for reasons specified in the declaration, it is impracticable to obtain such a certificate or extract and stating, to the best of the declarant’s knowledge and belief and as accurately as the declarant has been able to ascertain, where and when the party was born."

In short, the Act requires an official certificate or an official extract or a statutory declaration. The Act does not provide for a passport in lieu of these.
The Act is currently under review and the continued appropriateness of these provisions will be considered as part of this review.

Goods and Services Tax: Sports Physiology
(Question No. 1171)

Mr Andren asked the Treasurer, upon notice, on 15 February 2000:
(1) Has his attention been drawn to a letter, dated 25 November 1999, from the office of the Assistant Treasurer to the Chief Executive Officer of Sports Medicine Australia concerning the application of the GST to exercise physiology.
(2) Does the letter state, in part, that in terms of the emerging professions of exercise science or exercise physiology these do not meet the requirements in the legislation that they be ‘commonly used’ health services.
(3) What is the legislative definition of a ‘commonly used’ health service.
(4) Which section of the GST legislation or regulations use the term ‘commonly used’ with regard to GST-free health services.
(5) Will exercise physiology services provided by exercise physiologists be GST-free.
(6) Will exercise physiology services administered by a medical or allied health practitioner, for example, a physiotherapist, attract the GST; if not, why not.
(7) Will exercise physiology services provided by an exercise physiologist on referral from a medical practitioner or specialist be GST-free; if not, why not.
(8) Has the decision not to grant GST-free status to the services of exercise physiologist been reviewed; if so, by whom and what was the result of the review.

Mr Costello—The answer to the honourable member’s question is as follows:
(1) Yes.
(2) The letter states that exercise physiology services “do not meet the requirement in the GST Act that they be ‘commonly used’ health services.”
(3) “Commonly used” is not defined in the A New Tax System (Goods and Services Tax) Act 1999 (GST Act), rather, the notion of commonly used services underpins the content of the table in Section 38-10 that lists the categories of health services that will be GST-free.
(4) See (3).
(5) Exercise physiology services will be GST-free where the following conditions are met:
   . the service is performed by a medical practitioner for the purposes of the Health Insurance Act 1973; or
   . by an approved pathology practitioner for the purposes of the same Act; and
   . the service is generally accepted in the medical profession as being necessary for the appropriate treatment of the recipient of the supply.

In addition, exercise physiology services that meet with the definition of the other health services listed in section 38-10 of the GST Act will be GST-free.

(6) Other practitioners can provide services that may be considered to be exercise physiology services GST-free but only when they meet the criteria set out above.

(7) Exercise physiology services provided by an exercise physiologist on referral from a medical practitioner or specialist will not be GST-free. This is consistent across all medical services—a service is not GST-free unless provided by someone eligible to make a GST-free service in their own right. A referral from someone able to supply services GST-free is not sufficient to make a supply GST-free.

(8) The scope of health services was examined by the Vos Committee after the Government was returned to power in 1998. Exercise physiology was not recommended to be GST-free by the Vos Committee. The Government has examined information provided about exercise physiology concluded that a review of its treatment under the GST is not warranted.

**Taxation Statistics: Salaries**

(Question No. 1215)

Mr Kelvin Thomson asked the Treasurer, upon notice, on 6 March 2000:

Do Taxation Statistics 1997-98 on page 15 state that the gap between men’s and women’s earnings has been increasing over time; if so, can he provide detailed information concerning changes in both men’s and women’s earnings since 1995.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member’s question.

Men’s and women’s average taxable incomes are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Females</th>
<th>Males</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993-94</td>
<td>27,777</td>
<td>18.834</td>
</tr>
<tr>
<td>1994-95</td>
<td>28,799</td>
<td>19.609</td>
</tr>
<tr>
<td>1995-96</td>
<td>30,023</td>
<td>20.723</td>
</tr>
<tr>
<td>1996-97</td>
<td>31,291</td>
<td>21.517</td>
</tr>
<tr>
<td>1997-98</td>
<td>33,101</td>
<td>22.661</td>
</tr>
</tbody>
</table>

**Sydney (Kingsford Smith) Airport: Advanced Runway Decision Advisory System**

(Question No. 1220)

Mr McClelland asked the Minister for Transport and Regional Services, upon notice, on 7 March 2000:

(1) In attempting to optimise the provision of respite to areas affected by air traffic in and around Sydney (Kingsford Smith) Airport through The Advanced Runway Decision Advisory System will air traffic controllers have regard to the inconvenience of the time of overflights and in particular the distress caused by flights late at night and early in the morning and during recreational times on weekends.

(2) If so, to what extent will these issues be factored into the relevant calculations.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) and (2) The Advanced Runway Decision Advisory System (TARDAS) is a computer program designed to assist air traffic controllers in runway selection in instances where the meteorological and
traffic conditions mean that more than one runway mode of operation is available. It will provide an up
to-date history of the runway end movement percentages and mode usage and suggest the mode
of operation that will best help achieve the runway end target percentages. TARDAS is not based on
providing respite options. However, this issue is currently being discussed by the Long Term Operating
Plan (LTOP) Implementation and Monitoring Committee. The LTOP recognises the impact of early
morning and late night flights on residential communities and over the water operations such as
SODROPS are used to the maximum extent possible during these periods.

**Regional Forest Agreement: East Gippsland**

*(Question No. 1235)*

**Mr Laurie Ferguson** asked the Minister for Forestry and Conservation, upon notice, on 9
March 2000:

(1) Following the signing of the East Gippsland Regional Forest Agreement (RFA) on 3 February
1997, what industry development funding, if any, has the Commonwealth provided to the region to
encourage (a) the introduction of new technology, (b) value adding, (c) utilisation of regrowth timber
for sawn products, (d) thinning of regrowth forests, and (e) extraction of residual wood.

(2) In line with the provisions of the RFA, has the Commonwealth provided financial assistance to
Victoria for the development of sustainability indicators and work on endangered species for the region;
if so, what (a) sum has been provided and (b) are the details of the work that has been funded

(3) Will firms and workers in the region be able to access Forest Industry Structural Adjustment
Package funding under the Victorian Hardwood Timber Industry Development and Restructuring
Program; if so, what sum of Commonwealth money has been earmarked for the region.

**Mr Tuckey**—The answer to the honourable member’s question is as follows:

(1) (a) (b) (c) (d) and (e) Nil.

The Commonwealth has committed $18.8m to the Forest Industry Structural Adjustment Package
(FISAP) for Victoria which will be applied across the whole of the State with no specific amounts
earmarked for a particular RFA region.

(2) With regard to sustainability indicators:-

(a) No specific funding has been provided under the provisions of the East Gippsland RFA for the
development of sustainability indicators. A fund was established in 1998, to assist with the
implementation of the framework of regional indicators of sustainable forest management including
non-RFA areas. The Forest and Wood Products Research and Development Corporation manage this
fund on behalf of Agriculture, Fisheries and Forestry - Australia. This program has approved projects
for the development of a range of economic, social, environmental and cultural indicators. To date
$273,000 has been provided to Victoria.

(b) The table below summarises in the Commonwealth’s expenditure on the sustainability indicators
R&D program for Victoria.

<table>
<thead>
<tr>
<th>Title</th>
<th>Commonwealth expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The direct and indirect employment in the forest sector and forest sector employment as a proportion of total employment (Criterion 6.5a)</td>
<td>$23,120</td>
</tr>
<tr>
<td>WAPIS Soils - Evaluation of soil organic matter as a meaningful indicator of important soil properties and processes in native forest ecosystems (indicator 4.1d).</td>
<td>$110,000</td>
</tr>
<tr>
<td>WAPIS - Effect of forest harvesting on soil physical properties: developing and evaluating meaningful soil indicators of sustainable forest management in South-Eastern Australia (Indicator 4.1e)</td>
<td>$95,000</td>
</tr>
<tr>
<td>WAPIS - Identification of species and functional groups that give early warning of major environmental change (Indicator 1.2c)</td>
<td>$13,000</td>
</tr>
</tbody>
</table>
WAPIS - Regeneration success measures and monitoring methods for sustainable forest management in native forest (Indicator 2.1g)

<table>
<thead>
<tr>
<th>Title</th>
<th>Commonwealth expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$296,120.00</td>
</tr>
</tbody>
</table>

With regard to work on endangered species:-

(a) The Commonwealth has provided $739,667 for work on endangered (threatened) species in East Gippsland to be carried out between 1996 and 2001.

(b) The following funds were spent (or allocated to be spent) on endangered (threatened) species from 1996 to 2001.

<table>
<thead>
<tr>
<th>Threatened Species or Threatening Process</th>
<th>Commonwealth expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-footed potoroo</td>
<td>$217,500</td>
</tr>
<tr>
<td>Spot-tailed quoll</td>
<td>$25,000</td>
</tr>
<tr>
<td>Brush-tailed phascogale</td>
<td>$16,667</td>
</tr>
<tr>
<td>Southern barred frog</td>
<td>$100,000</td>
</tr>
<tr>
<td>Freshwater spiny crayfish</td>
<td>$63,800</td>
</tr>
<tr>
<td>Other fish</td>
<td>$35,200</td>
</tr>
<tr>
<td>Management of introduced trout</td>
<td>$77,500</td>
</tr>
<tr>
<td>Management of fox</td>
<td>$30,000</td>
</tr>
<tr>
<td>fire regimes</td>
<td>$54,000</td>
</tr>
<tr>
<td>control of sediment</td>
<td>$60,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$679,667.00</td>
</tr>
<tr>
<td>Disturbance Review of Threatened Species/processes – East Gippsland</td>
<td>$60,000</td>
</tr>
<tr>
<td>Total</td>
<td>$739,667</td>
</tr>
</tbody>
</table>

(3) Yes, firms and workers in the region will be able to access FISAP, but as noted in my response to Question (1), no Commonwealth FISAP funds have been earmarked for a particular RFA region.

Regional Forest Agreement: North-East Victoria

(Answer to Question No. 1236)

Mr Laurie Ferguson asked the Minister for Forestry and Conservation, upon notice, on 9 March 2000:

(1) Following the signing of the North East Victoria Regional Forest Agreement (RFA) on 23 August 1999, what total sum of Commonwealth Forest Industry Structural Adjustment Package funding has been earmarked for the region.

(2) What sum, if any, of Commonwealth funding has been provided to date to the timber industry and workers in the region for (a) industry development assistance, (b) business exit assistance, (c) worker assistance, (d) rescheduling assistance and (e) industry positioning and research on sustainable forest management.

(3) What is the estimated sum, if any, of further Commonwealth funding for each of the categories of expenditure referred to in part (2) in (a) 1999-2000 and (b) 2000-2001.

Mr Tuckey—The answer to the honourable member’s question is as follows:

(1) The Commonwealth has committed $18.8m to the Forest Industry Structural Adjustment Package (FISAP) for Victoria which will be applied across the whole of the State with no specific amounts earmarked for a particular RFA region.

(2) (a) (b) (c) (d) and (e) Nil.

(3) As noted in my response to Question (1), no Commonwealth FISAP funds have been earmarked for a particular RFA region. FISAP will be implemented in full across the State following the signing of
the remaining RFA’s in Victoria and I would expect most of the Commonwealth’s commitment to be spent in 2000-2001.

Regional Forest Agreement: Central Highlands
(Question No. 1237)

Mr Laurie Ferguson asked the Minister for Forestry and Conservation, upon notice, on 9 March 2000:

1) Following the signing of the Central Highlands Regional Forest Agreement (RFA) on 27 March 1998, what total sum of Commonwealth Forest Industry Structural Adjustment Package funding has been earmarked for the region.
2) What sum, if any, of Commonwealth funding has been provided to date to the timber industry and workers in the region for (a) industry development assistance, (b) business exit assistance, (c) worker assistance, (d) rescheduling assistance and (e) industry positioning and research on sustainable forest management.
3) What is the estimated sum, if any, of further Commonwealth funding for each of the categories of expenditure referred to in part (2) in (a) 1999-2000 and (b) 2000-01.

Mr Tuckey—The answer to the honourable member’s question is as follows:

1) The Commonwealth has committed $18.8m to the Forest Industry Structural Adjustment Package (FISAP) for Victoria which will be applied across the whole of the State with no specific amounts earmarked for a particular RFA region.
2) (a) (b) (c) (d) and (e) Nil.
3) As noted in my response to Question (1), no Commonwealth FISAP funds have been earmarked for a particular RFA region. FISAP will be implemented in full across the State following the signing of the remaining RFA’s in Victoria and I would expect most of the Commonwealth’s commitment to be spent in 2000-2001.

Australian Taxation Office: Benchmarks
(Question No. 1238)

Ms Jann McFarlane asked the Treasurer, upon notice, on 9 March 2000:

When judging claims regarding compensation for detriment caused by defective administration, does the ATO measure its performance against benchmarks; if so, what is the benchmark for an acceptable time to complete an audit on (a) individual taxpayers and (b) two individual taxpayers in a partnership arrangement.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member’s question:

The ATO has no single benchmark for the completion of audits, as it conducts audits in a wide range of situations of varying complexity. In very simple cases involving a single issue in one year, the planned time for completion may be as low as several hours. In the most complex cases involving multiple issues and more than one financial year, the planned time is likely to be measured in months. Where an audit involves multiple entities, such as two partners and their partnership, this also increases the complexity of the case and thus the duration of the audit.

The duration of any audit is also dependent upon the time taken by the taxpayer in complying fully with ATO requests for the supply of necessary documents and information. Similarly, where it is necessary for the ATO to obtain necessary documents and information from third parties, the audit cannot be completed until those parties comply with ATO requests. Any audit can only be completed when the ATO is in possession of all relevant and material facts.

Income Units
(Question No. 1252)

Mr Crean asked the Treasurer, upon notice, on 13 March 2000:

1) How many income units are covered by each level of private income listed under each cameo published in Tax Reform: not a new tax, a new tax system at page 177-202.

Mr Costello—The answer to the honourable member’s question is as follows:
(1) The information sought is not available in the form requested.

**Characteristics and Performance of Higher Education Institutions Report**

(Question No. 1262)

Mr Latham asked the Minister for Education, Training and Youth Affairs, upon notice, on 13 March 2000.

(1) Has he seen the findings of the departmental report on Characteristics and Performance of Higher Education Institutions, which criticises the use of postcodes as a measure of socio-economic status; if so, (a) does he share the report’s concern that this is unlikely to be a reliable indicator of socio-economic status where there is significant heterogeneity in socio-economic status within postcode districts and (b) is it appreciated there are methodological concerns with this indicator and that it is likely to be the subject of further development.

(2) Is he aware that in the electoral division of Werriwa, based on Census data for residents aged 18 years and over (a) within the 2560 postcode the suburb of Airds has a university participation rate of 1.2 per cent, while the suburb of Woodbine has a rate of 5.6 per cent and (b) within the 2559 postcode the suburb of Claymore has a university participation rate of 0.8 per cent, while the suburb of Blairmont has a rate of 8.2 per cent.

(3) In the future, will the equity performance indicator for the socio-economic background of students be based on Census collector districts or suburbs, rather than postcodes.

(4) What weighting is given to the socio-economic background of a university’s student population in the allocation of federal higher education grants.

(5) Is the Government now using socio-economic data drawn from Census collector districts for the distribution of non-government school funding.

(6) Will he apply this methodology to higher education funding.

Dr Kemp—The answer to the honourable member’s question is as follows:

(1) I am aware of the issues raised in the departmental report on *Characteristics and Performance of Higher Education Institutions* about the use of postcodes to indicate the socio-economic backgrounds of students. As the report indicates there are methodological concerns with this indicator and for this reason my Department is investigating alternative methods for identifying students from low socio-economic background.

(2) The report commissioned by the Government, *Differential Access to Higher Education: The Measurement of Socio-economic Status, Rurality and Isolation*, indicates that there can be significant variation in participation rates in higher education within the same postcode. The report discusses alternatives to using the postcode method to assess the socio-economic status of higher education students.

(3) The introduction of a new indicator for determining the socio-economic status of higher education students would depend on the outcomes of current research into different models of categorising students and the overall desirability of alternative arrangements.

(4) Part of the Higher Education Equity Programme funding provided to universities through their operating grant is determined by the socio-economic background of a university’s student population. Universities receive a base grant of $80,000 plus additional funds determined by a formula based on the number of students in each equity groups multiplied by figures for success and retention for that group and weighted according to priorities determined by Government. The weighting for students from an urban low socio-economic background is 40%; for students from rural and isolated backgrounds it is 30%; for students with a disability it is 15%; and for women enrolled in Engineering or Architecture and for students from non-English speaking backgrounds it is 7.5% respectively. Indigenous students are catered for under a separate programme. As these weightings indicate, the Government puts a high priority on improving equity for students from low socio-economic backgrounds.

(5) Yes. On 11 May 1999 I issued a Statement entitled *Choice and Equity: Funding Arrangements for Non-Government Schools 2001-2004*. The Statement announced that as a result of the Review of the Education Resources Index (ERI), the ERI would be abolished as the basis for needs-based funding under the General Recurrent Grants (GRG) Programme, and replaced with a measure of the socioeconomic (SES) status of school communities. This SES approach to school funding involves the
linking of student residential addresses to Australian Bureau of Statistics national Census Collection District data to obtain a measure of the capacity of the school community to support its school.

The new funding arrangements for non-government schools are to apply for the next funding quadrennium 2001-2004. The Statement also announced that new non-systemic non-government schools applying for GRG after 11 May 1999 will have their entitlement to Commonwealth general recurrent funding assessed according to the SES based measure of need for the remainder of the current quadrennium (1999 and 2000).

(6) The formula to determine funding through the Higher Education Equity Programme will be reviewed if a new method of assessing socio-economic status is introduced. While the use of Census Collection District data is appropriate for school funding, a different method may be required for the Higher Education Equity Programme to take into account the fact that many university students, especially those undertaking post-graduate studies, live away from home.

Refugees: Deportation
(Question No. 1273)

Mr Price asked the Minister for Immigration and Multicultural Affairs, upon notice, on 15 March 2000:

(1) Are refugees legally allowed to be chemically restrained while being deported; if so, under what legislation.
(2) Has his Department developed protocols for the chemical restraint of deportees; if so, what are the details.
(3) What are the drugs approved for administration to deportees and what are the respective dosages.
(4) Has an expert medical group approved the drugs and dosage; if so, what expert group; if not, why not.

Mr Ruddock—The answer to the honourable member’s question is as follows:

I have taken the member’s question to relate to persons in immigration detention who may or may not be asylum seekers.

(1) - (2) Australasian Correctional Management Pty Ltd (ACM) is contracted by the Department to provide detention services. ACM is required under the principles set out in the Immigration Detention Standards to act at all times in a manner consistent with relevant State and Commonwealth law. The Immigration Detention Standards do not rule out the use of chemical restraint but, if it occurs, it must be done in accordance with the relevant state and Commonwealth law.

(3) All medications utilised for the treatment of detainees are prescribed, ordered, administered and controlled in accordance with applicable State and Commonwealth Acts, regulations and standards. Accordingly, all medications are prescribed and administered by qualified medical personnel.

(4) All medication prescribed is approved for use by the Therapeutic Goods Administration (TGA). The TGA is responsible for administering the provisions of the Therapeutic Goods Act and for ensuring that the products used by Australian physicians are good, safe and effective.

Refugees: Deportation
(Question No. 1281)

Mr Price asked the Minister for Immigration and Multicultural Affairs, upon notice, on 16 March 2000:

(1) Further to question No. 1273, (Hansard, 10 May 2000, page P15423) how many nurses are employed by his Department or are contracted to provide services to his Department.
(2) Are such nurses required to be certified or registered; if so, under what State or Territory authority are they registered.
(3) Under the professional standards required by the authority are nurses permitted to select the medication, determine the dosage and administer it.
(4) Are nurses permitted to serially administer the medication to the same patient for the purpose of clinical restraint.
(5) Further to part (4) of question No. 1273, (a) who comprised the expert medical group or panel, (b) how were they appointed and (c) what were their qualifications.
Mr Ruddock—The answer to the honourable member’s question is as follows:

(1) As of 27 March 2000 there are 34 full time nurses employed at detention facilities by the department’s detention services provider Australasian Correctional Management (ACM). My Department does not directly employ staff in the delivery of detention services.

(2) Yes, all ACM nurses are required to hold a current licence in the state where they are employed.

(3) I am advised that procedures exist which allow for registered nurses to administer medications in some circumstances.

(4) ACM is contracted by the Department to provide detention services. ACM is required under the principles set out in the Immigration Detention Standards to act at all times in a manner consistent with relevant State and Commonwealth law. All medications utilised for the treatment of detainees are prescribed, ordered, administered and controlled in accordance with applicable State and Commonwealth Acts, regulations and standards. Accordingly, all medications are prescribed and administered by qualified medical personnel.

(5) (a) - (c) All medications utilised for the treatment of detainees are prescribed, ordered, administered and controlled in accordance with applicable State and Commonwealth Acts, regulations and standards. All medication prescribed is approved for use by the Therapeutic Goods Administration (TGA). The TGA is responsible for administering the provisions of the Therapeutic Goods Act and for ensuring that the products used by Australian physicians are good, safe and effective.

Australian Federal Police: Witness Interviews
(Question No. 1288)

Mr Danby asked the Attorney-General, upon notice, on 3 April 2000:

(1) Did he or the Minister for Justice encourage Australian Federal Police representatives at the recent summit in Riga to interview witnesses named in Australian Government Files.

(2) Is he able to say whether the US Justice Department’s prosecutors arrived two days before the conference and with the cooperation of the Latvian Procurator General examined evidence and interviewed witnesses prior to the meeting.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) No. Australia was invited by the Latvian Government to attend the conference in Riga to discuss, with other participating countries, its legal and judicial experience in the investigation of warm crimes and prosecution of war criminals both on the national and international level with a view to facilitating investigations being conducted in Latvia. Australia’s participation in the Riga meeting was a further step in the assistance provided by Australia to Latvian authorities in connection with their investigation of war crimes that took place on Latvian territory during World War II.

(2) It would be inappropriate for me to comment on what transpired between two foreign countries.

Retirement Assistance for Farmers Scheme
(Question No. 1296)

Mr Andren asked the Minister representing the Minister for Family and Community Services, upon notice, on 4 April 2000:

(1) Is the three year window for gifting of family farm assets under the Retirement Assistance for Farmers Scheme scheduled to end on 15 September 2000; if so, why is the Government yet to respond publicly to the review provided to the Minister in mid 1999 by the Minister’s Department.

(2) Among other things, was the purpose of the departmental review referred to in part (1) to (a) assess the extent to which the scheme was meeting its objectives, (b) assess the factors which promote or inhibit access to it and (c) examine the justification for, and the cost and equity of, any changes to the eligibility criteria for the scheme and its extension past September 2000.

(3) Will the Department’s report be made public, if not, why not.

(4) Has the Minister’s attention been drawn to problems people have had accessing the Retirement Assistance for Farmers Scheme because of the rigidity of the eligibility criteria, including the problems (a) resulting from the requirement that assets be personally gifted, rather than gifted from a company or trust and (b) caused by the treatment of equitable interests such as life estates.
(5) Will the Government extend the Retirement Assistance for Farmers Scheme; if so, what changes will be made to the eligibility criteria; if not, (a) why not and (b) to what extent does the Government consider the scheme has met its stated objectives.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(1) Yes, the Retirement Assistance for Farmers Scheme which provides a three year "window of opportunity" for low income, pension age farmers and their partners to gift their farms to the younger generation, retire from farming and qualify for the age pension is due to finish on 15 September 2000. The departmental review of the scheme is currently being considered by the Government in the 2000-2001 Budget context.

(2)(a) Yes
(b) Yes
(c) Yes
(3) The Government is currently considering the future of the scheme in the context of the 2000-2001 Budget. No decision has been made as to whether the departmental report will be made public.

(4)(a) Yes
(b) Yes
(5)(a) The Government is considering the Retirement Assistance for Farmers Scheme and the need for any changes to the scheme in the context of the 2000-2001 Budget.

(b) The Retirement Assistance for Farmers Scheme has been effective as a welfare measure to assist needy farmers. As at 28 March 2000 more than 1550 farmers and their partners have been successful in being granted an age or service pension or an increase in their rate of income support payment under the scheme. This is in line with initial estimates that the scheme would assist some 2100 farmers and their partners during the full life of the scheme.

Motor Vehicle Leasing: Sales Tax Exemption
(Question No. 1427)

Dr Lawrence, asked the Treasurer, upon notice, on 12 April 2000:

Will he act to amend an Australian Taxation Office ruling that denies sales tax exemption to motor vehicle leasing schemes specifically designed to assist the disabled.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member’s question:

As you are aware, Parliament has placed the administration of Australia’s taxation laws with the Commissioner of Taxation and neither I nor any other Minister may intervene in the proper exercise of his statutory powers. Therefore, I cannot amend any ruling issued by the Australian Taxation Office.

The Federal Government provides assistance to disabled persons through a variety of taxation and outlays measures. On the taxation side, a range of sales tax exemptions is available for goods purchased by people with disabilities or impairments. Exemptions are generally provided for drugs and medicines and for medical and surgical appliances. Sales tax exemptions are also available for goods expressly for use by people suffering from sickness, disease or disablement, provided the goods are not of a kind ordinarily used by other people.

Also of note is that goods used in modifying a vehicle so that it can be used to transport persons suffering from a physical impairment are sales tax exempt, without any qualification as to the use of the vehicle. The Parliament has only recently passed legislation introduced by the Government to provide sales tax exemption for the extra cost of manufacturing vehicles to make them suitable for transporting disabled persons, a measure which has particular relevance in ensuring that the needs of disabled visitors to the Sydney Olympic and Paralympic Games are catered for.

An eligible disabled person may also purchase or lease a new motor vehicle free of sales tax where the motor vehicle is for use in personal transportation to and from gainful employment. The gainful employment test is a requirement of the sales tax law.

On the outlays side the Federal Government has initiated a number of measures to give assistance to people caring for those with disabilities. Eligibility for the Carer Payment for personal care of a
severely disabled person has been extended to those caring for children under the age of sixteen, with profound disabilities.

The Government’s preferred means of providing assistance to individuals in need is through social security payments and similar outlays, rather than through the taxation system. This provides a more effective mechanism for directing assistance to those individuals who are most in need.

Minister for Employment, Workplace Relations and Small Business: Media Release
(Question No. 1430)

Mr Martin Ferguson asked the Minister for Employment, Workplace Relations and Small Business, upon notice, on 12 April 2000:

(1) Did he issue a media release on 7 April 2000 headed “Beazley’s Policy Challenge”.
(2) Were officers of his Department involved in the research or preparation of the media release; if so, how many officers were involved and what sum did the involvement cost the taxpayer.

Mr Reith—The answer to the honourable member’s question is as follows:
(1) Yes
(2) No departmental officers were involved in the research for preparation of the media release.

Refugees: Mandatory Detention
(Question No. 1435)

Dr Theophanous asked the Minister for Immigration and Multicultural Affairs, upon notice, on 12 April 2000:

(1) Is he able to say whether Amnesty International, the Refugee Council of Australia, the International Commission of Jurists and other organisations have condemned the Government’s policy of mandatory detention of refugee claimants who arrive in Australia without visas for its unfairness and the suffering it creates.
(2) Is he also able to say whether Amnesty International has described the policy as not permitted under international human rights commitments, that it denies human rights to asylum seekers and that those rights are guaranteed for all Australians, including convicted criminals.
(3) Will the Government abolish this policy and replace it with an alternative which allows for the consideration of the individual circumstances of refugees before any decisions about detention is made.
(4) Will the Government consider an alternative submission from the Refugee Council of Australia entitled “an alternative detention model”.

Mr Ruddock—The answer to the honourable member’s question is as follows:
(1) Amnesty International, the Refugee Council of Australia, the International Commission of Jurists and other organisations have made public statements from time to time which indicate that they do not support the policy of mandatory detention for unlawful non-citizens.
(2) Amnesty International has invoked international instruments to support their view. However, advice received by the government from the Australian Government Solicitor and the Attorney-General’s Department confirms that Australia’s policy of mandatory detention, taken in practice, does not breach Australia’s international refugee and human rights obligations.
(3) The Joint Standing Committee on Migration (JSCM) undertook a review of detention arrangements in 1994. The committee considered a number of alternatives to mandatory detention including the release of detainees into the care of community groups. The committee raised a number of doubts about the feasibility of release into the community which included:

. The ability of care and welfare groups to adequately tend released detainees in an environment where the government could not be responsible for them;
. Rejecting the notion that the cost associated with release being cheaper than the costs of maintaining detention facilities, particularly when indirect and direct costs, such as accommodation, clothing, food and other living, medical and health costs, were considered;
. The significant possibility of released detainees breaching conditions of release and absconding.
Alternatives to detention were considered by the JSCM and based on doubt about feasibility (see response to Question 3) they came to the conclusion that those alternatives were unworkable. The RCOA proposal for “an alternative detention model” does not effectively address these issues.

Minister for Employment, Workplace Relations and Small Business: Domestic Violence Legislation Administration
(Question No. 1455)

Ms O’Byrne asked the Minister for Employment, Workplace Relations and Small Business, upon notice, on 13 April 2000:

1. Does the Minister administer legislation which relates to domestic violence.
2. If so, what is the definition applied by the Minister’s Department to the term “domestic violence”.
3. Is the definition sourced from a policy document or statute.
4. Is there discretionary flexibility available to be exercised by the Department when applying the definition to individual circumstances; if so, are there internal departmental manuals outlining discretionary options.

Mr Reith—The answer to the honourable member’s question is as follows:
The Department of Employment, Workplace Relations and Small Business
1. No.
2. Not applicable
3. Not applicable
4. Not applicable