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Mr Speaker (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

QUESTIONS WITHOUT NOTICE

Solomon Islands: Political Crisis

Mr Brereton (2.01 p.m.)—My question is to the Prime Minister. Prime Minister, can you confirm that the Prime Minister of the Solomon Islands wrote to you more than a month ago? Is it not a fact that he specifically sought from you a three-month contribution of Australian police personnel as part of a 50-person multinational group to work alongside Solomon Islands police in maintaining law and order? Was it not clear to your government that the Prime Minister was requesting police and not military assistance because he wanted a peaceful outcome before security broke down? Can you explain why, as of yesterday, no additional police assistance had arrived and your government was still considering what it might in fact do?

Mr Howard—I thank the honourable member for Kingsford-Smith for his question, and I will take a few minutes to answer it and also provide the House with some further information regarding the situation which is unfolding in the Solomon Islands and include certain reports of clashes between the IFM and MEF earlier today. The reports of that, of course, are still coming in.

As I informed the House yesterday, the government—and, I am sure, all members of the House—are concerned about what has unfolded in the Solomon Islands. We are particularly concerned about reports late this morning of clashes between rival militant groups near Honiara. We are aware of the suggestions that have been made by the member for Kingsford-Smith and his leader about the role of the government, and I will come to the greater detail of that in a moment. Our objective in relation to this has always been to assist the Solomon Islands to deal with its own problems by peaceful and democratic means, without foreign interference. The problem is a longstanding ethnic one, involving the people from Guadalcanal and from Malaita, and this root cause has to be addressed if there is to be a permanent solution to the crisis. It is not simply a security issue.

Along with other countries in the region, Australia has done a very great deal since the crisis began over a year ago to this end. Indeed, no other country has made an equal or even comparable commitment. Australia’s extensive assistance to the Solomon Islands government has included assistance to the government and the police both through our longstanding bilateral aid program, which is $17 million a year, and through direct assistance to the Royal Solomon Islands Police Force. We have provided $6 million over three years for ongoing training, restructuring and strengthening of the police force and the judicial system. We have also more than doubled the number of advisers on the ground. We have provided $710,000 for humanitarian relief for people displaced by the unrest. We have committed $800,000 to fund the Commonwealth police monitoring group comprising Fiji and Vanuatu police. Most importantly, we have been very actively assisting the Solomon Islands government to institute a peace process, including providing about $100,000 to support peace negotiations among the parties.

On 3 June, the Minister for Foreign Affairs, Mr Downer—following a meeting of the National Security Committee of Cabinet—despatched a team of officials from the Department of Foreign Affairs and Trade, Defence and the Australian Federal Police to make an assessment of the situation with a view to our supporting an increased Commonwealth police group in the Solomon Islands. That group is still in Honiara and in discussions with the high commission in relation to the crisis. It is true that the Prime Minister of the Solomon Islands had called for armed and interventionist troops or police to put down the insurgency in Guadalcanal. That included a quite specific request for the deployment of Australian police to line positions in the Royal Solomon Islands Police Force. That matter was considered by the government, and the Minister for Foreign Affairs indicated to the Prime Minister of the Solomon Islands that the government of Australia did not believe it was appropriate for us to respond to that request.
The request was not ignored. The request was directly addressed by the Minister for Foreign Affairs in a discussion with the Prime Minister of the Solomon Islands. The view was taken by the government—and I believe it to be a correct view—that it was not in our interest to put unarmed Australian police in the front line and at an unacceptable risk, particularly without any defined exit strategy. You do not willy-nilly commit the police of this country to a hostile situation without knowing what the exit strategy is. That may be the view of some who seek, with 20/20 hindsight, to make cheap political capital out of this issue, but that is not the considered response of the government. I think the government position was put very well on the AM program this morning by my colleague the member for Moore, who correctly described the statements made by the member for Denison as naive in the extreme.

We have been prepared to support the Commonwealth police group’s essentially monitoring and confidence building role, but I do not believe that foreigners in line positions would be effective in resolving what is a long running and intractable Solomon Islands political dispute. Australia has been supporting and will continue to support in many ways the peace process now under way, assisting the Solomon Islands government with advice and material support, and those affected by the dispute.

When being interviewed on an Australian radio program yesterday, the New Zealand Minister of Foreign Affairs and Trade, Mr Goff, speaking of course with the responsibility of government and not the cheap opportunism of opposition, had this to say—and I endorse what he had to say:

No country outside of the Solomons can control the situation. We can simply try to influence it. In the old days they could use gunboat diplomacy. That doesn’t apply today. If we were to send in troops or Australia was to send in troops, we may end up simply being the meat in the sandwich.

Australia has acted correctly.

Mr HOWARD—We have acted with a care for the safety and the security of all Australian personnel who may be required to expose themselves to danger. I do not think Australians appreciate the attempt by the opposition to make cheap political capital out of this issue. Six months ago this government was being criticised in the wake of East Timor by the Leader of the Opposition, by the member for Kingsford-Smith and by others for being too, as they described it, triumphal and insensitive in the wake of the leadership that we had taken in relation to East Timor. Once more they were trying to walk both sides of the street. They said they supported the Timor deployment but they were prepared to make a bit of cheap political capital out of the inevitable strain that that deployment imposed on the relationship between Australia and Indonesia. Once again the member for Denison, aided and abetted by the member for Kingsford-Smith, and no doubt capped by the Leader of the Opposition later on today in the matter of public importance, is doing the national interest in the eye. You know as well as I do that in a situation such as this, Mr Speaker, the injection of Australian police would have exposed them to an unacceptable physical danger. While I am Prime Minister of this country, I am not going to do that in relation to the police personnel of this nation.

Sumatra: Earthquakes

Mr TIM FISCHER (2.10 p.m.)—My question is directed to the Prime Minister. Would the Prime Minister inform the House of the government’s response to the recent huge earthquakes in Sumatra?

Mr HOWARD—I thank the member for Farrer for his question, and I take the opportunity of expressing to the people of Indonesia, and particularly the people of Sumatra, our sadness and concern at the severe earthquake that affected Sumatra which has already led to a very significant loss of life and very significant damage to property and disruption of power supplies and which has generally provoked an enormous amount of suffering and chaos in that part of Indonesia. We are concerned as a friendly neighbour to Indonesia that we should respond in whatever way we can. As an immediate step, I an-
nounce that Australia will provide half a million dollars aid for rapid response activities. We have already sent two Australian emergency experts, including an AusAID officer, to Sumatra to assess the need for further assistance. I indicate to the House that Australia is prepared to provide more funds and to provide more assistance once we know what is required and the way in which those resources can be most effectively deployed. We will be in discussion with the government of Indonesia regarding the situation so that the assistance that we are ready to give—and I know the provision of it will be widely supported in the parliament and the Australian community—can be most effectively deployed. I hope it might prove possible when I am in Tokyo later this week to personally discuss these matters with the President of Indonesia.

Goods and Services Tax: Prices

Mr CREAN (2.12 p.m.)—My question is to the Minister for Financial Services and Regulation. Minister, do you recall your claim that it was the law that businesses could not increase prices by more than 10 per cent, a claim reaffirmed as recently as last Wednesday by you during question time? Are you also aware of evidence from the ACCC that there is no such law? Minister, who is right: you or the ACCC?

Mr HOCKEY—The member for Hotham is wrong. As I pointed out in the House on budget day, section 75AU of the Trade Practices Act is explicit about price exploitation. The ACCC’s guidelines follow the recommendations of the Trade Practices Act. They are framed pursuant to section 75 of the Trade Practices Act. The matter is clear.

Queensland: First Home Owners Scheme

Mr HARDGRAVE (2.13 p.m.)—I have a question for the Prime Minister. Is the Prime Minister aware of recent Queensland government advertisements outlining details of a financial assistance scheme to help first home buyers? Would the Prime Minister advise the House of the background to the scheme and outline the Commonwealth government’s involvement in both its instigation and its development?

Mr HOWARD—I thank the member for Moreton for that very perceptive question he asked. It occurs against the background of howls of outrage from the Australia Labor Party, reverberating around the country, about the expenditure of government funds to provide information to the Australian public about the introduction of the new measure. It therefore struck me as very interesting when I was handed a pamphlet, which I understand is being paid for by the taxpayers of Queensland and being distributed to all the taxpayers of Queensland by the authority of the Queensland Labor government. I thought, ‘This cannot be so. It must have been one of those Commonwealth government programs in Queensland of which I was not informed.’ But I discover on looking at the material that it says, ‘Further details can be obtained from the Office of State Revenue.’ I can assure you that the Treasurer does not have an Office of State Revenue in Brisbane or in the state of Queensland.

So what we have here is, once again, monumental Labor Party hypocrisy. It is perfectly all right for the Queensland government to advertise and claim as its own a First Home Owners Scheme which was always part of the design of taxation reform. But the difference between this document and our material is that our material is truthful and accurate and this is misleading. This is totally misleading, and it is really offensive. I have read a lot, but when you get a state government led by a Premier who knocked all other premiers out of the way in his enthusiasm to sign the GST deal—

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition!

Mr HOWARD—If ever I have seen—

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition is defying the chair. The Prime Minister has the call.

Mr HOWARD—If ever I have seen a sunny Queensland face, it was the face of the Premier of Queensland the day he signed that agreement. And well it ought to have been. He is on the record as saying that Queensland has had a wonderful deal and that Queen-
sland is very happy with the goods and services tax. And he knows, because that state will be the first of all of the states of Australia to benefit massively from the introduction of the goods and services tax.

So this document is therefore a little rich, to say the least. Not only have they said it is a great idea and then hypocritically had a swipe at the federal government for the introduction of the GST; then they pretend to the people of Queensland that the First Home Owners Scheme was dreamt up by the Beattie government; that, if it had not been for the Beattie government, there would have been no First Home Owners Scheme. The first time a First Home Owners Scheme was developed in this country was in 1963 by the Menzies government. If there is one side of politics that ought to claim authorship of the First Home Owners Scheme and has been the great promoter of home ownership, it is the Liberal and National parties. To borrow a phrase of my colleague and friend the Treasurer:

'Hypocrisy, thy name really is Labor, particularly Beattie Labor.'

Goods and Services Tax: Prices

Mr CREAN (2.18 p.m.)—My question again is to the Minister for Financial Services and Regulation. Minister, do you stand by your government’s claim, as set out in the original GST package, that the price of clothing will increase by only 6.8 per cent as a result of the GST? Isn’t it a fact that Allan Fels’s GST shopping list estimates a much higher increase of between eight per cent and 9.8 per cent for clothing? How then do you explain the dual tag of this girl’s cardigan—

Mr SPEAKER—Deputy Leader of the Opposition.

Mr CREAN—purchased yesterday in Brisbane—

Mr SPEAKER—Deputy Leader of the Opposition.

Mr CREAN—reaffirming a price rise for clothing of the full 10 per cent—the full 10 per cent? Minister, isn’t this another breach of your government’s unequivocal guarantee—

Mr SPEAKER—The Deputy Leader of the Opposition will return to his question or resume his seat.

Mr CREAN—Resume my seat for what?

Mr SPEAKER—The Deputy Leader of the Opposition is invited—

Mr CREAN—For what?

Opposition members interjecting—

Mr SPEAKER—At no stage has the chair required the Deputy Leader of the Opposition to resume his seat. The chair in fact specifically asked the Deputy Leader of the Opposition to return to his question or resume his seat.

Mr CREAN—I ask the minister: isn’t this another breach of your government’s unequivocal guarantee that the price increase is never 10 per cent?

Mr HOCKEY—I think everyone should take for granted what the member for Hotham is talking about. On this occasion, we take for granted the fact that he chooses pink as his colour and that he chooses women’s clothes when he goes shopping. The member for Hotham has proclivities in relation to this matter that we would rather not know about on this side of the House.

That is all I will take for granted in relation to the member for Hotham’s question, because the member for Hotham has conveniently overlooked the fact that the estimates put in the A New Tax System document originally were based on the full package that went to the people, as the Treasurer enunciated the other day, which the people of Australia voted for. That included the abolition of financial institutions duty on 1 July, the abolition of bank account debits tax on 1 July and a range of other initiatives which were not accepted by the Senate when the legislation went to the Senate. It is also the case that the estimates provided in that document were very different from the estimates and the methodology adopted by the ACCC. The ACCC’s estimates are based on a six-month period after 1 July, which is a different pricing model from that adopted in the A New Tax System document.

So, when the member for Hotham comes into this House and waves around women’s clothing, you can only assume that there must be some motivation other than the best interests of the people of Australia. I say to the member for Hotham that, if he is going to
make allegations and wave women’s clothing around in this place, he had better have his facts right, he had better have his assertions right and he should go back and check the modelling.

Mr Crean—Mr Speaker, I will respond to the minister’s call. I seek leave to table the tag attached to the cardigan which shows the full 10 per cent price rise.

Mr SPEAKER—The Deputy Leader of the Opposition has made his point.

Mr Crean—I seek leave. The minister invited me.

Mr SPEAKER—The Deputy Leader of the Opposition will resume his seat. Leave not granted.

New Tax System: Benefits to Economy

Mrs GASH (2.23 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House on the boost to economic activity that is expected from the introduction of the new tax system?

Mr COSTELLO—I thank the honourable member for Gilmore for her question. I can advise the House that the introduction of Australia’s new tax system will boost Australian economic growth. It will do that not only because it takes the unfair burden off goods and distributes it more productively over the whole economy but it boosts Australian exports by taking $4½ billion off the costs of Australian exports, it reduces investment and capital costs by taking imbedded costs off those and it allows Australian businesses to recover all taxes on business inputs.

The proposition that the new tax system will boost growth in Australia is a proposition which is accepted by every state government, including every state Labor government. This is an important point. Under the intergovernmental agreement, the Commonwealth has agreed with the states that there will be a growth dividend arising from an economic boost from the new tax system. It is set out in a methodology paper which says that the growth dividend, expected to be two percentage points in the long run, will in the first year alone lead to increased state revenues under state taxes of $103 million. That is, the new tax system boosts the economy; because the economy is boosted, state taxes increase.

This methodology paper has been agreed to by the Labor government of Tasmania, Premier Bacon and state Treasurer David Crean; it has been agreed to by the Labor government of New South Wales, Premier Carr and state Treasurer Egan; it has been agreed to by the Labor government of Queensland, Premier Beattie and state Treasurer Hamill. Every Labor government has agreed that there will be, at a minimum, a two per cent economic boost from the new tax system. Not only have they agreed on that; they have actually agreed to discount their payments by the bonus they get under state taxes from the increased growth.

There is a truism in Australian politics and that is this: you never stand between a state Premier and a bucket load of money—never ever stand between a state Premier and a bucket load of money. So, if a state Premier has actually agreed to a discount because of the boost they are getting out of the new tax system, Mr Speaker, they have really agreed to it. A state Premier has never given away a dollar without the biggest fight that you have possibly seen. So there we have Dr David Crean, the Hon. Michael Egan and Mr Hamill all agreeing to a minimum two per cent economic boost from the new tax system. Mr Speaker, they have really agreed to it. A state Premier has never given away a dollar without the biggest fight that you have possibly seen. So there we have Dr David Crean, the Hon. Michael Egan and Mr Hamill all agreeing to a discount because of the boost they are getting out of the new tax system. Mr Speaker, they have really agreed to it. A state Premier has never given away a dollar without the biggest fight that you have possibly seen. So there we have Dr David Crean, the Hon. Michael Egan and Mr Hamill all agreeing to a discount because of the boost they are getting out of the new tax system. Mr Speaker, they have really agreed to it. A state Premier has never given away a dollar without the biggest fight that you have possibly seen. So there we have Dr David Crean, the Hon. Michael Egan and Mr Hamill all agreeing to a discount because of the boost they are getting out of the new tax system.
to the economy.’ He went out yesterday and he said that he couldn’t meet his target because of the goods and services tax. He also said that he could not meet his target because of the Asian economic crisis—well, we will pay that, even though it was 1997 and 1998. He also said he could not meet it because of the dive in the value of the Australian dollar. I would like Matthew Franklin, the journalist who covered that, to ask Mr Beattie how, in an exporting state, a dive in the dollar is going to work against growth. It would be a very interesting proposition.

We have here an unquestioned proposition that the new tax system will boost economic growth, which is agreed to by all of the Labor Party premiers and the state Treasurers. The Australian Labor Party apparently are against the price of clothing going up under the GST. Those opposite have to make only one pledge here today: that they will roll back the GST on clothing. I presume that was the import of the deputy leader’s question. He had to make only one pledge. He is apparently against a GST on clothing—and so against it that, if he ever gets elected, he is going to keep it. That is his proposition. He is so against a GST on clothing, so concerned as to wave pink blouses in question time—a pink blouse to cover a pink heart from the ACTU president. He is so upset about it that he will not even give a pledge to repeal it. This is juvenile politics from the Labor Party and the opposition. They have one challenge today: if you are against a goods and services tax on clothing, pick up the blank sheet of paper and write down on the blank sheet of paper that, if you are ever elected, you will repeal it immediately.

**Goods and Services Tax: Prices**

Mr KELVIN THOMSON (2.30 p.m.)—My question is to the Minister for Financial Services and Regulation. Minister, I refer again to your government’s unequivocal guarantee that ‘the price increase is never 10 per cent’ as a result of the new tax package. I refer also to the ACCC’s GST shopping list which shows an increase of between eight and 9.3 per cent for magazines. Are you aware that *Home Ideas* magazine this month carries—

Mr SPEAKER—The member for Wills!

Mr KELVIN THOMSON—It just happens to be here, Mr Speaker. *Home Ideas* magazine this month carries a dual tag which shows a GST-inclusive price that will be 10.18 per cent higher after 1 July—a GST price increase greater than 10 per cent. Minister, if magazines are ignoring your claims, why should Australian consumers believe you?

Mr HOCKEY—I have learned not to take for granted the assertions made by the Labor Party, especially when it comes to publications—just ask the member for Bass. I understand it was the member for Hotham who was distributing the original letter around the press gallery. So the member for Bass should take it up with the member for Hotham when it comes to doing you over. I will refer that to the ACCC and ask them to get the facts behind the assertion made.

Mr McMullan—I seek leave to table the magazine, Mr Speaker.

Leave not granted.

**Tertiary Education: Overseas Students**

Mr BARTLETT (2.32 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Would the minister inform the House of the growth in the number of international students wanting to study in Australia? How do these numbers compare with numbers four to five years ago? Minister, why have Australian universities been so successful in attracting overseas students?

Dr KEMP—I thank the member for Macquarie for his question. International students applying for study in Australia are coming in ever greater numbers. In the four months from December 1999 to March this year, more than 34,000 student visas were issued overseas to international students who want to study in Australia. This is a record figure and an 11 per cent increase on the figures from the same time last year. Indeed, last year overseas students at Australian universities increased by no less than 14 per cent, and this year we will see further very strong growth. Indeed, this follows growth of over 50 per cent over the last four years. So what we are seeing in the international student market is a very good recovery from the
downturn of the Asian crisis. It is worth making the point that these students are additional to the Australian students for whom the government provides fully funded places. They do not take the places of Australian students. They are paying the full cost of the additional place that they occupy and making an additional revenue contribution to Australia’s universities. In fact, these international students are contributing some $3 billion a year to the Australian economy, and we can expect this expenditure to grow over the coming years.

A survey of international students taken recently examined the reasons why students found Australia such a popular destination. The principal reason was the quality and the standing of university courses in Australia. Also, there is Australia’s reputation as a safe and welcoming society, the fact that there are many things to do here, it is a technologically advanced nation, it is a modern, multicultural nation and, of course, it is a very affordable study destination. This year we are establishing the Australian Universities Quality Agency to further underpin the quality of international education in Australia.

The final point I want to make is that, in this area, Australian universities have had very considerable flexibility. They have been able to put into place qualities that meet the needs of these overseas students. And what a contrast this is with the straitjacket that the National Tertiary Education Union, supported by the Labor Party, have been attempting to impose on Australian universities in relation to domestic students. It is time the Labor Party woke up to the fact that universities in this country are facing great challenges. They have great capacity to meet these challenges, provided those opposite rein in their dogs of the National Tertiary Education Union, and allow the universities to make the enterprise agreements that will give them the flexibilities they need to be successful.

Goods and Services Tax: Prices

Mr CREAN (2.36 p.m.)—My question again is to the Minister for Financial Services and Regulation. Is the minister aware that New South Wales employers face a 12.4 per cent increase in their WorkCover compensa-


tion premiums from 1 July 2000 due to his government’s GST package? Is he aware that the ACCC said the 12.4 per cent rise was justified if the whole tax package was taken into account, but insisted on the rise being broken into two parts to pretend that 10 per cent was not being breached? Minister, does this mean it is okay to raise prices by more than 10 per cent due to your tax package just so long as you hide it?

Mr HOCKEY—I know that the member for Hotham just made a deliberate misrepresentation to the parliament.

Mr SPEAKER—The minister is aware that there are forms of the House for making such a claim and question time is not one of them. If he wishes to pursue that beyond question time, then clearly the House will consider his request. It is not appropriate for him to make that accusation at this time.

Mr HOCKEY—In a letter from David Cousins—

Mr Crean—Withdraw!

Mr Speaker, I rise on a point of order. The minister is supposed to withdraw unequivocally, not to say he will withdraw it and then say, ‘He has deliberately done this.’

Mr HOCKEY—I am happy to withdraw and state that he very liberally misused the truth in this circumstance. I am in possession of a letter from the ACCC—

Mr Leo McLeay—Mr Speaker, I rise on the point of order. You usually require members to withdraw unreservedly and I do not think that was an unreserved withdrawal.

Mr SPEAKER—I have ruled on this matter. The minister has in fact indicated that the statement he made about the Deputy Leader of the Opposition was one that he did not want to stand and he has withdrawn it.

Mr HOCKEY—It is very important that the House understand the background to the
announcement by the WorkCover Authority last Friday. The first point to note is the po-

titical background to the assertion made by WorkCover. WorkCover is chaired by the Hon. Joe Reardon.

Mr Fahey—Say no more.

Mr HOCKEY—Joe Reardon is a nice
guy. Joe Reardon is not a bad guy. But he is
the guy who puts his hand up whenever the Labor Party is throwing a hospital pass. He is
the person who says—

Mr O’Keefe—Mr Speaker, I rise to take a
point of order under standing order 76 relat-
ing to personal reflections. Having had time
to consider your comments about the point of
order relating to what the minister said about
the member for Hotham, he did withdraw
what he said but he then went on to say that
the member had misused the truth. I regard
that as a personal reflection and it is highly
disorderly under standing order 76.

Mr SPEAKER—I ruled on this matter
some time ago and my ruling stands. The
minister has the call.

Mr HOCKEY—The current chair of the
WorkCover Authority—a former minister in
the Whitlam government, a former chair of
the Sydney Airport Community Forum just
after Laurie Brereton opened up the third
runway, and now he has been given the job of
chair of the WorkCover Authority—came out
with a statement on Friday claiming that they
had the permission of the ACCC to increase
prices all due, in the words of the member for
Hotham, to the GST. That is totally incorrect.
This political argument is closely linked with
the fortunes of John Della Bosca, who also
came out on Friday making misrepresenta-
tions about the impact of the GST on Work-
Cover.

The fundamental point about this is that
the WorkCover Authority in New South
Wales has a black hole. Members on this side
of the House are familiar with the history of
the Labor Party with black holes. In this case
there is a black hole of between $2 billion
and $4 billion in the WorkCover Authority of
New South Wales—$2 billion to $4 billion.

Apart from a letter I previously mentioned
that the ACCC had sent to the WorkCover
Authority, I quote from a media release by
the ACCC of last Friday. It states:

The Australian Competition and Consumer Com-
mission has not approved an increase in Work-
Cover NSW premiums by more than 10 per cent
as a result of The New Tax System.

“The increase of 12.4 per cent announced by
WorkCover NSW is due to other factors, as well
as The New Tax System changes” …

And, for the benefit of the member for
Hotham, it states:

... Section 75AU(2)(c) relates to price changes
caused by other factors such as suppliers’ costs,
supply and demand conditions and any other rele-
vant matter ...

Mr Crean—including the tax system—includ-
ing.

Mr SPEAKER—Order! The Deputy
Leader of the Opposition has asked his ques-
tion.

Mr HOCKEY—If the member for
Hotham has a problem with the provision of
section 75AU of the Trade Practices Act,
why didn’t he say it during the debate in this
House on that provision? Why didn’t he say
during the debate that he had a problem with
suppliers’ costs in section 75AU? It never
came up because the member for Hotham is
enjoying taking an opportunistic stand in re-
lation to these matters long after the debate
has been finalised in this House. I call on the
member for Hotham to be honest with the
Australian people.

Mr Crean—I seek leave to table an ex-
tract from the ACCC’s letter to WorkCover
justifying the 12.4 per cent due to the gov-
ernment’s tax package.

Mr SPEAKER—The Deputy Leader of
the Opposition will resume his seat. Is leave
granted?

Leave not granted.

Health Services: Regional Australia

Mr WAKELIN (2.44 p.m.)—My question
is addressed to the Minister for Health and
Aged Care. Would the minister inform the
House how the government is working to
improve the provision of health services to
Australians living in regional and rural areas?
Is the minister aware of any alternative policies on this issue?

Mrs Crosio—Your collar!

Dr Woolridge—I thank the honourable member for his question. I thank my fashion consultant over there; I have bigger problems than that. The member for Grey has had a particular interest in this area, and it has been particularly helpful to have his support on these issues. Over the past four years we have worked very hard to introduce programs that will be of particular help to rural Australians, and we have built on the success we have had over the past four years. We have introduced Medicare Easyclaim facilities, university departments for rural health—particularly in Whyalla in the member’s own electorate—the Wagga Clinical School, John Flynn scholarships, the Rural Retention Program and regional health services. We have also introduced an increased rural surgical training program with a specific rural training scheme, and rural work force agencies that are state based. We have also set up a medical school at James Cook University in Townsville.

We were able to build on these in the 2000 budget with a very comprehensive range of programs that had been thought out to try to address the gaps we found in what we had done through the previous four years of hard work. These initiatives include increasing the number of general practitioners and increasing the services that rural Australians can expect from health care. We are increasing the number of GPs through bonded scholarships that will tie the places into rural Australia—there are 100 a year—with the HECS debt to be worked off. We are increasing rural training—perhaps 50 per cent of all general practice training—and increasing specialist training positions. Divisions of general practice will be getting support for their GPs, there will be more allied health services and a doubling of the Rural Australia Medical Undergraduate Scholarship Scheme. Services are being improved by expanding the successful Regional Health Services Program—a lifeline for small non-government hospitals—and by a chronic disease strategy and initiatives to help older Australians.

In contrast to this, over a period of five years the Labor Party have been able to announce only five ideas in the whole issue of rural health. In 1998, they announced they would support the James Cook University Medical School—this was much appreciated—and that occurred several months after the government announced it was going to do it. They announced a bonded scholarship scheme that had no mechanism to keep people in rural Australia—it would have been a complete flop and a waste of money: to a specialist who can earn $400,000 or $500,000 a year, a $20,000 a year bond is completely meaningless. They announced a $12 million expansion to the Rural Incentives Program, which would have been welcome. In 1996, they announced new places for specialist doctors that they dropped in 1998, and they also dropped in 1998 the medical vacancy training program. The net effect of what the government will have done over the same five-year period will be to increase funding from about $100 million to about $370 million per annum over the forward estimates period, compared with a real increase under Labor of about $12 million a year.

The Labor Party have also announced recently something that would do significant damage to rural Australia. It is the worst example of tag-along, weak, selling out to an interest group politics that you could ever imagine. They are proposing to vote against an elimination of the sunset clause from the provider number legislation. Let me tell you, Mr Speaker, what this would do. The first thing is that it would immediately put $248 million a year on to the costs of the federal government. You would have to find $248 million a year, beginning in 2002, to pay for this weak capitulation. The second thing it will do is take 150 doctors straight out of rural Australia and destroy the Rural Locum Relief Program—one of the great successes that we have had in the last three years. So there is a cost to these cheap promises, there is a cost to this sell-out; and the cost will be borne by rural Australia.
Goods and Services Tax: Telecommunications

Mr HATTON (2.48 p.m.)—My question is to the Minister for Financial Services and Regulation. I refer to the ACCC’s GST shopping list, which shows an increase of between 8.5 per cent and nine per cent in the cost of STD and mobile phone calls. Minister, are you aware of newspaper reports today that Cable and Wireless Optus and Vodafone have indicated they plan to increase their mobile phone call charges and monthly fees by the full 10 per cent? Are you also aware of reports that Telstra is expected to follow suit later this week with plans to increase its mobile phone call charges by the full 10 per cent? Minister, do you support these companies defying the ACCC’s pricing rules, or should the ACCC initiate an investigation into their decision to increase prices by the full 10 per cent?

Mr HOCKEY—I am not prepared to rely on the member’s assertions; that is wisdom from experience. I did see reports in the paper, but I am not prepared to take them for granted. The ACCC, as I understand it, is already discussing the matter with those telecommunications carriers—at least certainly in the case of Optus it is discussing the matter. In relation to further assertions made by the member, I am happy to refer them to the ACCC for further investigation.

Mr Cox—Would the minister table the brief from which he has just read?

Mr SPEAKER—Was the minister reading from a confidential brief? The member’s brief was confidential.

Regional Australia: Labour Shortages

Mrs HULL (2.51 p.m.)—My question is addressed to the Minister for Immigration and Multicultural Affairs. Minister, some employers in regional Australia and, in particular, in my electorate of Riverina, are still having difficulty in filling skilled vacancies from the local labour market. Would you inform the House what the government is doing to provide regional employers with a greater range of options in finding skilled workers?

Mr RUDDOCK—I thank the honourable member for Riverina for her question. I am certainly pleased to inform her of the results of my consultations in relation to migration, particularly in regional Australia. I have had the opportunity of visiting her electorate to discuss these matters, and I have been to other parts of regional Australia where, in my consultations, there was a very significant concern expressed about the need to fill skilled vacancies. The government of course has recognised this and expanded the role of the Regional Sponsored Migration Scheme.

The scheme enables regional bodies to certify that there are shortages in specific skills in a region and allows local employers to sponsor suitably qualified staff from overseas to fill those positions. They are required to ensure that it does not deny employment opportunities to fellow Australians. It is in that context that I would like to inform the House and the honourable member that I have approved a further 16 regional certifying bodies under the Regional Sponsored Migration Scheme. For New South Wales, there are 14 such regional certifying bodies. I might say to the honourable member that the Riverina Regional Development Board in her electorate is one such body certified for that purpose. There are 11 such bodies now in Victoria, and that means all of rural and regional Victoria and New South Wales have access to sponsorship bodies and are able, if there are job vacancies unable to be met within the local labour market, to assist employers in recruiting from overseas.

The scheme is very positive for regional Australia and it is one that is working well: 89 per cent of employers using the scheme have indicated that they have been satisfied with it and would not hesitate to use it again. A review has suggested that 94 per cent of the Regional Sponsored Migration Scheme visa employees have been satisfied with the employment opportunity that they have been able to take up in Australia. So it has obviously been a scheme that is having an impact on rural and regional Australia, one that is expanding job opportunities. When you fill those job opportunities in regional Australia, no doubt that flows through to ensuring that organisations are viable and can grow and
provide other employment opportunities for members of the community. I urge members representing regional Australia to ensure that employers there are aware of the opportunities under this scheme and take advantage of it.

**Goods and Services Tax: Price Increases**

Mr CREAN (2.54 p.m.)—My question again is to the Minister for Financial Services and Regulation. Minister, do you stand by your government’s unequivocal guarantee that the price increase will never be 10 per cent as a result of your new tax package? Are you aware that Rentlo, a prominent national appliance rental firm, has informed customers in Victoria by letter, and has confirmed on their telephone hotline, that the Rentlo charges ‘direct-debited from your bank, financial institution or credit card will be altered to include the 10 per cent GST, in accordance with your current direct-debit or credit card authority’? Minister, as Rentlo is putting up its prices by a full 10 per cent, aren’t you continuing to mislead the Australian people by claiming that no prices will increase by the full 10 per cent?

Mr Reith—Can we have that document tabled now?

Mrs Crosio—I rise on a point of order. Could you explain to the House, Mr Speaker, how the minister and the Leader of Government Business could possibly speak when he was not given the call and the microphone was on?

Mr SPEAKER—The member for Prospect will resume her seat. The Leader of the House was not given the call and the microphone was not switched on.

Opposition members interjecting—

Mr SPEAKER—The Leader of the House was not given the call and the microphone was not switched on.

Mr Reith—I seek the call, Mr Speaker.

Mr SPEAKER—The Leader of the House has been recognised.

Mr Reith—On a point of order, I asked the shadow minister to table the document that he was reading from.

Opposition members interjecting—

Mr SPEAKER—I remind members in the House that I recognised the member for Prospect and that the chair in its ruling has been entirely consistent. I recognise the Manager of Opposition Business.

Mr McMullan—Mr Speaker, I am seeking from you under which standing order the Leader of the House has the right to make that request.

Mr SPEAKER—I have just indicated to the Manager of Opposition Business that the chair has been entirely consistent in its ruling, and it was within that consistency that the member for Prospect was also recognised. The question was whether or not the Deputy Leader of the Opposition would table the document to which he was referring.

Mr Crean—I rise on a point of order, Mr Speaker. I am asking under which standing order that request can be made of me by them, given that it is my choice—and I will be doing it at the appropriate time—to seek leave to table it.

Mr SPEAKER—The Deputy Leader of the Opposition will resume his seat. I call the Leader of the House.

Mr Reith—Mr Speaker, there is no point of order. There is no standing order—

Ms Macklin—There is no standing order!

Mr Crean—It was a killer punch!

Opposition members interjecting—

Mr SPEAKER—I remind all members of the House that, regardless of who occupies this chair, the decision of who is recognised either in their place or at the dispatch box is a decision for the chair. I call the Leader of the House.

Mr Reith—Mr Speaker, every day, without the benefit of a standing order, the opposition seek from government ministers that they table their documents; every day, without a foundation standing order—which is proof positive that the practice of this House is to provide members with the opportunity to seek the tabling of a document which a member of the House is referring to. It happens every day of the week for the government. I put it to you that on that basis it is perfectly reasonable for the Deputy Leader of the Opposition to be provided an opportunity to table that document. We all know that he
does not want to table it because he has been misrepresenting and misquoting it.

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

Mr McMullan—On that point of order, Mr Speaker: the Leader of the House is absolutely wrong. Standing order 321, under which we seek documents to be tabled by ministers, explicitly says a document relating to public affairs quoted from by a Minister or an Assistant Minister shall be tabled ‘if required by any Member’. It does not refer to documents of the nature referred to by the Deputy Leader of the Opposition.

Honourable members interjecting—

Mr SPEAKER—I will deal very rapidly with the Manager of Opposition Business, the Deputy Leader of the Opposition and the Treasurer if I need to do so. The least that can be expected of members in the House is common courtesy. So far as the Speaker is concerned, there has been a request made by the Leader of the House for a document to be tabled, and it is merely that request to which the Deputy Leader of the Opposition can choose to respond or not to respond. It was in that context that I allowed the request to be made.

Mr Crean—Mr Speaker, I have already responded. I will seek leave to table the document at the appropriate time—of my choosing, not of theirs.

Mr Leo McLeay—Mr Speaker, my point of order is on the action that you have just taken. In recent days you have told members of the opposition we cannot take a point of order unless we quote the standing order. You have now allowed the Leader of the House to take a point of order on a standing order that he himself has admitted does not exist. You then asked the Deputy Leader of the Opposition to produce a document asked for by the Leader of the House. It is not within your prerogative as the chair to do that; you have to deal with the standing orders. If he admits there is no standing order to ask you to do it, how can you do it?

Mr SPEAKER—As the occupier of the chair I have already made it clearly evident to everybody in this House that I had in fact allowed the member for Prospect to raise a matter of concern to her without specifically asking her to refer to a standing order, and precisely the same latitude was extended to a government member. Subsequently I have not required—repeat: have not required—the Deputy Leader of the Opposition to take any particular action. I have invited him to do so, he has declined to do so and for that reason the matter is concluded and the minister has the call.

Mr Rudd—Mr Speaker, I raise a point of order. Last Thursday you warned me on this specific point when you said that I was obliged, if I had a point of order, to raise that point of order under a specific standing order. My failure to do so caused you to sit me down and subsequently to warn me.

Mr SPEAKER—I have dealt with that matter. The minister has the call.

Mr Rudd interjecting—

Mr SPEAKER—The member for Griffith is warned! The member for Griffith is aware of the fact that any reflection on the chair is highly disorderly.

Mr Hockey—Mr Speaker, I am happy to refer the matter to the ACCC if the member for Hotham will give me the document. The member for Hotham has made some allegations. I would like to see the documentation that supports those allegations. Where is the documentation? It is a reasonable question. The member for Hotham comes into this House and makes a number of assertions. When the member for Hotham gives me the document, I am happy to have a look at it, answer the question and refer it to the ACCC.

Mr Crean—Mr Speaker, I seek leave to table two documents. One is the one I sought to table before from the ACCC in terms of the 12.4 per cent rise—which you have denied—and the second is the letter from Rentilo, together with the follow up telephone call that the GST will result in a full 10 per cent hike—

Leave granted.

Indigenous Tourism

Mr Haase—My question is addressed to the Minister for Sport and Tourism. Would the minister inform the House as to the practical steps being taken to
Miss JACKIE KELLY—I would like to thank the member for Kalgoorlie for his question. He has a number of indigenous tourism operators in his electorate, and in fact he was ably represented at a national indigenous tourism forum we held last weekend by Joe Ross of Bunuba Inc. at Fitzroy Crossing in his electorate. That forum was an excellent example of the government, in partnership with industry, ensuring that indigenous businesses enjoy and partake of the strong growth in Australia’s tourism industry.

In the decade out from the Olympic Games we expect a doubling of international visitors to Australia, and with that will come tens of thousands of new jobs and earnings in excess of $30 billion per annum. Research shows that there is a significant, growing international interest in an authentic indigenous tourism experience. Up to 80 per cent of European visitors and a significant proportion of those from other destinations seek an indigenous experience. The key issue at last weekend’s forum was to satisfy that consumer demand for a high quality, authentic indigenous experience in a culturally sensitive manner.

Prime Minister, I am happy to report that the forum brought together around 200 regional, rural, remote and city based indigenous tourism operators, including a number of leading mainstream operators and employers and potential investors, very much focused on practical outcomes. One of those key practical outcomes was the commitment by one of Australia’s largest hotel groups, Accor, to create 100 jobs for indigenous people in its hotels right across Australia. Another outcome was the development of a financial management package by Aboriginal Tourism Australia in partnership with government and industry. That will provide a blueprint for indigenous businesses starting up in private enterprise.

We also had commitments coming forward from key tourism industry associations, such as the TCA and ITOA, to facilitate access by indigenous tourism operators to the services provided by those organisations. The Australian Tourist Commission also made a commitment to double the number of indigenous tourism business participants at its annual Australian Tourism Exchange, which is the largest Australian tourism trade show. It is also underwriting millions and millions of dollars of business annually. By providing access to economic empowerment, we make a real contribution towards practical reconciliation.

I would like to take this opportunity to thank a few of the industry people involved in that summit. They are Mr David Baffsky from Accor; Peter Johnson from Chubb Training Services; Paul Ah Chee from the Aboriginal Art and Culture Centre in Alice Springs; Joe Ross, as I mentioned, from the member for Kalgoorlie’s electorate; Phil Young from the TCA; Peter Shelley from ITOA; and Lois Peeler from Aboriginal Tourism Australia. They all worked together to make the forum quite a resounding success.

Goods and Services Tax: Insurance

Mr SAWFORD (3.09 p.m.)—My question is to the Minister for Financial Services and Regulation. Minister, do you stand by your government’s claim as set out in your original GST package that the price of insurance will increase by only 0.8 per cent as a result of the GST? If this is so, why does Professor Allan Fels’s GST shopping list state that the price of home insurance will increase from seven to nine per cent, home contents insurance by two to four per cent and comprehensive vehicle insurance from three to five per cent—all significantly above your government’s pre-election promise? Minister, if Professor Allan Fels does not believe your GST price promises, why should ordinary Australians?

Mr Brereton—All your whoppers coming home to haunt you.

Mr HOCKEY—Was that the member for Kingsford-Smith saying that? Mr Speaker, I do not accept the assertions made by the member. He is comparing apples with oranges, as I have already pointed out, in relation to the modelling behind the figures. But what we have seen today is the opposition engaging in price monitoring. Do you know what? On this side of the House we welcome
price monitoring. On this side of the House we welcome consumers being the best guard of prices during the transition to the A New Tax System. On this side of the House we believe in price monitoring during the transition to the A New Tax System. I ask the Labor Party: where was the price monitoring regime when they jacked up 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? Where was the compensation for families when the Labor Party were jacking up taxes? Who was protecting consumers? Who was protecting pensioners? Who was protecting families? The Labor Party weren’t.

Mr Beazley—Mr Speaker, I raise a point of order that goes to relevance. A specific question was asked of this minister—he has not answered one—as to how he explains the difference between 0.8 per cent, the figure taken to the electorate on insurance increases, and a series of insurance price rises grossly greater—

Mr SPEAKER—The Leader of the Opposition knows that he cannot in fact re-ask the question. I will rule on the matter of relevance. I invite the minister to return to the question.

Mr HOCKEY—We put in place a price monitoring regime that the Labor Party never even dreamed about—three million prices are being monitored; $56 million to the ACCC over the next three years. We are about one sole motivation—that is, protecting consumers. So when the member stands up in this House and asks a question about insurance and conveniently forgets that the original estimates differ from the latest estimates in that we have not been able, through the fault of the Labor Party, to deliver on time the abolition of financial institutions duty and the abolition of bank account debits tax—the abolition of stamp duty on the transfer of shares we have actually put in place on time, despite the Labor Party—and asserts that apples can be compared with oranges, I say only this: the Labor Party will be judged not on their words but on their actions. Not on a single occasion did the Labor Party, whenever they were in government, put in place a price monitoring regime that protected Australian pensioners, that protected Australian families and that protected Australian consumers. We will look at each of the allegations made by the Labor Party, and we will come back with facts and not fiction.

Indigenous Australians: Veteran Benefits

Mr GEORGIOU (3.14 p.m.)—My question is addressed to the Minister for Veterans’ Affairs. Minister, would you inform the House what the government is doing to ensure that indigenous veterans have access to repatriation benefits?

Mr BRUCE SCOTT—I thank the member for Kooyong for his question because this government is doing a great deal in this area. The Department of Veterans’ Affairs has always administered benefits according to veteran’s service eligibility. We have never asked veterans to reveal their ethnicity or their cultural heritage. However, this government is making a concerted effort to ensure that Aboriginal and Torres Strait Islander veterans are getting the pensions and other benefits to which veterans are entitled. My department is conducting a nationwide campaign to ensure that Aboriginal and Torres Strait Islander veterans and their families are aware of veteran benefits and services and also at the same time my department is encouraging veterans to contact them to discuss their eligibility.

Furthermore, staff of the Department of Veterans’ Affairs have received cross-cultural training. Additionally, Aboriginal and Torres Strait Islander veteran project officers are available in every state office to provide a culturally sensitive service to indigenous veterans. We have also supported the formation of an Aboriginal and Torres Strait Islander veterans services association. My department is working with this association to promote the interests of indigenous veterans. We have recently provided a grant of some $87,800 to help that association identify and assist indigenous veterans and their dependants.

Whilst I am here I would also like to take this opportunity to advise the House that last
week the office building which houses the national office of the Department of Veterans' Affairs and also the Aboriginal and Torres Strait Islander Commission was renamed in honour of the Lovett family, a Victorian Aboriginal family. I believe that was a fitting tribute to the members of that family because, since World War I right throughout this century and right up to the deployment in East Timor, 19 members of that family have served. I think the renaming of that building in that family's honour is a fitting tribute to that family, as it is indeed to all indigenous Australians who served our nation. I thank the member for his question.

Goods and Services Tax: Electricity

Mr ADAMS (3.17 p.m.)—My question is to the Minister for Financial Services and Regulation. Minister, do you stand by your government’s claim as set out in your original GST package that the price of electricity will increase by only 6.6 per cent as a result of the GST? If so, why does Allan Fels’s GST shopping list state that the price of electricity will increase by nine to 9½ per cent—a $56 increase on the annual power bill for the average Australian? Minister, if Allan Fels does not believe your GST price promises, why should ordinary Australians?

Mr HOCKEY—Yet again, I do not accept the assertions made by the honourable member. Yet again, the honourable member is comparing apples with oranges. He is comparing the basis upon which the original estimates were made—the original package which the Labor Party would not support that included the changes to those indirect taxes, the indirect taxes which the Labor Party opposed abolishing—to the latest package. I call on the member for Port Adelaide and also the member for Lyons to tell me the names of the companies that are doing this. Give us the names of the companies, and we will investigate. But we want to know exactly who you are alleging is engaging in this sort of activity.

Mr Beazley—Mr Speaker, I raise a point of order on relevance. The question was a comparison between the prices given by Mr Fels and what was put before the Australian people. We are supposed to report Mr Fels—

Mr SPEAKER—The Leader of the Opposition will resume his seat. The minister’s answer was relevant to the question that was asked.

Mr HOCKEY—Again, I assert that, if the opposition are going to make baseless claims about individual companies, we want to know the names of those companies. We on this side of the House are all engaged in price monitoring, and when it comes to various other allegations—

Mr McMullan—Mr Speaker, I raise a point of order on relevance under standing order No. 145. It cannot be relevant to challenge people to name the individual companies that have made certain price charges in answer to a question referring to the price list issued by the ACCC—unless the minister says the ACCC’s allegations are baseless.

Mr SPEAKER—The Manager of Opposition Business will resume his seat. By any measure, the minister’s reply to the question was relevant, and that is why I had allowed him to continue.

Mr HOCKEY—As I said, the member for Lyons was comparing apples with oranges in the assertions he made, and I invite the member for Port Adelaide and other members on both sides of the House, if they believe that an individual company is engaging in price exploitation, to provide names to us. Otherwise, the answer is apples and oranges. You know—apples, oranges?

Victoria: Campaign 2000

Mr BILLSON (3.22 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, would you inform the House of the government’s response to threats to mount industry-wide industrial action in Victoria as part of Campaign 2000? What are the implications of this campaign for investment and jobs in our great state of Victoria?

Mr REITH—I thank the member for Dunkley. I think all members of the House—particularly the Victorians and, I suspect, privately the Premier of Victoria, Steve Bracks—will be very concerned to hear today that the Democrats have rejected outright any proposal to deal with the threat of Campaign 2000.
Mr REITH—This is a threat which I believe all members of the House should be concerned about. The government raised this issue and proposals to deal with it prior to Christmas, and those proposals did not meet with any support from the Democrats. We met again with the Democrats at the end of January and in early February. On 16 February, they gave us a second version. They gave us a proposal on pattern bargaining. So that was the second time we had a set of proposals.

Mr McMullan—When was that?
Mr REITH—On 16 February.

Mr REITH—We further refined these proposals in discussions with the Democrats. In April, I further met with the Democrats, including Senator Lees, and I understood that, whilst we were continuing discussions on the technicalities of the bill, their position was that they believed it was a threat which ought to be dealt with by further legislation. As we have seen in the last couple of days, the Senate committee has brought down its report. We met with the Democrats last night. We took their report as a starting point and put a series of propositions to them overnight. We gave them those propositions—

Mr Bevis—They know what you’re like!
Mr REITH—We would have to say that they were minimalist propositions, which we put to them again this morning, and in their meeting this morning they have rejected each and every one of those proposals, including those which built on the very minority report that they brought down yesterday.

We are still very concerned about what is going to happen. We have people like Craig Johnston in Victoria, supported by the Leader of the Opposition, who boast about the fact that they can break the law, ruin companies, lose jobs and lose investment. The Leader of the Opposition is publicly standing shoulder to shoulder with Craig Johnston, Dean Mighell and those who are determined to bring down the system of enterprise bargaining and to take this country back to a system which lost us thousands and thousands of jobs in the 1970s. Every day lost due to strikes in Campaign 2000 will be the responsibility of the weak Leader of the Opposition. Every dollar of investment lost in both Victoria and this country in the times ahead as a result of the return of pattern bargaining and industry-wide strikes will be the political responsibility of the Leader of the Opposition. When you have weak leadership that capitulates to the unions, the people who suffer are the very workers that the Labor Party—

Mrs Crosio interjecting—
Mr SPEAKER—Order! The member for Prospect will excuse herself from her seat under the provisions of standing order 304A.

The member for Prospect then left the chamber.

Mr Adams interjecting—
Mr SPEAKER—The member for Lyons is warned.

Mr REITH—In the last week or so, we have seen the Labor Party abandon a policy that they themselves stood for in 1998. They would not lift a finger for the workers at Scone in their hour of need, they would not call upon Bob Carr to provide some financial support to the blokes up at Scone who genuinely needed support; and, in the face of a campaign by their union mates to break the law and cost jobs in Victoria, the Leader of the Opposition sits there mute, unable to stand up for the national interest. It is a sad day when this legislation is rejected, but the political responsibility ultimately lies with the Leader of the Opposition, and I can assure him that he will not forget this day and
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his betrayal of the workers, particularly in the manufacturing sector in Victoria.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Solomon Islands: Political Crisis

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

Mr Howard—(Bennelong—Prime Minister) (3.28 p.m.)—Mr Speaker, could I add to an answer that I gave earlier?

Mr Speaker—The Prime Minister may proceed.

Mr Howard—Mr Speaker, at the beginning of question time, the member for Kingsford-Smith asked me a question about the Solomon Islands. He referred to a letter that had been written by the Prime Minister of the Solomon Islands to me more than a month ago. In his question, he asked:

Is it not a fact that he specifically sought from you a three-month contribution of Australian police personnel as part of a 50-person multinational group to work alongside Solomon Islands police in maintaining law and order?

The text of the letter was not precisely in those terms. The letter requested a meeting of New Zealand, Fiji, Australia, the Solomon Islands and I think Vanuatu. As I was going overseas during Easter, our response to that was to suggest that that meeting take place in the margins of the meeting that took place in Tokyo on 22 April.

At that meeting, the Minister for Foreign Affairs represented Australia. There was a request made for us to support an expansion of the Commonwealth police assistance group to 50. We have always supported that. In fact we have offered—and remain ready—to pay for that. It was in the later discussions that took place between the Minister for Foreign Affairs and the Prime Minister of the Solomon Islands that the specific request that I referred to in my answer was made. So that is the chain of events. It does not materially alter the substance of the member's question or of my response but, for the sake of the completeness of the record, I felt I should draw that distinction to the attention of the House. It does not really alter my answer: it adds to it. It does not alter the substance of what was asked of me by the member for Kingsford-Smith.

QUESTIONS TO MR SPEAKER

Questions on Notice

Mr Quick (3.30 p.m.)—Mr Speaker, my question to you relates to question on notice No. 1279 to the Minister for Aged Care, which was lodged on 16 March this year. More than 60 days have expired since I first placed the question on the Notice Paper. Under standing order 150, would you please write to the minister seeking the reasons for the delay in answering?

Mr Speaker—I will follow up the matter the member for Franklin has raised.

Questions on Notice

Mr Murphy (3.31 p.m.)—Mr Speaker, on 6 April 2000 question on notice No. 1386 addressed to the Minister for Transport and Regional Services concerning the precision runway monitor system and long-term operating plan for Sydney airport first appeared on the Notice Paper in my name. As it is now 61 days since the question first appeared, I ask that in accordance with standing order 150 you write to the minister concerned seeking reasons for the delay in answering my question.

Mr Speaker—I will follow up the matter raised by the member for Lowe.

Questions on Notice

Ms Jann McFarlane (3.31 p.m.)—Mr Speaker, my question relates to question on notice No. 1260 to the Minister for Aged Care, which was lodged on 14 March this year. More than 60 days have expired since I first placed the question on the Notice Paper. Under standing order 150, will you write to the minister seeking the reasons for the delay in answering?

Mr Speaker—I will follow up the matter raised by the member for Stirling.

Questions on Notice

Mr Price (3.32 p.m.)—Mr Speaker, my question to you relates to my question on notice No. 1039 to the Minister for Aged Care, which was lodged on 22 November 1999. More than 60 days have expired since I
first placed the question on the Notice Paper. Under the provisions of standing order 150, I ask: will you write to the minister seeking the reasons for the extraordinary delay in answering my question?

Mr Speaker—I will follow up the matter raised by the member for Chifley.

Questions on Notice

Mr Edwards (3.32 p.m.)—Mr Speaker, my question relates to question on notice No. 1253 to the Minister for Aged Care, which was lodged on 13 March this year. More than 60 days have expired since I first placed the question on the Notice Paper. Under standing order 150, will you write to the minister seeking the reason for this extraordinary delay in answering?

Mr Speaker—I will follow up the matter raised by the member for Cowan.

Questions on Notice

Ms Burke (3.33 p.m.)—Mr Speaker, my question relates to question on notice No. 1246 to—again—the Minister for Aged Care, which was lodged on 9 March 2000. More than 60 days have expired since I first placed the question on the Notice Paper. Under standing order 150, will you write to the minister seeking the reason for the delay in answering?

Mr Speaker—I will follow up the matter raised by the member for Chisholm.

Questions on Notice

Ms Ellis (3.33 p.m.)—Mr Speaker, my question stands in relation to standing order 150. I refer to question on notice No. 1243 asked of the Minister for Aged Care on 9 March. I have previously brought this to your attention and, unfortunately, still have not received a reply from the minister. I would be grateful if you could seek reasons from the minister for the extra delay.

Mr Speaker—I indicate to the member for Canberra that I believe it was followed up. I will now take up her additional request.

Questions on Notice

Mr Wilkie (3.34 p.m.)—Mr Speaker, my question relates to question on notice No. 1231 to the Minister for Aged Care, which was lodged on 8 March this year. More than 60 days have expired since I first placed the question on the Notice Paper. Under standing order 150, would you please write to the minister seeking the reasons for the delay in answering, as this is the second time this has occurred?

Mr Speaker—I will follow up the matter raised by the member for Swan.

Mr Bevis—Put him on an AWA!

Mr Speaker—The member for Brisbane seems to forget his position in the House.

Speeches: Attribution of Sources

Mr Billson (3.34 p.m.)—Mr Speaker, my question to you is not of the nature of questions from those opposite.

Opposition members interjecting—

Mr Speaker—The member for Dunkley will resume his seat. The member for Dunkley is entitled, as all members are, to be heard in silence.

Mr Billson—Those of us present in the last parliament would recall the efforts of the member for Werriwa with regard to a speech the member for Cowan delivered and the non-attribution of its sources.

Opposition members interjecting—

Mr Speaker—The member for Dunkley has the call, and I am listening closely to what he is saying.

Mr Billson—Mr Speaker, can you give some guidance to the parliament, particularly the new members, about verbatim quoting of Bills Digests and the like into speeches and how to properly attribute that contribution so that all of us are clear on how best to handle that type of information?

Mr Leo McLeay interjecting—

Mr Speaker—I warn the Chief Opposition Whip. That sort of behaviour and interjection is not tolerated. I will follow up the matter raised by the member for Dunkley and report either to the House or to members by correspondence.

Questions on Notice

Mr Horne (3.35 p.m.)—Mr Speaker, my question to you relates to question on notice No. 1227 to the Minister for Aged Care, which was lodged on 7 March this year. More than 60 days have expired since I first placed
the question on the Notice Paper. Under standing order 150, will you write to the minister seeking the reason for the delay in answering?

Mr SPEAKER—I will follow up the matter raised by the member for Paterson.

Questions on Notice

Mr ZAHRA (3.36 p.m.)—Mr Speaker, my question relates to question on notice No. 960 to the Minister for Aged Care, which was lodged on 30 September last year. More than nine months have expired since I first placed this question on the Notice Paper. Under standing order 150, will you write to the minister seeking the reason for the extraordinary delay in answering?

Mr SPEAKER—I will follow up the matter raised by the member for McMillan.

Mr Adams interjecting—

Mr SPEAKER—The member for Lyons has already been warned. He will apologise to the House or excuse himself from the House.

Mr Adams—I withdraw my interjection.

Questions on Notice

Mr O’KEEF E (3.37 p.m.)—Mr Speaker, I have a question for you which arises from the series of questions to you. In at least one of those instances, the minister who was being focused on you have already written to but it has not produced the desired result. I am asking what powers you have or what action there is that you can take when you do have an obvious situation such as this where the minister is failing to perform her duty to respond to these questions.

Mr SPEAKER—Clearly the same question had crossed my mind. I will see what my predecessors have done when this situation has existed in the past and follow their example.

PERSONAL EXPLANATIONS

Mr KERR (Denison) (3.38 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr KERR—Yes.

Mr SPEAKER—Please proceed.

Mr KERR—In the Prime Minister’s response to questions relating to the coup that overthrew the democratic government of the Solomon Islands, the Prime Minister made two statements which I believe were highly incorrect and which require responses. Firstly, I indicate—

Mr SPEAKER—I will listen to the member for Denison, who knows I will interrupt him if in fact he has not been misrepresented.

Mr KERR—Thank you. The first of those statements was that my conduct was that of a person acting in 20/20 hindsight. The fact is—

Mr Reith—Mr Speaker, I raise a point of order. That is not a misrepresentation, Mr Speaker. It is a view of the Prime Minister. The member obviously wants to debate it. It is not a debating point.

Mr SPEAKER—The Leader of the House may be sure that I will listen closely to ensure the member for Denison is not debating the issue.

Mr KERR—The facts are that, on return from the delegation of which I was the deputy leader, on 5 May I faxed—

Mr SPEAKER—the member for Denison is aware—

Mr Reith—Mr Speaker, I raise a point of order—

Mr SPEAKER—The chair has not in fact completed its statement. I will recognise the Leader of the House in a moment. The member for Denison will resume his seat. The member for Denison is aware that he must indicate where he has been personally misrepresented, as indeed he has with the statement about 20/20 vision. He is not at liberty then to debate the issue or to run through a chronology of events. I will recognise the Leader of the House if he wishes to pursue the point of order any further, but I believe I have ruled on the matter.

Mr Reith—Am I invited to make my point of order?

Mr SPEAKER—You are invited to make a point of order.

Mr Reith—My point of order simply is to say that the standing orders require a member—
Opposition members interjecting—

Mr Speaker—The member for Lalor! The member for Gellibrand! The Leader of the House has the call.

Mr Reith—The standing orders require you to state where you have been misrepresented.

Opposition members interjecting—

Mr Speaker—The member for Fowler and the member for Bruce are both warned.

Mr Reith—The practice is that you have to come immediately to where you have been misrepresented. To say, ‘The Prime Minister said that I have got 20/20 vision’ is not a misrepresentation. You have to state where you have actually been misrepresented. He could say that you are naive, that you had an inadequate understanding of the issues—but none of those matters would be a misrepresentation.

Mr Kerr—Mr Speaker, on the point of order: to say of a person that they acted with 20/20 hindsight is to make an allegation that they failed to act at the appropriate time and that they acted after the appropriate time. It is a misrepresentation in this instance and I am entitled to show the parliament where I have been misrepresented.

Mr Speaker—The member for Denison has made that point. Did the member for Denison have a second point on which he claims to have been misrepresented?

Mr Kerr—Mr Speaker, I raise a point of order: to say of a person that they acted with 20/20 hindsight is to make an allegation that they failed to act at the appropriate time and that they acted after the appropriate time. It is a misrepresentation in this instance and I am entitled to show the parliament where I have been misrepresented.

Mr Speaker—The member for Denison has made that point. Did the member for Denison have a second point on which he claims to have been misrepresented?

Mr Kerr—Mr Speaker, I raise a point of order: to say of a person that they acted with 20/20 hindsight is to make an allegation that they failed to act at the appropriate time and that they acted after the appropriate time. It is a misrepresentation in this instance and I am entitled to show the parliament where I have been misrepresented.

Mr Speaker—The member for Denison has made that point. Did the member for Denison have a second point on which he claims to have been misrepresented?

Mr Kerr—I do. The second point is that the Prime Minister attributed to me the motivation in relation to that representation—that it was an exercise to obtain cheap political capital. My letter to the foreign minister actually indicated that there had been—

Mr Reith—Mr Speaker, I raise a point of order—

Mr Speaker—The member for Denison has made that point. Did the member for Denison have a second point on which he claims to have been misrepresented?

Mr Kerr—I do. The second point is that the Prime Minister attributed to me the motivation in relation to that representation—that it was an exercise to obtain cheap political capital. My letter to the foreign minister actually indicated that there had been—

Mr Reith—Mr Speaker, I raise a point of order—

Mr Speaker—The member for Denison will resume his seat.

Mr Kerr—I take a point of order, Mr Speaker.

Mr Speaker—I have asked the member for Denison to resume his seat. I will hear the Leader of the House.

Mr Reith—If it were the case that to say that somebody was making a cheap political point was a misrepresentation about which you were entitled to a personal explanation, it would be the widest interpretation of this practice of the House that we have ever seen. It clearly is not a misrepresentation, and I presume you have asked him to resume his seat permanently.

Mr Beazley—Mr Speaker, I raise a point of order. In the circumstances which apply here it is clearly a misrepresentation. The letter to which the member is referring, which is now a public document but was not prior to the events of the last couple of days, clearly indicated an intention on the part of the member to raise this matter privately with the foreign minister, which he did, and it remained a private matter for a month until the government fluffed it. For the Prime Minister to accuse this member in a parliamentary setting, which I admit allows widespread abuse of the opposition—

Mr Speaker—The Leader of the Opposition is now debating the issue.

Mr Beazley—For him to claim that specifically in that context was a clear and blatant misrepresentation to which the member is entitled to respond.

Mr Speaker—The leader of the Opposition has made his point of order and will resume his seat. I do not believe that the member for Denison has indicated that he has been personally misrepresented in the way in which the standing order normally allows. The member for Denison has made the point that he wished to make. Unless he has any other area in which he has been specifically personally misrepresented, I will require him to resume his seat.

Mr Kerr—I might indicate that the Leader of the Opposition has made the point I wish to make.

Mr Speaker—The chair is aware of that.

Mr Crean (Hotham) (3.44 p.m.)—Mr Speaker, I wish to make a personal explanation.

Mr Speaker—Does the Deputy Leader of the Opposition claim to have been misrepresented?
Mr CREAN—I do, Mr Speaker—
Mr SPEAKER—Please proceed.
Mr CREAN—by the Minister for Financial Services and Regulation, who got a lot wrong today, but on this occasion he said that I was responsible—
Mr SPEAKER—The Deputy Leader of the Opposition understands that he must come directly to where he has been misrepresented.
Mr CREAN—I will. He said I was responsible for circulating a letter in relation to the Launceston Examiner in the press gallery. I circulated no such letter.

PAPERS
Mr REITH (Flinders—Leader of the House) (3.45 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings.

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

The need for the Australian government to pursue effective and competent diplomacy in Australia’s neighbourhood.

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 BEAZLEY (Brand—Leader of the Opposition) (3.45 p.m.)—For the last four years we have seen an Australian government diminish Australia’s standing in international affairs like no other has in a hundred years, the history of our federation. They have done it essentially because they have sought through foreign policy to establish points of difference between them in government and us when we were in office—when we pursued an active diplomacy in the region around us, when we sought active engagement with the region around us and, in the case of the South Pacific where the rest of the international community has historically recognised that Australia has special obligations, we had a very close engagement indeed—sufficient when we were in office to compel us to appoint a minister to deal exactly with their affairs.

If you do not think the international community has historically seen us in that way, I can only draw your attention to the records of trusteeships with which Australia has been placed at different points of time in the history of various international organisations, the role that we played in World War II in the allied campaign in the region, the role that we have had and subsequently relinquished in relation to Papua New Guinea, and the substantial roles that we have played in ensuring, as each of these nations have come to independence, their stability, even if from time to time—and this is not just Labor governments—we were actively involving ourselves with operations to establish the peace. That has occasionally involved us in intervening, if you like, in the internal affairs of nations which have got out of control, by flying in actively, using Australian Air Force assets and using personnel to suppress uprisings which local governments could not control. It has seen us from time to time indicate to those who would be of rebellious intent an intention on Australia’s part to intervene—I can remember several occasions occurring during the time when I was defence minister and immediately after it—and, from time to time, indicating by an armed military presence an intention that Australia would not tolerate a development taking place which we found unacceptable and which extended over to extreme violence and extreme threats to Australian personnel.

On each of those occasions, Australian prime ministers did not stand in this place and say, as far as the South Pacific was concerned, that basically everything that happened in those countries was a matter of comment from us but a matter largely of indifference in terms of our responsibilities with regard to the region. No-one else thinks that; nor should we. That does not of course mean that we need to conform to the straw man erected by the Prime Minister to defend himself against involving ourselves willy-
nilly at the conclusion of a crisis with armed force, or with a force in circumstances in which we send them in naked and unable to defend themselves. That has never been a proposition in the circumstances that we have faced in the Solomons, nor an invitation to us. And we have at all times as an opposition—not from 20/20 vision; at all times—warned the government about the course on which they were setting themselves in their relationships with the Solomons or the absence of their response to a set of emergency circumstances to which they were being alerted. We have at all times informed them about what we thought was an appropriate response, and from time to time have had back from them boastfulness about their success in regard to addressing these issues—boastfulness and complacency. That is what we have had from them.

That goes over to Fiji as well. It may be that this government was taken by surprise by events in Fiji. That may be the case. I can certainly recollect on one occasion our being taken by surprise by events in Fiji. But the question then arises: what precisely do you do about it? We had one course of action which we pursued which was appropriate to the times. That course of action would not have been appropriate to these circumstances. Not all circumstances require an identical response. What would have been appropriate in these circumstances would have been to move rapidly to register Australia’s extreme annoyance with what had emerged in the breach of the constitution of Fiji essentially under pressure from criminal elements in Fijian society. It was not enough simply to describe it as some of the old racial tensions in Fiji. Frankly, whatever might have been the excuses of Speight, or the continuing excuses of Speight, that was merely an excuse. It did not reflect an underpinning reality.

Speight’s case was a criminal case that the Fijian authorities clearly found themselves unwilling or unable to confront. Our suggestion was that they should have had drawn to their attention the fact that they were not confronting the obligations that apply to any democratic nation, and those who hold reserve powers in any democratic nation, to ensure that criminal elements did not have their way. We suggested immediately—not from 20/20 hindsight—that, when the chiefs and the President failed to act in the obligations that were imposed on them, Australia should have expressed itself at that point of time with sanctions. We would not have had then the issue of sanctions caught up in whether or not we would impose them in circumstances where a subsequent military coup replaced the previous coup, or uncertain circumstances—I do not know how you would describe it, actually—at that point of time and then our being obliged to work out whether or not in those circumstances we would be prepared to apply sanctions when clearly delicate negotiations were taking place between the military authorities and the criminal Speight and his henchmen. It would not have been an issue.

But, by delaying until that point of time, effectively the Commonwealth of Australia under this government saw its capacity to act in international affairs join the capacity to act of the other hostages in the compound that Speight was operating. That would not have occurred if this government had acted—not when the opposition are saying now, in the course of this debate, that they should have acted—when we said they should act, at the point of time when those who held reserve powers in the Fijian arrangements were clearly negligent in their duties.

Other people have now acted. So we face the extraordinary situation where our foreign minister has to go and explain himself to the Europeans who have acted, who have applied or begun to apply a series of savage sanctions to the Fijian economy—savage sanctions, given that those countries happen to be the repositories for the bulk of the exports of Fijian sugar. They have said that, while the constitution is not upheld—irrespective of the economic effects—Fiji cannot export sugar to them. They have put an extraordinarily tough set of sanctions in place. And what did we see when those sanctions were put in place? An instant stiffening of the anti-Speight forces. Instantly, the anti-Speight forces stiffened and started to deal with him for the first time in a 19-day siege. For the first time somebody took a stand. Was it the nation whose leadership has always been
accepted in the South Pacific—or was it somebody 12,000 miles away? There is an obvious lesson to be learned from that, an obvious lesson: if we had acted earlier, that stiffening process would have occurred earlier.

Then we go to the situation in the Solomon Islands—a situation of drift and despair, as far as the governing authorities of the Solomon Islands are concerned, that has been there for some considerable time. There was a constant cry for help to this country for us to assist it. When you are dealing with South Pacific island states, you are not dealing with states with enormously entrenched security forces—security forces which necessarily always act under the directions of the governing authority—but with security forces which are often likely to be the subject of tribal disputes which make them ineffective at crucial moments.

I would suggest that members of the government now actually read the letter of the member for Denison, something they have clearly not done. Had they read the letter of the member for Denison, they would have found—and there is nothing that we have seen in any of the enormous amount of publicity that has been associated with this since which denies this—firstly, a detailed cry for help from the Prime Minister to a group of Australian politicians attending upon them. They would have also seen that the Leader of the Opposition took the view that that sort of assistance was absolutely essential.

That does not mean that we have to take at face value anything that they ask for. We are capable of a dialogue with them. If we do not like the fact that the police would be unarmed, we are capable of a dialogue with them to suggest they should be armed. If we do not think that the police are appropriate but some other section of the armed forces is appropriate, we are capable of expressing that view to them. We are capable of exercising our own judgment as to what might be required in that set of circumstances. The point is to respond.

What the ex-Prime Minister of the Solomon Islands has been telling us is this: the state of affairs in the Solomons has so broken down that those who comprise, in particular, the mobile force, the action force associated with the police in the Solomon Islands—a force that has been the recipient of a substantial amount of Australian foreign aid and training over the years, a force for whose internal state of affairs and attitudes we must accept some level of responsibility—are incapable of being utilised because of their being sympathetic to those who are leading the civil disturbances inside the Solomon Islands. In other words, he is saying to us, ‘We cannot use the police force. We cannot use any of the forces of law and order. The situation in my country is dissolving. The Leader of the Opposition agrees with me. The parliamentary process agrees with me. Will you help me?’

Australian governments always have. We did in Vanuatu. We tried to in Fiji—and I certainly think that the actions we took at that time kept the violence associated with that coup to a very low level indeed. We did so in Papua New Guinea at different points of time. You did it earlier on in Vanuatu. You did it earlier on in Papua New Guinea. You have failed now. This is why we say that the dumbing down of Australian foreign policy that has occurred over the course of the last four years is not something that we see as endemic to the Liberal Party. We see it as endemic to this negligent government. This is a specific achievement of the Prime Minister of this nation and his foreign minister. It is a reflection not of the weakness of the Liberal Party but of the weakness of them. That is what it is a reflection of. Their failure in their duty is a product of their personal failure. And their personal failure is recorded in the relationships that they have already established in the region.

The former Prime Minister, Labor Prime Minister Keating, and his predecessor Hawke made a point in the South Pacific of attending to their responsibilities—attending relevant conferences, listening to what the people in the South Pacific had to say to them and responding to the needs that they expressed economically, in security terms and in development terms. That they regarded as their job. They did not regard themselves as unique; they regarded themselves as having inherited that job. This was not some new idea they had developed; they simply as-
sumed it was their responsibility—as it had been the responsibility of Fraser, as it had been the responsibility of Menzies, as it had been the responsibility of Australians, really, right back to the point of time of our Federation. They simply did their duty; this Prime Minister fails.

This Prime Minister can exercise no leadership when it comes to the area in which a Prime Minister uniquely exercises leadership. There are plenty of people who exercise leadership in the economy and society and the rest of it in Australia; the Prime Minister alone exercises leadership when it comes to foreign policy.

So we are presented with this sorry failure. The Prime Minister thinks he has achieved something by declaring in this House that he would not put people from the AFP in harm’s way. He was prepared, I might say, when he added to his answer, to say that we would pay for somebody else putting themselves in harm’s way. What an honourable statement that was. But he was never obliged to do that. He could determine the terms and conditions on which we aided their security. He could have entered into a dialogue with the Solomon Islands Prime Minister and said, ‘No, sorry, old son, if you want us in, you’re going to need a few other things than that.’ He could have done all those things if he was in the tradition of great Australian prime ministers, Liberal and Labor—but he is not. He is a unique failure when it comes to upholding Australia’s international obligations, and he is deserving of having this MPI brought upon him, but I note he is not going to bother to attend the debate. (Time expired)  

Mr NUGENT (Aston) (4.00 p.m.)—Mr Deputy Speaker—

Opposition members interjecting—

Mr NUGENT—Let me just say at the outset that we are hearing from the opposition frontbench a typical hypocritical and opportunistic set of comments. He calls for the Minister for Foreign Affairs, knowing full well that the minister is in London.

Mr Leo McLeay—Mr Deputy Speaker, I rise on a point of order. The member for Aston referred to the Leader of the Opposition as a hypocrite. Yesterday, the Speaker asked the member for Dobell to withdraw remarks that imputed hypocrisy to a minister. I would ask you to ask the member for Aston to withdraw that remark.

Mr DEPUTY SPEAKER (Mr Nehl)—I am afraid members of the opposition were making so much noise that I did not hear it myself. However, if the member for Aston did refer to the Leader of the Opposition as a hypocrite, I ask him to withdraw.

Mr NUGENT—I referred to the opposition frontbench as being hypocritical. But let me say that in no sense do I wish to accuse the opposition leader of being a hypocrite, and I withdraw it if that was inferred.

Mr Melham—Mr Deputy Speaker—

Mr NUGENT—They do not want to debate the issue, do they!

Mr Melham—Mr Deputy Speaker, I rise on a point of order. In his answer to you, the member did admit to accusing members of the frontbench of being hypocritical.

Mr DEPUTY SPEAKER—There is no point of order.

Mr Melham interjecting—

Mr DEPUTY SPEAKER—You may regard it anyway you like, but the practice of this House—

Mr Melham interjecting—

Mr DEPUTY SPEAKER—Order! The honourable member for Banks will resume his seat, as requested! The practice of the House has shown very clearly that the point of order he raises is not a point of order.

Mr Lee—Mr Deputy Speaker, I rise on a point of order. Yesterday, during question time, the Speaker required me to change a question because I accused the minister for education of being two-faced—that is, a hypocrite. If I am unable to say that David Kemp is two-faced, how can the member accuse all of us of being hypocrites?

Mr DEPUTY SPEAKER—I understand your point of order. You are arguing it and debating it. I am quite clear in my mind that you have no point of order. The honourable member for Aston has the call.

Mr NUGENT—Thank you, Mr Deputy Speaker—

Mr Leo McLeay—Mr Deputy Speaker, I rise on a point of order. My point of order is
that the member for Dobell has just asked that the reflection on him made by the member for Aston be withdrawn. It has been the practice in this House that, if a member is offended by something, the member should be asked to withdraw.

Mr DEPUTY SPEAKER—The Chief Opposition Whip knows even better than I that the responsibility for deciding whether something is unparliamentary and should be withdrawn rests with the occupant of the chair. Other members may request that, but the decision is with the chair. I have listened quite carefully to the member for Dobell. I am aware of very many circumstances that have taken place where a general charge of being hypocrites or hypocritical applied to a large number of people, whilst discourteous, has not been regarded as unparliamentary. The member for Aston has the call.

Mr NUGENT—The interruptions in the last two or three minutes are just typical. The opposition, of course, does not want to debate this issue. It wants to make political points. It does not want to deal with this serious issue seriously. I started to say that I heard a comment from the frontbench on the other side asking where was the minister. The opposition knows full well that the minister is in London at the moment dealing with the crisis in Fiji with other Commonwealth ministers. He is doing the proper action that is expected of him.

You might ask: where is the Minister for Trade? The opposition know full well that the Minister for Trade is, at this moment, in Darwin chairing the APEC conference, and that is in the interests of Australia. The opposition just want to muddy the waters. They do not want to hear the truth. They do not want to hear about the government’s effective action. Of course, what we have just had from the Leader of the Opposition is a typical example of the huff, the puff, the bluster, the shouting and the yelling that we usually get—no reasoned argument about what our foreign policy should be or about what we should be doing. It is a question of opposing for the sake of opposing and of trying to make cheap political points.

The Leader of the Opposition said that he wanted the government at the first opportunity to state its opposition to what happened in Fiji. Unless the Leader of the Opposition is incapable of reading, you have to ask: where has he been? He will get his clips every day, he will watch the television every day and he knows jolly well that the Prime Minister, the Minister for Foreign Affairs and every other member of the government from day one has been condemning what has been going on in Fiji. Quite clearly, our first priority is to make sure that the hostages are released safely; but at no stage have we given any sustenance or succour to Speight and his ilk. We have been very clear on that. We have been very strong on that. As I said before, the minister is in London at the moment pursuing that particular issue.

The Leader of the Opposition then went on to ask, ‘Why aren’t we applying sanctions? Why weren’t sanctions applied straightforward? The reality of life is that you do not fire all your bullets in one go. You do not take all the action possible. You try to deal with the situation as it develops and you escalate your level of response as is appropriate. That is something the government will be doing naturally on an ongoing basis. When we talk about the Solomons, the Leader of the Opposition asked, ‘What about having dialogue?’ What on earth does he think the government has been doing for month after month after month? Certainly a letter came from the member for Denison but he was not the only member on that delegation. Others reported to the government about what had gone on there during that parliamentary delegation, and what the government has done repeatedly and is doing on an ongoing basis is to make sure that we do have dialogue. We have four officials there at the moment. They have been there for some time.

We have already been supporting for many months the multinational police force in the Solomons. When that request came for us to help, we sat down and talked to them and offered our help. The Leader of the Opposition asked, ‘If the government did not want to commit Australian police, why isn’t it looking at other options?’ That is exactly what the government did. It did look at other options. It offered to pay for the extra 50 police officers to join that multinational police force. It
sat down and talked with the players involved and agreed on who those police officers would be. Those police were due to come from Fiji and Vanuatu. Of course the coup in Fiji upset that plan. But to suggest that the government has sat around doing nothing is an absolute nonsense, and the Leader of the Opposition knows it.

To suggest that over the last four years this government has been doing damage to our foreign policy and our relations overseas is an absolute nonsense. It seems to me that what the opposition does not seem to understand is that our Minister for Foreign Affairs has visited the South Pacific, if we are talking about the South Pacific, more times than former Minister Evans did in the previous government. You know that. You know that former Minister Evans took almost no interest in the South Pacific area at all and that Minister Downer has been highly active there. The Prime Minister has been there on previous occasions and we have shown leadership on this and a number of other issues.

The MPI talks about the effectiveness of Australia’s diplomacy in the neighbourhood. What we have been able to do in the neighbourhood in the last four years has been quite outstanding. It is interesting that when we have had successes and we have stood up and talked about our successes the other side want to complain about triumphalism. When we talk about doing things, as we did in Timor, we are accused of wanting to be the region’s policeman. Now the opposition is trying to encourage us to be the region’s policeman. What do you want? Do you want it one way or the other way? The member for Dobell just now talked about the fact that he did not like the two faces that were being presented, but it seems to me that is exactly what the opposition is doing at the present time. We are not the region’s policeman, but we clearly have responsibilities in the region. We clearly have a responsibility to work with other countries in the region, and this government has done that on an ongoing basis.

For example, in the Asian financial crisis, which caused such devastation around the region, it was this country—one of only two countries in the world—along with Japan, that participated in the bailout of Thailand, Indonesia and Korea. Our relationships with Thailand and Singapore have never been better. The actions that we took on Timor have drawn congratulations from around the world. I think there are very few people at all who would suggest that the actions we took in Timor were not the right actions. Our relationship with Indonesia, frankly, is more soundly based now than it has ever been. We welcome the democratic elections there. Because of Timor, there was a temporary difficulty in the relationship, but that is being rebuilt and it is interesting to note that the Indonesian President is due to visit this country shortly—the first time an Indonesian President has been here for more than 20 years. Our relationship with China, one of the most important players in the region, has undoubtedly in the last two or three years become the best relationship we have had with that country since diplomatic relations started in 1972. We have had a major role in the ASEAN regional forum. We continue to play a leading role in APEC, and our Prime Minister has visited many countries in the region working on the relationship. In fact he is due to go to Japan this week. He has just come back from Korea, and he has visited many of the other countries.

When we talk about the South Pacific let us be very clear that this government has pursued a policy of support and encouragement and of dealing with problems in the South Pacific region. We have widespread diplomatic representation. We have a substantial aid budget. In fact something like $460 million of our aid budget goes to the South Pacific in one form or another. It is interesting that a lot of that aid goes on what are called good governance projects. That is all about making sure that those countries do establish democratic governments, that they do institute the rule of law, and we try to combat in a practical way the strongarm tactics we have seen in both the Solomons and Fiji recently.

We have been involved heavily with the region in defence cooperation. If the shadow minister at the table had travelled in the region at all, he would know that if you go to almost every South Pacific island you will see a patrol boat provided by Australia and
you will meet the Australian crews helping to train others. We have seen major activity in that area. In PNG our aid has been huge and our support has been tremendous, including the provision of police on the ground. It is interesting that when they had a lot of troubles a few years ago with famine and so on it was the Australian government, this government, that moved quickly to help resolve those problems. We also have a large and ongoing commitment in Bougainville. And it is important to note that in the Solomons, where trouble was brewing long before Fiji blew up, we have been active for some time.

I think there is something the Leader of the Opposition needs to understand when dealing with the South Pacific, and it was a lesson I learned when I first came to this place and went on my first overseas delegation to a South Pacific conference in Tonga, that is, we might be the big country, we might be the rich country and there might be high expectation about what we can do, but equally there is a very strong view in the South Pacific that they do not want Big Brother marching in and telling them what to do. I think it is important that the Leader of the Opposition understands that we are talking about independent countries, countries where you cannot just go in and throw your weight around. We are talking about the fact that we already have resources in many other countries and you cannot just go out there willy-nilly and take over where it might happen to catch your mood. It seems to me that the Leader of the Opposition forgets that critical factor.

Also, for the benefit of the Leader of the Opposition, when you look at committing Australian resources overseas, you have to learn some responsibility. He was in government for many years, and he should have learnt this lesson. But, quite clearly, while in opposition, he has forgotten the lesson of responsibility. No Australian Prime Minister is going to send Australian police officers or troops overseas into a situation where their lives are potentially at risk—while they would be in front-line positions—without some sort of reasonable exit strategy. I think it is important that the House understands that the government condemns the coups in Fiji and the Solomons. We are of course concerned for the hostages, and we will continue to work with our regional neighbours to resolve those situations. I condemn the opportunistic attitude of the Labor Party. I think there is no question at all that they are playing politics. The government totally rejects the proposition advanced by the Leader of the Opposition.

Mr BRERETON (Kingsford-Smith) (4.15 p.m.)—This government came to office boasting a commitment to a much greater priority in Australia’s relations with the South Pacific. Early in 1996, Mr Downer announced that the coalition government would abolish the position of Pacific islands affairs minister and, as he put it, upgrade the status of the region by returning the responsibility to himself as Minister for Foreign Affairs. That was his commitment. He said that the South Pacific was to be his personal bailiwick.

Eighteen months down the track, we saw the much hyped foreign affairs white paper, with the government affirming that the South Pacific was an area of significant interest and abiding importance. But already a gap had opened between rhetoric and reality. That white paper devoted but four short paragraphs to our substantial bilateral relationship with PNG. The remainder of the South Pacific was disposed of in a mere three bland paragraphs. In one sentence of note, it said: Increased conflict and instability in this region would have negative consequences for Australia’s interests, including possible calls to intervene, and heightened calls for increased migration. Well, just how well has the government delivered on its commitment of greater priority for the South Pacific? The first key test was the Sandline mercenary crisis in PNG in 1997. Here, as members will recall, our intelligence agencies, our high commission in Port Moresby and DFAT all failed to anticipate or detect that the then PNG government was scheming with foreign mercenaries for a military solution to the Bougainville conflict. This was an intelligence and diplomatic failure of major proportions. The PNG government and Sandline had undertaken extensive negotiations and preparations for their Bougainville operation. But Australia’s foreign
minister, himself engaged in months of talks over Bougainville, only learned of the mercenaries being on the ground in PNG when he personally saw their aircraft parked at Port Moresby airport. Australia, in fact, was caught completely by surprise. A desperate scramble followed that saw PNG’s political system destabilised and an absolute disaster avoided by only the narrowest of margins.

The Sandline crisis should have told the government that events in the South Pacific have the potential to develop very rapidly. Sandline should have told them that constant attention and engagement are required if Australia is to assist our neighbours in a timely manner and to effectively deal with critical situations before they blow up into full-scale crises. In the aftermath of Sandline, Labor repeatedly called for a review of Australia’s diplomatic and intelligence assessments. There were numerous overseas and Australian precedents. But our foreign minister refused to commission any inquiry, labelling the idea as ridiculous and irresponsible. There was no post-mortem. The foreign minister told everyone that he and his department had performed brilliantly. He may have persuaded himself, but now, three years later, the government have been taken completely by surprise again by these dramatic events in not one but two South Pacific countries.

Members will recall the blow dealt to Australia’s relations with our Pacific neighbours by the leak of the ‘Australian eyes only’ briefing for a 1997 South Pacific forum economic ministers meeting. That infamous document described our neighbours and friends in the most derogatory terms. It called one finance minister of a neighbouring nation as ‘a compromised lame duck’. It described another Pacific country as ‘boastful and vain’ and ‘drinking heavily’. It described the Prime Minister of another neighbour as ‘ever an opportunist’. It said he was ‘a Methodist by upbringing who does not practise, and enjoys late hours in nightclubs’. Another Deputy Prime Minister was dismissed as a ‘lickspittle’. The leaking of that AUSTEO document did immense harm to our relationships in a region where personal contact and ties are critical ingredients of diplomacy. One might have thought that, after such a diplomatic disaster, the Howard government might have put extra effort into building the personal relationships so important in the South Pacific. Sadly, tragically, this has not been so.

The Prime Minister’s record of attendance at the South Pacific Forum speaks volumes. It is not just a matter of whether John Howard gets to know his Pacific counterparts. In August last year when I met Fiji’s Prime Minister Chaudhry in Suva, he said how much he wanted to meet John Howard. He proposed flying to Australia to catch a lift with Mr Howard on our VIP jet to the forum in Palau. It was to be his very first opportunity to meet and engage Prime Minister Howard. He went out of his way to say how important that meeting would be and how much he was looking forward to it. Of course, at the last moment, Australia cancelled out and again, now two out of four years, Mr Howard did not attend the forum. As a result of that, Prime Minister Chaudhry decided against attending. Then the Prime Minister of PNG, Sir Merkere Morauta, decided that in these circumstances — well, a lot of important people were not going—he did not need to go either. Of the four major countries in the South Pacific Forum, only one was represented at prime ministerial level, and that was New Zealand, represented by outgoing Prime Minister Shipley, just weeks before leaving office. I cannot remember when the absence of Australian leadership was so clearly on display. Eventually Prime Minister Howard got to meet Prime Minister Chaudhry, but it took 11 months after Chaudhry came to office. It took 11 long months before Chaudhry came to Australia and barely a month before he was seized at gunpoint and his fledging democratic government unconstitutionally dismissed.

This is just not good enough—not good enough in leadership terms and not good enough in engagement terms. If you look below this, while much has been made by the honourable member of the foreign minister’s efforts, when you look at his engagement
with the South Pacific, it is nothing to boast about either. The foreign minister likes to say how much time he spends on South Pacific issues but, apart from his occasional visits to PNG, his regular travel has been limited to once a year pre-Christmas tours, and they are tours that have got shorter every year. It is anything but, may I say, a serious commitment to engagement. We all know; and our neighbours see it and understand it for what it is. They know they are at the bottom of the Australian government’s foreign policy priorities, and they know it takes a crisis before the Howard government pays any real attention.

Well, we now have two crises on our doorstep. And what is the government’s reaction? On the one hand, it is to say how surprised they are; on the other, to plead that nothing could have been done to avert the disaster. Or else they say that it is not the right time to do anything and, in due course, they will say it is too late to act. Having been so embarrassed by last year’s boast of our future as the deputy sheriff, they have swung full arc to a minimalist approach that betrays both our friends and our national interests. Australia cannot be expected, and should not try, to fix up all the problems in this neighbourhood of ours. But we can give some real leadership. We can be engaged with our friends and neighbours. We must not sit idly by while small island democracies are overwhelmed. What Australia deserves from its government is a wholehearted commitment to engage with our neighbours, to give them the priority they deserve. We must be listening when the warning bells ring. This government simply has not been listening. The Prime Minister of Australia has not been listening. The foreign minister has not been listening. This has involved a political failure at the highest levels. It has also involved a deep institutional failure. Australia’s handling of the emerging Sandline crisis, the situation prior to East Timor’s ballot, and the dramatic events in Fiji and the Solomon Islands this month, all reveal serious deficiencies in the performance of our diplomatic service. There is clearly a need for comprehensive review and institutional reform.

We do not know what will happen in Suva and Honiara in the coming days. But events so far already spell potential disaster for Fiji and the Solomon Islands. What a tragedy that, later today, Commonwealth foreign ministers will have to consider Fiji’s suspension from the Commonwealth! What a tragedy that similar action may have to be taken in respect of the Solomon Islands! Australia is not responsible for these disasters but, as the major power in the South Pacific, we are duty bound to be good and helpful neighbours. The Howard government’s performance in its term of office shows it to have profoundly failed this test. We cannot afford any more failures. Australia and the South Pacific deserve very much better.

Dr WASHER (Moore) (4.25 p.m.)—In addressing this matter of public importance I would like to talk specifically about the Solomon Islands as a classic example of what is being discussed here today and the difficulty that has occurred—

Mr Slipper—You’ve been there, haven’t you?

Dr WASHER—Yes; recently. I was part of a delegation that arrived in the Solomon Islands on Sunday, 30 April this year. On Monday, 1 May, I had the pleasure of meeting then Prime Minister Ulufa’alu. In that meeting with the Prime Minister, the delegation was briefed on the ethnic tensions that he saw arising possibly from the Bougainville precedent. He said that, even after some 20 years of independence, there remained long-standing social issues that have remained unresolved. He referred to the Solomon Islands as a melting pot of six ethnic groupings, among them Polynesians, Melanesians, Micronesians and even Aboriginals from Australia. He expressed concern that the country could disintegrate into six separate countries and his challenge was to unite them. (Quorum formed)

The Prime Minister stated that he was worried about fragmentation within the country. He spoke of the conflicts that were
currently in place in the Solomon Islands between the Malaitans, who were indentured labour and had worked in many places, such as Fiji, Tonga, Papua New Guinea and even Queensland. They had not stayed in their customary lands and had moved to Guadalcanal. This had caused tension over a period of time. He noted also that his country was on the verge of insolvency with local and external creditors, and he was looking for a comprehensive program of reform. He expressed particular concern about the ethnic tensions that undermined his efforts. He also explained that his police force—which, by the way, had a New Zealand commissioner—was suffering from ethnic tensions also, and that senior management was resistant to change. In other words, he stated simply that he did not trust the top management of his own police force. I want you to remember this in the context of what we are requested to do by the Prime Minister: he did not trust the senior management of his own police force, just the commissioner of police who happened to be a New Zealander. He even suggested that some of his senior officers of police were corrupt, were active supporters of the ethnic tension and had means of protecting their own positions. He was critical of the failure of the Police and Prisons Commission, the independent agency which, under the constitution, employs police to get rid of proven troublemakers. So here is a Prime Minister expressing that his own police force at a high level is corrupt. He said that because of this the police force was virtually not operational. He then made a request of the delegation, stating that he had written to Mr Howard—and Mr Howard elucidated this at question time today—about the request for a 50-person multinational police force.

Government members interjecting—

Dr WASHER—Let me tell you about the confusion. I am glad you said the ‘no guns confusion’. Do not forget the Prime Minister had made this same request to the Commonwealth: Britain, Vanuatu, Fiji and New Zealand. This is where we had some real problems—I certainly had problems—comprehending what he really wanted out of this. He stated that unarmed police would not help him and that he could not broker peace with these militias with unarmed forces. Really, he indicated that these police would have to be armed. He then went on to say, however, that he had no wish to have any deaths among the militants. Remember that this Prime Minister is a Malaitan. He also said that General Rabuka—who, by the way, had been funded to stay in the Solomon Islands to help in the peace process—was there to broker talks with special envoys in the week following the visit of our delegation between the warring parties. He also mentioned a significant component: this was not just two militia groups fighting one another and the intricacy of trying to recognise that and solve it, but the fact that there was a general lawlessness created by this system. Imagine sending armed police into a force that he said was corrupt—not to shoot anyone, even though they might be militant; with the confusion of armed gangs, not part of a militia but just out to rape and pillage the country; fighting between one another. And we would sort that out! I think you have got to be pretty optimistic to say that. The Chief Justice of the Solomon Islands, Sir John Muria, was a little more succinct. In speaking of the juries and the legal system, he said:

Juries cannot be used because of the closeness of the communities and the magistrates are liable to threats of Wontok payback (i.e. from the family and close acquaintances of the accused).

So the problem is that here we have a police force that is corrupt, according to the Prime Minister—and I will tell you what the Leader of the Opposition said in a moment; not ours but theirs—and they cannot get their police on the ground to go beyond the barriers around Honiara because if a Guadalcanal policeman arrests a Guadalcanal citizen wontok applies. We are going to overcome this. We are going to go in there, armed, and sort this out. We are going to solve this wontok problem.

Let me tell you what the Leader of the Opposition in the Solomon Islands, Mr Sogavare, said. He said he cannot underestimate the depth of feeling of the displaced Malaitans. He said there is much hostility because they had lost a lot of property when they were thrown out of Guadalcanal. He said he rejected any suggestion of opposi-
tion—that is, his—involvement in the tensions, which was claimed by the Prime Minister. Here again we have a government who said the opposition was on side for this claim, now there are tensions and they are creating some of the problems. So there was confusion on both sides of government. Basically, we were asked to get involved in this, and we did. Let me tell you what happened. We were there on 1 May. The response—quickly, I must tell you—was that on 12 May Mr Downer announced that additional funding would allow the Commonwealth Multinational Police Assistance Group, the successor of the Multinational Peace Monitoring Group mentioned before, to expand from the current nine Fiji police officers to 50 police in the Pacific region. (Time expired)

Mr DEPUTY SPEAKER (Mr Mossfield)—Order! This discussion has concluded.

COMMITTEES
Selection Committee
Report
Mr NEHL (Cowper) (4.36 p.m.)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members business on Monday, 19 June 2000.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members business on Monday, 19 June 2000

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members business on Monday, 19 June 2000. The order of precedence and the allotments of time determined by the Committee are shown in the list.

COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 PRIMARY INDUSTRIES AND REGIONAL SERVICES—STANDING COMMITTEE: Report on primary producer access to gene technology.

The Committee determined that all statements on the report conclude by 12.50 pm.

Speech time limits —
Each Member speaking — 5 minutes.

[proposed Members speaking = 4 x 5 mins]

PRIVATE MEMBERS BUSINESS
Order of precedence
Notices

1 Mr HARDGRAVE: To move—that this House:
(1) expresses its concern for the return of hostilities between Ethiopia and the State of Eritrea;
(2) acknowledges attempts by the Organisation of African Unity, the United States, various African heads of state and the United Nations to restore peace between Ethiopia and Eritrea;
(3) expresses great concern for the reported deaths of thousands of people in the past eighteen months and for the suffering of tens of thousands more;
(4) acknowledges the need expressed by the Eritrean Government for the return of foreign humanitarian NGO groups to provide relief; and
(5) highlights the past efforts of Australians, such as Fred Hollows, to help the people of Eritrea. (Notice given 20 October 1999.)

The Committee determined that all statements conclude by 1.15 pm.

Speech time limits —
Mover of motion — 5 minutes.
First Opposition speaking — 5 minutes.
Other Members — 5 minutes each.

[proposed Members speaking = 5 x 5 mins].

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

2 Mr A. P. THOMSON: To move—that the House:
(1) urges Telstra to pursue its obligations to Australia’s rural and regional dwellers with full vigour; and
(2) acknowledges that full privatisation of Telstra would:
(a) allow Telstra to pursue more valuable commercial opportunities to the benefit of its shareholders;
(b) deliver to the Government sufficient funds to pay off entirely Australia’s federal sovereign debt; and
(c) ease upward pressure on interest rates in a climate of rising oil prices. (Notice given 17 February 2000.)

The Committee determined that all statements conclude by 1.45 pm.

Speech time limits —
Mover of motion — 10 minutes.
First Opposition speaking — 10 minutes.
Other Members — 5 minutes each.

[proposed Members speaking = 2 x 10 and 2 x 5 mins].

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

3 Mr PRICE: To move — That this House:

(1) acknowledges the fact that a legitimate government, democratically elected, has been detained at gun point and thereafter removed from office by illegal means, in Fiji by a small band of armed terrorists;

(2) notes that the ethnic Indian communities in Fiji are being deprived from exercising their fundamental political and human rights;

(3) calls on the Australian Government to:
   (a) recall Australia’s High Commissioner from Suva;
   (b) suspend all Ministerial and high level official contacts;
   (c) seek Fiji’s immediate suspension from the Commonwealth;
   (d) suspend all non-humanitarian elements of Australia’s $22.3 million aid program;
   (e) cancel all defence cooperation with Fiji’s armed forces;
   (f) suspend the extension of the Import Credit Scheme in its application to Fiji;
   (g) urge Australian tourists to favour other destinations instead of Fiji; and
   (h) encourage other countries to adopt similar sanctions; and

(4) urges the Government to review the measures taken only upon full democratic rights being restored to each and every citizen of Fiji and a constitutional government being restored. (Notice given 31 May 2000)

Time allotted — remaining private Members’ business time.

Speech time limits —

Mover of motion — 10 minutes.
First Government Member speaking — 10 minutes.
Other Members — 5 minutes each.

[proposed Members speaking = 2 x 10 and 8 x 5 mins].

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

MATTTERS REFERRED TO MAIN COMMITTEE

Motion (by Mr Ronaldson) agreed to:
That the following bills be referred to the Main Committee for consideration:

- Transport Legislation Amendment Bill 2000
- Petroleum (Submerged Lands) Legislation Amendment Bill (No. 2) 2000
- International Tax Agreements Amendment Bill (No. 1) 2000
- Financial Management and Accountability Amendment Bill 2000

MAIN COMMITTEE

Mr DEPUTY SPEAKER (Mr Mossfield)—I advise the House that the Deputy Speaker has fixed Wednesday, 7 June 2000 at 9.40 a.m. as the time for the next meeting of the Main Committee, unless an alternative day or hour is fixed.

BILLS RETURNED FROM THE SENATE

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

- New Business Tax System (Venture Capital Deficit Tax) Bill 1999

A NEW TAX SYSTEM (TRADE PRACTICES AMENDMENT) BILL 2000

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

NEW BUSINESS TAX SYSTEM (MISCELLANEOUS) BILL 1999

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

EXCISE TARIFF PROPOSAL No. 1 (2000)

CUSTOMS TARIFF PROPOSAL No. 3 (2000)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.39 p.m.)—I move:

The tariff proposals which I have just tabled contain alterations to the Excise Tariff Act 1921 and the Customs Tariff Act 1995.

Excise Tariff Proposal No. 1 of 2000 and Customs Tariff Proposal No. 3 of 2000 formally place before parliament proposed increases to the excise and customs duty on aviation kerosene, commonly known as aviation turbine fuel or avtur.

These changes have previously been gazetted to commence on 13 May 2000 and are now being tabled in the House in accordance with section 160B of the Excise Act 1901 and section 273EA of the Customs Act 1901.

These changes are being made to give effect to a measure announced in the budget to fund regulatory activities by the Australian Competition and Consumer Commission, ACCC, at airports.

The federal government granted long-term leases at Melbourne, Brisbane and Perth airports in 1997, and at Adelaide, Alice Springs, Canberra, Coolangatta, Darwin, Hobart, Launceston and Townsville airports in 1998. As part of the privatisation process, the government introduced a framework for economic regulation of these airports under the Airports Act 1996, the Prices Surveillance Act 1983 and the Trade Practices Act 1974. These regulatory arrangements have been designed to achieve an appropriate balance between public interest and private commercial objectives. The ACCC has primary responsibility for implementing and administering the framework of economic regulation at the privatised airports and Sydney airport. In particular, the ACCC is responsible for administering airport access arrangements; assessing compliance with airport price caps, including pass-through of necessary new investment; monitoring prices of aeronautical related services at airports; monitoring quality of service; and performing other related functions.

Additional funding is sought on the basis that the regulatory arrangements at airports are more extensive than originally envisaged and funded for. This measure increases the rates of excise and customs duty on avtur by 0.036 cents per litre to 2.795 cents per litre. An increase in the rates of excise and customs duty on avtur is an administratively efficient method of cost recovery.

A summary of the alterations contained in these proposals has been prepared and is being circulated.

I commend the proposals to the House.

Debate (on motion by Mr Martin Ferguson) adjourned.

APPROPRIATION BILL (No. 1) 2000-2001

Second Reading

Debate resumed from 1 June, on motion by Mr Costello:

That the bill be now read a second time.

upon which Mr Tanner moved by way of amendment:

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

“whilst not declining to give the Bill a second reading, the House condemns the Government for its:

(1) failure to address the significant investment needs in the areas of education, health and the provision of social services in the 2000-2001 Budget;

(2) wasteful and profligate spending on poor quality programs to buy Democrat support for its unfair GST;

(3) misuse of over $360 million of taxpayers’ money on its politically partisan GST advertising campaign;

(4) reduction of a potential Budget cash surplus in 2000-2001 of $11 billion, to a real Budget deficit of $2.1 billion;

(5) use of creative accounting techniques in an attempt to deceive the Australian public on the true state of the Budget;

(6) mishandling of the move to accrual accounting by providing complex, confusing and uninformative budget documents;

(7) failure to identify in the Budget papers the cost of GST collection and implementation; and

(8) failure to put in place arrangements that deliver its guarantee that no Australian will be worse off as a result of the GST package.”

Ms HALL (Shortland) (4.43 p.m.)—I rise to speak on the Appropriation Bill (No. 1)
2000-2001. This is a budget of illusion and deceit. It is a budget that entrenches the GST, a tax that this government is trying to delude the people of Australia and the states of Australia into believing will benefit them. It is a budget where the Treasurer is trying to delude the Australian people into believing it will deliver a budget surplus, when the surplus is based on the $2.6 billion sale of new licences for advanced mobile telecommunications and loans of $1.65 billion to the states, loans which the states do not have to pay back. When the Deputy Auditor-General, Ian McPhee, was questioned by a Senate estimates committee he could not justify or prove that these were in fact loans, rather than that they were grants to states. Any reasonable person would see them as grants because, if you have a loan you do not have to pay back, surely it is a grant. Even with his fancy accounting tricks, the Treasurer will not be able to deceive the Australian people into believing that this budget will deliver a surplus. The surplus is nothing but an illusion. It is a budget delivered by a government led by a Prime Minister who is trying to delude us that Australians want to join him on his chesterfield lounge and slide back to the 1950s.

This is not only a budget of illusion but also a budget that fails to deliver basic services to ordinary Australians. Australian school students will be deprived of quality education because of this budget. TAFE students will be denied access to training because of this budget. University students will be denied access to university because of this budget. Sick and elderly Australians will be denied access to health services, hospitals and nursing homes, and hospital waiting lists can only grow because of this budget. This is all because this government would rather invest in health insurance and advertising than in schools, hospitals and universities. Australia’s future is in its people and the knowledge and skills those people have. The role of government is to prepare Australia and Australians for this future. The new millennium presents challenges to Australia and its government and, if Australia is to embrace the new millennium and be a major force in the global economy, it must become a knowledge nation—a nation that promotes the knowledge and skills of its work force, a nation where all Australians can share the wealth of our nation.

Unfortunately, under this government led by our 1950s style Prime Minister, who is locked in a time warp—a Prime Minister who is more interested in choosing the $30,000 Thai curtains for his office than in leading Australia—we have fallen behind in the knowledge stakes. The future of Australia is determined by the education of its children and the training its workers receive. Under this government, funding for education has been slashed. It is interesting to take a look at a few facts here. Seventy per cent of Australian students attend public schools, and they are really being punished by this government. In New South Wales 29 students left the public system in 1999, and the federal government punished it by withdrawing $17 million of funding. In Queensland enrolments actually increased by 5,000 students, yet funding was still decreased by $5 million. These cuts were delivered by the Prime Minister’s henchman, Dr Kemp, through his enrolment benchmark reforms—reforms that are disadvantaging the 70 per cent of all Australian students who attend public schools. There has been an almost 25 per cent increase in funding to private schools since 1996 under John Howard’s government, and there has been only a three per cent increase in enrolments. Yet the government continues to pursue its ideological commitment to the private sector at the expense of the public sector.

In this year’s budget, 86c was spent per student; in the 1994-95 budget 2.2 per cent of GDP went to education. To give you an idea of how that has changed, in the 2000-01 budget, 1.8 per cent of GDP goes to education; by 2003-04, that will have dropped to 1.7 per cent. Surely, this is not an example of a government investing in the future of Australia, investing in our most valuable asset—our children. TAFE funding was slashed in the 1996 budget and has not been restored, universities are under threat; and the white paper that was released last year and the paper that was presented to cabinet by Dr Kemp are really areas for concern for Australian students attending universities. Attending
universities will become the prerogative of the wealthy. University students are going to have to pay a GST on their HECS fees. This government is hell-bent on attacking students and, rather than embracing and encouraging education, placing education in the domain of those few elite people who it believes should attend university.

There has been no new money for research and development. Australian scientists are going overseas, and they are taking inventions and scientific discoveries overseas because they cannot get the funding here to develop their research. This government stands condemned on this matter because, if we cannot have research and do not have the technological innovations that come with research, Australia is going to be left behind. This government is prepared to spend and has spent $420 million on advertising the GST—seven times more money than it has spent on education. That is an absolute disgrace. Its Unchain My Heart campaign is taking money away from education and health services. My understanding is that government is there to provide services to people—not to provide money to advertise its tax policies.

Believe it or not, the people out there in the electorates are very upset about this. They do not believe that their tax dollars should be spent on selling government policies. Rather, they believe their money should be spent on the essentials of life: on health, on education and on preparing Australia for the future and ensuring that all Australians will have jobs and access to training to prepare them for those jobs. Before this Treasurer delivered the budget, I clung to the vain hope—and I must say it was a vain hope—that the Prime Minister would direct him to remove the GST from the rent paid by residents of residential and caravan parks. We all know how grossly unfair this tax is. I know that the member on the other side of the House, the honourable member for Gilmore, also agrees with me. She has been heard to state her support for the residents of parks, yet the Prime Minister continues to deny them justice. Why should one group of people be forced to pay a 5.5 per cent GST on their rent when no-one else is forced to pay it?

One of the residents of a residential park in the Shortland electorate is Mr Vincent Phelan. He is a resident of The Park at Redhead. Residents there are actually facing an $18 increase in their rents: 5.5 per cent GST and an accompanying rental increase. He has written to the Australian Taxation Office and requested a private ruling on the definition of ‘residential accommodation’. He has asked for a ruling on three points. His first request is:

Could the ATO provide me with a private ruling affirming the fact that I occupy residential premises?

In the first part of his letter, he sets down the characteristics of his situation. He is a permanent resident. He lives in a two-bedroom house with a lounge room and a bathroom, and he has lived there for 11 years. He does all his own cooking, cleaning and gardening. He is completely self-sufficient. His status is that of owner of the property. He owns the house outright and is responsible for the expenses connected with it: the electricity bill, gas bill, telephone bill, painting and repairs, fridge, washing machine and stove. He has asked the Australian Taxation Office to tell him why he should not be considered a permanent resident.

Mr Phelan’s second question relates to his reason for seeking the ruling. He says that he does not see himself as a guest occupying commercial accommodation because the park that he lives in has no overnight vans and there are no guests whatsoever. He goes on to discuss the characteristics of where he lives, including multiple occupancy, holding out to the public, central management and services. He says:

No guest services are provided to permanent residents.

As all of the residents there are permanent, I would like to know how the park could be classified as a holiday or tourist park and why residents should have to pay the 5.5 per cent GST. He has also asked the Australian Taxation Office to confirm that he does not belong to the classification of commercial residents. Finally, he has asked:

Would the ATO provide me with a private ruling acknowledging that my type of accommodation is residential, not commercial?
I think Mr Phelan has pretty much established that in his letter, but the Prime Minister and the Treasurer do not acknowledge this and are still convinced that residents in parks—people who are mainly pensioners, people on fixed incomes—should be forced to pay a GST on rent. It is unfair and inequitable.

Not only is the government trying to delude the residents of caravan parks and residential parks that they will be better off when the GST is introduced, John Howard and his government are trying to delude the states that they will be better off. But the Treasurer of New South Wales, Michael Egan, will not be deluded. He has prepared a release which says:
The GST does not provide a ... windfall for NSW. In fact, it won’t generate as much revenue as the State taxes that it replaces. The NSW Budget does not break even ... until ... 2007.

He goes on to say:
The Commonwealth will need to give NSW around $4.5 billion to put our Budget back to where it would have been without the GST. In the first year of the GST the top-up will be $948 million. The following year it will be $1,287 million.

The GST is supposed to deliver goodies to New South Wales and is supposed to be the saviour of the states, but I certainly cannot see how the GST is going to help the states. Rather, it is just a shifting of the tax burden to the Australians who can least afford it. The GST is a 1950s, old-fashioned tax, and it is going to hit those who can least afford it. The inequities that are attached to this tax are enormous. For instance, a woman who has had a mastectomy—and it is interesting to note that one in eight women have mastectomies—and who needs a prosthesis will have to pay a GST on that prosthesis along with a GST on the bra that she needs to wear that prosthesis. How is this fair? How is it equitable? Please explain to me where that woman has a choice about whether to wear that prosthesis.

It is a tax based on the belief that, if you can afford it, we will look after you but, if you are a struggling ordinary Australian, you are going to have to pay hard. One of the little health changes brought in by the budget is in the area of hearing services. Previously, people were eligible to receive vouchers every year. But, in a major cost saving exercise, the government has increased that to two years. Instead of being eligible for a new hearing device every four years, that has been increased to five years. So all the time around the edges the government is placing a greater responsibility to pay for the basic things of life on the ordinary Australian. The government is not sympathetic to ordinary average Australians. This is a very harsh budget, which seeks to deceive Australians and which will hurt ordinary Australians every day of their lives. The budget will tax all Australians every day and in every way, and it is set to deliver the GST to the Australian people regardless of the hurt that it will cause. (Time expired)

Mrs GASH (Gilmore) (5.03 p.m.)—What a pity the member for Shortland does not ever have anything positive to say. As long as she has been here, I have not heard anything positive from her mouth. What a shame. Today, I would like to extol the benefits of the health services that they need and have been denied because of the policies the government has pursued.

The GST is going to hit the people of Australia hard. It is going to hit them in every possible way in every aspect of their life. When children go to play sport on a Saturday at their local netball and soccer clubs, parents will have to pay a GST. When children buy their books for school and their school uniforms, parents will have to pay the GST on these very basic goods. The inequities that are attached to this tax are enormous. For instance, a woman who has had a mastectomy—and it is interesting to note that one in eight women have mastectomies—and who needs a prosthesis will have to pay a GST on that prosthesis along with a GST on the bra that she needs to wear that prosthesis. How is this fair? How is it equitable? Please explain to me where that woman has a choice about whether to wear that prosthesis.
federal budget for the residents of my electorate of Gilmore. But first, as chair of the government’s defence and veterans’ affairs committee, I must comment on last week’s words from the member for Cunningham—he who would be the Minister for Defence. In his speech, the member for Cunningham said that he was disappointed with the budget because it did not include several large expenditures on new and sophisticated equipment. He said that the coalition had lost opportunities to jump in and spend up big on new equipment and that we are facing a situation of block obsolescence that we have done nothing to address. He then bemoaned the fact that a white paper is being prepared and that we are waiting to see what evolves from that before committing the country to further spending on defence. Surely, this is a sign of a responsible government: work out what you need before you go shopping.

Of course, block obsolescence happens when you buy a whole bunch of equipment at the same time, introduce it at the same time, do not maintain it properly and do not upgrade it. Eventually, you reach a time when everything needs replacing at around the same time. If you have made no plans to upgrade and replace those items in an orderly fashion over a long period, then, yes, block obsolescence follows. Guess which former Minister for Defence produced a white paper in 1987 and told the parliament that it would develop Australian defence self-reliance for a decade or more? Guess which Minister for Defence’s white paper said that self-reliance could be afforded if the defence budget were between 2.6 per cent and three per cent of GDP over the next 10 years or so? Guess which former Minister for Defence’s white paper said that self-reliance could be afforded if the defence budget were between 2.6 per cent and three per cent of GDP over the next 10 years or so? Guess which Minister for Defence continued his capital equipment budget in 1987-88 to be cut by $320 million, equal to a reduction of almost 16 per cent on the previous year? Guess which Minister continued with the orders for extremely expensive equipment—submarines, frigates and JORN—now costing upwards of $12 billion, while it took his successor to get the equipment budget up to the levels that existed before he brought out his white paper? Guess which minister supported his government in continuing to reduce the value of the Defence budget until, by the time the Howard government took office, its real value had been reduced by two per cent and the proportion of GDP devoted to it had fallen from 2.8 per cent to two per cent?

Guess which defence minister tried to skate around these massive contradictions by squeezing operational and personnel costs, starting the cycle of inadequate spares and maintenance expenditures, reduced training and decreased specialist personnel which led to a reduced expertise and familiarity with dangerous operations that were bound to contribute to tragedies such as the Black Hawk SAS catastrophe? Guess which former defence minister did not plan for timely maintenance, upgrading or replacement of this equipment? Guess which former defence minister just went into the shop, spent up big and then left all the equipment outside to rust away? The would-be defence minister on the other side is now telling us that block obsolescence has happened and that it is a big problem—surprise, surprise. At the same time, he was calling on this government to go back into the shop and buy another swag of toys—all at once.

And to show how responsible the member for Cunningham is, he also says that we should go on this buying spree before the white paper, the report that will impact on our defence strategies for the next several decades. The member for Cunningham wants us to buy this equipment before we have determined what we need. Do not worry about looking to the future; do not plan anything; just go out and buy something. May I remind the would-be minister for defence that it was this government that decided to increase the readiness of our soldiers based on good analysis of the local strategic needs. May I remind him that one of this government’s first actions was to divert $125 million, wasted in departmental administration, and put it into increased readiness and operational
equipment, including that appropriate to an ongoing ground peacekeeping role. It was because of this government’s strategic planning ability that we were so ready for the situation in East Timor; that once the protocols were in place we could amass and deploy a force in world record time. It is all very well to urge us to run out and buy lots of big ticket items to make the member for Cunningham feel good, but let us look at reality. Why would you buy lots of highly sophisticated, technologically advanced long-range jet fighters when strategic analysis, as the member for Cunningham rightly points out, indicates that Australia may well be involved in on-the-ground peacemaking and peacekeeping roles in surrounding islands? Why would you order a fleet of leading edge craft purpose built for sea warfare when we might have a greater need for fast troop transports to assist with peacekeeping roles in the local region?

The member for Cunningham calls us a government without vision. Surely a government that caused block obsolescence with its lack of planning, forethought or commitment to fund the ongoing development of the Australian Defence Force is one without vision. Surely the would-be minister for defence on the other side cannot be calling for major equipment purchases before the strategic plan has been completed. I would be worried about the ability and vision of a Beazley Labor government in defence terms. Beazley and his shopping trip on an empty credit card caused this block obsolescence, and his would-be successor, the member for Cunningham, is exhorting us to follow their great lead.

However, I need to start being positive after all this negativity. It was wonderful to hear, after all the catcalls and carry-on, that the member for Cunningham agrees that our new submarines will be the best of their type in the world. When I visited them and their crews in Western Australia last year the morale was excellent. The men and women were very proud of their craft, which was a long way from what the opposition would have us believe. The member for Cunningham even asks why we are getting only two Collins class submarines up to the operational standard in the short term; why don’t we get the whole fleet out there all at the same time?

Could it be, I ask the member for Cunningham, that he is the block obsolescence apprentice?

I am very pleased that the other side has finally recognised that something needs to be done, but I am even more pleased that it is this government that is in control of the fix-up. I can assure the member for Cunningham that we will address the difficulties of block obsolescence that the Beazley defence team created, and we will certainly develop a strategic plan for this country’s future involvement in defence matters. Then, when we are convinced of what equipment we will need, we will go shopping in a timely, well-thought-out way, with full regard for the need to maintain, upgrade and replace items across the years. We will also make very sure that we have money in our purse before we start out. And our plan will also include the need for the ADF personnel to man the equipment—the training they need, both initially and in an ongoing fashion. The federal government is very aware of the need to have long-term vision rather than some sort of short hormonal vision in the defence equipment shop.

Now I turn to the impact of this latest budget on the people of Gilmore. Thousands of people in the Australian Defence Force have over the years spent time at HMAS Creswell or HMAS Albatross, and many of those people enjoyed their time in Gilmore and made lifetime friendships with the local community. Many people holiday in Kiama, the Southern Highlands and the Shoalhaven, with the result that they often decide to retire to our region. As a result, we have a large number of retirees, many of whom have served in the Australian Defence Force at some stage. The decision to remove the home care aspect of services from the overloaded HACC services and place them within the Department of Veterans’ Affairs role has been thoroughly welcomed by our veteran community. The benefits are twofold: not only can the specific needs of veterans be fully catered for, but the HACC funding that previously underpinned their assistance has not been cut from the overall HACC budget. The result of this decision is the vacating of
some 20,000 places in HACC services, a move which is greatly appreciated by our pensioners and retired population, as well as those with disabilities.

Still on the benefits to veterans, it is pleasing to see that our government has pledged a further $17.2 million for the Their Service Our Heritage program. Under this program we have been able to install, upgrade and maintain memorials to the efforts of locals in times of conflict. It is appropriate that these memorials be kept in good condition, not only out of respect for the veterans who have given so much but also as a record of local history for generations to come. In Gilmore we have been able to assist memorials in Nowra, Greenwell Point, Bomaderry, Ulladulla, Sussex Inlet, Moss Vale and Bundenoon. Their Service Our Heritage also allows us to publicly recognise those people still within our communities who contributed greatly to our nation’s freedom. So far in Gilmore we have held nine Their Service Our Heritage ceremonies to recognise some 500 people in our community, in front of their families and friends, totalling a further 2,000 people. And still we have a number of ceremonies in the pipeline.

Our government’s response to the Far East Strategic Review is welcome, with most recommendations being promptly adopted and some issues also being addressed. A large number of veterans from various places of conflict in South-East Asia during the period 1955 to 1975 have made representations through my office to have these anomalies addressed, and I know that they are certainly celebrating. Some 2,600 former ADF personnel will now receive full repatriation benefits. Our Vietnam veterans are finally gaining access to medical and other services through the provision of the white card for ailments related to service. Not only can the veterans themselves access especially services related to mental health, but their long-suffering partners and families can also get some help. So often the partners and families of returned service personnel pay the price of war by living with the impact of mental anguish along with the veterans. Now we are ensuring they receive the assistance that they need.

Families will greatly benefit from the income tax cuts, something the member for Shortland forgot to mention. The increased funding for more flexible child care will especially be helpful for people in rural and regional areas. Often we require different child-care arrangements from those in city areas with nine to five jobs. The Stronger Families and Communities Strategy will also bring benefits to our region, as many of the more flexible arrangements will suit the needs of people in rural and regional areas. For instance, the Local Solutions to Local Problems Initiative is ideally suited to our can-do, self-help community tradition, especially in Gilmore. Too often, an easy fix is frustrated by red tape, but this program will allow us to just do it. The leadership programs are also excellent in that they will provide training and mentoring for people who already have some role to play within the community. Given these people’s exposure to leadership opportunities, that can only ensure that our communities have an even better chance of having their messages heard in the right places.

Child support has been an enormous issue in the Gilmore electorate, and in fact all of Australia. I have hosted several forums on the matter to raise awareness in the community of some of the problems. The Child Support Agency and the associated community agencies attended these forums and have been able to resolve some of the difficulties on the spot. Some of the new changes made by this government are that now the income from regular overtime and second jobs will not be considered for child support but can be kept for any subsequent family. Parents who pay child support can now have the period that their children stay with them taken into account in the payment of support, another welcome move for our non-custodial parents.

Another welcome initiative is that children of people who are asset rich but income poor—often farmers and small to medium business owners—may now be able to access youth allowance. The ability to discount assets has been increased by a further 25 per cent, meaning that more of our young people can access schooling and other areas. This can be linked to such initiatives as the tar-
geting of students from rural areas for studying medicine.

In the area of education and training, with this responsible budget we have also introduced extra traineeships, a civics education program and increased job placement funding and training places. Schools funding has been increased by 7.2 per cent, so we will be looking for some of that money to be flowing into the Shoalhaven, Kiama and Southern Highlands schools. Literacy and numeracy programs have extra funding as we endeavour to ensure that every Australian student is given the opportunities that schooling can provide. It is vital to make sure that all can read, write and add up. For how can a person reach their potential without these basics? All you would be doing by denying this education is placing a huge barrier in front of them. We are committed to students learning what they need to realise their full potential. Having made tertiary study more financially possible, we can then concentrate on getting the students into professions we need in this country.

Speaking of health matters in the rural and regional areas, of course there are those excellent initiatives of the federal government to assist in attracting and keeping health professionals in our community—such programs as funding GP training positions, doubling the scholarships for medical training in the country and introducing four-year, $20,000-a-year scholarships with the requirement to practise in regional and rural areas for a number of years after completion. The establishment of nine more clinical schools and three additional departments of rural medicine at universities will provide the infrastructure necessary to encourage clinical training in the country areas where it is so desperately needed. You can rest assured that Gilmore will be applying for such opportunities to be created on the South Coast of New South Wales.

Other health initiatives which have delighted my constituents are such things as the funding of specialists to travel into the regional areas. We have a large number of people whose health issues include diabetes, circulatory problems, respiratory problems and heart disease, and we have a huge waiting list as the New South Wales state Labor government has no funds to provide these services to Gilmore. Most of them need to see podiatrists, dieticians, psychologists and other professionals on a regular basis, and this program will lead to increased availability of the specialists. Once again, the federal government has to provide what is a state government responsibility. For instance, people with diabetes and our dialysis patients need to see their dieticians several times a week and their podiatrist at least once a fortnight. Currently, they might be able to see one or the other, but certainly not both, once every six to eight weeks or longer. Again, this is a state health system that has plenty of resources for Sydney and Wollongong but no funds for Gilmore. Even the New South Wales state Labor budget last week provided nothing extra in hospitals or health for Gilmore. The announcements had all been made before at least once and made more than a year ago.

While I am on the New South Wales budget, would you believe that there is no money for Main Road 92? This was the number one issue raised with me by residents of Gilmore when I was doorknocking in 1995 before I was elected as their representative. At their behest, we have worked very hard to gain the resources for Main Road 92 to be constructed. In subsequent surveys, Main Road 92 is still listed by residents as the major wish for the electorate. Even our state Labor member got that result, which he has been too embarrassed to release, with a survey that was actually designed not to get that particular answer.

The people of Gilmore want and need Main Road 92. It is not an issue of personalities, although the New South Wales Minister for Roads would make it into one. I am the elected representative of the constituents of Gilmore and they have demanded that I work tirelessly for Main Road 92, which I am doing. The New South Wales Labor government and their wimpish representative in Gilmore have refused to acknowledge the wish of the people who helped to elect them. It is not me that they are denying; it is the people of Gilmore that they are denying.

Defence is a major employer in the local area and we are very happy with the an-
nouncement of funding for stage 2 of the upgrade of HMAS Albatross and the move of the Naval Aviation Logistics Management Service to our facility, totalling $41 million, along with increased funding for HMAS Creswell. This funding will support approximately another 100 jobs. Our economy receives much benefit from the day to day spending of Defence Force personnel, as well as the contracts that emanate from the operation of the base. This funding solidifies the federal government’s commitment to maintaining the defence facility at Nowra, which of course is wonderful news for our community.

Other businesses in our area will also benefit—with the provisional tax gone, the capital gains tax cut, the company tax cut, business incubators increased, business funding increased and small, owner-manager training established. We are looking very much after our businesses. Obviously, in Gilmore the best way to get a job is to create it and to own it. Small to medium businesses are the major employers in Australia, and it is no different in my electorate. To help rural and regional businesses along, look at this—diesel for heavy transport, cut; regional diesel prices, cut; and primary producers’ fuel prices, also cut.

This government is providing funding, infrastructure, protocols and security to our major rural and regional industries through such items as Agriculture—Advancing Australia, dairy assistance, horticultural research and development, regional forest agreements, aquiculture studies and gene technology regulation. Of course, the RFA—the regional forest agreement—for the South Coast process was all but destroyed by the early announcement on logging by the state Labor government. As a result, our share of $40 million of infrastructure funding to assist with industry changes has gone with the wind—a really good one for us, Mr Carr, Premier of New South Wales! This means that Newcastle, Sydney and Wollongong have again robbed rural and regional businesses—and that government calls itself Country Labor!

Gilmore is well known for its beautiful natural heritage. This federal government has provided over $2 million in projects such as Landcare, Bushcare, and Coasts and Clean Seas. It has provided $1 million to the Manildra mill to commercialise its production of ethanol; $1 million for the commercialisation of the Solar Sailor, which harnesses wind and solar power; and $1 million to commercialise the Shoalhaven City Council’s Tea Tree project, which harnesses the reuse of effluent. All in all, not only Gilmore but Australia will do very well from this budget. (Time expired)

Mr MARTIN FERGUSON  (Batman)  (5.23 p.m.)—Mr Deputy Speaker Causley, as you would know, being a politician who has been around for a long time—I suppose, in the minds of some of the National Party, too long—a budget is an opportunity for a nation to take stock, set our aspirations and outline a plan to achieve them. It is a time to make a statement of values and a time to be honest with Australians about how those values will be reflected in policies. In Australia today, there are too many people and places that are missing out—and it is this problem that the budget has totally failed to face up to. I will therefore commence with a discussion of the fiscal position and economic climate in which the budget has been delivered.

Late last year the Reserve Bank thought our economy was close to capacity. That, combined with the fact that we know international factors affect our economy from time to time, created an economic climate that demanded a responsible budget. In fact, if the aim were to keep our economy growing, we would not be seeing this fiscal vandalism and we would not be seeing inflation and interest rates rising as a result of the GST. The government’s obsession—as demonstrated by the support being shown by the member for Gilmore—with a tax that nobody wants, the GST, is being realised at the price of our long-term economic performance. What was expected to be a $11 billion surplus two years ago has now been reduced, on budget figures, to a $2.8 billion surplus. I will not go into the fiddles involved in that figure, other than to point out that Access Economics claims the true structural deficit to be $5 billion. Enough said, I suppose—and
I note that the member for Gilmore did not touch on this issue.

While the GST is costing the budget some $25 billion in lost opportunities, including those in the seat of Gilmore, it is also costing us in terms of higher inflation and higher interest rates. The government said that the GST would increase inflation by only 1.9 per cent. The budget papers now show a 6.75 per cent inflation rate in the September quarter. The Reserve Bank, I suggest, will have little choice but to increase interest rates further, if inflation continues to exceed the government’s forecasts. Who suffers from higher interest rates? According to the calculations of the Deputy Prime Minister, John Anderson—the leader of your own party, Mr Deputy Speaker Causley—the increase in interest rates in the past few months has cost farmers $225 million per year; and, as we all know, the GST is not even in place yet.

The Howard government has neglected the skills of our people and the development of our regions; therefore, we also confront skill and locational mismatches before we need to. That too puts pressure on inflation and interest rates. Instead of trying to buy a tax that nobody wants, this budget could have been, and should have been, a budget that was about investing in people, in places, in our infrastructure needs of the future—if anything, the very factors that help drive economic growth and development in Australia.

We all know that there is a very firm view at the moment—especially among those in regional Australia—that people are missing out. They are among the most vulnerable in our community: the elderly, low income families, and kids from poorer areas, both urban and rural. Nothing is more important to the future of Australia than the skills of Australians. It is a fact today that kids from less fortunate backgrounds still leave school early, and that workers from traditional industries lose their jobs and cannot find a retraining opportunity. I suggest that it is only Labor that is prepared to stand up for these people and invest in their skills. It is not a cost to the nation; it is an investment in the future of the nation.

Because the Howard government has failed to believe in our people and back them, we are now the only country in the developed world that is going backwards in its public spending on education and training. What a disgrace as we go into the new century. People are missing out, regions are missing out. That is a cruel fact of life in Australia at the moment. A cruel irony of the people missing out, I also venture to suggest, is that they are increasingly concentrated in particular regions, including in a significant number of seats held by representatives of the coalition government. A very firm view is that the last four years have represented a missed opportunity; if anything, during those years we have gone backwards rather than forwards. The truth is that many parts of Australia are missing out and that, therefore, people are missing out more often than not because of where they live. It is not just in the country; it is all over Australia. Today in Australia, there are just under 300 areas with double-digit unemployment, and there would be many more if it were not for population loss, especially from rural and regional Australia. We know that population loss is associated with service loss. It is about lost opportunities. If the Prime Minister and the Treasurer spent time listening to people, they would also know that and accept it.

This budget was, therefore, an opportunity for the Howard government to state that all Australians, regardless of where they live, deserve a fair share in Australia’s economic prosperity and reasonable access to services. Given recent political events, you might think that the places missing out—whether they be in the city or in the bush—would weigh heavily on the government’s mind, if not its conscience. But this budget contains nothing to improve services and nothing to encourage infrastructure development so necessary to those types of suburbs and regions. The government’s only regional services program was supposed to deliver 70 rural transaction centres by June. So far, the truth is—and the facts show it—that the promise has not been met. We are now told they will be lucky to deliver 15—that is, 15 out of the promised number of 70—rural transaction centres by June this year.

On infrastructure, I also note that the government has spent the past six months raising
people’s expectations, especially in rural and remote Australia. As I move around regional Australia, I find that people are disappointed, yet again. The government failed very clearly to develop a coordination mechanism to meet our long-term infrastructure needs. The budget neglected industry calls for a national infrastructure advisory council, and the recommendation coming out of the government’s own regional summit for a minister with infrastructure responsibility.

On telecommunications, the most notable thing in the budget is the claim that Telstra will be sold—never mind mobile phone coverage and never mind affordable Internet access for businesses and households in regional Australia. As usual, the government is telling ordinary Australians what is good for them—not mobile phone or Internet coverage but selling Telstra. So much for the Prime Minister’s whistlestop tour of regional Australia earlier this year!

On transport, the government has established, after more than four years and after heckling from the states, a national transport secretariat—at least something has been achieved. Its mandate is supposedly to address some of the long-term planning issues that the government has deliberately neglected. Among them, interestingly, is an increased role in the greenhouse debate. The minister could do with some help on greenhouse issues, having cut down his environmental credentials in one fell swoop in recent weeks.

A few months ago, the Deputy Prime Minister made a speech about the state of our country roads. What is missing is the funding to back it up. The budget, Mr Deputy Speaker Causley, as you and I know from the regular complaints to our own electorate offices, contains no more money for country roads. In fact, when I go to the budget papers and look at federal roads funding, what I find is very interesting. For example, in last year’s budget was the statement that ‘the government will spend $1.6 billion on roads funding in the year ahead’. In this year’s budget is the statement that the government will spend $1.3 billion on roads funding in the year ahead. For some strange reason, country roads have been short-changed. Some $300 million has disappeared from federal roads funding. That is right; it is not an insignificant figure. I suppose it is not significant in terms of what the government is prepared to spend on its PR campaign for the promotion of the GST but, when it comes to road funding, regional Australia actually believe that $300 million is significant. But for some reason $300 million has disappeared from federal roads funding.

On top of this, the government has ignored the recommendations of various reports on rail, yet again. Despite damning evidence that balaclavas and barking dogs have not helped waterfront productivity, all we see in the maritime and shipping area is the contracting out of more jobs. The transport minister should spend more of his time doing his job and less of it selling propaganda on regional TV. While he is attending to the internal spats on the other side of the House—some of which I venture to suggest that you yourself contribute to, Mr Deputy Speaker—the minister is, for those reasons, neglecting his responsibilities in the aviation, rail and maritime industries, for which he is responsible and, more importantly, should accept responsibility for.

The responses from people in regional Australia to this budget, particularly once they realised that the $1.8 billion was a con job, say a lot. I have heard a lot from coalition members, both from the Liberal Party and from the National Party, in recent weeks with respect to those issues, most notably in recent days by the member for Herbert, but he is not alone on that side of the House. People all around the country are summoning their coalition MPs asking them to explain themselves. It is bad enough that the budget fails to deliver. But, when you deliberately try to deceive people by claiming that the budget delivers a $1.8 billion ‘bush bonanza’, you are doing precisely what people, especially in rural and regional Australia, have had a gutful of—deception and dishonesty. People want governments to be honest with them, and they want coalition ministers to stop misleading them when it comes to supposed support for regional Australia. What they want is nation building.
Given that ordinary Australians are struggling to deal with economic and social change, you might think that the government would see this budget as an opportunity to reassure people, to remind them that the national government is on their side. I suppose we would not expect that of the Howard government because that takes leadership and, if there is one thing this Prime Minister does not have, it is leadership, vision and a capacity to actually do something for the benefit of all Australians. I say that because leadership is about bringing different perspectives together. For a government that has done nothing but divide our nation economically, socially and culturally, this is clearly too big an ask. This is a government that has deliberately and on a regular basis pitted workers against bosses, rich against poor, skilled against unskilled, indigenous against non-indigenous and the city against the country. This is a government that has deliberately made life harder for workers, harder for the unskilled, harder for indigenous Australians seeking respect and acknowledgment and harder for people living in the areas that are missing out in rural, regional and metropolitan Australia.

While Labor has the honesty to express shame where shame is due and pride where pride is due, the Prime Minister unfortunately has the courage to do neither. He is a leader struggling to come to terms with Australia as a nation in the 21st century. We all know the particular term he is struggling with on the issue of reconciliation. And we remember how long it took him to bring himself to use the term ‘multiculturalism’. In actual fact both sides of the House counted it when he finally used the word in a speech. ‘One, two, three,’ they said each time he used the term ‘multiculturalism’, a modern Australian term. Australians looking for leadership know that these are not only tests of our maturity as a nation but also tests of our leaders, tests of us as human beings and tests of us as modern-day Australians seeking to govern for the benefit of all Australians.

We have a Prime Minister who has an empty notion of Australian citizenship and an empty vision for what we are and what we should be. The belief of the Prime Minister, the Treasurer and the Deputy Prime Minister in trickle-down economics has had a devastating effect on the lives of ordinary Australians. That is why nearly 300 communities across Australia today have double digit unemployment figures including, for example, an area such as Wide Bay, represented by a minister on the front bench on the other side of the House. It has not helped the many communities that have experienced population loss and the withdrawal of government services. The real test of this budget is how it makes life easier for those Australians doing it tough and how it provides opportunity for all of us—not handouts, but opportunity for all of us. So how does the budget improve the ability of our economy and our people to adapt to change? What does it offer for education and training and what does it offer for regional development? Does it do anything for the people and the places missing out?

I believe this budget says a lot about the priorities of the Howard government. It was promoted as a $1.8 million ‘bush bonanza’. Mr Deputy Speaker, you would be aware that last year the government held a regional summit that generated a lot of goodwill and brought together a lot of committed people. While the summit brought with it cautious optimism, everyone knew that the real test would be whether the rhetoric was backed up at budget time. So what of the $1.8 billion ‘bush bonanza’? The first thing to note is that there is no $1.8 billion. There is no $1.8 billion in new initiatives, and I challenge any member, including the member for Dawson, to dispute me on that. The amount of $500 million is being spent just trying to ensure that the GST does not increase petrol prices. After saying that the GST would not increase petrol prices, the Treasurer now tells us it will cost us $500 million to make sure, and even then people are not convinced. Another $309 million over four years, the agricultural component, replaces a previous commitment of $525 million over four years. Despite the government’s rhetoric, that is actually a budget cut of $216 million from agriculture. Even the government’s backdown on assets tests for farmers whose children are seeking youth allowance—have a look at the facts—does not kick in until a few months before the next election. The way the
The government has promoted this package as a boon for the bush is precisely the sort of deliberate dishonesty that people in the bush are fed up with.

The Deputy Prime Minister says that it is his political mission to meet the ‘reasonable expectations of country people’. If that is the case, then he should have started with a bit of honesty in this budget and his budget announcements. After previous Howard budgets abolished community jobs schemes, abandoned regional development and withdrew services from rural and regional communities, people were entitled to expect more than they got on budget night. Despite economic growth in cities, after more than four years under a Howard government, people in rural and regional Australia are asking when they will get their fair share. Kim Beazley, the Leader of the Opposition, correctly described the budget as a budget of lost opportunities, because the GST has left the government with nothing to invest in the future of rural and regional communities.

Labor fundamentally opposes a tax that is unfair, that hits Australian families and that hits small business with a compliance burden the likes of which we have never seen before. Even more important is the fact that this new tax comes at the expense of the investments that we need to make in our nation’s future. A budget surplus created on the back of cuts to education, health, labour market assistance and regional development is being used to finance tax cuts—the lion’s share of which go to the 20 per cent of top earners in the community. The people and places missing out are not on high incomes. Ninety per cent of our regional centres have incomes per capita below the national average. As you would know, in rural Australia and in our struggling suburbs things are even worse.

While we all see that the Howard government is losing ground in debates about the old economic agenda—as the budget slips into structural deficit, as the GST pushes up interest rates, and as we see our strength in trade negotiations diminish—the real tragedy is that the budget is a budget of yesteryear and the Prime Minister is a prime minister of yesteryear. The trouble is that this government and the Prime Minister have not realised that the world has moved on and the policy agenda has moved on. Labor’s agenda is about how we will allow all Australians to share in the new economy by investing in our people and our places, investing in our ideas. We are about ensuring that our regions share in our economic prosperity, which will require us to invest in our economic infrastructure and develop new industries. (Time expired)

Mrs DE-ANNE KELLY (Dawson) (5.44 p.m.)—I was interested in what the member for Batman had to say, and later in my speech I am going to address some of the points that he has made. I am afraid he is not going to like what I have to say because, unfortunately, the blunders have been made on the other side. But for the moment I would like to address the budget generally. The 2000-01 budget contains some sound and forward looking initiatives for regional and rural Australia. The National Party team in the coalition, led by the Deputy Prime Minister and Minister for Transport and Regional Services, the Hon. John Anderson, has achieved significant outcomes for its constituency. In total some $1.4 billion will be provided over the next four years for special programs and services which are targeted to regional Australia. The Regional Australia summit last year—a unique and now demonstrably important occasion that was derided and attacked by the Labor Party at the time.

I want to make specific mention of budget initiatives but, firstly, I want to make a few remarks about the economy and, in particular, interest rates. We all remember that, under the previous Labor government, interest rates went through the ceiling—for example, business interest rates in 1989 were at 20 per cent. That was while the present opposition leader was a senior minister—indeed, one of his responsibilities was finance. There is no doubt that many in small business and in the farming community and many home mortgage holders were crippled by these runaway high interest rates. Since the coalition was elected in 1996, interest rates have fallen significantly. They have fallen from 10.5 per cent in March 1996 to around 7.3 per cent today.
In the last few months, there have been some small interest rates rises in response to a number of factors. I appreciate that the Reserve Bank is wholly independent and must make its determinations in the light of what it believes are the best interests of Australians. However, I considered that I would not be keeping faith with my constituents if I did not express to the policy makers—in this case, the Reserve Bank—the very real ramifications for those in rural and regional areas. Therefore, on 9 May, I wrote to the Governor of the Reserve Bank. I later released that letter to the media.

I was surprised when the Australian Financial Review—a newspaper I have quite a deal of regard for—described that letter as provocative. The letter began:

I am very mindful of the fact that the Reserve Bank has been given a solid statutory independence and a heavy burden of responsibility to manage the often highly contentious matter of interest rates. However, I would be failing in my duty as an MP if I did not advise you of the implications of recent interest rate rises on the primary producers, small business operators and others in my electorate.

In that letter, I pointed out the parlous state of the sugar industry and the effect that another interest rate rise would have. I also wrote:

I don’t deny that the Reserve Bank must act in the general community interest and that you would take a range of factors into account before making a decision to increase interest rates. However, I would be failing in my duty as an MP if I did not advise you of the implications of recent interest rate rises on the primary producers, their families, employees and communities before any further rise is even contemplated.

The Governor of the Reserve Bank, Mr Ian Macfarlane, obviously did not consider my letter provocative, and he replied promptly and courteously on 18 May. In his letter, he wrote:

The Bank has been aware that sugar prices, and indeed some other commodity prices, have been very low in recent years. I can assure you that in forming our judgments about the outlook for the economy, and the appropriate setting of interest rates, we take into account, as far as we can, the circumstances faced by a range of producers.

Mr Macfarlane also gave an insight into the policy formulation determinants when he wrote:

But in the end, there can only be one monetary policy for Australia. We have to frame that policy so that it is suitable for the economy overall. Undeniably, it will not suit those areas which are enduring great difficulties. Nor, it has to be said, will interest rates be high enough to prevent some overheating in the very strongest sectors. While we are conscious of regional and industry differences, our policy goal is to contribute to economic stability and growth by maintaining low and steady price inflation (something very much in the interests of farmers), and ameliorating the more extreme cyclical fluctuations in overall economic activity.

I am very grateful to Mr Macfarlane for his reply and I again make no apology for writing to him in the interests of the people in my electorate. I was also extremely pleased to see that the Prime Minister spoke out about concerns about a rise in interest rates. The Prime Minister would have been aware of the impact on communities where commodity prices are falling, such as in my area: the net income for an average farm in Mackay this year is minus $60,801. I was very grateful, as I say, for the Prime Minister’s intervention and his pointing out that Australia is a large country and while there are areas of growth there are also areas where consideration needs to be given to difficulties.

There is very real evidence that the Reserve Bank is listening to the community and weighing all relevant factors. Only last Friday in London, Mr Macfarlane virtually put on hold any further immediate rise in rates at the next board meeting, which in fact is to be held today. His remarks were interpreted by observers as meaning that the Reserve Bank was not unnerved by a weak Australian dollar. Mr Macfarlane also told his London audience that the Reserve Bank was confident that its early action on monetary policy, plus an adherence to the discipline of the inflation targeting regime, meant low inflation could be maintained in the years ahead. Every Australian should be heartened by this news, because it means a period of reasonable stability.

I would like to comment now on the member for Batman’s address and his constant theme of lost opportunities. I would also like to make some comments about a most important issue which has emerged in Queen-
sland. On 24 May the Queensland Premier, Mr Beattie, announced his ALP state government’s energy policy—which, if nothing else, generated a lot of political heat. What the policy will undeniably deliver will be the biggest slap in the face that the Queensland coal industry has ever suffered. It means a loss of investment, a loss of resource development and a loss of jobs. The Queensland ALP energy policy will cut the market for coal-fired power by 15 per cent, create an artificial gas and renewable energy market and, with the injection of substantial taxpayer funds, foster construction of the gas pipeline between Gladstone and Townsville. A proposed new licence system will also force retailers to comply with the targeted 15 per cent level of gas-fired or renewable energy or else face substantial penalties.

After what has been claimed as two years of solid hard work, the ALP government in Queensland has developed an energy policy that will cost jobs in regional and rural Queensland because of the cutback in coal production, lead to high prices for all consumers state-wide, and mean a huge payout by taxpayers as well, to the developers of the pipeline. Queensland Mining Council chief executive, Mr Michael Pinnock, has described the policy as one which will lead to higher prices for consumers, and he made the point that if the gas pipeline were to be viable it should operate on a level playing field and not be taxpayer subsidised.

Until the last redistribution, I had the great honour and pleasure of serving the people of Collinsville, which is a major coalmining area in central Queensland. The people of Collinsville were very optimistic and enthusiastic about the development of a further coal-fired power station in their area. Regrettably, Collinsville’s very stability and future are now under serious threat. The community, which is close-knit and very proud, has been devastated by the news of Premier Beattie’s policy. There is an irony in the sad story of Collinsville’s future. Perhaps it was just appallingly poor management, or maybe a classic case of the right hand not knowing what the left hand was doing, but the people of Collinsville—and, indeed, every coalmining community in Central Queensland—had salt rubbed into the wound inflicted by Mr Beattie’s so-called energy policy on the very day he announced it. On the very day, 24 May last, that Mr Beattie was announcing what was a virtual death sentence for the coalmining communities, we had another whistlestop tour, as referred to by the member for Batman. This one was in fact led by the honourable member for Capricornia, Ms Livermore. She was in Collinsville with a considerable Labor Party entourage, and they all went to the Collinsville Workers’ Club to meet local people.

Included in this group of Labor luminaries—apart from the honourable member for Capricornia—was the Labor Party’s shadow assistant Treasurer, the member for Wills, Mr Kelvin Thomson; the chairman of the ALP’s Industry Infrastructure and Regional Development Committee, the member for Blaxland; the deputy chair of that committee—your good self, Mr Deputy Speaker—the honourable member for Lyons; and the honourable member for Charlton, a fellow committee member. Two days later on 26 May, the local newspaper, the Bowen Independent, reported this visit at great length. The story began:

The clear message that regional Queenslanders are concerned about national competition policy (NCP) will be relayed to the national conference of the Labor Party in July. The Federal Labor Opposition’s assistant shadow treasurer, Mr Kelvin Thomson, said in Collinsville on Wednesday that people in Central Queensland communities had told him that national competition policy had impacted on local employment and jobs prospects. Not as much as Mr Beattie did that day, I might say! Of course, none of these aspiring Labor heavyweights made the slightest mention of the fact that national competition policy was a creature of the Keating Labor government, which had secured support for it at the time from the then ALP Queensland government of Premier Wayne Goss.

The honourable member for Blaxland and chairman of the ALP’s Industry Infrastructure and Regional Development Committee, Mr Hatton, was further quoted at great length. He went on and on about the tragedy of towns like Collinsville suffering retrenchments and losing skilled workers and their families and said:
We are attuning our policy development to reflect the needs and aspirations of people in rural and regional Queensland.

What a pity that they did not tell the Premier, Mr Beattie, who was right there in Brisbane that day, attempting to close those communities down! The irony is, of course, great. It was a pity that this federal ALP policy committee could not have had a quiet and persuasive chat with their party colleague the Queensland Premier, Mr Beattie. At the very moment that the Canberra contingent was crying crocodile tears in Collinsville about a loss of local jobs, Mr Beattie was on his feet in Brisbane announcing an energy policy that was set to destroy hope for those in all the mining communities along the Queensland coast.

The most charitable interpretation one can put on this debacle and this policy and public relations disaster for the Labor Party is that the travelling entourage simply did not have a clue what was going to happen in Brisbane on the day they visited Collinsville. There can be only one reason they did not know: Premier Beattie and his ALP state government did not think they were important enough to tell. I am afraid that it puts the ALP’s Industry Development and Regional Development Committee into a very poor perspective.

The Member for Capricornia now has a clear responsibility to tell the people of Collinsville, as their representative, where she stands on this issue of such fundamental importance to them. Does she support the so-called taxpayer and customer funded policy to pander to the Brisbane greenies, as outlined by Premier Beattie, or does she intend to repudiate the Premier and stand up for the coalminers and their families in her electorate? The choice is quite clear. Even more reprehensible is the fact that the Queensland Premier did not wait with his energy policy until the federal government had formulated their response to Kyoto on carbon credits and a whole range of energy related matters, which may have made the Premier’s difficult task simpler. Make no mistake about it: this is a policy that will deal a savage blow to an industry that has been a critical central pillar of the economy of regional and rural Queenslanders, and taxpayers’ and customers’ money is being used to prop it up. So much for the comments of the member for Batman about job loss, whistlestop tours and ignoring rural and regional Australia. The fact is that, in Queensland, the individual that has turned their back on rural and regional areas is the Premier, Mr Beattie.

I would like very briefly in the time left to speak about the budget. The $562 million regional health strategy is the jewel in the crown of the budget. It is the single largest project ever undertaken by a federal government to boost rural and regional health services: an expansion in the regional health service, clinical training schools in rural and regional areas, a medical specialist outreach program, support for the employment of community based allied health professionals, a new support program to help secure the viability of small, rural private hospitals, and a bonded scholarship scheme for medical students who agree to practise in rural and regional areas. It is a great program, and long awaited. I notice there is also continuation and enhancement of the Agriculture Advancing Australia package—$309 million. Other highlights are: 90 per cent of all federal road funds to non-urban areas, $1.3 billion for local authorities with some two-thirds going to regional and rural councils, and $23.6 million for further development of the Rural Transaction Centres Program.

But the most significant aspect of the budget for those of us in rural and regional areas is, as I have said, the fact that the government backed rural and regional people in the matter of interest rates. As well, there was an emphasis on infrastructure. I would like to quote from a statement by Mr John Anderson, issued after the budget, in which he made a significant undertaking: Mr Anderson said he was conscious that regional Australia wanted to secure greater federal investment in much-needed infrastructure and he reiterated his and the Prime Minister’s commitment that this would flow as budgetary circumstances allowed. The Government knows there is a great deal of benefit to the nation in renewing vital regional infrastructure and we will be playing a key role in this in the future.

This statement was not lightly made. Much remains to be done, and the Deputy Prime
Minister, Mr Anderson, has acknowledged that there still are challenges outstanding from the rural summit last year. However, the coalition’s clear recognition of the special and urgent needs of rural and regional Australia has given those of us out there a great deal of heart. This is a sound budget with a good foundation for the future, and I applaud it.

Mr SAWFORD (Port Adelaide) (6.03 p.m.)—Well, Mr Deputy Speaker Adams, isn’t everything in the eye of the beholder? This budget takes us absolutely nowhere as a nation. It is the most unimaginative, uninspiring and disappointing document I have seen, and I am in my 13th year in the parliament. And it is not just I who thinks that: out there in the electorate they think the same. Not one caller to my office had anything good to say about the budget. In fact, not too many even bothered to call about the budget. There were plenty of callers about other matters—GST, education, health, infrastructure, and plenty of callers about jobs—but not about the budget.

The most important nation building attributes are investment in people and infrastructure. If an examination is made of employment, education, health and infrastructure, there really is not much in this budget at all. Callers to my office know the reasons. It is because this budget is merely a camouflage for the massive $30 billion tax slug about to be imposed on average families from 1 July—a goods and services tax. This is what the calls to my office are all about, and yet it is the one thing the Treasurer could not bring himself to mention in the budget speech, not even once.

I am hearing two main messages about the GST. First, that it will be bad for Australia and especially bad for people on fixed, low and middle incomes and, second, that the current massively expensive and misleading advertising campaign is highly resented. My electors know that the GST is what the budget is really about, and they know that the $420 million which the government has spent on a political campaign to make the GST look all warm and fuzzy is all taxpayers’ money—their money. I can tell you that they resent it. They do not buy it. They see the campaign as both uninformative and conceptually wrong. They also know that the advertisements do not tell the real story. They look at the $420 million being spent on advertising and they look at the ongoing downgrading of their public hospital at Woodville, the Queen Elizabeth Hospital, and they well understand the priorities of the Olsen and Howard governments. They look at the $420 million and at the ongoing school closures and further cuts to public education and again well understand the priorities of their current governments. The same goes for the failure of state and federal governments to provide training opportunities to enable people to enter or re-enter the work force. They know the $420 million would go a long way towards helping so many people get training for a job, learn in better equipped schools and receive better health care. But that money instead has gone to line the pockets of advertising executives in the eastern states and the media moguls, with the eventual purpose of winning the Prime Minister a third term. Payback time in the next election will be interesting.

Judging by the callers to my office, the electors are not buying it. They resent seeing such a large sum of public money—their money—spent on the government’s propaganda campaign for a tax they do not want. They especially resent the fact that most of the advertisements fail to provide any useful information about the GST, and they resent the fact that, in those few adverts that do contain information, some of that information is not correct. For example, it simply is not true that ‘income taxes have just kept going up’. Nor is it true that the income tax cuts ‘immediately put extra money in the pay packet of every Australian worker’. Pigs might fly. Nor is it true that ‘exports will be GST free’ or that ‘the GST is frozen at 10 per cent’. These are all blatant untruths, told with taxpayers’ money, and the people out there know it.

Complaints to the ACCC’s Professor Fels have—as usual, as we have come to expect—fallen on deaf ears. But the High Court’s view on the matter may be interesting somewhere down the track. In short, callers to my office have been saying that there is nothing
in the ads that helped them at all to understand how the GST is going to affect them and, if they are in small business, what it is that they have to do to get ready for it. As a result of the failure of that $420 million advertising campaign, I have distributed the ALP’s GST kit to thousands of people, and the response has been overwhelmingly positive. Typical responses are that the kit was the first document they ever received which provided the information they needed in a factual, easily understood manner. Congratulations should go to the member for Rankin, Craig Emerson, who authored that document.

The GST will seriously disadvantage people on middle, lower and fixed incomes. That fact is well documented and well understood by the vast majority of working men and women: they know that the push for the GST came from big business, and they know it is big business who will benefit. The kit reveals just how much extra work this country’s two million small business proprietors will have to put in to have the privilege of being tax collectors for the government. It will be a time-consuming, onerous and very expensive exercise for them all. None whom I have spoken to are happy about it, especially with the penalties of up to $10 million hovering over their heads.

In the area of education, the government’s record is just going from bad to worse. While other OECD countries are increasing expenditure—real expenditure—on education relative to their GDPs, this government continues to cut real funding for education. The result is that Australia is now languishing near the bottom of the pile of developed industrial relations nations when it comes to education spending—and we will be shovelled still lower with this budget. This is at a time when the nation’s future depends like never before on having a highly educated and skilled work force. The inevitable result of such vandalism and short-sightedness will be a work force which will fail to match it with the best in the world. In the age of global shop floors and global marketplaces the future...
The Karmel education report of the 1970s was a watershed in the history of education in this country. It was an excellent report. But, like all reports, it got some things wrong. It failed to recognise the importance of increasing funding for primary schools and failed to see the value in the diversity of schools then available in public education. The result—albeit for the best reasons—was the creation of a single market in public secondary education, replacing the broad range of schools and services available in the public sector. Unintentional reduction of choice was not a good policy option. Sameness in education is weakness, and sameness is assessed by the electorate accordingly. For example, there were once boys secondary schools, girls secondary schools, technical schools, academic technical schools, special schools, agricultural high schools, area schools and so on. It was strength. There was a bit of choice, and it is what the public wanted. The loss of that diversity in the public education sector over the past 25 years has severely harmed its credibility.

But the minister and this government have evidently failed to learn from that history, because what was done in public education in an unintended way as a result of the Karmel report is now being done to public and private education in a deliberate way. The strength and attraction of private education to many in the community is due not so much to views about the quality of education available but more to the range and types of schools on offer in the private sector. An examination of the marketing of private schools will confirm that proposition. The federal government’s move to the creation of a single market for both public and private schools is probably about to cause great harm to the private system, and the first casualties will be systemic Catholic and low fee Christian schools.

In the area of health, the question is just how far is the government prepared to go in its ongoing running down of public health services in this country. I have already mentioned the Queen Elizabeth Hospital in Woodville in my electorate of Port Adelaide which has suffered debilitating funding cuts and continues to be regarded as an easy target. That that hospital can continue to provide the quality of care and service that it does is a reflection of the exemplary dedication of its staff, against all of the odds.

Australia has enjoyed buoyant economic growth for close to a decade now, the result of the solid foundation of the policies of the previous Labor government and the good fortune of being carried along on the tide of the so-called new economy, which is driving the US economy. Yet in this era of prosperity the government has continued to cut funding for public health care—the health care relied upon by the clear majority of working families. As in the education system, Australia had one of the best public health care systems in the world, but the present government seems to be putting an end to that. Instead of providing support for public health, the government has chosen to put around $2 billion of public funds into the private health system. Private health funds they may be called, but they are far from private: like so-called private schools they are heavily supported by taxpayer funds. It is evident that neither the minister nor the Prime Minister has any regard for parliamentary standards. It is this government and minister who are responsible for lottery-sized taxpayer windfalls for 30-odd radiologists. Yet, at the same time, public hospitals are being run down so that those who do not join private health funds will receive an ever decreasing standard of care, and this is from the party that trumpets so-called free choice.

The favourite targets of this government are unfailingly those who are most in need of assistance and, almost by definition, those who are least able to defend themselves. Those who are without work, those who get prosecutions and breaches but no opportunities, those on pensions and those who are members of minority groups, like Aborigines and some refugee groups, have always been regarded as sitting ducks by this government, led most ably in this respect by the Prime Minister! With the GST, all reports and investigations of any credibility have shown that people on fixed and low incomes will be worse off. There can no longer be any serious
doubt about that. Similarly, there can no longer be any serious doubt that the main beneficiaries of the GST package will be big business, big elites and very wealthy individuals. In this regard, the GST package summarises as well as anything the attitudes and priorities of this government. This is a government of elites and for elites. The so-called Howard’s battlers of 1996 are now well forgotten. This is a government out of touch with the everyday concerns of average working men and women—which, more to the point, in any case cares little about their concerns. It is a government that has tried to mask that lack of concern by the old strategy of setting one part of the community against the other. Witness the Prime Minister’s refusal to offer an official apology to the stolen generation when even his Liberal state Premier colleagues have done so on behalf of their governments. Witness, too, the Prime Minister’s shameful milking of the refugee issue. In all such matters, the Prime Minister refuses to take an honourable course. He has done it in the past on guns but, except for that, he has never taken on a role of national leadership. He never seeks to do the right thing first. Instead, he prefers the easy approach of divisiveness. The Prime Minister may have won two elections and looked after the interests of his elite friends and supporters well, but I am confident that history will judge him and his government as being very narrow-minded, backward looking and failing on the three main areas of government responsibility: building the national infrastructure for a strong economy, creating a climate of optimism and opportunity amongst its people and leading public opinion on issues of fairness and justice.

I conclude on the issue of employment and the dignity of having a job. This government is not telling the truth about unemployment. It will not give the true picture. Unemployment is much worse than the so-called official figures of around seven per cent. There are perhaps hundreds of thousands of people who are unemployed and underemployed, yet the government refuses to acknowledge their existence. For example, many of those in part-time employment want full-time work, but they are never counted in any unemployment data. Similarly, there are those seeking work but whose partner is in work so are ineligible to claim benefits. Again, they are not counted in any of the official statistics. If 650,000 people are officially unemployed, then the likely true picture is that at least double that figure are looking for either part-time work or full-time work.

The labour market in this country is, under this government, looking more and more like the labour market of the United States, where 40 per cent of workers are in insecure, casual employment. Negative views about prosecutions and breaches now dominate the debate more often than the more positive view of creating job opportunities for the unemployed. The other tragedy in Australia and the developed world is that, between 1830 and 1979, the number of hours worked each week fell consistently. But, since 1979, people in full-time work have been working harder, for longer hours, with relatively less remuneration and with poorer working conditions. Putting forward these views on the need for shorter working hours risks ridicule from market driven economic rationalists, so pre-eminent in the popular media, on the government side and even on our side. Nevertheless, the unemployment debate is incomplete without reference to the reduction of hours of work. The productivity and efficiency gains of the last 20 years have not been shared equally among employers and employees but, rather, have disappeared into greater profits for the few. It seems that the tried and true relationship between time—the hours people work—and remuneration when it comes to productivity has all but been forgotten.

Last century, two great people in the manufacturing industry changed the paradigm of productivity and employment. One was Henry Ford. He demonstrated that doubling remuneration for his workers resulted in increased productivity. William Kellogg, of breakfast cereal fame, also changed the paradigm. He paid workers who were working for 12 hours a day the same amount of money for working for six, and his productivity went through the roof. Since those two people, we have not had anyone in the world who has changed the paradigm of time—the hours people work—and wages, and it is
about time we did. In the case of Ford and Kellogg, the benefits of increased productivity were shared among the employers and employees. But in the past two decades it has been a one-way affair. The gains to employers or owners of the increased productivity have not been shared. In fact, far too many employees have paid for that increased productivity with their jobs, an example being the recent decision of Telstra to sack another 10,000 people.

Businesses have downsized and dispensed with their work forces in the name of efficiencies and so-called productivity increases. Governments have done the same and continue to do so without realising or caring about the long-term damage they are causing. In reality, it is merely appeasement of the financial markets, and we all know that in the long term appeasement does not work. This fact suggests that any hope that current governments might provide some counter to the ongoing process of dispensing with staff for profit and share price gains is unfortunately misplaced.

The continued push for the privatisation of publicly owned enterprises enables government to remove itself from responsible decision making and from taking responsibility for correcting the imbalance between employment and profit. I say that it is time for the government to put in place, or at least seek to develop, a strategy for genuine employment growth instead of fiddling the figures to hide the true, terrible state of affairs. Instead, the government is currently lying down like a drowned and captive dog before the financial markets.

Mr NAIRN (Eden-Monaro) (6.23 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2000-2001. I think it is rather sad that a federal member of parliament like the member for Port Adelaide would describe the budget brought down this year, which is an extremely responsible budget, pays back debt and is in surplus, as ‘not exciting’. I presume that an ‘exciting’ budget, as far as the member for Port Adelaide is concerned, is one where you spend far more than you actually get and where you have deficits of $17 billion or $10 billion year after year. If he calls the budgets that saw unemployment rise to over 11 per cent exciting, then he can have those exciting budgets; we will stick with responsible budgets. The budget brought down by the Treasurer was a very responsible budget, mounting on the many other responsible budgets that he has brought down since the coalition came to government in 1996.

I think it is worth going back to have a look at where we started in 1996 and the budget process since then. In previous speeches over the last couple of years, I have made some comparisons to make the economic situation of the country much more understandable. I have compared the overall Australian economy with a business, on the one hand, and with a family, on the other hand. From a business point of view, in 1996 it was a bit like taking over a company which had a turnover of around $1 million. Many businesses could relate to that turnover of $1 million, but the particular business that we took over was losing over $83,000 a year. Any business turning over $1 million a year is in serious trouble if its profit and loss statement shows that it is losing $83,000 a year. Not only did it have a loss of $83,000 in the year we took over but also it had a debt of nearly $800,000. At that particular time, interest rates were running at at least 10 per cent or higher. You do not have to be a rocket scientist to work out that that company was not going to go very far losing about $80,000 and having to service a debt of $800,000. That is the equivalent of the Australian economy that we took over.

It was like having a family with an income of about $35,000—and many families could relate to that—but, unfortunately, in the year that we took over this family it had spent $3,000 more than the $35,000 that it had in income. In addition to all of its normal expenses, it also had to service a Bankcard bill of just under $28,000. Once again, a family with an income of $35,000 which is spending $3,000 more than it is actually earning—and that means you have to go to the bank every year to get an additional loan of $3,000—and which is also servicing a Bankcard debt of about $28,000 is in very serious trouble. That
is the sort of state the economy was in when we took over.

In our third budget we took the company that had an operating loss of $83,000 to a profit of about $9,000, and consequently in this budget it is also making a profit of something like $23,000 a year. At the same time, we have reduced that $800,000 debt to about $400,000. We have got rid of virtually 50 per cent of the debt there. That is the situation as far as the national economy is concerned. With this budget, we have a profit, a surplus, and we are paying back debt. In fact, we have paid back virtually half of the debt that had been built up in the five budgets before we came to government in 1996. From a family point of view, the $28,000 Bankcard debt of the family that was spending more than it was earning is now down to about $13,500. We have virtually halved the Bankcard debt of that family, and the family is now in a position where it is not spending more than it is earning. In fact, it has a little bit left over at the end of the year and is able to pay off some more of that particular debt.

We should also remind people that, when we came to government in 1996, home mortgage rates were running at 10.5 per cent and business rates were obviously substantially higher than that. Home mortgages had been as high as 17 per cent in the few years before, and business rates were well over 20 per cent. Overdraft rates were as high as 21 or 22 per cent. Many businesses, particularly farming businesses around my electorate, are still paying off much of the debt that was built up during those years of unbelievably high interest rates. Inflation in the decade before we came into government averaged 5.2 per cent. I think it is a rather trite argument when the opposition talk about rising inflation in recent times since many of them were part of a Labor government that saw inflation running at over five per cent year after year, not just for a quarter.

Sitting suspended from 6.30 p.m. to 8.00 p.m.

Mr NAIRN—Before the dinner break this evening, I was reminding the House of the circumstances of the economy prior to our coming into government in 1996. I had gone through a number of scenarios and was reinforcing the fact that inflation had been running at over five per cent per annum year after year for the decade before. Home interest rates were running at 10.5 per cent—and business rates much higher than that—and they had previously been significantly higher in the earlier years.

Mr Entsch—Twenty-two per cent.

Mr NAIRN—I remember paying 22 per cent on the overdraft of my business around 1990-91. Many people throughout my electorate of Eden-Monaro, particularly farmers and people in business, built up a lot of debt through those years—debt that they are still paying back. But, over the last five years, we have seen very responsible budgets by the Howard government where we have turned those enormous deficits around into surpluses. The budget showed that in the coming financial year, 2000-01, we will pay back $50 billion of the debt that was built up by Labor in their last five years. Of the $80 billion debt that they built up, we will pay back $50 billion by the end of the coming financial year, which is quite an achievement.

The budget was an excellent budget for rural and regional Australia. The electorate of Eden-Monaro—one of the most diverse seats in the country, going from near Canberra right down to the Victorian border and along the coast, with incredible diversity—was very pleased to see the emphasis placed on rural and regional Australia, the $1.8 billion package for rural and regional Australia and a whole variety of aspects associated with that which many parts of my electorate will be able to access in the coming years. One of the most pertinent aspects of the budget was health. Over the last few years we have found, when you talk to people through regional Australia, health is always given a very high priority. People want the same sorts of services that people in the city can access, and they want to see the very great shortage of doctors turned around as well. That is why the $562.1 million package over four years for health in rural and regional Australia is very welcome right around my electorate.

We have been doing a number of things over the last couple of years to get more doctors back into the country areas. We have
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had various incentives and scholarships and those sorts of things, and we have expanded on that in this particular package. In the longer term, having more people from rural areas go into medical school will probably be the number one thing that will turn around the shortage of doctors in rural and regional areas. That does not happen overnight; it is going to take some time. The universities and the medical schools also have to do their bit in this regard. It has always staggered me that a number of medical schools have taken only students with the highest TER. Fortunately, some are now realising that gaining a 98 or 99 TER in the HSC does not necessarily make you a good doctor.

Some universities are now looking at other aspects and having interviews, et cetera, and that is a very positive thing. But we have to be able to get more country kids into medical school. We have found over a number of years now that, if people have come from the country when they go into medical school, there is a greater chance of them going back out into the country to practise once they have completed. The budget provided 100 new university places for medical students, who will enter a bond to practise in rural areas. I think a lot of people will take up that option. Some people have criticised the bonding aspect, but I do not think that will be a problem to many people. They will be more than happy to get that assistance while they are at university—$20,000 per annum—and then they will work in a rural area for six years after they have qualified.

Another aspect I would like to raise is the $49 million over four years for specialist medical services. That is for communities to employ nurses, psychologists, physiotherapists, podiatrists and other specialists for which so many people throughout my electorate have to get in their car and drive to Canberra, Wollongong or Sydney. They should be able to access those sorts of specialists much closer to home, if not in their own home town. That aspect of the health sector has been highly successful. In the budget, an enhancement and expansion of that was announced—$309.4 million over the next four years. Without going through all the aspects, one new thing in there that really caught me was the $18.2 million over two years for on-farm innovation and diversification. In many of our traditional rural industries, commodity prices have been quite low and a number of major changes have been taking place. If we can have a bit more innovation in the rural sector, we will see expansions of, and value adding to, our traditional agriculture, which will help not only to keep jobs in regional areas but to grow them.

In the area of regional services there is the continuation of the rural transaction centres. At the moment throughout my electorate there are business plans being prepared for rural transaction centres in small towns like Delegate, Perisher, Captains Flat, Bungendore, Bermagui, Broulee, Tomakin, Dalmeny and Bodalla. It is not a case of these towns having lost a lot of services; some of these towns have never had some of the services that we are talking about. The rural transaction centres can bring in things like Medicare Easyclaim, banking facilities and Internet access. These small towns have never seen those services before. It is very positive to continue that rural transaction centre program.

I would also like to mention transport. There has been much said about roads and funding of roads. Fortunately in this budget for 2000-01 there is $41 million and in 2001-02 there is $41.7 million for the black spot program. This program was axed by the former Labor government. It has been very beneficial in my area. There has been black spot funding for a very dangerous piece of road near Delegate. There was black spot funding for traffic lights at a very dangerous intersection in Bega. There was black spot funding for George Bass Drive south of Batemans Bay, which is also a very dangerous piece of road. I think there was $350,000 to fix that particular black spot. Also there was some funding for a black spot on the Kings Highway. So that is a great program that we have brought back—it was axed by the former Labor government.
There has been much talk that the federal government should fund other highways. I remind the House that it was also the former Labor government that decided to change the whole way in which roads were funded. It was the Labor government that stopped funding many of these highways that some of the local Labor Party people in my area are now screaming for the federal government to put money into. These are the very same roads that their own people axed in the early nineties. We have continued to provide funding to the state government, but the state government has chosen not to put money back into those particular roads. The Princes Highway is a prime example of that. The New South Wales government makes a lot of noise about the money it is putting into the Princes Highway, but it has all been spent around Wollongong. It has not been spent on the Princes Highway through my electorate. There is money given to the New South Wales government, a continuation of money that used to be there for it to spend on those sorts of roads, but it certainly has not spent it there in the last few years.

There are a couple of specific things in the budget that fall within my electorate. There is the Eden-Twofold Bay naval ammunitioning facility. We are waiting for the Public Works Committee to issue its final report on this facility, which is expected in the parliament before the end of June. I understand that tomorrow the Minister for the Environment and Heritage will be announcing that the environmental clearance has been given to that particular project which will now allow the Public Works Committee to finalise its report in the next few weeks. The budget did allocate $16.1 million in the next financial year for that particular project so clearly the Treasurer and the Minister for Defence are confident that that project will proceed which will see an ammunitioning facility and a multipurpose wharf established which will open up all sorts of possibilities for that region.

Also there is the Defence Service Centre which had been announced just prior to the budget. Funding of $30 million over the next two years is there for that. That is going into Cooma. That is a great facility for Cooma. We are talking now probably in excess of 200 jobs. It is amazing to see statements by people such as Harry Woods that there was nothing in the budget for jobs in rural and regional areas—and some of the local Labor Party people also said there was nothing in there for jobs—when you see $30 million to go into Cooma which will create 200-odd jobs in a town of 7,000 or 8,000 people. That is going to create a huge investment push not only for Cooma but for the whole Monaro area. When you spend that sort of money over a two-year period and provide that many direct jobs, the spin-off for the whole region will be quite substantial. It will have quite a stabilising effect on the region which has suffered quite badly over the last few years through almost seven years of drought and low commodity prices. It will be a great boost for the area. It is a great project on which I was very pleased to work with the Minister for Defence over a period of time to have it announced just prior to the budget.

All in all, it is an excellent budget for rural and regional Australia and an excellent budget for an electorate like Eden-Monaro. Part of the budget of course is the implementation of A New Tax System, which has been talked about in many other debates within this House. We will see the very large tax cuts implemented as part of that budget and part of that proposal. We can summarise the budget for 2000-01 as lower taxes, more jobs, better health care and stronger families. (Time expired)

Mr LEE (Dobell) (8.14 p.m.)—I rise to speak on the Appropriation Bill (No. 1) 2000-2001. In the budget this year the Howard government has demonstrated that it has given up on education. This budget contains the lowest level of new education spending for at least the last 17 years, and I would suspect that it is the lowest level of new education spending ever. In some ways, a pattern of behaviour is emerging with the way education is treated in Howard government budgets. In 1999 the Prime Minister was asked on radio 3AW in Melbourne what sort of a budget he was going to bring down that year, and he replied with the following words:
I think very much a budget about the education future of this country. I think you’ll find quite a bit in it about education.

That was the spin the Prime Minister and his spin doctors wanted to put on the pre-budget speculation. The reality of the 1999 budget for education was the abolition of the merit based equity scholarships. Those scholarships, which funded places at university for 1,000 students a year across the country, were abolished in the 1999 budget. That was 1,000 additional students every year from rural, regional, indigenous and disadvantaged families unable to obtain scholarships that had previously been funded by the federal government. How can we make Australia a clever country when the Prime Minister makes it impossible for the cleverest kids from the bush and low income families to go to university? That was the first thing that the Prime Minister delivered in the 1999 budget.

The second thing in his so-called education budget was an increase in funding for students at private schools by $210 per student per year, while there was an increase of only $10 per student per year to the children in government schools—a ratio of 21 to one, a massive disparity. There was a massive deficit in federal funding for government schools right across the country.

The third thing in the 1999 budget that should have embarrassed this Prime Minister was that we had no growth at all in funding for vocational education and training, and we also had the fourth year in a row of cuts in funding to universities. So the Prime Minister predicted that it would be a budget that was going to focus on education—that was his spin—but the reality was the abolition of the merit based equity scholarships, a massive imbalance in the funding for government schools, no growth in TAFE and a further cut in funding for universities. That was last year.

This year, once again we had Peter Costello, the Treasurer and Deputy Leader of the Liberal Party, on the Sunday program the week before the budget. His spin doctors had him make the following comments on Channel 9:

We want to redirect some of that spending to priority areas, particularly priority areas in health and also in education.

So, once again, having created the impression that the budget would do something about education, what did we find? The reality of the federal government’s budget in the year 2000 was the lowest level of new spending ever—only $62.1 million over four years, and that is from page 31 of Budget Paper No. 2. That $62.1 million over four years translates into an extra 86c per person a year. Mr Deputy Speaker Causley, can you imagine in this day and age, when investing in education is important to the future of the country, we have Prime Minister John Howard and Treasurer Peter Costello bringing down a Commonwealth budget that delivers new spending initiatives in education worth only an extra 86c per person a year? It is a disgrace.

The funding for GST education—or propaganda as it should more rightly be known—stands tonight at more than $431 million, which is more than seven times the total of new education spending measures in the budget for every school, every TAFE and every university right across the country. Last year the government provided new spending initiatives worth $756 million for private schools, yet in this budget we get only an extra $62.1 million over four years for every school, every TAFE and every university throughout the country. So last year private schools got 12 times more than all of education got this year.

We are entitled to ask why the Prime Minister’s and the Treasurer’s spin doctors get them repeatedly to falsely predict that they will deliver budgets that will have education as a priority, but then, when the reality is delivered, the budget simply provides a pittance for education. Why do the Prime Minister and the Treasurer do this year after year? I think there are two possibilities. First of all, the Prime Minister might think an education budget is one that takes away the merit based equity scholarships, cuts the funding for universities, provides no growth for TAFE and provides a disparity of 21 to one in the extra funding between private and government schools. This Prime Minister might think that is an education budget, and this Prime Minister might think that in the year 2000 Australia needs to invest only an extra
86c per person a year in education. That is one alternative to explain why they talk up education and deliver nothing each budget. The alternative is that the Prime Minister and the Treasurer in their hearts may know that Australia should be investing more in education, training and research. Perhaps because of the GST albatross that is around their neck they know they cannot act because they have squandered so much money on the GST compensation. Maybe that is why education received only 86c per person per year in this budget.

A lot of members in this debate are talking about the impact of the GST on the Australian people. The Australian people will not forget a few things. They will not forget the broken promises that this Prime Minister has made, such as the Prime Minister’s guarantee that education would be GST free or that health would be GST free but then when we read the fine print of the legislation we find that education and health are caught up in the GST net in all sorts of ways. The Australian people will not forget the broken promises made by this Prime Minister that everyone would be better off. They will not forget the higher prices, the increases of more than 10 per cent that we were told would never happen. The Australian people, especially those involved in small business, will not forget the compliance nightmare that has been imposed on them by this government. They will not forget the fact that this government will inevitably seek to increase the number of goods and services which will be subject to the GST.

In the Prime Minister’s first interview of the year on the Today program on Channel 9, he said, ‘Don’t blame me for the compliance nightmare; I wanted the GST to apply to all food. I wanted the GST to apply to everything.’ It is quite clear that a re-elected Howard government will seek to throw the GST net wider to include all food, all services and all goods. The Australian people, especially those involved in small business, will not forget the compliance nightmare that has been imposed on them by this government. They will not forget the fact that this government will inevitably seek to increase the number of goods and services which will be subject to the GST.

But what really makes the Australian people angry is the Howard government’s waste of more than $431 million in this political propaganda campaign that they seek to pass off as an attempt to provide information to the Australian public on the GST. How can the government justify paying $270,000 to Joe Cocker to use Unchain My Heart? How can they justify exclusive contracts with Channel 9—possibly extra payments to the Nine Network and Mr Packer—to stop advertising by brewers, which the government do not like, being broadcast on television last Sunday night? That $431 million could have been used to invest in education. It could have been used to repair some of the damage that has been done to our universities. It could have been used to provide some growth in places in vocational education right across the country. But instead, for every dollar in this budget that the government found for new initiatives in education, it spent $6 extra on its GST propaganda advertising campaign.

But the greatest cost of the GST is that national attention has been diverted away from the challenges which will really determine our country’s future. In this decade, the information revolution will change the way we work, the way we learn, the way we relax at home and the way we purchase goods and services. The countries that invest in raising the skills of their people to use this new technology, the countries that invest in research and development, the countries that encourage the adoption of innovation amongst their companies and corporations, will have the best jobs of the future. The countries where people are investing in education, training and research will have the high value, high wage jobs of the future. The countries that are investing in R&D will be generating new intellectual property that will generate revenue streams for their countries for many years to come. If we are not careful in Australia, we will be facing a crisis: we will have to pay very large sums of money to use the intellectual property that is developed in other countries.

It is of great concern to me that in Australia for the last two years we have actually had
a decline in private expenditure on research and development—and we are the only advanced Western country where this has taken place. So private R&D is declining. The billion-dollar cutbacks in federal funding for universities means that the public investment in R&D is also declining. Australia will miss out on those high value, high wage jobs of the future because of this government’s inattention to investing in education, training and research. Meanwhile, we have the Prime Minister spending $30,000 to put silk curtains in his office, when schools in my own electorate—and I am sure in your own electorate, Mr Deputy Speaker—are going without modern technology, without computers and without teachers with proper professional development and training to make sure that this generation of young kids in schools develops the IT skills that will give them the jobs of the future.

Before the budget, we made it clear that the government had a long way to go to catch up. We have had $1 billion in cuts in funding to universities, including cuts of $171 million to regional universities—universities outside capital cities. We have had inadequate funding for university research, on top of that collapse in private sector R&D. We have had the doubling of HECS charges for students that has resulted in a $1 billion switch from the federal government’s contribution to higher education, and that $1 billion burden has been placed on the backs of Australian tertiary students across the country. We have had cuts to student assistance of more than $500 million. We have had TAFE cuts of more than $240 million. We have had the government dramatically providing unfair underfunding of government schools. Finally, we have had the unfair enrolment benchmark adjustment, which has cut $60 million so far from public schools right across the country, and that is growing every year. If you add all of those together, Mr Deputy Speaker, you have an education deficit of $3 billion. Going into the 2000 budget, what did we receive? A measly $62 million in funding over four years.

Other countries are reacting in very different ways. In the United States, President Clinton has announced an extra $US2.8 billion for research. In Britain, the Blair government has announced increased research funding of more than £1 billion. In Canada, they have committed to fund an extra 2,000 research chairs or professorships over the next four years. But in Australia last December, when the minister for education released his research white paper a couple of days before Christmas, there was not one extra dollar for research in Australia. So what is that comparison: $US2.8 billion in America, £1 billion in the United Kingdom, 2,000 research chairs in Canada—and in Australia not one extra dollar to provide extra research effort.

In fact, what we got from the minister for education on budget night was a series of misleading press releases. We had the following quote:

... education spending up $382 million next year.

But the truth is that the total new spending in the year 2000-01 was $17 million—and that is on page 31 of Budget Paper No. 2. We had Dr Kemp’s second press release stating that there was $2 billion for new apprenticeships over the next four years. But the truth is that new spending on vocational education was 200 times less at $10.3 million. We had his third press release claiming that there was a 32.6 per cent increase in school funding for the next quadrennium. But the truth is that the total new spending on schools is $16.6 million over four years, or an increase of only 0.07 per cent.

Dr Kemp’s fourth press release claimed that there was a $13.4 million boost to continue civics, which verges on the truth. But, as like so many other measures in the budget, it is nothing more than a continuation of an existing program. Finally, we had the claim that there was $138.7 million for language, literacy and numeracy for the unemployed. But the budget paper showed that he has actually merged two existing programs and then cut funding by $20 million. So, while new education is at a record low, we have had the minister for education’s dodgy figures at an all-time high.

The problem for the minister for education is that last year we released the minister’s secret cabinet submission on higher education. In that cabinet submission are a number...
of things which he has admitted to in private
but always denied in public—and he misled
the House when he denied them here back
last year. He has done absolutely nothing to
address the problems that he identified in this
cabinet submission. Let me just remind the
House of some of the things he said in pri-
vate to his colleagues in the cabinet room. Dr
Kemp’s cabinet submission states:
Universities are currently in a difficult financial
position.
He goes on to say:
Already, eight institutions appear to be operating
at a deficit and some regional campuses are at
risk.
He also goes on to say:
Higher student:staff ratios, less frequent lecture
and tutorial contact, the persistence of outdated
technology and gaps in key areas of professional
preparation (including practical skills develop-
ment) are fuelling a perception of declining qual-
ity.
Having correctly identified the problem, the
minister has done absolutely nothing in this
budget to address the crisis that he admitted
in private to his colleagues in the cabinet
room. We may well ask: why has the minister
done nothing about the crisis in higher edu-
cation? There is only one explanation: this
minister for education still plots to implement
his plan for higher education. He still wants
to deregulate student fees. He still wants to
bring in the system of voucher funding for
higher education study. He still wants to
scrap HECS and replace it with real interest
rate loans. For those reasons, we have to re-
main vigilant because a re-elected Howard
government, whomever the minister for educa-
tion will be, will be seeking to implement
the Kemp plan that is sitting there in the
bottom drawer.

Despite Dr Kemp’s claims day after day in
question time that everything in higher edu-
cation could not be better, he has presided
over a decline in the number of new comm-
encing Australian students in higher educa-
tion. In the three years to 1996, the number of
Australian students commencing university
degrees grew by more than 32,000 to
233,310. In three years of the Howard gov-

dment, the number has fallen below the
1996 level in every single year. For example,
in 1999 we had 231,392, which is 1,918
fewer Australian students starting a univer-
sity degree than in 1996. This is not just a
slow down in growth; this is a reduction in
the absolute number of Australian students
starting a university degree.

The point we make here in this debate is
that this minister for education is not doing
his job. On budget day last year, he an-
nounced a big change in funding for private
schools. Some 393 days later, he has still not
produced any legislation to put this system in
place. Less than seven months before it takes
effect, we still have not seen the legislation.
We still have not had access to the modelling
behind the SES legislation. Some 2½ thou-
sand schools are waiting for this legislation,
but 13 months after it was announced no-one
has seen it. The legislation for this new
funding system is crucial, and this parliament
is entitled to plenty of time to analyse it and
debate it. That is why we need this minister
to get on with the job that he is paid to do and
produce the legislation. We also have the
minister going slow on providing the GST
ruling on the impact of the new tax system on
adult and community education courses. This
is another area where the minister for educa-
tion has been asleep at the wheel.

Every time the Leader of the Opposition
speaks either in this House or in the wider
community he emphasises the importance of
Australia becoming a knowledge nation, he
emphasises the importance of Australia in-
creasing its national investment in education,
training and research. People may wonder
why this Prime Minister and this Treasurer
talk about investing more in education before
budgets but then deliver nothing. People may
wonder what they truly believe. I suspect that
the Prime Minister and the Treasurer know
that the Leader of the Opposition is right
when he says that Australia must invest more
in education, training and research. The only
way to secure a prosperous future for Austra-
lia is to increase our national investment in
education, training and research—not cut it
back—and a Beazley Labor government will
do just that. (Time expired)

Mrs MOYLAN (Pearce) (8.34 p.m.)—I
cannot let the comments of the member for
Dobell go without challenge. The shadow
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minister, the member for Dobell, has made a number of comments tonight about the government's advertising campaign. It is really important to get this in perspective, and I will address that and also some of the issues on education in relation to the appropriation bills.

The issue on the advertising budget for the new GST system is important to address in the context of what the member for Dobell has said. Of the $422 million that has been budgeted for the education of the public on the new tax system, $200 million has been directed in assistance to organisations in the community who have the responsibility to ensure that their members fully understand the compliance requirements of the new tax system. So the many representative organisations in the community such as churches, charitable institutions, industry organisations, small business organisations and agricultural and horticultural organisations have been given this assistance—that is, $200 million of the $422 million budget—in order to assist their membership with compliance with the new tax. The way the member for Dobell was portraying it is not appropriate. He has not told the whole story here.

Some $30 million of the budget will be used to implement the policy of introducing an ABN and also introducing a PAYG system, which I am pretty sure the Labor Party did support. (Quorum formed) The members over that side, particularly the member for Dobell, who made the accusations about the budget for the implementation of the new tax system, have left the House. They do not like to hear the truth, so of course the next best thing is to keep me quiet for a while and hope to get me off track. But I simply will not be put off track on this issue because the fact is that part of that budget, as I said, will go to fund the implementation of the ABN for the new tax system and the PAYG system, which Labor has also supported.

The budget allocation for advertising the new tax system is reasonable when you think that this is the biggest tax change this country has ever seen and that it is vitally important to all Australians in terms of producing a tax system that is fair and equitable, particularly to families and to small businesses in Australia. So to have done what Labor did—bury their head in the sand and pretend that they can keep patching up the old broken tax system and just go on—is simply not acceptable. The fact is that advertising the tax changes has bipartisan support because we know that Labor will not repeal the GST if they get into office. They have made that abundantly clear. They will completely support this system from 1 July. What they want us to do, in effect, is make the hard decisions and do all the hard work and then they are going to take advantage of it. That is what they want. So they are going to try to cause maximum trouble. I think the Australian taxpayers, by and large, see through this. They understand that this is a big change, that it is in the interests of the country and its people and that it has to be properly implemented, and you cannot implement such a change without appropriate campaigns to inform the public of those changes.

In terms of the criticisms of the budget for education and also the advertising budget for the new tax system being used more efficiently to provide teachers and so on, that is just a nonsense. The fact is that this change in the tax system will provide the states of Australia $24 billion annually in perpetuity. That is going to go on as a result of this—no more coming to the Commonwealth for money each year cap in hand, not knowing perhaps where they are going in their future budgets. They will have greater certainty. They will have a much bigger pool of money to draw from and that will mean there will be much more money for the states to employ teachers, police and all those other services that are so vitally important to the community. I think they need to rethink this campaign of attacking the advertising budget for the new tax change because I am sure the Australian people will not be that easily conned by Labor.

One of the greatest challenges for the coalition in government was to address the growing concerns of the community at the level of debt being amassed by the Labor government in the previous 13 years of their administration. They got us into a terrible mess and, as any householder in this country knows, the clock starts to tick when expen-
The downward spiral of record unemployment has been stemmed since the coalition took office, with 650,000 more Australians in jobs than there were four years ago. Unemployment, at seven per cent, is now at the lowest level it has been for 10 years and we expect it to fall even further. Instead of our continuing to amass debt at an alarming rate, debt has been retired through sound economic management and, for the fourth year in a row, the government has produced a surplus in its budget. The cash surplus this year is $2.8 billion.

These were all issues seriously weighing on the minds of many of my constituents, wondering what kind of future they had to look forward to under Labor and how long they and their families would have to continue to suffer ‘the recession we had to have’—according to the then Labor Prime Minister, Paul Keating. Today they can rest easy in the knowledge that, since coming to government, this government will have by next June paid back $50 billion of the debt that Labor ran up. Unemployment of course is forecast to fall even lower to 6.25 per cent.

During the Keating government years, taxpayers were contributing to interest repayments alone on Commonwealth debt of $9 billion. That is $9 billion that could have been going to education and better health services or could have been going to ensure a far more comfortable life for people in the suburbs, the country towns and the rural centres of Australia. That was what was happening under a Labor administration. Today, with the rapid retirement debt program under this government, that bill has been reduced significantly, saving taxpayers $3 billion per annum.

For my electorate of Pearce this means that more money will be spent on roads, health, education and the environment, amongst other things. These are all areas that have improved in the Pearce electorate from last year’s budget, and the electorate will be a major beneficiary of this year’s budget. Pearce is currently the fourth largest electorate in Western Australia and under the redistribution it is likely to become the third largest. It will go from 14,500 square kilometres to about 26,000 square kilometres. A large proportion of that is taken up with broadacre wheat and sheep farming and intensive farming, including horticulture, viticulture and fishing.

The infrastructure requirements are great. They include the crossroads of the main arterial roads carrying traffic from the northern pastoral and mining districts and carrying the traffic from the eastern seaboard. Infrastructure is of critical importance to the safe, effective and fast transport of produce to market. The electorate is a major supplier of domestic produce, as well as badly needed exports. Since being elected to office, I have lobbied state and federal ministers very hard to ensure that those serious deficiencies in the road system were addressed. This has resulted in badly needed funding to carry out repairs and maintenance to dangerous sections of the Great Eastern Highway, and the construction of the Northam bypass is currently going ahead.

This year’s budget has provided almost $8 million for roadworks on the Greenmount Hill section of the Great Eastern Highway between the Roe Highway and Scott Street and a further $8 million between Sawyers Valley and the Lakes—again on the main arterial road from the eastern seaboard. In all, a total of $48 million will be spent in the
coming years to build 50 kilometres of dual carriage highway between Perth and Northam, resulting in a much safer highway. Black spot funding has been allocated to fix the intersection of Burgoyne and Chidlow streets in Northam. Of course, given the changes to the main road in Northam, we will now need to put in a bid to improve conditions in the main street, which has taken a hammering from the high volume of heavy transport that currently travels through the main street in the town.

Bridge upgrading is an urgent priority in Clackline, and we will continue to work with the local community to get this work completed. With funding from this budget, investigations are under way to improve the safety of the Great Northern Highway through the Swan Valley. Proposals are in place to direct heavy traffic away from the town centres of Bullsbrook, Muchea and Bindoon and to improve safety on the 75-kilometre stretch of road that has recorded 250 crashes and 10 fatalities over the last five years. In addition, Pearce will share in the $62 million allocated to local government in Western Australia for roadworks.

With an increase in funding for health, we will share in improvements to the delivery of health care, particularly in rural centres, with an additional $562 million allocated for country health budgets. I am already supporting the community in its bid for funding from this year’s budget for projects to provide medical facilities, aged care places and medical professionals to supplement existing services or to provide services where none currently exist.

Education has always been a priority in the Pearce electorate. I was pleased to participate recently in the opening of the $1 million extension to the CY O’Connor TAFE in Northam which provides important choices in higher education for students from the wheat belt area around Northam. Muresk, the agricultural campus of Curtin University, just outside Northam in my electorate, opened a new school of piggery, and it is a very high-tech facility. This will continue to ensure that the industry has the benefit of the most advanced technology and advice to improve its prospects for future domestic supplies of pork and export opportunities. This was funded in a joint effort between the Commonwealth and the industry association.

Many of the schools in Pearce have received funding from the Commonwealth and will continue to share in the funding from this budget. Sometimes the community does not realise that, although the states often decide the priorities, most of the funding comes from the Commonwealth, and our school community has benefitted from that. The criticisms about the education budget are not all that well founded. One of the things that this government has managed to do, unlike Labor, is to give young people choices about their education. I have seen a lot of money go into education. There is nothing wrong with universities—they play a very vital part in our community and it is important that we encourage young people with the ability to seek higher education—but not every young person wants to, or needs to, go to university in order to make a major contribution to their community.

What we have not had in the past is an opportunity for young people to make choices about their education. We saw great deficiencies in the apprenticeship program under Labor, and great deficiencies in other programs that direct young people into different streams of education, such as TAFE. Education plays a very important role. We have programs operating in one of our high schools, Swan View High School, put together by some devoted teachers and university professors who worked together. Those young people who have the ability will move on to higher research, probably, at the university; but others will provide more practical skills which will be gained through the TAFE system. One of the things that our minister and our government in particular have been able to do is ensure a choice of education for young people in particular. That is enormously important if we want to have the strength to compete in a global economy and to be able to have young people who are skilled and highly educated. All of them together make an immense contribution.

The government has also committed in general $1.5 billion to the Natural Heritage Trust Australia-wide, which is the largest
financial commitment to environment action by any Australian federal government in the history of this country. My electorate has been the beneficiary there as well. Under the natural heritage project we have seen money being directed to people who have knowledge, skill and a long-term history of the environmental problems. Because it is being administered through local organisations, they have been able to stretch that budget by pulling together local volunteers; and it has been very effective in bringing communities together to work for a common cause, to protect our natural heritage, the environment. That funding is going to continue with this year’s budget of $361.3 million; and I would hope that Pearce will become the beneficiary, once again, of some of that funding.

A New Tax System recognises also the cost of raising a family, and directs maximum tax cuts to families with children and those earning less than $70,000 per annum. Twelve billion dollars in personal income tax cuts will be a substantial boost to these families. In addition, two million Australian families will benefit from family allowances costing $2.4 billion per annum. This government has really done two things: it has recognised both our economic and our social responsibility and it has carefully crafted a budget that is managed to ensure surplus instead of deficit, to help ensure that all Australians have a very sound future ahead of them.

As we mark the Centenary of Federation, the contribution of veterans to our nation will not be forgotten, and funding has been allocated for a commemorative program for our service men and women in this country. Full repatriation benefits to around 2,600 veterans for their service during the Malayan Emergency and other South-East Asian conflicts during the period from 1955 to 1975 have been provided. Of course, we are recognising the Vietnam veterans in a very significant way with a budget of $32 million.

As I have said, in this budget we have seen the government take a very responsible position to build on the strengths of previous budgets under our administration to ensure a strong economic future. In doing so, we have taken into account both the economic imperatives and the necessity to address some of the more pressing social issues that challenge our communities today.
education spending will have fallen to an
abyssal 1.7 per cent of GDP.
This is simply not good enough—not good
enough on two counts: the impact it is having
on Australia today, and the impact it will
have on Australia in the years to come. With
the disparity in funding increases we have
seen in previous budgets between public and
private schools, I am certain that a number of
members and, indeed, the broader community
were actually hoping for some more in edu-
cation funding. Sadly, this has not been the
case. Not only is the funding for primary and
secondary education squeezed by this gov-
ernment, but higher education has not in any
way escaped unscathed or without damage.
As a nation we are not spending what is re-
quired to maintain our high quality universi-
ties or to ensure that all Australian children
are receiving the educational opportunities
they deserve. In this way, the government’s
priorities are certainly having an impact in
reducing opportunities, reducing quality and
reducing choice.
In Bass, I am most proud to boast a cam-
pus of the University of Tasmania. But this
institution has, as have other regional univer-
sities, been hit over and over again by this
government and its unwillingness to provide
appropriate funding. In higher education we
have seen massive cuts; cuts to operating
funding and a shifting of the financial burden
of higher education from the community,
through the Commonwealth to the individu-
als undertaking that educational opportunity.
This move has had a direct impact on those in
my electorate who wish to access higher edu-
cation and enjoy the benefit it entails. This
direct reduction of Commonwealth funding
has continued with only $62.1 million over
four years being added to the budget for non-
GST education. Recently in Launceston—as
you, Mr Deputy Speaker Quick, would be
aware—there has been a rationalisation of
courses which the university has attributed to
federal government funding cuts. According to
the University of Tasmania, this pressure
on funding has forced the institution to make
decisions which I believe have harmed the
reputation of the Launceston campus: the
closure of the School of Applied Science, the
removal of Bachelor of Social Science, the
removal of contemporary music as a disci-
pline at the university and a change in the
postgraduate opportunities in fine art such
that they now are to be offered only as full
fee paying courses.
This is the impact that this government has
had, and obviously will continue to have,
with the budget presented by the Treasurer.
In Tasmania, and particularly in the rural
parts of the state, an extremely high propor-
tion of the students at the university are the
first members of their family ever to have
attended a university. No previous members
have been there; there is no historical move
to university education. The already huge
barriers that these first-generation university
students face are being greatly increased by
this government. By making it financially
more difficult for young people to attend a
university, the likelihood that those with
families without a history of attending uni-
versity will take the opportunity of higher
education is reduced even further. This is a
barrier to the development of our communi-
ties, especially in rural areas and amongst
those from backgrounds that are not finan-
cially privileged. Perhaps it is because this is
more a reality for people in rural and regional
Australia than for people in metropolitan ar-
eas that the federal government has failed to
address it.
Recognising the individual needs and as-
stance required by different non-
metropolitan regions is an essential part of
what governments should do. This is an area
where this government have been especially
deficient in the delivery of policy—and sub-
sequently programs—for regional Australia.
This is because the government have failed to
recognise the need for targeting their efforts
in the regions that are most in need. It is little
wonder that the government are unable to
target regions that are most in need. The rea-
son is that they simply do not know what
damage they do. The point is that they should
because they have an obligation to under-
stand what their policies do to regional areas.
But most recently in estimates hearings in
another place Senator Macdonald admitted
that the government have not investigated,
and do not intend to, the impact of the GST
in rural and regional areas.
That such a sweeping and unfair change can be instituted without even the most cursory investigation is unfair, unreasonable and, as far as rural and regional Australians are concerned, unconscionable. It is just this sort of blatant disregard that has characterised the attitude of this government to those who reside outside large mainland capital cities. Unfortunately, the government seems determined to continue its two-Australia policy; a policy which has seen a continuing disparity between the level of services within and outside capital cities, from the ability to access banking and postal services to the impact of the part-privatisation of Telstra. The policies of this government have reduced the services available to Australians outside major capital cities, and this is not just an assertion but a reality—services have declined.

The legacy of this government will be incidents such as a hospital without a telephony service for over 20 hours and the misdirection of vital emergency services after 000 calls, both linked to Telstra privatisation.

On top of the lip-service paid to the large portion of Australia outside capital cities, the new tax which this budget heralds will be devastating in the regions. The GST will cause significant job losses in Tasmania, job losses estimated by Chris Murphy to be in the order of 1,000. I am not even sure if that includes the AHA’s estimation of the loss of jobs with the increase in draught beer prices, estimated by them to be around 150 Tasmanians. That is this government’s offering to a section of regional Australia—at least 1,000 fewer jobs in Tasmania. And I cannot ignore, just as this House should not ignore, the impact that the introduction of the GST is having on the budget. The politically motivated advertising which the government is now undertaking is, at current figures, wasting some $420 million of public funds. Surely this money would have been much more appropriately spent on improving the services that the government provides to Australians?

One of our primary obligations as a nation is to ensure that we do not increase the disparity between those who are employed and those who are not, and I am not in this sense solely speaking of the official employment statistics. As I am sure honourable members are aware, these figures do not necessarily reflect the scale of this problem. The opportunity to gain and hold a full-time job is an important thing, and the government is doing little to ensure that this is a realistic goal for many Australians. In my own electorate of Bass there is a huge concern not only about the level of unemployment, which continues to be too high, but also about the social impacts of unemployment. The problems associated with successive generations being unable to obtain full-time employment are very real: lack of expectation of a job, deficit of a familial role model who has been employed and little direct or indirect experience in the workplace. A concrete example of the scale of the unemployment problem in Bass is that in George Town. The unemployment rate from the March small area labour market figures is 10.7 per cent. Look as I might—and I have—I have found nothing in the budget which the Treasurer has produced that attempts in any meaningful way to overcome these important and long lasting problems. A twofold strategy is required: (1) action that will ensure that those who have for extended periods of time been isolated from the labour market are assisted to re-engage in the workforce and (2) the provision of programs and other actions which will ensure that multigenerational unemployment becomes a thing of the past.

Due to the work of the Tasmanian state government, the unemployment situation in Tasmania is slowly improving. The federal government could learn a great deal from the actions of this Labor government. By ensuring that there are no further forced redundancies from the public services and by taking an active, interventionist approach to job creation, the Tasmanian state Labor government is causing things to improve. The federal government must take the same approach. In this case it is not what is contained in the budget that is the major problem; it is what has been left out. It does not create new jobs in regional Australia; therefore it does not ensure that the terrible impacts of multigenerational unemployment become a thing of history.

We are all aware of the pressures on our public hospitals, the primary delivery outlets
for critical medical services. The pressure on hospitals, and consequently on those in need of the medical and health services they provide, is not a secret known only to the opposition. This is a problem of which the government and nearly every Australian are very well aware. In this context it would seem reasonable that the government act to assist our hospitals in their primary role; act to replace some of the funding slashed in previous budgets. But this has not been the case. Indeed, in the last round of discussions between the states and the Commonwealth on the indexation of Medicare payments to the states, Tasmanians were severely affected. The independent arbiter determined that Tasmania was deserving of significantly higher funding than the Commonwealth has provided.

Let there be no misunderstanding: this has an impact on all parts of Tasmania. Surely, where a state government has acted to increase the funding to health, the federal government has the same sort of obligation, an obligation to those who are critically ill and to those who do not have or have not purchased private health insurance. While it is the state governments that are responsible for the delivery of public medical services, it is the Commonwealth, through direct payments to the states, which provides the funding. This government is failing Tasmanians and failing people in Bass.

The impact being felt by women around Australia of the federal government's policies is also severe. The government has both failed to recognise the essential role that women play in our society and shown a disgraceful lack of attention to issues which are largely the province of more than half our population. From child care to the new tax on tampons, the women of Australia are being heavily and detrimentally impacted upon by this government. While the raising of children is not a responsibility for women alone, it is still the case that women are predominantly the primary caregivers of children. Therefore, the disregard that the federal government has paid to the funding of child care has its greatest impact on women. There has not been an effort in this budget to address the previous and devastating funding cuts to community based child-care centres, cuts which in Bass have totalled over $660,000.

The vast majority of child-care providers within Bass are not private centres but community based facilities, and the cuts to operational and capital funding have hit this sector of the industry very hard indeed. It is therefore a very easy link to make between the impact that these cuts have had and the effect that it has had upon women in Bass. This is just another example of the current government’s two-Australia policy.

The changes that the government is making to the delivery of parenting payments, though appearing innocuous enough, will have a real and detrimental impact on family income. By altering the calculation for this payment to a yearly assessment of the previous financial year from the current fortnightly assessment, many families will miss out. The reason for this is that any parent who works for a portion of a financial year and earns more than $10,416 before they finish work to care for a child is ineligible for the payment in that year. This is not chicken-feed that we are talking about for these families: this payment is worth up to $67.20 per fortnight. That can be the difference between purchasing a new pair of shoes for a child and not purchasing them, the difference between buying a new warm woollen jumper—needed at the moment—and attempting to make do with one that does not quite fit.

Even the most basic health products have not escaped the grasp of the GST. The tax on tampons will have an impact on women who will for the first time in over 45 years be paying tax on these health products. Probably the most disappointing thing about this problem is that it can be fixed so easily. The Minister for Health and Aged Care needs only to determine that all sanitary products are GST free. It is that simple.

One group which has been particularly harshly treated in this budget is older Australians. There is no relief from the chronic shortage of beds for those who need to enter a nursing home. In the north of Tasmania, aged people who need to enter a high care nursing home facility are currently required to wait more than 100 days. We can all, I hope, understand the impact that this exces-
sive waiting time has on the future resident of the home, their family and especially their primary carer. Low care nursing home beds are also desperately needed. This is a chronic problem. I conservatively estimate, based upon figures supplied by the department, that there are about 83 fewer low care places in Bass than are currently required.

As Tasmania is a state with an elderly population, I am concerned that this situation is not being adequately addressed. Combined with the prospect of coalescence—or ‘equity funding’: as we seem to be calling it now—around the corner, I believe that things will not improve. Equity funding is simply a further application of the government’s two-Australia policy, a policy which will see the Commonwealth funding of nursing homes in Tasmania slashed.

There are certainly a number of sections of this budget which concern me greatly, but I do wish to acknowledge one positive initiative the government has taken, albeit being dragged to the position by veterans, supported by the opposition—the appropriate recognition of Australian service personnel who served in a number of conflicts, including the Malayan Emergency and the Indonesian Confrontation. I am particularly pleased that this has occurred, as my second speech in this place was about this very issue. Giving the appropriate, even if delayed, recognition to these veterans who served our country is the right thing to do. This is an action that is well overdue.

I am, however, concerned that the delivery of HACC services to veterans now runs the risk of being significantly underfunded. With a shift of the delivery of these services to the Department of Veterans’ Affairs without any additional funding being allocated for their delivery, I am concerned that programs will suffer. We can only, therefore, presume that these HACC services—costing in the order of $57 million over four years—are to be delivered to the detriment of other programs or at a reduced quality. Our veterans who require the assistance of home care services deserve better than an underfunded service.

As I said earlier, the budget is a real indication of the priorities of the government, and unfortunately its priorities are not in line with the expectations of the community. I have largely confined my remarks to the delivery of government services, upon which a cohesive society relies. But this budget contains other surprises, new GST surprises, like the predicted inflation of 6.75 per cent, which will be felt in every home in the country. That is what this new tax is bringing us: an increase in the cost of living and a shifting of the taxation burden.

This budget does not lay the broad guideposts for our country to develop in a cohesive and sustainable way. It does not deliver improved services to Australians in need of assistance from their government. What it does, however, is further contract the range and scope of the government in providing effective and deliverable policies and programs. This is a budget which is spectacular in only one regard: the lack of interest it has engendered in the community. Given that it provides no broad vision for the nation, this is hardly surprising.

Mr BAIRD (Cook) (9.13 p.m.)—It is my pleasure to rise in support of Appropriation Bill (No. 1) 2000-2001. (Quorum formed) I am pleased to continue my speech and to commend the government for this outstanding budget. It is a budget that has been delivered in an environment of outstanding economic progress in this country introduced by a first-rate coalition government. This government has turned the economy around, it has provided an economic context that is the envy of many countries in the world and it has provided sustained economic growth—we now see growth of 3.8 per cent. Interest rates have fallen to amongst their lowest levels in some 30 years and the inflation rate is also at its lowest in some 30 years. Unemployment has fallen to a level lower than 10 years ago. It has been a very significant turnaround and all done in the context of a balanced budget. The government has not adopted a credit card mentality. It is sensible economic management. It is recognising the $18 billion debt that the Labor government accrued over the last five years they were in government. I believe that, on any criteria, that is the worst indictment of the government that we followed—$80 billion that they had simply spent to make themselves look
good in the community. The former Prime Minister would hand out largesse to all his mates from every community and, if anyone had a measure to bring forward to him, he would simply move on it.

The fact is that the current government took the hard economic decisions. John Howard, the Prime Minister, and Tim Fischer, when he was Deputy Prime Minister, have been outstanding leaders of the country. They did the hard yards, and now the fifth budget in surplus has been delivered. The $80 billion this country was in debt to as a result of the expenditure, with no thought to the generations following, has been curbed by some $50 billion. That represents $3.8 billion alone that we will not have to pay out in interest—money that could be well spent on necessities: unemployment benefits, family benefits, reductions in income taxes, Foreign Affairs postings, police, schools, roads, hospitals and teachers. These are the things we should be spending our money on—not on paying interest bills for the profligate lifestyle of the former Labor government.

It is my pleasure to commend the Treasurer, again, on an outstanding performance and also the Prime Minister and the members of the Expenditure Review Committee, who did the hard yards, who looked at what was required for the cutbacks necessary and who also developed some very significant initiatives. This budget contains the most significant tax reform that Australia has seen since Federation, not only its sweeping reductions in personal income tax—80 per cent of the community will pay no more than 30 cents in the dollar—but also its reductions in corporate taxation levels and in taxation paid by the business sector coming down, as of 1 July, from 36 cents in the dollar to 34 cents in the dollar. Of course, on 1 July 2001, it will come down to 30 cents in the dollar. That is very significant. Provisional tax has been wiped out. Capital gains tax is significantly reduced. Instead of paying the full amount of capital gains, only one half of the capital gains that was accredited to an individual will be paid. And there are all the provisions for those over 55 and for those who own farms, et cetera. It is a very significant turnaround. The fact that we have $12 billion in taxation cuts is very significant.

The average family will be receiving tax cuts worth $50 per week, and there will be $2.4 billion in family allowances. These cuts are wide sweeping and of a kind we have not seen in this country before. The very sad thing is that, at a time of such an amazing turnaround in our economy, of such high economic growth and of such significant tax cuts and reductions for the business community, the Labor opposition simply dismiss it in all the snide and stereotypical rhetoric that we have heard without giving credit to the government for taking the tough decisions, for turning the economy around, for looking after the debt and for repaying the debt. Of course, that will long be remembered and, on any criteria, this government deserves very high marks for its overall economic management.

The growth rate in the year 2000 is expected to increase to 3.9 per cent and in 2001 to 3.7 per cent. If we look at the economies in South-East Asia alone, Australia compares more than favourably. There is only one other country in growth in Asia, if we include Australia in that sector, and that is China. All of the other countries are looking at recession or are slowly coming out of it, as we have seen with Korea. Japan is still to turn the corner. In this environment, when our major trading partners are in recession, Australia is still recording these quite spectacular growth levels. For that, we should certainly congratulate the Prime Minister and the Treasurer. Inflation rates are at a historic low. Under the coalition, inflation has averaged 1.3 per cent, which compares with 5.2 per cent during 13 years under Labor. Again, that is a significant contrast. The Labor debt is of course the most significant way in which that has been turned around.

Structural reform is also significant. With the introduction of the GST, for the first time the states will have their own growth tax. The BAD tax, the FID tax, the bed tax and some of the stamp duties will be taken off and will be replaced by a growth tax and a services tax, the revenue from which will go straight to the state governments and which they can use for all of those infrastructure require-
ments: roads, schools, hospitals, bridges and paying teachers, the police and hospital nurses, doctors, et cetera. That is also significant.

In terms of the personal tax cuts, we know that some people who are now on the top rate of 43 cents in the dollar will be paying a top rate of income tax no higher than 30 per cent. A family with a young child will get an extra $50 per week. As a family’s earnings increase, less of its family assistance will be drawn back. In addition, $240 million has been committed to welfare and to support families through family allowances, and there will be $2.4 billion through the GST provisions for family allowances. A significant grouping in my own electorate is self-funded retirees, and there is a great deal for self-funded retirees in this budget. As Chris Taylor from the Canberra Times said: There are significant benefits under the New Tax System for self-funded retirees including greater access to pensions, two new savings bonuses, an increased Low Income Aged Persons Rebate and lower personal income tax rates. The two savings bonuses are designed to help maintain the value of the savings of retired Australians following the introduction of the goods and services tax. The self-funded retirees supplementary bonus will be a one-off, tax-free payment of up to $2,000 per person, based on their income from savings and investment. The bonus will phase out on an income between $20,000 to $30,000. This is in addition to the aged persons savings bonus which will be up to $1,000—again, based on income from savings and investment. This means that a retired couple will have the ability to receive up to $6,000 tax free from the government as part of the transition to the new tax system. This is real money and a real promise being delivered upon. Of course, it is important, as the member for Kalgoorlie would know, that self-funded retirees are better off under the GST program.

I listened to the member for Bass, and I was interested that in her speech, in her great litany of woes about what was wrong with the government, not once did she mention income tax cuts, the increase in pensioner payments or the fact that on 1 July all pensions in Australia will be increased by four per cent and from thereon in they will remain two per cent above the CPI. So, on a continuing basis, we will be looking after pensioners around Australia. It is a very significant change. I listened to all of the admissions of the member for Bass. We have seen some very fine members for Bass, and it is a great pity that the current member for Bass did not attempt to round out the picture of the income tax changes, the business taxation changes, the pensioner benefits and the family allowances. If you are going to criticise one aspect, you also have to look at the pluses there in a very significant way and what it means for exporters.

Coming here in the car today, I was reminded by an ABC commentator that 80 per cent of all the goods, minerals and tourism product produced in this country is sold overseas. The fact that the GST will be taken off all products sold overseas is a great bonus. It will make us much more competitive. Exporters will no longer have to go to the marketplace and bear the cost of all the wholesale sales taxes in the production of that product—they will be removed. Whether it be a 12 per cent, 18 per cent, 22 per cent or 32 per cent tax, all will be taken off. They will go out in that marketplace in a very competitive position, make us stronger in terms of our balance of payments situation and make our prices much more competitive. The member for Bass could have considered that in terms of what is produced in Tasmania because it would be worth while commenting on our more favourable position in the balance of payments situation.

The Export Market Development Grants Scheme, which assists exporters to get into the market, will be increased under this budget. Not only will the GST be taken off but the Export Market Development Grants Scheme will help them get into the market, which is most important in maintaining an internationally competitive position. Of course, the GST does mean that we will be widening the tax base and including the service aspect of our economy in the equation. For a long time, we have been concentrating on a diminishing base, a base which has been dominated by the manufacturing sector and the minerals sector. The continu-
ing expansion or explosion of the services sector in this country, which is similar to the situation in other developing countries, has not been contributing as it should to the Australian economy.

If we take tourism alone, which is an area that is familiar to me, last year 4.5 million international visitors came to this country and their contribution through taxation to the economy was fairly minimal. But, under the provisions of the GST, the 4.5 million people who visit Australia each year will each be contributing every night they stay in a hotel and every time they use a tour in the country. Every time they buy a product in this country, they will be assisting the Australian economy, which means that the burden on the Australian taxpayer will be lessened. I believe it is also significant in terms of the black economy and those who are currently avoiding taxation.

Finally, I will turn to my electorate. While some of my regional and country colleagues will be talking about the benefits of increased funding to encourage doctors to country areas—and it is a very good initiative—there is no doubt there is a number of significant benefits to the people of the Sutherland shire. The unemployment drop has been spectacular in my electorate, Mr Deputy Speaker, and is a drop of which you yourself would undoubtedly be envious. The unemployment rate in the electorate of Cook has dropped from 2.8 per cent to 2.5 per cent in the latest figures, which is quite spectacular and a tribute to the people who are there and also to this government. The initiatives that we have outlined are going to encourage people even more to get out into the marketplace. The $2 billion allocated in the New Apprenticeships initiatives will be a major factor in achieving further employment in the area. The funding of $5 million which has been allocated to the Small Business Incubator Program is also welcomed by the shire, and we look forward to having a business incubator in the Sutherland shire.

Some $3.8 billion is being provided for residential aged care. This is very significant for the aged residents in my area. Last week, I visited the Big Sister Movement Hostel for Aged Persons to present their certificate of accreditation. It is a very fine hostel, as are the other places that have been accredited. The budget is about the provision of further funding to this area, which is welcomed by the older members of the community. In terms of the government’s retail industry sector inquiry, which I chaired, I was very pleased to see the government accepted the recommendations of the establishment of a code of conduct and a retail ombudsman. These were recommended unanimously by the committee, and $3.6 million will be provided over four years for retail industry reform.

There is also $32.3 million being provided to veterans and their families throughout Australia. I was very pleased to provide a cheque recently, on behalf of the Minister for Veterans’ Affairs, for $10,000 to the Wesley Mission in my electorate, who look after a whole number of aged veterans who are in need of assistance. They will be assisted in their housework, shopping and all the things that are needed to enable them to stay in their own homes. That was very much welcomed, and the $32.3 million in the budget will assist many of those.

The Work for the Dole program, which has been extended, has also been significant. Recently, I was involved in the development of a web site of community projects in my electorate, which is being used for the Work for the Dole program. There is the opportunity of further training—as part of the extension of Work for the Dole—and also of joining Green Corps, which is doing much for the rehabilitation of the sand dunes on the Kurnell Peninsula. My local Centrelink offices inform me that 53,800 payments are made to Sutherland shire people. These recipients will receive a four per cent increase in their payments. Some 16,200 age pensioners will receive this boost, and their payment will be indexed to ensure they are two per cent better off. Those people who collect the 18,200 family tax payments in my electorate will also benefit substantially. It will not be surprising to see an increase in those as the criteria are eased.

So, overall, we see not an average budget, a poor budget or a good budget; this is an outstanding budget by any criteria. It is an
outstanding budget because of what it achieves not only for rural and regional Australia but downtown in an electorate like mine, the electorate of Cook, where we see the spectacularly low unemployment level of 2.5 per cent. It is a budget which provides the most sweeping taxation changes this country has seen. It is a budget that continues the low level of unemployment in the country, the low level of inflation and the low level of interest rates right across the board. It provides incentive for business in lowering the rates of business tax cuts. It provides incentive by way of capital gains tax cuts. It provides for an increase in family allowances across the board. It provides for an increase in pensioner entitlements. It is a great budget by any criteria.

(Time expired)

Mr COX (Kingston) (9.34 p.m.)—I recently had published an analysis assessing the performance of the government against its claims of tight financial management. For the purpose of this analysis, I compiled a table showing the effect of policy decisions taken by the Howard government in each calendar year. This analysis used the net cost of each year's policy decision at the time it was taken. It made no allowance for subsequent estimates revisions or parameter changes.

In his first budget in August 1996, the Treasurer set about the task of achieving significant savings, which he did. It is important to remember that the government was going for quantity, not quality, when it made those cuts. It dug deeply into programs to reduce long-term unemployment and into higher education, as well as randomly into schools and public hospitals through a pain sharing arrangement inflicted on the states. The 1996 midyear review shows there was a billion dollar cost from post-budget measures, but the outyear effects were contained at less than one-third of that. The total effect of the government's policy decisions in 1996 on the 1996-97 financial year was a tightening of $2.9 billion, rising to $7.6 billion in the third outyear. That third outyear is the 1999-2000 financial year that is now drawing to a close.

The 1997 budget brought down in May contained significant savings measures, although these were partially offset by new spending and tax cuts. However, by the time of the midyear review in 1997, the brakes had come off and the government was fiscally freewheeling. New policy commitments totalling almost $400 million had been made, but by 1999-2000 those decisions would cost almost $1.5 billion. This was the turning point for fiscal policy under the Howard government. In every year since, the net effect of policy decisions has unwound the Treasurer's initial fiscal gains.

Having gained the treasury bench in March 1996 and made the budget bottom line the centrepiece of his economic management, the Treasurer went expeditiously about his task for his first two budgets, declaring victory over the deficit in May 1997. He then, after only a little more than a year, contracted a bad case of fiscal fatigue and allowed it all to be wasted. The 1998 budget was an election budget containing spending initiatives and tax cuts costing $1.4 billion, offset by some small saving and revenue measures. The effect of those decisions on the 1999-2000 financial year was a loosening of the fiscal position by $2.2 billion. The period between the budget and the election saw another $1 billion added to that figure.

Normally you expect government spending to be driven by the electoral cycle, with the reins being tightened after the poll. That has not been the case with the Howard government. So in 1999 they just went on spending, loosening fiscal policy by a further $2.5 billion. As a consequence, by Christmas 1999 the Treasurer had spent $6 billion of the $7.6 billion of savings he had made in 1996. That did not take into account the fiscal loosening associated with the introduction of the GST and related measures starting on 1 July 2000. At the time the 1999 midyear review was released the cost of all policy decisions taken since the end of the 1996 calendar year had weakened the budget bottom line for the 2000-01 financial year by $10.6 billion. That is more than a total wipe-out of the $8 billion in savings the Treasurer had made. In this year's budget the pattern has continued with a further loosening, taking the net cost of policy initiatives since 1996 to $12.7 billion. The Treasurer has gone from saver to big spender. I seek leave to incorporate in Han-
sard a table to correct the first table I published from this analysis. It is updated for the effect of policy decisions made since the 1999 midyear review and in the 2000 budget.

NET IMPACT OF POLICY DECISIONS 1996 TO 2000 ON OUT-YEARS

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(Notice change from cash to accrual accounts in 1999)

positive numbers represent improvements to the budget bottom line
negative numbers represent a deterioration in the budget bottom line

Source: Compiled from the reconciliation and measures tables in the Budget papers and Mid Year Economic and Fiscal Outlook for 1996 to 2000

Mr COX—The financial markets are now painfully aware that fiscal policy is loose and that this has been allowed to occur so late in the economic cycle. To be precise, after nine years of continuous economic growth, it is of great concern that this loosening has been allowed to continue through a period when Australia has been racking up high current account deficits. These high current account deficits should have been responded to some time ago with concerted action, in particular by tightening fiscal policy. To defend his latest budget against these charges of fiscal looseness, the Treasurer has relied on the claim that he has reduced Commonwealth debt by $50 billion. However, the extent of his dependence on asset sales to achieve that debt reduction should raise further concerns about his poor financial management. To be exact, the latest estimates show Commonwealth general government net debt falling from $95.8 billion on 30 June 1996, which was the end of the financial year covered by Labor’s last budget, to an estimated $47.4 billion on 30 June 2001. That is a reduction of $48.4 billion. What the Treasurer failed to tell the public is that all that reduction in debt is attributable to asset sales. I seek leave to incorporate in Hansard a table that shows how over the Treasurer’s five budgets the value of asset sales is expected to be $50.3 billion and will exceed the reduction in debt.

Leave granted.

CONTRIBUTION OF ASSET SALES TO REDUCTION IN COMMONWEALTH NET DEBT
1996/97 TO 2000/01

$ million

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columns may not add due to rounding

Source:
OASIT0 sales list
Budget Paper No. 1 2000
Mr COX—That makes his claims of financial responsibility far less impressive and points to his total lack of progress in the critical field of fiscal consolidation. He has enjoyed five years of strong economic growth but has failed to grasp the opportunity to strengthen the nation’s financial position. Aside from the need to reduce debt to avoid an increasing public debt interest bill resulting from rising interest rates, there are a number of good reasons to believe this conversion of assets into cash has in fact weakened the government’s real financial position. The jump in share price after Telstra’s initial listing showed that the government had failed to obtain full value for the equity it sold. Then cash from the sale was explicitly used to buy votes in marginal coalition seats at the election. As we now know, the pork-barrelling has not stopped there and government spending cannot be sustained by this kind of debt and asset switch. The budget’s structural weakness has also been made worse by selling high quality assets. For example, leasing key government buildings will cost the budget more in the long term.

The Treasurer’s total reliance on asset sales to achieve his debt reduction targets is a sensitive issue. It has, therefore, been well hidden. Accrual accounts should have made these changes to the Commonwealth’s assets and liabilities transparent. However, the opposite is the case because of the change in 1999 from cash to accrual presentation. It was necessary to go to three sources to compile the relevant numbers. The Australian Statistician is more obliging than the Treasurer, presenting accrual information going back to 1995. He shows the relevant asset sales under two headings. The first category is ‘Net cash flows from sales of non-financial assets’. These include the sale of assets like mobile phone spectrum and government buildings. There has been public discussion about the former but not about how the government has quietly disposed of a large part of the Commonwealth property portfolio. The second category is ‘Net cash flows from investments in financial assets for policy purposes’. These include the proceeds of the sale of government equity in corporations like Telstra.

But the Statistician’s presentation does not tell the whole story. Net cash flows from investments in financial assets for policy purposes include repayments of loans by the states and former tertiary students that are not relevant to this analysis. It is, therefore, necessary to use asset sales figures published by the finance department’s Office of Asset Sales and Information Technology Outsourcing to correct for the fact that these cash flows include receipts from financial assets which do not come within the definition of an asset sale.

Further complications arise because the Office of Asset Sales and Information Technology Outsourcing is also charged with selling some non-financial assets. The ABS’s government financial estimates were published before the 2000 budget. It was therefore necessary to use the budget papers to complete the series on sales of non-financial assets. My figures in the table take these issues into account. I have also assumed a very conservative estimate of $6 billion on the second installment of the Telstra 2 sale, which at the margin is dependent on special arrangements for loyal shareholders. I have not included any proceeds from the sale of other financial assets which may take place within the financial year 2000-01. The only thing the Treasurer has been prepared to be transparent about in his budget papers is the table showing the reduction in Commonwealth general government net debt. If the Treasurer wants to dispute my analysis, I invite him to publish his own comparison of his record on asset sales and debt reduction.

In summary, the shortcomings of the Treasurer’s management of fiscal policy that I have described tonight are that he has spent more than he has saved, he has relied totally on asset sales to reduce debt, and he has in fact weakened and not strengthened the Commonwealth’s financial position. Flowing from that, the critical issue that needs to be debated is where fiscal policy should be at this point in the economic cycle. Budget Paper No. 1 refers to the government’s medium-term fiscal objective of achieving fiscal balance on average over the economic cycle. That implies the need for the government to be running significant surpluses as the eco-
onomic cycle progresses so that debt can be reduced significantly so it will not be an impediment to allowing the natural budget stabilisers to operate when the economy eventually slows. That is appropriate financial management. But with both the surplus and debt reduction dependent on asset sales, after nine years of economic growth the stance of fiscal policy cannot be described as appropriate. The budget papers contain no detailed analysis of this position. This is a significant deficiency in the budget documentation and indicates by its absence that the objective of achieving fiscal balance over the course of the economic cycle is not being met.

A credible analysis of the position of the budget balance in relation to the economic cycle is contained in the latest Access Economics Budget Monitor. It was published just before the budget was handed down and shows a structural deficit for the 2000-01 financial year of $5.6 billion. That structural deficit can only have worsened as a result of the additional policy initiatives contained in the budget. Access Economics pointed to the risks associated with such a large structural deficit at so advanced a stage in the cycle, saying:

The implications of that are simple. If the economy stumbles, then the red ink underlying the Budget aggregates will be laid bare quite fast. Although the plaudits for extra Government spending tend not to linger, the cost of that spending does.

In his annual post-budget address to the Australian Business Economists, the Secretary to the Treasury, Ted Evans, contradicted Access Economics’s analysis. In his speaking notes, the secretary said:

What is the structural balance? The Budget papers note that the Budget is in structural surplus; Access has said that it is in structural deficit. How many more possibilities are there?

Fortunately there is only one other absolute answer (balance) but, as there are more than three opinions on offer, there is, no doubt, a whole range of structural or deficit estimates available.

The fact is that the size of the structural balance is a matter of choice—one’s choice of the capacity norm against which to measure the budget in question.

In the Access case, for example, one characteristic of their norm is an average unemployment rate of 8.4 per cent; so whenever the actual rate is below that, the relevant parts of the Budget estimates will contribute to structural deficit. We believe that the Australian economy can now produce a much better average unemployment performance than 8.4 per cent, so we arrive at different conclusions in our structural balance estimates.

Hence the results are essentially arbitrary. It is for that reason, that we have never found the structural balance approach to be a particularly helpful policy tool—it simply has no discriminatory power. For these reasons we have not promoted the concept and have no intention of publishing.

Unfortunately, Mr Evans is wrong on the single assumption he chose to use to criticise the Access Economics analysis—the supposed 8.4 per cent unemployment norm. As is clearly stated on page 61 of the Access Economics Budget Monitor:

We have assumed that the structural level of unemployment is around 6.7% of the labour force. That is about the rate that the Access Economics Macro model estimates as Australia’s sustainable rate of unemployment.

Unless Treasury has become wildly optimistic about continuing economic and employment growth, I would say that was much closer to what is probably Treasury’s own estimate. It is therefore hard to explain how Access Economics have estimated a structural deficit of $5.6 billion while the budget papers claim a structural surplus. Given that Access Economics have published their assumptions, the onus is now on the Treasurer—given the error made by the Secretary to the Treasury—to substantiate the official assertion of a structural surplus by publishing the detail of Treasury’s analysis. It is impossible for the government to engage intelligently in this debate without it.

(Quorum formed)

Mr WAKELIN (Grey) (9.54 p.m.)—The Howard government comes to this year’s budget with a record of achievement in delivering practical outcomes for regional Australia in areas such as improving access to essential services, health care and telecommunications, in addressing the challenges of sustainable natural resource management and in improving the competitive advantage of our primary industry. But there
is still a lot to be done. The Howard government is not resting on its laurels, and the 2000-01 budget reflects this. The federal government is determined to continue to address inequities between metropolitan and rural areas.

As the federal member for Grey, the chairman of the government backbench committee on transport, regional services, territories and local government and through my participation in the regional summit, I welcome the government’s focus on rural and regional Australia announced in this budget. The budget focus on rural and regional Australia follows the key announcement of last year’s summit of an additional $65 million for the Alice Springs to Darwin railway, bringing the total Commonwealth amount allocated to $165 million. With the Territory’s contribution and that of the state government of South Australia, that project, I understand, will be up and going within months.

It is my belief that the hard work and planning of the past six months through the regional summit steering committee has brought a focus on regional Australia that will provide long-term improvements in key areas, including health and education. The regional summit was instrumental in focusing attention on issues of concern in regional Australia. The people in these regions, like the people in my own electorate of Grey, have made it very clear that they want input into government decision making, flexible programs and services to meet local needs, and long-term commitments from governments. Many initiatives announced in the budget reflect the government’s focus on these issues.

Four years of very strong and competent government have created 650,000 jobs, the lowest interest rates in a decade and a significant debt reduction of $50 billion. This has meant that the government now has more money to spend on education and health rather than on interest for Commonwealth debt. When I talk about health services, one of the great delights I had was seeing that $562 million going to the regional health package. It will deliver more doctors and better services and work towards overhauling the disadvantage of rural and regional residents. It ought to put more doctors, as I have said, into country areas, boost small rural hospitals, enhance pharmacy services, give country people better access to specialists and allied health services, and improve aged care facilities. The $117.6 million to establish nine new clinical schools in regional and rural areas and three new university departments of rural health is something that far exceeded my expectation. I really did not expect the government to make that sort of long-term commitment. With that sort of commitment being linked to metropolitan universities, as in my own state in Adelaide, it will bring those specialists out in a way that has never been done before in our history. I guess it is the spirit of this government which actually shows the long-term commitment to regional people which is so important.

There is $102 million to fund an extra 50 postgraduate training places across Australia. There is $49.5 million to pay for allied health professionals, including extra nurses, psychologists and podiatrists in rural areas. There is $48.4 million to be spent on outreach programs; $10.2 million to be spent improving support services for rural doctors; $30.8 million to provide further quality and appropriate aged care facilities; and $32.4 million to provide 100 new scholarships every year to new medical students, in return for a commitment to work in rural Australia for at least six years after completing their postgraduate training. An amount of $4.3 million is being provided for graduating doctors who can forgo their HECS debt; and $8 million is being committed to double the rural Australian medical undergraduate scholarships which provide $10,000 each year for country students to study medicine.

As far as concerns the general approach to the tax policy, we have seen so much comment over these last few days about the advertising campaign. But I think this campaign has been essential to get the message through to everybody that this is a very fundamental change. However, the great irony in terms of the opponents of this tax system is that this addresses so many of the criti-
cisms of tax over the time that I have been in this parliament. It will attack the black economy. It will spread the load more equitably across all Australians. It will give our business sector a boost which will encourage greater employment—and I have mentioned those job creation numbers already. It will encourage our exporters, who are really the backbone of the sustainability of our economy. It will give the revenue for those services which we all know are so important.

The fact that the money is going back to the states and giving the states a solid financial base for probably the first time in many years is to be highly commended. For the detractors of the system, I say to them, ‘Look a little further; look beyond the opportunism of politics because this economy has shown quite remarkable strength and durability over these last four years.’ The people who have been mainly responsible for giving it that strength are the Prime Minister, the Treasurer and the Minister for Finance and Administration, so ably supported by the Minister for Employment, Workplace Relations and Small Business, Peter Reith, and many others on the frontbench. The solid performance of that executive has put this country on a base where it withstood the Asian crisis and is still a very strong economy. If those people are competent enough to do that and reduce our Commonwealth debt by $50 billion by June next year, I have every confidence that they will be competent enough to introduce a very effective new tax system.

This change is massive, and I would not pretend that every component of it will be easy for people to understand. But the principles whereby we attack some of the weaknesses that are in our economy now—and I have touched on exports, sharing the load more equitably and the ability to finance particularly those state services—are very important features of a system which will serve this country well. To try to prop up an old system where our marginal income tax rates were at the top rate for average income earners does not seem to me to be in the spirit of a fair go for all Australians. I am able to work and able to serve this country very well.

More importantly from a political perspective, people will be dealing with reality. They will not be dealing with all this smoke and mirrors stuff, this hypothetical which can be so easily misrepresented. I well remember the 1993 campaign when the changes to the tax system then were so easily misrepresented. For me, it has been a very long road in terms of doing things for this country which are not about individuals or about my own particular personal ambitions but really about what is in the best interests of the country. As I said earlier, I really want to acknowledge the leadership of the Prime Minister, the Treasurer and the executive for their courage and their capacity to deliver what I believe will be a great success.

Mr LATHAM (Werriwa) (10.04 p.m.)—This is a wonderful time to be involved in public life—society is awash with technological change, there is the emergence of a new economy and there is the transformation of ideas and values in politics. Curiously, the only institution resistant to change is parliamentary democracy itself. In many respects, this Parliament House has become marginal to the change agenda. Even though politicians have started to talk about a new economy, mainstream politics has not produced a new set of economic theories and policies. Perhaps this parliament should have a rule which says members should not be allowed to talk about the new economy unless they also present new economic ideas and programs. Indeed, a place like Silicon Valley is 10 years ahead of economic theory and 20 years ahead of government policy. So too, in the social sector, innovators and risk takers—what the ‘Third Way’ in Britain call social entrepreneurs—are finding new solutions to the entrenched problems of poverty. Unfortunately, these lessons are yet to be absorbed into the welfare policies of mainstream politics.

At an institutional level, it is only a matter of time before parliamentary democracy is transformed. It has become a house of cards, riddled with a huge amount of public distrust and system failure. The cutting edge of political reform now lies in the power of direct
democracy. The new politics is all about cutting out the middleman, wiping away hierarchies and the concentration of authority and privilege, and, at every opportunity, dispersing power—in the new economy, dispersing power to consumers, workers and shareholders; in the social sector, dispersing power to disadvantaged people and places; in the delivery of public services, dispersing power to local communities and citizens; and, in the reconstruction of democracy, dispersing power to the electorate so it takes much more decision making into its own hands.

This is a budget which does none of these things. The Howard government has nothing to say about the new economy, about social entrepreneurs and about the new politics. In this speech, I want to talk about one of these missed opportunities: the need for innovative economic reform. In particular, I bring to the House’s attention the recent decision of the United States government to extend its economic incentives for investment in low income communities. This program includes tax credits for inner city investment, a 15 per cent wage credit for the employment of local residents, tax deductibility for the renovation of community buildings plus a series of venture capital loans in poor areas. In the United States, political leaders are not just talking about the new economy; they are acting on it. Almost by definition, the new economy demands a fresh set of economic theories and policies.

One of the key issues concerns economic space and location. This is the burning paradox of globalisation: how finance and investment have moved to a global scale, while the problems of economic disadvantage and entrenched poverty have become much more concentrated on a local scale. Locations with strong networks of human capital, social capital and financial capital are the big winners in the new economy. Locations excluded from these networks are the big losers. Conceptually, it is not difficult to understand the growing importance of economic geography—much more of social capital formation, human capital development and the networking process is conducted within clearly defined locations. This concept, however, is external to orthodox economic thinking. Micro-economics—the theory of the firm—has little to say about economic space. Macro-economics—the theory of national aggregates—is just as bad. Both approaches rely heavily on mathematical modelling, yet this is a poor way of understanding economic geography.

These problems point to the need for a third approach—spatial economics. This combines the two disciplines of economics and geography. It represents the great challenge for policy makers in coming to terms with the new economy. Significantly, some academics are making good progress in this area. Bob Gregory and Boyd Hunter at the ANU have led the Australian research. The new growth theorists have had an impact in the United States. I also refer the House to Annalee Saxenian’s wonderful book *Regional Advantage* plus Ron Martin’s work in the January 1999 edition of the *Cambridge Journal of Economics*—always well read around this House. Martin states: For the vast majority of economists, there are just two levels at which economic processes operate and at which theoretical exposition is needed: the micro-level of individual households and firms, and the macro-level of nation states. These two levels constitute ‘the economy’. In reality, economic life is conducted in and across space (local, regional, national and global): it is organised geographically, and this spatial organisation has a crucial bearing on how the economy functions, on the performance of individual firms and on the welfare of individual households .. This is the stuff of economic geography proper.

Martin is right. Spatial economics, however, is not a new term; it is commonly found in political economy textbooks. Its newness lies in the application to the new economy plus the Australian political debate.

When I used the term ‘spatial economics’ in a speech to the House in February, it seemed to draw a degree of flippancy from some people in this place. All they were displaying was their ignorance of textbook economics and, in particular, the nature of the new economy. At one level this is not surprising. Those who are too dumb to understand economics will always play politics with it—just look at Treasurer Costello. At another level, however, it is extremely disappointing. For those committed to the fair-
ness and decency of our society, for those of us who agonise over the widening gap between rich areas and poor neighbourhoods in Australia, this is the big idea in economic policy: new and innovative ways of lifting poor locations into the networks of the new economy. Nothing is more important to the cause of Labor. A knowledge nation cannot realise its full potential unless each of its people and each of its places are engaged in the benefits of lifelong learning, economic growth and social capital.

In the past the political system has tried to address these issues through so-called regional policy. Often, however, this has been nothing more than code for crude pork-barrelling. Also, I would argue that the region is the wrong unit of analysis. Bob Gregory’s work has highlighted the importance of neighbourhood effects. So, too, social entrepreneurs have demonstrated that if something is to be done about social capital it must be done at a neighbourhood level. The origins of social inclusion are to be found locally. Unfortunately, regional programs have been blind to these issues. Tasmania packages, South Australia packages and northern Australia packages have nothing to say about neighbourhood poverty and neighbourhood effects. In the new economy, all economics is either global or local. State boundaries are irrelevant. There are, of course, many elements to a spatial economics approach such as social entrepreneurialism, education action zones, community schools and place management. These policies need to be integrated with geographically sensitive investment and employment strategies.

One of the great problems with the Job Network is that its contractualism discourages providers from making long-term commitments to disadvantaged areas. If we run employment services in this country through short-term contracts, there is no incentive for these providers to make a long-term commitment to locations or to neighbourhoods and neighbourhood problems. A second tier of Job Network providers is needed with a clear charter for community work at a neighbourhood level. This is one of the most important reforms a federal government can undertake: creating a national network of social entrepreneurs dealing with labour market training, employment placement, welfare reform and community development. If we are to deal successfully with the problems of place, we need a second tier of Job Network providers that are place specific, that have a particular charter to deal with neighbourhood problems.

On the investment front, Australia is without the spatial policies which have become so prominent in the United States, supported by Republicans and Democrats alike. The hollowing out of the private sector in poor neighbourhoods adds to the entrenchment of social problems. It weakens the amenity and normality of the neighbourhood, creating an enclave effect and the erosion of social cohesiveness. In the poor parts of my electorate, 80 per cent of the income and assets of the neighbourhood come from government and just 20 per cent from the private sector. Those who want more government intervention and less market activity in the Australian economy have missed the point because the aim in these suburbs is to reverse the batting order. What we want is 80 per cent of income and wealth from private sector activity and 20 per cent from the government. That makes for a normal neighbourhood and a normal opportunity to engage in the economy and employment. This will not happen without spatially sensitive policies for private investment. The Australian government needs to provide incentives for business investment in the poorest parts of the country, just as it offers incentives for Australian businesses to trade and invest overseas. Global programs, such as export market development grants, need to be applied at a local level. If it is good enough to offer incentives for trade and investment overseas, we should have those same incentives in place for the poorest parts of this country.

One option is to introduce a GST payback scheme in poor neighbourhoods. As with the diesel grants and fuel sales grant schemes, the federal government would pay compensation for the impact of the GST—this time in the poorest parts of the nation. These two schemes have not been opposed in the parliament. There is no reason why their princi-
ples cannot be extended to the cause of social justice. If geographically defined compensation is to be paid for the impact of the GST on diesel and petrol prices, then compensation should also be paid to shopping centres, public housing estates, depressed country towns and remote Aboriginal communities. The selection criteria for these zones would be straightforward: commercial areas in the poorest five per cent of census collection districts in Australia, as measured by socioeconomic indicators, which are freely available; centres where the pattern of retail trade adds to the enclave problem and the hollowing out of investment; businesses which agree to give the public the full benefit of lower prices and higher investment; and areas where state and local governments are also committed to neighbourhood renewal strategies and ending the curse of long-term poverty.

This scheme has several advantages. It targets the poorest group of consumers. It offers shopkeepers a clear price advantage, thereby helping to build up their clientele and to end the enclave effect in poor areas. It is also a jobs and investment strategy aimed at those in greatest need. It is a good Labor thing to do. Proposals of this kind, however, represent something of a departure from the economic orthodoxy. Unfortunately, the needs of poor neighbourhoods are not well understood by the policy making establishment in this town. Members of parliament, senior bureaucrats and journalists spend more time visiting marginal seats and dining at the top end of town than visiting public housing estates. In modern politics, the poor do not come to us; we need to go to them. By and large, these communities do not belong to political parties; they are not connected to the media; they do not belong to trade unions. They are, in fact, institution free. This is the modern reality of social exclusion. On my side of politics, it is a huge issue. The challenge is to renew our institutional links. We need to reach out to poor neighbourhoods and assist the work of social entrepreneurs and community workers. It is the best way of learning the new lessons of social justice.

In particular, I would like to thank those members of parliament who have recently gone out of their way to visit the Claymore public housing estate in my electorate. On this side of the House, I thank the members for Batman, Lilley and Griffith; and on the other side, I thank the members for Warringah, Lindsay and Parramatta, who went as part of their pollie pedal tour—I do not think we have ever seen politicians pedalling into Claymore before—but however they get there, they are most welcome.

Mr Melham—They frightened the residents!

Mr Latham—The residents are still trying to recover—that is true! From the New South Wales parliament, I thank the Premier, Mr Carr, and his deputy, Mr Refshauge.

The Claymore project is a fine example of social entrepreneurialism in action, largely due to the work of Brian Murnane and the Argyle Community Housing Association, plus the Kalon House animation project. Claymore also offers a testing ground for the ideas of spatial economics. While the social environment and the strength of social capital have recently improved in Claymore, much more needs to be done on the economic front. The suburb still faces an unemployment rate of 40 per cent and a welfare dependency rate of 70 per cent. One-third of the shops at the neighbourhood shopping centre remain vacant. The centre is still not able to attract shoppers from other suburbs and thereby overcome the enclave effect in Claymore.

On his visit in April, the member for Griffith, Mr Rudd, saw these problems firsthand. As we walked through the shopping centre, I pointed out the need for economic incentives to give people a reason to shop there. Quite powerfully, one of the local residents sitting nearby interrupted our conversation and said: ‘You need to give people a reason to live here.’ No compassionate person, least of all a Labor MP, could ignore this demand. This is what the cause of Labor has come down to: location, location, location; or, to repeat the words of my constituent in Claymore: ‘You need to give people a reason to live here.’
Economic incentives, of course, have an important role to play. This can be seen from a visit to Claymore. There is nothing like learning by doing in politics—learning first-hand. In Claymore, there is no problem in defining the geographic boundaries of the suburb or its shopping centre. In Claymore, consumption and investment in the shopping centre have hollowed out, adding to the economic enclave effect. In Claymore, public subsidies are needed to attract retail trade and jobs to the shopping centre, aiding the elimination of poverty in the suburb and adding to the normality of life in this particular area. In Claymore, the full benefits of the GST payback scheme would be secured by the federal government signing agreements with local shopkeepers. Such a scheme, of course, would be constitutionally valid—as valid, in fact, as the longstanding Commonwealth zone rebate and the more recent diesel grants and fuel sales grant schemes. There appears to be no action in the High Court to strike down any of these programs.

All of these things are self-evident, particularly from a visit to Claymore. Each of us can learn a great deal about public policy by visiting public housing estates. It is the most productive use an MP can make of his or her time. It is the key to finding out new solutions to the entrenched problems of poverty—combining new economic theory with new practices at a neighbourhood level. Ron Martin calls this the study of ‘real places’—real policy coming out of real places. Whether it is called spatial economics, social entrepreneurialism or the third way is not as important as what it achieves for the nation’s most disadvantaged people and places. The parliament should have no higher priority. I hope that a future Labor government would have no higher purpose than this.

In the few minutes remaining, I would like to turn my attention to the conduct of monetary policy, which has been somewhat topical of late. It is unprecedented, in fact, to see a government try to heavy the Reserve Bank of Australia. It is absolutely unprecedented to have a Prime Minister, a Treasurer and a head of the Department of the Treasury, with such strong and intimidating public statements, trying to get the Reserve Bank to hold down interest rates. This is a part of the war that is under way between the Department of the Treasury and the Reserve Bank of Australia about the immediate future of the Australian economy. It all comes down to a view as to whether people are going to save their GST related income tax cuts or are going to spend them and accelerate economic growth and add to inflationary pressures.

I must put on the record in the parliament my disappointment with the testimony of the Reserve Bank at our recent hearing in Melbourne. I thought the Governor of the Reserve Bank was trying to defy economic gravity. He had a choice at that hearing of either putting the Prime Minister in his place and proving that the Reserve Bank is truly independent, or else buckling under the unprecedented public pressure that has been applied by the Prime Minister and his cronies. For the Governor of the Reserve Bank to say to our committee that the GST has inflationary impacts but is not a factor in the conduct of monetary policy is not sound economics; it is trying to defy economic gravity. For the Governor of the Reserve Bank to say he wants bigger budget surpluses in the second half of the business cycle but has no comment about the current state of the federal budget and the running down of budget surpluses is again something that defies economic gravity. For the Governor of the Reserve Bank to say that the Prime Minister’s comments in late January which drove down the value of the Australian dollar were not actually an economic event but a media event, again, is defying commonsense and economic gravity. For the Governor of the Reserve Bank to say that he sees the bank as independent of the government even though the government’s chief economic adviser, the head of the Treasury, Mr Evans, sits on the board of the Reserve Bank again defies commonsense and economic gravity. So on four counts it was disappointing for the Reserve Bank of Australia to present evidence that would not be seen by the markets or by economic commentators as sound.

It has been absolutely appalling to see the poor relations between the Reserve Bank and the government spill over into the public
arena. This Prime Minister every day reminds me more and more of Richard Nixon: if anyone does not agree with him, he writes them down on an enemies list and goes about a petty and vindictive process of trying to rub them out. To try and apply that process to Australian monetary policy and the Reserve Bank is unacceptable. I certainly look forward to opportunities on the committee to explore these issues further and to guarantee that we have an independent Reserve Bank in this country. Much more needs to be done to make the bank independent, so that never again can a Prime Minister heavy it in this fashion.

Mr NEVILLE (Hinkler) (10.27 p.m.)—In the few moments left to me prior to the adjournment, the year 2000 federal budget continues the coalition’s record of responsible economic management. It delivers the fourth consecutive surplus, lays the foundations for future economic and employment growth, and provides for future reductions in the massive government debt we were left with by the Labor Party. This government’s aim has always been to fix the previous government’s financial mess, so that we can spend taxpayers’ money on more important and productive things than just interest payments on previous government debt. Examples of more important things that money can be spent on instead of debt repayments include better health and more help for families—which are, after all, the two main ambitions of the budget.

As the member for an electorate covering a number of regional and rural cities and townships, I was delighted to see $1.8 billion of initiatives targeted at constituencies like mine. There are measures such as the $562 million regional health package in this budget, which focuses on redressing the imbalance between rural and city health. There is $309 million to extend the Agriculture-Advancing Australia package, which will give farmers skills training, encourage innovation, improve market access for our agricultural and food exports, and enhance support for farm families in financial difficulty. There is $500 million to meet the government’s commitment of ensuring that fuel prices in country areas need not rise as a result of the GST—something about which the opposition is now conspicuously silent. I would like to take the opportunity tonight to contrast the government’s measures with the opposition’s record in regional Australia but I am afraid that time will not permit me, and I will hold those comments for a later hour.

Mr SPEAKER—Order! It being 10.30 p.m., I propose the question:

That the House do now adjourn.

Australian Taxation Office: Australian Business Numbers

Mr WILKIE (Swan) (10.30 p.m.)—The Treasurer has taken great delight lately in expressing his pleasure with the number of Australian business number applications being processed by the Australian Taxation Office. But I have reason to believe that all is not as it seems and that things are not going as swimmingly as the government would have us believe. In fact, judging by the number of complaints made to my office regarding the difficulties small business has in accessing information regarding the GST and ABN applications, I am convinced that they are not. The reason they are not is that this government have been so focused on spending $431 million on their propaganda campaign that they have forgotten to adequately resource the very agency which will be responsible for its implementation—the Australian Taxation Office. To highlight the difficulties being experienced I would like to refer to today’s edition of the West Australian newspaper and quote from the Inside Cover article edited by Mark Irving entitled ‘Hotline fired up as John unchains his heart’:

So how’s it going with those Australian Business Numbers?

John, a small businessman in Jolimont, told us how he went about trying to get one before G Day, and we’d like to share it with you:

May 5: John applies for ABN.

May 17: He rings the GST Hotline to determine the progress of his application because he needs his ABN for stationery printing. Hotline person says he can’t help, but gives him another number to call. John calls. Why ring us, he’s asked—we’ve got nothing to do with ABNs. John calls the GST Hotline again. We’ll get back to you tomorrow with some info, he was promised.
May 18: No call.
May 19: John calls the GST Hotline. Sorry, John, can’t talk to you about ABNs. E-mail this person and you’ll get a call next Tuesday.
May 23: No call.
May 24: John calls the GST Hotline. We’ll definitely check it out and get back to you tomorrow, John.
May 25: John phones. Sorry, John, no record of your ABN application. Please fill in another form.
May 26: John calls the GST Hotline. We’ll definitely check it out and get back to you tomorrow, John.
May 27: John phones. Sorry, John, no record of your ABN application. Please fill in another form.
May 28: John calls the GST Hotline. We’ll definitely check it out and get back to you tomorrow, John.
May 29: John phones. Sorry, John, no record of your ABN application. Please fill in another form.
June 1: John checks his post office box and finds a letter from the GST people with his ABN.
June 2: GST Hotline person rings back today with information about his query. Thanks, says John, there’s no need ...

“Everybody sounded very nice and efficient, but it just didn’t work out that way,” John says. There are problems, and in the past the Treasurer has blamed the union when it suited him. But I lay the blame for this fiasco squarely on the shoulders of this government. ATO staff have received inadequate training and the ATO has not employed enough of them to cope with the workload. It is the government’s inability to provide the required support in order to ensure this dog’s breakfast of a tax is implemented with a minimum of fuss which has caused these problems. It is time the government acted to deal with this ludicrous situation and acted urgently.

**Hinkler Electorate: 1770 Festival**

**Rural and Regional Australia: Telecommunications**

Mr NEVILLE (Hinkler) (10.35 p.m.)—I rise tonight to talk about a special event in my electorate which I was privileged to attend. It is called the 1770 Festival. The town of 1770 is a twin community with the township of Agnes Water. They are coastal towns which are in the Miriam Vale Shire in my electorate. I notice a quizzical look on the face of the Deputy Speaker, because the town’s name, 1770, does conjure up some sort of strange illusion.

Mr SPEAKER—The Deputy Speaker was not alone in having a quizzical look, one might observe.

Mr NEVILLE—As I said, it gets its name because it was the second landing spot of Captain Cook on the Australian coast, and the Queensland government of the day decided that it would be good to call it 1770. It is the birthplace of Queensland—that is the tourist line we use—and the 1770 Festival is held every year to celebrate the first European landing in Queensland by Captain James Cook on 23 May 1770. The festival has been held for the past eight years and is staged on the foreshore of Round Hill Creek. It not only is a celebration for the locals; also it promotes the area as a marvellous tourist destination. It is supported by regional tour-
ism organisations in both Bundaberg and Gladstone, and is listed on the Calendar of Special Events with Tourism Queensland.

The festival attendance increases every year, and the organising committee should be commended for the vast array of entertainment they attract. Their efforts are especially good when you consider that they receive no government funding. The festival is funded through sponsorship from Ergon Energy, one of our electricity companies, and supported by local and regional businesses.

Entertainment includes such things as a street parade, which improves every year; a puppet show; tae kwon do; clowns; drum corps; marching girls; youth choirs; bush poetry; fireworks and jazz music. There is also a special re-enactment every year, and this year it was delivered by Rosedale High School grade 11 and 12 students. And there was a flyover by the RAAF Roulettes. It is quite a thing for a little bush community in coastal Queensland to have the Roulettes put on a full display as part of their festival. The highlight is the traditional tribal dancing performance by the Gooreng Gooreng Aboriginal Dancers. I must say I had a very enjoyable day at the festival. I was impressed with the entertainment, the quality of presentation and the professionalism in the way it was put together. Miriam Vale Shire is the fastest growing shire in Queensland, and with events like the 1770 Festival it showcases the national parks and the pristine white beaches. It is the closest jumping off point to the Barrier Reef after Cairns, and it is easy to see why it is so popular.

In the few minutes remaining I would like to just touch on something that goes to the very core of our being here, and that is trying to have a better deal for regional and rural Australia. We tend to think that all the remoteness in Queensland, New South Wales and Victoria is to the west of the Great Divide, but on the east of the Great Divide and on the east of the Bruce Highway is an area which 40 years on, having had governments of all political colours—I am not laying blame to one side or the other—has no television. When I mentioned it to one of the senior ministers he looked at me equally as quizzically as the Deputy Speaker did earlier in my address and said, ‘Surely, there must be some television.’ Other than a little transmitter in the township of Miriam Vale that might cover 200 or 300 houses, there is no television. Not only that but in an area that is remote, in the sense of being not close to medical and other safety facilities, there is no mobile telephony. So I use the second part of this address tonight to call for a better deal for areas like that. All of the remoteness is not in inland Australia; there are remote parts of Australia even on the coast, even to the east of the Bruce and Pacific highways. I would hope that a community that can put things like this together would receive commensurate support from government and from parties of all colours.

World Trade Organisation

Mr JENKINS (Scullin) (10.40 p.m.)—Whatever direction the debate on trade takes, I have stated consistently on the record that I believe firmly that free trade must also be fair trade. This is because free trade is supposed to be a means to an end—that is, greater prosperity for all. Free trade is not an end in itself. There is an orthodoxy which has taken hold which tends to view trade in complete isolation from all other areas of public and social policy. This is an incorrect approach. There is no disputing that Australian companies need access to new markets and the government needs to work to ensure that Australian companies are not subjected to measures designed to exclude their products. However, Australian industry must also be allowed to compete fairly with industry from other countries.

Over the past few years I have indicated my ongoing interest in the highly publicised WTO dispute concerning Howe Leather in my electorate. Howe Leather is definitely a company worth fighting for. Howe Leather is a successful and well regarded employer in my local community. It has had considerable success in getting a share of the US automotive leather market. It has done all of the things supposedly required of a modern export focused manufacturing business and is an example of the future of Australian manu- facturing. Yet all of this is not good enough. The United States administration has backed the US leather lobby to pursue this small
company relentlessly and mercilessly through the WTO—all of this for $30 million to a small manufacturing firm while the United States hands over $28 billion of assistance to its farmers.

Whilst researching matters surrounding the Howe case, I came across an article in the *Financial Review* in March of last year by Geoff Brennan, who was Minister Commercial in Australian embassies in Tokyo and Washington from 1988 to 1995. In this article Brennan claimed Australia has much to learn from the United States’s approach to the WTO when defending its legitimate trade interests. The Howe Leather dispute demonstrates the extraordinary lengths that the United States is prepared to go to to defend those interests. Brennan states that under the so-called section 301 process United States firms lodge details of other countries’ trade practices seen as detrimental to US interests with the United States trade representative. The companies themselves undertake the research, and US legal firms are engaged to do the work on the WTO arguments. The result is a well-investigated and argued case presented to the World Trade Organisation.

It is clear that when the Americans take these things to the WTO they pursue them fully and seriously. It is incumbent on the Australian government to defend Australian companies and jobs and to pursue our cases before the WTO with the same amount of zeal, and not in a half-hearted manner. As Brennan indicated, the Australian government has done very little to foster a detailed knowledge and understanding of the WTO in Australian law firms and industry associations. As Brennan added, while government cuts back on its bureaucracy and there is a continual pressure on our trading partners to meet the challenges of economic change, the Australian government cannot ignore any mechanism or process which might assist in defending Australian trade interests.

Yesterday in the other place a report was tabled by the Senate Rural and Regional Affairs and Transport Legislation Committee regarding the importation of salmon products. The committee has found that even Commonwealth agencies themselves have little regard to, or knowledge of, how to make the WTO work for Australia’s national interests. The report was critical of the conduct of the import risk assessment, IRA, and how this was damaging to Australia’s case at the WTO. The committee found that, although not required under WTO rules, there was extensive publication of the draft IRA and AQIS’s preliminary findings, and this had been ultimately damaging to our case at the WTO. The committee concluded that AQIS needs to exercise a far greater degree of caution in releasing draft or preliminary findings. The committee found that there are major concerns with the way Australia approaches these cases. The committee’s report states:

> ... the quantum and quality of resources currently devoted to international law and for the conduct of litigation in international courts is inadequate. For example, there is no single specialist office of international law with overriding responsibility for dealing with international matters. The committee was also concerned about the level of resources currently devoted to the conduct of such disputes. It recommended the establishment of an international legal adviser’s office as a statutory authority within the Attorney-General’s Department. If we as a nation have agreed to play by the WTO rules, then let us do it properly. Let us get serious about the WTO and make its processes work for our own interests. If Australia is going to play by these rules, then the government must start getting fair dinkum about resourcing these cases properly, increasing the knowledge of WTO processes in the economy and pursuing them thoroughly and to the fullest. (Time expired)

Aboriginals: Reconciliation
Mrs DE-ANNE KELLY (Dawson) (10.45 p.m.—Last weekend the Corroboree 2000 and the presentation of a document of reconciliation by the Council for Aboriginal Reconciliation was hijacked by the radicals of the Aboriginal industry who turned the event into a grab bag of unacceptable demands. Evelyn Scott, a sensible and most admirable woman and Chair of the Council for Aboriginal Reconciliation, said that a treaty would not be part of the final report and is understandably furious with the hi-
jackers for detracting from what was to be and still is a most notable occasion.

I want to speak about an agenda against those of us who live and work in the mainstream of rural and regional Australia and who are closest to many of the tribes and indigenous people in those areas. In my electorate of Dawson there are two predominant tribes: the Birri Gubba and the Girudala. In my area there is a saying: ‘Mura ama wakana’—people work together. That is what it is about. The three distinct groups there, the Aborigines, the Torres Strait Islanders—the largest group—and the South Sea Islanders, work together with other Australians. It is working very well in our area, and we have quite a large, energetic and responsible indigenous group in our area.

However, I want to talk now about hijacking agendas. The Council for Aboriginal Reconciliation have a most admirable approach to this. Obviously, they want reconciliation, which I think every well-intentioned Australian also wants. The hijacking has consisted of demands which I think most reasonable Australians would find unacceptable. A treaty, for instance, would divide, not unite, Australians. Having mandated seats for indigenous representatives in parliament would again divide and not unite. An apology—certainly for the people in my area—would not make up for practical assistance and would also be seen as a sop for those in the cities who think that such matters can be dealt with at a very symbolic level. Indigenous people need practical, long-term assistance to take their place properly in the Australian community and for their children to be able to share in the wealth of Australia and its opportunities. They do not need to be given symbols by those who find that easy. I also agree with the Prime Minister that one generation of Australians cannot apologise for another generation, particularly when that past generation sometimes acted with the very best of intentions.

I am reminded of my colleague the member for Hinkler who talked about reconciliation. He said that reconciliation occurs when you invite an Aboriginal family over for dinner. How many people do that? How many people who talk about reconciliation in the cities have actually invited an Aboriginal family over to their home for dinner in the last week?

Mr Melham—Charity begins at home!

Mrs DE-ANNE KELLY—It is not charity. I am sorry you see inviting Aboriginal people to your home as charity. I would not have seen it as that, and I am happy to say that the Deputy Prime Minister and I have dined with the Aboriginal people in my electorate. If the member for Banks thinks that is charity, he has a pretty jaundiced view of our relations with our fellow Australians. I think that there is an agenda to deride the Prime Minister on the part of the Murdoch press, the city elites and certainly the Labor Party. I want to draw the House’s attention to the fact that it is the Labor Party who are pressing for a treaty. Mr Beazley has said that there would not simply be one treaty but regional treaties—presumably regional treaties all over Australia. This is hardly a satisfactory way to build a united Australia and to succeed with mura ama wakana—people working together.

The reconciliation march, laudable as it was, received very little attention in our area. We are too busy working together and trying to raise educational advantages and jobs for our local indigenous people. I would like to leave the House with the message of ‘people working together—mura ama wakana’ and of what has been achieved in our area by well-meaning people prepared to work together with goodwill, in a practical sense. (Time expired)

Australia’s Space Program

Mr MURPHY (Lowe) (10.50 p.m.)—I wish to speak tonight about Australia’s space program. I am indebted to the Chief Opposition Whip, the Hon. Leo McLeay, who has given me a birthday present by sacrificing his spot on tonight’s adjournment debate. I turned 50 years of age last Wednesday. Thank you, Leo. From previously holding a proud position as a major player in space research, Australia has, under the Howard government, almost entirely abandoned any interest in the rapidly expanding opportunities of commercial satellite launches and the
vital field of scientific planetary exploration. The antediluvian policies of this government, together with its failure to perceive the present and future potential of space research, are leaving Australia out of the race to capitalise on the enormous economic benefits of the new space industries. Commercial operators and government agencies around the world have plans in place for launching more than 522 satellites over the next four years. At a conservative estimate, the proposed launchings amount to an expenditure of not less than $US43.6 billion. Virtually none of this money—roughly equivalent to 15 per cent of Australia’s annual gross national product—will be spent in Australia, largely because there has been no interest by this government in the space industries.

Instead of high-tech jobs and government inspired opportunities for the development of advanced industries, Australia will, under the present government, continue to lose its best and brightest people to overseas countries that understand the need for and support academic and industrial research and development programs. The United States is the world leader in space research, with NASA receiving an annual budget of about $US13 billion, equivalent to $A22 billion at the current rate. Considering that the US economy is about 40 times the size of the Australian economy, we should be spending about $A500 million if our space research budget were to be a similar proportion of our GNP. In fact, Australia spends less than $A5 million on space research each year, so it is no wonder that we are marching rapidly backwards and out of the field of space research.

Many other countries have significant space programs or collaborate with the US efforts. The Canadians built the shuttle’s robot arm, while the Japanese and the Europeans are joining the Americans and Russians in setting up the international space station. Korea, for instance, determined to build a modern economy, is constructing a satellite launch site. Where is Australia in all of this? The answer is nowhere, unfortunately, and we are not even interested.

Some may ask why we should bother spending money on something that, to the uninformed, has no tangible or immediate benefit. The answer lies before us. Where would Australia be—or, for that matter, would Australia even exist—if the 18th century British government had not decided to send Captain Cook to ascertain the existence of lands in the then unexplored Southern Hemisphere? Indeed, would the Americans be as they are now if the Spanish government had not decided to send Christopher Columbus in search of a westward passage to the Orient? Even though the short-term returns may appear to be limited, there is no doubt that nations who have in the past decided to bear the cost of exploration have seen great benefits accrue from their initial outlays.

Space pundits say that there is a high probability that the Americans will send their first explorers to Mars within the next 10 to 15 years. Thereafter, bases will be established, and regular visits by exploration teams will take place until the first colony is established, perhaps by 2050. These events will occur during the lifetimes of many Australians who are around today. Proponents argue that the colonisation of Mars will be as important to the West as was the colonisation of America and Australia. Global conflict is still possible, and the possession of a secure base stacked with resources has always been a significant advantage to the side that had its former colonies for support. This was the case during both major wars of the 20th century and was also true as far back as the wars between the Greeks and the Persians in the fifth century BC. Japan, Russia and European countries have started to send probes to Mars, and the expectation is that they will eventually send human explorers as well.

Mars could become the Antarctica of the 21st century. Just as polar exploration had to wait for the technological advances of the 20th century before bases could be set up on the Antarctic continent, the exploration of Mars has had to wait until the 21st century. Australia was a major participant in Antarctic research throughout the 20th century. Scientific work is now recognised as the primary justification for Australia’s Antarctic presence. Geophysical and meteorological measurements dominated Australian Antarct-
tic research efforts in the period from 1947, when ANARE was founded, until the early 1980s. Since then, Antarctic biology has become the major research activity.

Mars is considered a likely habitat for primitive organisms, in part because of the compelling evidence that the planet was much warmer and wetter in the distant past. The search for alien life has become a primary motivator of space research, and Australia, with its considerable experience in biological and geophysical investigations in the Antarctic, should consider joining in the push by other nations to explore Mars. The choice is clear: we either join the rest of the advanced world or increasingly become a cultural, technological and industrial backwater, led into the wilderness by a government that neither understands nor cares about the extraordinary opportunities that the 21st century has to offer.

Mallee Electorate: Mildura Irrigation Trust

Mr FORREST (Mallee) (10.55 p.m.)—Thank you, Mr Speaker, for giving me the opportunity in the closing moments of the adjournment to bring the debate back to earth—with no disrespect to the member for Lowe. I would like to talk about a very important irrigation company in my electorate. I know that you will be very familiar with the first Mildura Irrigation Trust, Mr Speaker, having a very similar establishment at Renmark in your electorate of Wakefield.

As we approach the centenary of our Federation, we need to understand that the first Mildura Irrigation Trust was established in the closing stages of the last century, in 1887. It was then called the Mildura Irrigation Company, which was a company established by George and William Chaffey, Canadians who came out to Australia, to the great land of opportunity. In 1896, the first Mildura Irrigation Trust was formed. It was a private enterprise developed in conjunction with the new community—what was then the small township of Mildura—in partnership with the Victorian government to establish Australia’s first large-scale irrigation development on the Murray River, using the Murray as its water source. Of course, in the 100 years since, that region has become known and famous as Sunraysia. The first Mildura Irrigation Trust was the major central supplier of irrigation water to what has become a very extensive horticultural development.

I was very pleased yesterday to facilitate a delegation of almost the full board of the first Mildura Irrigation Trust. This is a trust managed by a board that is elected by its growers, which is unusual. It is not a statutory authority, in the full sense of the word, like many water authorities in Victoria. It has a very special place and elects its board of directors. I am very grateful to the Minister for Agriculture, Fisheries and Forestry, the Hon. Warren Truss; to the Deputy Prime Minister, the Hon. John Anderson; and to the Minister for Forestry and Conservation, the Hon. Wilson Tuckey, for receiving a delegation of that board.

The Mildura Irrigation Trust have some challenges down there in meeting the great demand that this nation faces, which is to use its water much more efficiently. If we are ever going to come to grips with the ultimate population of our nation, the final equation will be determined by what we do with our water. Quite frankly, I have a view that we are very close to our population limit now unless we learn to use water more efficiently. There is an enormous amount of pressure on irrigators to do that. Mr Speaker, you would be well aware of it because Wakefield has many irrigation and horticultural settlements, as does my electorate.

I have been very pleased to see the response of the growers in the first Mildura Irrigation Trust. Of the 1,300, the great majority have now moved across to trickle irrigation and sprinkle irrigation, using their water more efficiently. The problem that the trust has is that major capital upgrades are required to their system in order to be able to supply enough water for the demands of modern horticulture. It is not a matter now of irrigating once a month. With modern crops, growers now need to have water almost on demand through the summer. Of course, Renmark has benefited from the partnership of state, Commonwealth and local growers’ funding over the decades that the first Mildura Irrigation Trust have not had access
to. They came up here to make a plea for recognition for Commonwealth assistance but not for all of the $16 million they need to upgrade their system. They are looking for some form of partnership and comfort. I was very grateful that the ministers I have mentioned received the delegation and sent them back with some ideas about how they might prepare a submission to receive that kind of cooperative support. In my closing remarks, I would just like to say how the first Mildura Irrigation Trust is a wonderful example of the pioneering spirit which the country has benefited from, and it is something which we ought to focus on as we come up to our Federation year.

Mr SPEAKER—Order! It being 11.00 p.m., the debate is interrupted.

House adjourned at 11.00 p.m.

NOTICES

The following notices were given:

Mr Bruce Scott—To present a bill for an act to amend legislation relating to defence, and for related purposes.

Mr Ruddock—To present a bill for an act to amend the law relating to migration and Medicare, and for related purposes.

Mr Anderson—To move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposals for works in the Parliamentary Zone which were presented to the House on 13 April 2000, namely: Old Parliament House refurbishment of south west wing.