HOUSE OF REPRESENTATIVES

Official Hansard

WEDNESDAY, 7 JUNE 2000

THIRTY-NINTH PARLIAMENT
FIRST SESSION—SIXTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
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Mr Speaker (Mr Neil Andrew) took the chair at 9.30 a.m., and read prayers.

MIGRATION LEGISLATION AMENDMENT (PARENTS AND OTHER MEASURES) BILL 2000

First Reading

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

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister Assisting the Prime Minister for Reconciliation) (9.31 a.m.)—I move:

That the bill be now read a second time.

This bill and the Migration (Visa Application) Charge Amendment Bill 2000, which I shall be introducing shortly, implement the government’s recent announcements on visa arrangements for parents wishing to migrate to Australia.

There is currently a pipeline of some 20,000 parents waiting to migrate to Australia.

If they were all allowed to migrate under current arrangements, the costs to the Australian taxpayer would be measured in billions of dollars.

Whilst the entry of parents assists in providing support to their Australian sponsors, research shows that people who migrate to Australia late in life make a minimal contribution to revenue but incur a very substantial cost in terms of social security and health.

The Labor Party when in government recognised this cost.

It was they who introduced the assurance of support bond and health charge in the early 1990s.

During my community consultations on the 2000-01 immigration intake, many participants who wished to bring their parents to Australia indicated that they would meet all the costs associated with the migration of their parents.

In response to the preparedness of sponsors to contribute to the costs of aged parents migrating to Australia, I announced on 3 April 2000 that the government would introduce new entry arrangements for parents in the 2000-01 program year.

These new arrangements will provide for a significant increase in the number of parents who will be able to come to Australia to be reunited with their children.

A contingency reserve of 4,000 visa places is available for this parent category over the next two program years. This is in addition to places for other parent categories.

The Senate voted to disallow the previous entry arrangements for parents as they believed them to be visas for the rich.

The government was not creating a visa class for the rich. We wanted to allow more parents to live in Australia, in a way which ensured a fair deal for the Australian taxpayer.

As a result of the disallowance and the negative budgetary impact of parent migration, the government was able to accommodate only 500 parents in the migration program intake for the year 1999-2000.

The designated parent visa category was introduced in November 1999 and was specifically designed to assist those parents who were adversely affected by the Senate’s disallowance of the previous parent entry arrangements.

The designated parent visa classes incorporate key elements of the previously disallowed parent entry arrangements, including the payment of a $5,000 health charge for each parent.

A very high level of interest in the designated parent visa category has been demonstrated by almost full acceptance of my invitations to lodge an application under this category.

Around 1,100 designated parent visas have been granted since November 1999, with the remaining 1,100 to be granted in the 2000-01 program year.

The introduction of the designated parent visa category was accompanied by an announcement of a more flexible visitor visa arrangement for parents with an ongoing migration application.
This was in recognition of the extended processing times faced by parents and has resulted in a greater number of parents being able to visit their children in Australia.

Health and welfare costs for aged parents suggest that the previously disallowed arrangements may not have been a good deal for the Australian taxpayer.

On average, the total health costs for persons over 65 years are around $6,000 per year. For a person with a remaining lifespan of 20 years, the total cost may be around $120,000.

The total welfare costs in special benefit and age pension payments could be as large as $160,000 per person over the same period.

Faced with these potential lifetime costs totalling $280,000—that is more than a quarter of a million dollars for each parent—the new arrangements introduced by this bill involve a very reasonable contribution by applicants and sponsors, particularly for the cost of health services.

The most important features of the new visa classes are:

- an extended assurance of support period of 10 years instead of the normal two;
- an increased bond payable in respect of an assurance of support. The amount will go up from $3,500 for the main applicant and $1,500 for other adults to $10,000 and $4,000 respectively; and
- a choice for applicants to either obtain suitable private health insurance for the first 10 years in Australia should such a product be available, or pay an up-front health services charge of $25,000 per person.

The extended assurance of support period is consistent with the longstanding 10-year residency bar for access to the age pension.

The increased bond is refundable with interest after 10 years, less any welfare benefits accessed during that time.

The health services charges of $25,000 per person represents only about one-fifth of the potential health costs.

While the current parent visa classes will be closed to new applicants upon implementation of the new visa category for aged parents, those in the current pipeline will continue to be processed within current capped levels.

Given the greater financial commitment of applicants and the consequent lower budgetary impact, it should be possible to increase parent visa places over the next two program years, without placing an unsustainable burden on the Australian community as a whole.

The second major initiative in this bill is the introduction of changes to Medicare arrangements for parent and protection visa applicants.

The bill removes access to Medicare from parent visa applicants who are in Australia temporarily while their permanent visa applications are being processed.

This is necessary because the flexible visitor visa policy for parents may potentially result in increased Medicare usage, with the corresponding financial impact and community reaction.

Certain parents, however, will continue to qualify for limited access to Medicare under reciprocal health care agreements.

The government is also concerned to ensure a consistent approach to health care entitlements for people who are seeking asylum in Australia.

The health care component of the Asylum Seeker Assistance Scheme was established in early 1994 as the appropriate arrangement for providing health care services to asylum seekers in the community. However, an unintended consequence of subsequent legislation changes in 1994 allowed some asylum seekers to become eligible to access Medicare in addition to the Asylum Seekers Assistance Scheme.

The bill removes this access to Medicare for new applicants for protection visas, restoring the health care arrangements under the Asylum Seeker Assistance Scheme as the vehicle for providing health services for all asylum seekers in the community appropriately in need of care.

The bill also clarifies and simplifies temporary protection visa holders’ eligibility for Medicare. Holders of temporary protection visas will be eligible for Medicare without
needing to apply for a further visa as is currently the case.

You may note that this bill takes the unusual step of amending regulations by way of a bill. This is based on the government’s desire to ensure that the parliament has the opportunity to consider this package as a whole. This is an important initiative, one which is intended to maximise the number of parents who can migrate to Australia. It is for this reason that I ask all parties to support this bill.

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

Debate (on motion by Mr Horne) adjourned.

**MIGRATION (VISA APPLICATION) CHARGE AMENDMENT BILL 2000**

First Reading

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

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister Assisting the Prime Minister for Reconciliation) (9.40 a.m.)—I move:

That the bill be now read a second time.

This bill complements the Migration Legislation Amendment (Parents and Other Measures) Bill which I have just introduced.

The amendments in this bill will ensure that the visa application charge for the proposed new parent visa classes does not go beyond the visa application charge limit specified in the Migration (Visa Application) Charge Act 1997.

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

Debate (on motion by Mr Horne) adjourned.

**DEFENCE LEGISLATION AMENDMENT (FLEXIBLE CAREER PRACTICES) BILL 2000**

First Reading

Bill presented by Mr Bruce Scott, and read a first time.
the employment of personnel on fixed periods of service. The bill is designed to remove legislative encumbrances to these policy changes. I present a copy of the explanatory memorandum.

Debate (on motion by Mr Horne) adjourned.

HEALTH LEGISLATION AMENDMENT (GAP COVER SCHEMES) 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.

APPROPRIATION BILL (No. 1) 2000-2001

Second Reading

Debate resumed from 7 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 whilst not declining to give the Bill a second reading, the House condemns the Government for:

(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

Mr NEVILLE (Hinkler) (9.45 a.m.)—Many of my colleagues on this side of the House undoubtedly had visits from either the Leader of the Opposition or one of his senior shadow ministers in the period after the budget. The Leader of the Opposition actually graced my electorate with his presence for a day and a half. He made a commitment, for example, about how Labor would look after the bush and workers in regional Australia. When you look at his record and that of his party in office, the startling hypocrisy becomes ever so clear.

The week Mr Beazley visited, the Country Labor tag was being mooted quite freely, even for federal Labor. Incidentally, the party would have the same structure, same personnel, same rules and same union allegiances—which are very strong, as we have seen in the House over recent times—as ordinary city Labor. I found it very interesting that, when questioned on talkback radio on this matter, he dodged and weaved for cover when a woman claiming to be a third generation unionist asked him why ‘Country’ was being added to his party name. I found the whole thing a bit of an obscenity when you consider the contempt in which the party held regional Australia during its 13 years in office.

The former Prime Minister had to be dragged kicking and screaming to the bush when there was a crisis caused by drought and commodity prices. My predecessor, the one time chairman of the government’s country task force, spent all his time telling the community, which was already on its knees, that there was no rural crisis, to say nothing of his state colleagues in the Goss government who gutted courthouses, closed railways, downgraded DPI offices and the like.

During his visit to Hinkler, Mr Beazley attacked me over the partial sale of Telstra. I found that strange as I was the one who first put the line in the sand on the 49.9 per cent issue. This man who was out there criticising me was the one who, as Minister for Finance, sold Qantas and the Commonwealth Bank, amongst other things, even though he and his
party said they would not. They closed 270 Australia Post offices across regional Australia while in office. At the same time, they promised to be the saviours of the bush. Even though Mr Beazley and the Labor Party were selling off every federal business they could lay their hands on, including the Commonwealth Serum Laboratories, they still managed to increase government debt and deliver five deficits in a row.

Mr Beazley has no credibility on the issue of asset sales or of economic management. I would not be surprised if Labor plan to sell more infrastructure, if elected, to fund their GST roll-back. That is the one and only policy we have heard from them so far, vague as it is. Labor have not told us how they are going to roll back the GST and still ensure that the states are not disadvantaged. We have Treasurer Hamill from Queensland telling the government to, under no circumstances, roll back anything. He wants every last cent of it. I do not know how Labor would propose to do this if they were in government.

I suppose they would have two options. One would be to increase income tax and the other would be to increase the national debt, which they ran up to record levels in their last years in office. I suspect a third option would be to find some way of selling government infrastructure and including the proceeds in recurrent expenditure, as they did on the last occasion during the first half of the 1990s. That was a sell-off of the farm in classic proportions. It was sold off for no great benefit for Australia. They did not reduce debt. All they did was carry out a rapacious social agenda.

While Mr Beazley says he will look after regional Australia, we still have to see how the Labor Party votes in this House on the regional Australia initiatives that have been put up by the government. Labor members voted against the diesel fuel tax cuts and the exemptions for regional Queensland. Labor voted against the income tax cuts. Labor members voted for a regional forest agreement that will see the closure of small mills in the Wide Bay and Sunshine Coast areas of Queensland.

Federal Labor supported the Beattie government in its grossly unfair and profligate tree clearing laws. None of the other states had this problem. The Queensland government had to come to the Commonwealth begging $103 million to carry out their agenda. They pandered to the extreme end of the green movement and introduced ridiculous regulations and laws. It is little wonder that they got into such strife over it. I make no apology for opposing their RFA. In fact, it is not a RFA at all. It is an absolute formula to lock up 400,000 out of 500,000 hectares of forests in Queensland—the forests that were put there for the extraction of timber—and then probably have a regime of clear felling in the hope that they can get enough timber out to the mills that have to survive on this reduced area. It is utter madness.

Another line that the opposition leader was pedalling when he came to Bundaberg was that he would be the saviour of all workers, especially those facing difficulties were their employer to become insolvent. Yet the reality is that in 13 years he and his colleagues did absolutely nothing to protect the entitlements of workers; in fact, they would not even recognise it as a problem. The only time we ever saw anything even vaguely equating with that was when Kodak looked like pulling out of Bob Hawke’s electorate—and then, ha, ha, we found a bit of money. But, other than that, there was nothing at all even vaguely equating with the work we did for National Textiles or the Scone meatworks.

What is even stranger still is the utter reluctance of the Labor state governments, especially those in Queensland and New South Wales, to do anything about topping up the Commonwealth contribution. When an industry does go down subsequent to these two early failures, it will be very interesting to see where those state governments stand. They have a great proclivity for criticising the federal government and wanting payouts for things like their land clearing compensation. But when it comes to compensating the workers—the people whom they are ostensibly there to represent—nothing happens.

The coalition scheme, by contrast, will pay from consolidated revenue—and I will not bore the House with all the details. It is quite an extensive package, with a safety net ceiling of $20,000 per employee. But what does
the Labor Party propose in this limited amount of policy that we have been able to get on its initiative? It is going to top up the superannuation guarantee levy. We have industries around Australia saying that they are sick of being burdened. We are going to burden all industries for the sins of a few. I do not think that makes sense at all. It is hardly fair because the majority of businesses are doing the right thing.

The Leader of the Opposition talked about the impact of rising interest rates, yet never once in that radio interview did he acknowledge that his party presided over interest rates of up to 17 per cent. It was during that time we saw a raft of farm bankruptcies and country town business closures. For a party that goes out professing to be the new saviour of the bush, it has an appalling record in financial management in that area. While Mr Beazley was employment minister, we saw unemployment levels in Central Queensland and the Wide Bay area—located within which are my electorate of Hinkler and the electorate of Wide Bay of Minister Truss at the table—rise to over 20 per cent during some periods. While unemployment still remains a problem in that area, the situation has been improving steadily over the past few years and is nowhere near the levels it reached under Labor. It is all very well for Mr Beazley to come in with his empty rhetoric and unfunded promises. The truth is that Labor neglected regional Australia for years, and it will do so again.

In the budget addresses this week and last week, and indeed in question time, a number of opposition members have made much of the $360 million that they would have the Australian public believe was just an advertising campaign. That is patently untrue, for a start. So let us have a look at this $360 million—or the $400 million, you have said it is after you have found, so you said, some interesting things in Senate estimates. Just for the purpose of the exercise, we may as well stay with $360 million because that is the figure you used in your own advertising.

Of that $360 million, $200 million goes to the GST Start-up Assistance Office, of which $150 million was delivered to organisations like the National Catholic Education Commission, the Tourism Council of Australia, ATSIC and, believe it or not, even the ACTU. These peak bodies need to inform their members, and I do not see how the Labor Party can deny them this assistance—not even their own people. There is $36 million going to information campaigns based around the Australian business number and the pay-as-you-go system; more than $12 million for the ACCC, our regulator; $100 million over four years for information servers such as advertising brochures, pamphlets and the like. On the one hand, we have the opposition saying over the last six months or so that there is not enough information out there, but when we put it out there those opposite then want to criticise us and say, ‘You are spending too much.’

This is probably the biggest tax change in our 99 years as a nation, and it has the potential to give Australia a modern, efficient tax system which will change a whole number of concepts and the way of doing business. It will change the emphasis on taxing production to taxing consumption. It will reward low and middle income earners for their contribution to the Australian way of life by creating a fairer income tax system. It will remove a number of taxes, not least of which is the hated provisional tax. It removes the convoluted wholesale sales tax and six rates of taxation, and replaces them with a flat tax, GST, of 10 per cent. It lowers company tax. It provides real incentive for exporters. It lowers the price of transport and freight—and that has been the bane of regional and rural Australians for many years.

How the ALP could ever have opposed those diesel cuts knowing full well that the implication of that, if they had succeeded, would be dearer freight for regional and rural Australia just defies comprehension. Mr Speaker, I know that you do not like people flashing newspaper clippings around here, so I have modestly reduced it in size.

Mr Speaker—I would have deemed that a relatively immodest exercise by the member for Hinkler.

Mr Neville—But you will notice the bolt cutters. This makes great play of this $360 million. I just thought I would take a few of these out. Let us look at just some of
these things they have talked about. Labor claims it could fund 1,200 hospital beds. This is coming from a party that let private health insurance membership fall to half of where it was before—from two-thirds of the Australian population down to one-third.

There are instances in some states where the Commonwealth health funding increases are not matched commensurately by the Labor states. The coalition, by contrast, is providing $31.3 billion under the 1998 to 2003 Australian health care agreement. This means the Commonwealth’s health funding to the states and territories will increase 25 per cent in real terms above the last five years of Labor’s health agreement, yet they are talking about $360 million.

Another interesting area to have a look at is roads. The opposition say that this $360 million would make 90 kilometres of single carriageway to dual carriageway, making our roads safer. It is interesting they say that because, since we have come to office, we have committed to do the whole of the Pacific Highway from Newcastle to Brisbane, and that is a heck of a lot of dual carriageway. It is just about the whole distance of that highway. It is interesting, in talking about this advertisement and the $360 million, that they talk about nursing homes. Since we have been in office, we have increased nursing home funding from $2.5 billion to $3.8 billion. That is a huge increase. Even if you take off the $500 million that we discounted right at the beginning of the term when we were straightening up the books, it is still a massive increase. During Labor’s time in office, they reduced capital funding to nursing homes by 75 per cent and they could not meet their own target by 10,000 beds, yet they come in here and criticise us by saying that $360 million would provide 2,600 nursing beds. They missed that target by four times in their last years in office.

Finally, just looking at it in business terms—and I will finish on this note—the GST is going to return to the states over the next four years in the order of $120 billion or more. This is the biggest boost to state funding and, as the Prime Minister and the Treasurer said yesterday, many of the Labor states could not sign up quickly enough. So let us say we spend $360 million in making sure that that is properly administered and properly advertised: that represents a quarter of one per cent of that funding. No business in Australia that had a turnover like that would spend so little. (Time expired)

Mr McMULLAN (Fraser) (10.03 a.m.)—That was a very sad and negative contribution from a member who represents an area so full of potential, but we understand why he had to be negative, and we sympathise, because there is nothing in this budget that will contribute to fulfilling the potential of that region, and that is a point I want to come back to during this contribution. The potential of the area around Gladstone is enormous. It can contribute significantly to the future of the Australian economy, but there is nothing in this budget for that area or any other region in Australia to feel confident about its future or for any family in Australia to feel confident that the government has a sense of where the jobs are for that family and for their children.

This is a budget of a government in love with the past and at war with the future. It is a budget of a government that has finished any agenda it might have had and has nothing to say about the future. It is a budget that reflects in the area of industry policy a government that is complacent and a minister who is sadly disinterested. It is a budget which fails to recognise that there are shoals and difficulties ahead for the economy. It shows no signs of awareness of those looming problems, let alone concern, and is far from any plan for a response. This is a budget that does nothing to build the industries of the future, to recognise Australia’s potential or to transform our current industries. It is a budget in which you can search diligently, but you will fail to find one new idea—one new idea about the industries that will drive Australia’s future, one new idea about where the jobs will come from in 2010 and beyond.

Let me go through these particular issues in sequence. I referred first to the shoals ahead. There are a number of industries where one could point to that, and I will come back to some in another context. But I was particularly referring to the recent reports which provide stark evidence of the
problems confronting the building and construction industry, both the housing industry and civil construction. There is nothing but bad news for the construction industry in the federal budget, released by the Treasurer, Mr Costello, to which this legislation, Appropriation Bill (No. 1) 2000-2001, gives effect. There is a crisis brewing in investment in construction, and the budget numbers reflect that. The budget overview shows that a downturn in construction is already under way, with a 12 per cent drop in business investment in buildings and structures estimated in the budget papers. This estimate is in line with the 14.4 per cent plunge in total building approvals for April, which the Australian Bureau of Statistics released just before the budget. The budget overview forecast for 2000-01 showed that this decline will continue, with a forecast downturn in investment in private dwellings of three per cent and a downturn in business investment in buildings of nine per cent. This is the sort of forecast that gives weight to the thoughtful analysis by the Housing Industry Association which, when they first announced it, sounded a little alarmist but which forecast that 60,000 jobs and $6 billion in investment will be lost from this sector by 2001. It seems to me that the weight of evidence already in and the government's own figures suggest they might be right.

Here we have the Housing Industry Association, the figures that are already in and the government’s own estimate for the year ahead suggesting a crisis with the potential to cost 60,000 jobs, and what does the budget say about it? Nothing, not a word—not one proposal, idea, suggestion or consideration of this loss of 60,000 jobs and $6 billion in investment will be lost from this sector by 2001. It seems to me that the weight of evidence already in and the government’s own figures suggest they might be right.

The top priority for industry was the restoration of an effective incentive for research and development. What did they get in this budget? Nothing. The optimists believed that the driver for change in this area might have been the Innovation Summit. I am afraid they were cruelly deceived. There is no money in this budget for the implementation of proposals from the Innovation Summit—nothing at all. The government set up a working party to look at implementation of the proposals. If there was one thing the Innovation Summit should have sent to the government, it was a sense of the urgency of the problem—industry, science, research institutions, universities and independent commentators all said there needs to be a sense of urgency. What have they got? A sense of complacency—no sense of urgency, no recognition of the timetables that were outlined by ambitious and enthusiastic delegates to the Innovation Summit. That can only lead to the conclusion that the government will do absolutely nothing or, consistent with this minister’s real priority—which is nothing to do with industry and all about elections—the government will try to come up with a few initiatives just before the election—but until then nothing.

Australia ranks 17th out of 24 countries in the OECD in relation to the vital statistic of business expenditure on research and development as a percentage of our gross domestic
product. The OECD average is 1.27 per cent compared with Australia’s 0.2 per cent in 1997-98. Sadly it has gone down since then, but the latest comparable figures are for 1997-98. I have already committed a future Labor government to reversing this trend and to reaching the OECD average by 2010. We need to carve out some of those long-term objectives. Where is that ambition reflected in this budget? It is nowhere at all. In fact, the research and development and innovation system has had disguised cuts. The minister tried to talk the story up on budget night, but on the night it looked pathetically thin. But hidden behind that pathetically thin veneer is a network of cuts applied against a theoretical model of savings which might—or should, or the government hopes will—flow as a consequence of the abolition of the wholesale sales tax.

Cutting funding for science organisations, cutting funding for research, cutting funding for important industry support programs in TCF and pharmaceuticals is another step backwards. We continue to stand out amongst Western economies as the country that continues to cut our commitment to R&D as a percentage of GDP. The effect of the government cutting the R&D tax concession has been to rip more than $1.3 billion out of R&D since that decision was made. As the Chair of the Australian Research Council, Professor Vicki Sara, said at the launch of the ARC’s strategic plan, ‘The Australian government needs to do more to encourage R&D if we are to avoid Australia falling behind the rest of the world.’ How has the 2000-01 budget helped to reverse this slide? It is a story of failure: failure of R&D until now, failure in this budget.

Let us hear what the leaders in the IT&T and innovative industries—in particular, science—have said about the budget. Sue Serjeantson, the President of the Federation of Australian Scientific and Technological Societies, known as FASTS—in many ways the peak body in this area—said that the level of science funding was not nearly enough. More importantly, she said, correctly—and she would always ask for more money because that is her role and obligation—‘Australia is failing to keep up with the challenges of the knowledge-driven economy.’ Fundamental to a place for Australia in the modern world of the new economy are science and technology and the President of the Federation of Australian Scientific and Technological Societies has said that Australia is failing to keep up with the challenges of the knowledge-driven economy. The Australian Information Industry Association described the 2000 budget as ‘underwhelming in terms of the Australian IT&T industry’ and ‘at best neutral’ as far as the industry is concerned. The association is ‘disappointed in the lack of initiatives in its areas of concern namely R&D, support for small and medium IT&T companies, and skills shortage’.

The Australian Computer Society expressed disappointment at the lack of IT&T related initiatives in the budget and went on to say that the government had no clear vision for IT&T and seemed not to understand the potential benefits for the Australian economy of investing in the innovation industries. This is a very serious problem because our IT&T industry is one that really is suffering serious shortcomings as a consequence of the government’s failure.

What do we see in this budget about maximising Australia’s potential for new industries in IT? These industries hoped at least for a vision or a statement about how the government saw the skills gap being overcome. What did we get? We got nothing. What did we get in response to the recent data about the collapse in IT manufacturing? We got nothing. According to the Australian Financial Review of 5 June, Australia under the current government has ‘missed an opportunity in high tech by not being shrewd or bold enough to exploit our smart work force’. That is absolutely correct.

We can only conclude that on IT, as on R&D, this government has been a failure, and this budget reflects that failure. Recent Australian Bureau of Statistics figures bear out the failure of this government very starkly. Production of information technology and telecommunications equipment has fallen by 27 per cent during the past three years from $4.8 billion in 1995-96 to $3.5 billion in 1998-99. That is absolutely disastrous because this is not a sector in which demand is
falling; demand is growing. Over the same period, imports of IT&T equipment went up by 21 per cent from $8.9 billion to $10.7 billion—that is, imports increased only just more than the fall in our production. If we had maintained our production, we would have virtually eliminated that import increase—significant for our balance of payments, our jobs and our position in the future of the new economy.

There was a four per cent fall in the overall number of Australian IT&T workers. Let me just repeat that: in the great growth industry of the early years of the 21st century, there has been a four per cent fall in the overall number of Australian IT&T workers, including a 42 per cent drop in those involved with the manufacturing side of the sector. It is no wonder that the Sydney Morning Herald on 30 May described these figures as demonstrating that 'Australia appears to have lost any chance of establishing a viable computer and telecommunications manufacturing industry'. I think some companies are still doing well in that sector, and they deserve the continuing support and encouragement of all of us in this parliament and of the government, but they are not receiving it.

The next great phase of industry potential for the future is the biotech industry. Where Australia may have a unique window of opportunity, we get a bit of talk from the government—but no action. It has a small strategy which is funded by cuts to the very important technology diffusion program. If you compare the Australian government's attitude with the activist approach of the Queensland government or some of the driving regional economies in the United States, like San Diego—which I had the privilege of visiting recently—you see that we have the raw intellect, the capacity and the commitment from scientists, but from the government we have nothing.

It is not only about creating new industries; it is about transforming our current industries so they might be part of a bright future. In manufacturing, Australia—and particularly South Australia, the home state of the Minister for Industry, Science and Resources—desperately needs a government committed to the creation and development of a modern manufacturing sector and a government that articulates a belief and a commitment that there is a future in Australia for manufacturing. Yet we find nothing. We need a government that looks at interesting ideas about modernising manufacturing, like the development of a national institute of manufacturing similar to that which operates out of Cambridge University in the UK, which is having such a positive influence on British manufacturing. Yet, what do we get in this budget? Nothing.

We have the enormous potential to add value. Australia is uniquely positioned to take advantage of the metals of the future: aluminium and magnesium. We have in Australia a unique capacity to take our skills in mining and value adding and be part of the environmentally conscious manufacturing of the future by turning our magnesite and bauxite into aluminium and magnesium, and by adding value, creating jobs and generating wealth. We could be doing it in regions like that represented by the member for Hinkler, who failed to refer to this enormous potential in his speech. He could only be negative because he could not find anything positive to say—I sympathise with him about that problem.

Let us look at some of the rough numbers. In US dollars, in round figures, bauxite sells at $20 a tonne. We can upgrade it to alumina and sell it at about $200 a tonne, or we can smelt it into aluminium for $1,500 a tonne. There is no doubt where Australia needs to be in that cycle—in aluminium and magnesium. They are the metals of the future. They can make an important direct contribution to our economy, both regional and national, to our role in the automobile industry, and to our role in construction and wider manufacturing. They are also very important because of the recycling potential of aluminium. They have a tremendous role in our future, and I thought that—while I do not entirely agree with the current government's departmental structure in putting resources in with industry—the one thing the government should have done was to enhance our focus on value adding. They are both in the same department, but what do we get? Nothing.
The 21st century opportunities seem to be passing this government by. We are dealing today with a budget of lost opportunities, reflecting a government that yearns for the comfortable certainties of the past. It has no idea about the way forward into the knowledge economy, about the need for commitment to research and development and innovation, and about the need for investment in education. It shows no recognition of the fact that the successful economies in the first decade of the 21st century will be those which have invested in innovation and education.

Sadly, what this budget says is not that the government has an alternative economic growth strategy—I could accept it if they said that they do not agree with my economic growth strategy and that they had an alternative—but that they have nothing. They bask in the reflected glory of the continuing growth of the United States economy, which has been driving our growth here for nine years. But there has been no utilisation of the window of opportunity the United States’ economic success is generating to set the framework in place for a successful Australian economic future, where we are seen internationally as part of the new economy, and transform ourselves and the world’s image of us. If you search in this budget for one new idea, you will search in vain. If you search for a sense of where the government thinks the jobs will be generated for our children, you will search in vain. In the area of science, technology and industry, this is a budget which reflects the depressing reality that the government has no agenda for the future. It is in love with the past and at war with the future.

Mr ANDREW THOMSON (Wentworth) (10.23 a.m.)—I would like to talk a little about the treaty making process in Australia, particularly as it applies to our economy, and about some developments in modern treaty making which, if not opposed and corrected, have the potential to inflict significant damage upon Australia’s economy—in particular, the agricultural sector. Of all the public processes involving government, you might well say that treaty making and this treaty process are perhaps the most open to abuse, because they are usually hidden from the public view. This problem is of utmost importance, because the implications of many treaties, especially multilateral treaties, are profound and can have far-reaching effects domestically.

The story of the Cartagena protocol, better known perhaps as the Biosafety Protocol to the Convention on Biological Diversity, in my view illustrates how a political movement advancing a weak and flawed proposition can seek to achieve its ends by trying to establish a rival set of rules designed to subvert a key existing international institution—in this case, the World Trade Organisation. This process can be seen clearly working in the agenda of what I call the protectionist alliance, a group of people made up of protectionist governments—European and some Asian—a group of ‘enviro-anarchists’ you might describe them as, wealthy social engineers and non-government organisations who are hostile to Australia’s national interests.

What they are about is setting up some new rules, and they want to do it in two ways. Firstly, they want to legitimise the use of trade sanctions against nonconsenting third parties, in order to impose their own policies domestically in an extraterritorial fashion. The second method by which they will seek to achieve this is by expanding the scope of the so-called precautionary principle—which will impose impossible burdens on exporters and again will further the imposition of this group’s policies extraterritorially. They are going to use three grounds on which to advance these new rules. Environmental protection is their first battlefield; their second is a campaign on labour rights; and, of course, human rights will be their third. Biotechnology in the form of genetically modified living organisms—or LMOs, as the acronym has it—is the subject of the Cartagena protocol, which is established under article 19 of the convention. The protocol aims at...

...ensuring an adequate level of protection in the field of the safe transfer, handling and use of LMOs resulting from modern biotechnology that may have adverse effects on the conservation and sustainable use of biological diversity...

That is in article 1. This language is typical of modern treaty making. It is vague enough to allow all sorts of villainy to be done. It is a charter for manipulation, if you like. Without
any evidence of harm to human health from LMOs, we find a group of officials acting in concert with these NGOs that are hostile to Australia’s interests. They have negotiated a form of words that presupposes a grave danger to human health, and this then creates its own logic for expanding the precautionary principle in order to legitimise their attack on such exporting nations as ours.

You can imagine how these same people would have dealt with the advent of the motor car late last century. They would have gone berserk about it. They would have caused an outcry over emissions, noise, the speed of the vehicles and the possible effects of their electrical systems on the human body. The car would have been denounced, its use would have been restricted and, obviously, development would have been stymied.

Negotiations on this biosafety protocol began in 1995 and they did not proceed in a particularly good direction. Australia was part of what was called the Miami Group, which was an informal caucus of agricultural exporting nations and included Argentina, Canada, Chile, Uruguay and the United States. This group was opposed by the so-called Like-Minded Group, a group of developing nations, and also by the European Union, which sought to advance its own trade and environmental agenda in these negotiations.

Throughout last year, Australia held the line against the European Union and its protectionist and NGO allies; although, strangely—and this remains unexplained—in January of this year, Australia suddenly went along with the European Union and joined the consensus on the final text. There is some suggestion that the United States backed down first, probably due to Mr Al Gore’s election campaign. It is quite clear that if the Green party candidate Ralph Nader successfully runs in the US presidential election he may well take a lot of votes from Al Gore in California, and that this could possibly cost Mr Gore the election. Hence it seems quite clear that Gore’s and the Democrats’ strategy is to hold out some sort of bait to the so-called green vote, in order to shore up their numbers in a number of states, California in particular. Why the Australian delegation did not hold out and maintain its opposition to the final text is a mystery to me.

There are four serious dangers lurking within the Cartagena protocol. The first is its relationship with the WTO rules. What the protectionist alliance is seeking to establish by way of some kind of paramountcy over the WTO is quite clear from the recitals to this protocol; there is a massive contradiction. The second last recital says:

... this Protocol shall not be interpreted as implying a change in the rights and obligations of a Party under any existing international agreements.

Sounds as though everything is all right with the WTO. However, the next and final recital says:

... the above recital is not intended to subordinate this Protocol to other international agreements.

Clearly this is a surreptitious attempt to set up a parallel set of rules to the WTO. The protectionist alliance are going to argue that the WTO deals with trade and the protocol deals with biodiversity, hence different rules should be permissible. But they use a dangerous phrase in this context. They say that trade and environmental treaties should be ‘mutually supportive’. Sounds fairly reasonable? This really means that the protectionists can ignore the rules based regime of the WTO while they use trade sanctions to force domestic policy on nonconsenting third parties, that is, people who do not even become party to these kinds of agreements.

If taken to its logical end, you could argue that cars, chemicals and oil may have an adverse effect on biodiversity, and so they should be the next target of regulation if we accept this step taken in the Cartagena protocol. It is interesting that in a press release from Greenpeace International dated 23 March this year they expose their attempt to merge these two areas and make their rules dominant. I quote from the press release:

... trade-related measures to protect the environment could be useful for catalysing international action ...

Clearly this is what they are about. So in Australia you could say, ‘Well, should we boycott all Western Australian products until they fix their salinity problems?’ or, ‘Should
we boycott all the wine from the Hunter Valley until they stop mining coal?"

Mr Horne—No.

Mr ANDREW THOMSON—Of course not. So we have got to be blunt about this. Voluntary boycotts are an exercise in personal freedom, but legal sanctions against innocent third parties, such as Australian farmers, are an abuse of power and, dare I say it, an abuse of human rights.

The second big problem with this protocol is the expansion of the so-called precautionary principle. That principle is best expressed in a passage from the Greenpeace web site. They say that it:

... allows for preventative measures to be taken where there is a threat of harm to biological diversity, including human health, even where there is no scientific certainty, consensus or proof of the cause of the harm ...

Clearly this gives scope for sanctions to be employed against an innocent third party without proof. This is an extraordinary notion. If you applied this in civil, let alone criminal, law there would be an outcry. I point out that the actions of the government of the People’s Republic of China in arresting dissidents and sending them to gulags and so forth represent an application of a precautionary principle—no due process, in other words.

What the protectionist alliance is doing in using the precautionary principle is setting up a stalking horse for surreptitious and undemocratic social change. The strangest thing is that almost nobody seems to be raising their voice in protest. In the Cartagena protocol, the fourth recital reaffirms this precautionary principle—no due process, in other words.

What the protectionist alliance is doing in using the precautionary principle is setting up a stalking horse for surreptitious and undemocratic social change. The strangest thing is that almost nobody seems to be raising their voice in protest. In the Cartagena protocol, the fourth recital reaffirms this precautionary principle—no due process, in other words.

... modern biotechnology that may have adverse effects on the conservation and sustainable use of biological diversity.

Likewise, in article 10 it says:

Lack of scientific certainty ... regarding the extent of the potential adverse effects of a LMO ... shall not be a ground ...

But what is worse is that the European Union Commission, in its communication of 2 February this year on the precautionary principle, cites this expanded definition—at that time, that is, 2 February, of course the protocol had not been signed by anyone—as an ‘authoritative precedent’. Indeed, page 4 of the communication states clearly:

... exercising discretion according to the precautionary principle is an ‘eminently political responsibility’.

But things get worse in the protocol. Article 26 allows for:

... socio-economic considerations—whatever they are—to be a factor in decision-making, qualified by the phrase ‘... consistent with their international obligations ...

However, the preamble to the protocol is not supposed to be subordinate to any other agreement, so you might say: wherefore the WTO rules? This expansion of protectionist legitimacy accordingly must be paramount to the WTO; more so, I suppose, because the so-called socioeconomic ground is specifically spelt out and the qualification to it is expressed in general terms. In the law there is a legal maxim—I think it is generalia specifcavit non derogant, that is, the specific has primacy over the general. This socioeconomic ground is code for what some governments describe as multifunctionality.

I remember the Japanese government made a great deal of this in trying to protect its agriculture. They used the term ‘takinou sei’. It is an argument that agriculture, no matter how inefficient it might be, serves some purpose in buttressing society against undefined threats. In other words, it protects inefficient farmers.

The third problem with the protocol is a separate appeal mechanism. In article 34, the protocol establishes no dispute resolution mechanism. This might sound bizarre, but it
is true. I am very suspicious that it leaves it to a conference of the parties to consider and approve measures to promote compliance. If this does not happen—if they do not agree on measures—then presumably the mechanism in the convention that stands above this protocol is going to apply, and that involves an appeal to the International Court of Justice if, and only if, the parties agree, and only conciliation if they do not agree. What we should take particular note of is that in a dispute about trade in an LMO here there is a complete bypassing of the WTO disputes resolution mechanism. Clearly, this Cartagena protocol is an attempt to bypass the WTO rules.

The fourth dangerous aspect of it is its purported application to non-parties. The basic rule of treaty law is that a treaty cannot bind those who are not a party to it. In other words, it cannot create third-party obligations. That is in article 34 of the Vienna Convention on Treaties. If a treaty is customary international law, then, yes, it can apply to third parties, but this is very uncommon. Environmental treaties are not customary international law, no matter how fervent the support for them might be in the news media or the cappuccino ghettos. They do not represent regularities in the actual behaviour of states, which is the condition you must satisfy for something to become customary international law. The alliance is soon going to claim, of course, that the protocol is customary international law because the EU and some other large nations have signed it. This is a blatant denial of the sovereignty of any nation that does not sign this or become a party to it. In article 24 the protocol makes the leap into extra-territoriality. It says:

Transboundary movements of living modified organisms between Parties and non-Parties shall be consistent with the objective of this Protocol.

So much for the Vienna convention. So much for the basic rule of treaties law. What we should be really worried about is what this protectionist alliance is going to do next. Having succeeded in debasing treaty law with this so-called environmental protection regime in the Cartagena protocol, their next step is clearly an addition to the body of treaties using some amorphous notion of human rights as a ground for trade sanctions. Al Gore in his election campaign, I think, will promise this as bait for organised labour and green support. If he is elected, we will have a real problem on our hands.

There have been some real changes in the way the government parties propose to deal with treaties internally. We will now more often debate them in our party room before they are signed. This is a very transparent way, I think, of dealing with it. But over all of this—the David and Goliath struggle that we have against this enormous global alliance of anti-private enterprise and enviro-anarchistic NGOs and protectionist governments—you have to look at the agenda that these NGOs are planning, and their agenda for the WTO in particular: the grounds of environment, human rights and labour issues that they are going to try to destroy that rules based regime which gives Australian exporters half a chance of getting their products into foreign markets.

These NGOs call themselves civil society and they talk about the democratic deficit left by national governments. In reality, of course, these NGOs are highly political. Most of them are advocacy bodies. There is a great myth that in a globalised society the so-called democratic deficit is growing all of the time and, hence, the NGOs are necessary to allow the ordinary citizen to participate in policy making. This is rubbish. In fact, the IT revolution has enabled more ordinary citizens greater access to national governments and to elected members of parliament and so forth and, hence, greater participation in policy making. So the NGOs are actually needed less and less as time passes. There is confusion of purpose between environmental protection and other perfectly legitimate policy areas. The more serious areas, such as trade policy, are causing a lot of problems in modern treaty making. Unless this is opposed more vigorously by governments committed to free trade, I feel that these treaties are going to inflict awful damage on Australia in the future, and I call upon all of those interested in free trade and our country’s interests to do more and more to oppose this modern trend.

Mr CREAN (Hotham) (10.43 a.m.)—I rise to speak on Appropriation Bill (No. 1) 2000-
The main legacy of the Treasurer’s last budget has been the exposure of the enormous fiscal loosening over which this government has presided to buy its GST and also the falsehood that the budget papers, and consequently the budget, are somehow more honest than under Labor. On the night of the budget Labor exposed the three major fiddles which involved almost $5 billion in dishonesty in the budget year. Fiddle No. 1: despite promising it would not include asset sales in the budget bottom line, the government included $2.6 billion of spectrum asset sales. Peter Costello said it is not an asset sale, but economists, Treasury officials and the budget papers admit it is an asset sale. Who would you believe?

Mr Slipper—Costello.

Mr CREAN—The Parliamentary Secretary to the Minister for Finance and Administration at the table must be the only person in this country that would believe Peter Costello against them. Fiddle No. 2: the government has pretended that a further $1.65 billion of GST top-up money that it is providing to the states is a loan so that it does not have to include it in this year’s spending. But all of the state auditors-general treat it as a revenue. If they treat it as revenue, the Commonwealth has to count it as an outlay. Peter Costello cannot legitimately name one state treasurer or auditor-general that supports his position. His own Deputy Auditor-General says that the view of the states that it is a grant and not a loan is compelling. Again, who would you believe. Mr Deputy Speaker—Peter Costello or the auditors-general? When Peter Costello is asked how he responds to the Auditor-General, he says he does not care what the Auditor-General says. There was another Victorian high-flyer in the Liberal Party who had the same view of his Auditor-General: Jeff Kennett. He tried to nobble him and tried to marginalise him but paid the price, because the public do not like their politicians ignoring the test of honesty and scrutiny in accordance with appropriate standards. That is the second budget fiddle.

The third budget fiddle was, of course, the Reserve Bank income that was received this year but which the government have accounted for next year to make sure the books look better than they should. Again, they have cooked the books. There have been three major fiddles. All of the claims we made on budget night have been proven correct. The markets have analysed the budget surplus and effectively exposed it as a con. If there were an honest assessment, the budget would have reported a deficit of $2.1 billion. Understand the magnitude of this: three years ago it was projected that the budget year in question, 2000-01, would have a surplus of $11 billion. But they have squandered that surplus to buy the GST, and they have gone into an effective deficit of $2 billion. So the extent of fiscal loosening—indeed, squandering—is $13 billion in the space of three years. It is probably the largest fiscal loosening in our history. Some black hole that is!

But the fiddles do not stop at the three we identified on budget night. If the GST itself were not bad enough, Mr Costello does not want to call it a Commonwealth tax anymore. He says it is a state tax. Why is he doing that? Because he wants to fiddle the figures, cook the books again, to appear as though he is reducing tax. If it is not his tax but the states tax, it will not show up in the Commonwealth revenues as a proportion of GDP. The truth is that this is probably the most dishonest budgetary claim ever made in the 100 years of our nation. He says the GST is not a Commonwealth tax; he says it is a state tax. But the states have no constitutional power to impose that tax.

Mr Slipper—Don’t get it wrong.

Mr CREAN—You tell me, Mr Parliamentary Secretary, where the constitutional power is that enables it to be called a state tax. The states do not have the capacity to raise it. It is not a state tax just because the Treasurer calls it a state tax. It is a dishonest claim.

Mr Slipper—The premiers signed off on it.

Mr CREAN—Are you trying to tell me this is not Peter Costello’s or John Howard’s tax? They fought the last election on it. You must be in total denial to have campaigned on the basis of a tax that you now want to treat as an orphan. So proud are you of this new tax that you already want to treat it as an
orphan. It is a tax imposed by the Commonwealth parliament, it is collected by the Australian Taxation Office—a Commonwealth government agency—and it is classified as a Commonwealth tax by the Australian Bureau of Statistics. The other day we heard the Treasurer talking with great confidence about the ABS classifications. It is also classified as a Commonwealth tax by the states. Not one other person of authority agrees with Peter Costello that this is other than a Commonwealth tax. Again, Mr Deputy Speaker, who do you believe? I certainly do not think it is Peter Costello.

The Treasurer, who regularly makes policy announcements on his GST, said that there were going to be no more legislative changes once the government had introduced them, but last year there were over 1,000 amendments. The government accuses Labor of offering a roll-back but does it itself because it realises how unfair this tax increase is, and that major roll-back continues. In a press release on 3 May it announced some five pages of roll-back, and there will be debate in the parliament later this week on a bill that introduces an extra 145 amendments, and we understand that there are still more to come. Even before the tax has come in—this great new simple tax—we are into the millennium, and heading probably to the second, already with amendments to this tax. Only Peter Costello says it is a state tax, but does anyone believe him? Remember, it is the Commonwealth government that is wasting over $430 million in GST advertising and promotion. This figure is truly a national scandal, and it rises almost daily as further revelations are made.

On Monday night, the Democrats became an even closer partner in this huge squandering of public money—$430 million of it. The Democrats refused to pass Labor amendments that would have ensured that the government would face the same $10 million fines that small business face for false and misleading statements in advertising. The Joe Cocker ads say that you are going to get tax cuts but forget to mention the GST and forget to mention that there is a new $30 billion tax coming in on 1 July. They say that everyone is going to get a tax cut when they are not. I would have thought that was false and misleading advertising paid for with public money, yet this is a government prepared to introduce legislation fining businesses up to $10 million for false and misleading advertising about its tax, and the Democrats have conspired with the government to ensure that the government itself cannot be fined for false and misleading advertising.

I will talk about the Joe Cocker ads, the _Unchain My Heart_ ads. The truth of it is that the government do not have a heart. They hit the Australian people with a massive new tax, and they do not even ask poor old Joe Cocker if they can use his name on their ads. Poor old Joe. He has been through it all before. Just ask those who were around at the time to cast their minds back to 1970. With a little help from his friends, like Leon Russell and a motley group of musicians, he set off on a tour of the United States, covering 39 cities in less than two months—a schedule almost as busy as the government’s GST ads campaign. Do you remember the name of the tour? It was ‘Mad Dogs and Englishmen’. At the end of it, poor old Joe was physically exhausted, emotionally drained and in trouble legally and financially. It sounds funny, but it sounds more like the state of Australian small businesses as they try to cope with the mess of the new tax. Joe went into seclusion after that great show, travelling in his van around England and making an attempt to find himself again. Mad dogs and Englishmen indeed! As John Howard goes out in the midday sun in England in July, escaping Australia as his new tax comes in, I hope he does spare a thought for all the Australians who will be suffering under his GST. Perhaps they will get a letter from him.

As I said, the Democrats refused to support Labor in passing that amendment. As usual, on the GST, they have sided with the government in an unholy alliance. According to them, it is better to waste hundreds of millions of dollars of public money peddling lies and falsehoods and misleading people in a blatantly political exercise than to provide real services such as health, education, nursing homes, apprenticeships or roads—just to name a few options. This is a government that will stop at nothing in its advertising
campaign and promotion. It will misuse confidential information supplied in good faith to the Australian Electoral Commission, something the Australian Electoral Commission has described as ‘unprecedented’. The government will pay a premium to stop opponents advertising their opposition to the GST. As the figures are exposed in the Senate, we see that the public money is ticking over daily and that the cost is now in excess of $431 million.

Let us look at what else is hidden in this budget. There are some more fiddles that do not become apparent, and they are what the budget bureaucrats cannot work out—that is, the total of the GST related cuts to outlays across numerous programs. The government is again practising deceit and is double counting the so-called embedded tax savings. The embedded taxes were all supposed to be passed on to consumers, but the government is grabbing them back and denying full dividend pass-through. This can only mean higher price rises than those disclosed in the ANTS package, and that is what we are now seeing. There have been reports that the total of these savings is around $900 million. Are these disclosed in the budget papers, the so-called new, honest, open budget papers? Of course they are not. In the Senate estimates, we asked the department responsible, the Department of Finance and Administration, what the total cost was. They could not tell us. They said, ‘Go and ask the Treasury.’ Some finance department! The truth is that we went to the Treasury as well and they did not know either. Here we have a situation where nobody knows what the GST is doing to the outlay side of the Commonwealth budget. This is a simple new tax, so simple that neither the Treasury nor the Department of Finance and Administration can tell us how it affects outlays.

The Treasurer will go to any lengths to hide almost anything from public scrutiny. Even the most rudimentary information is simply not available in a comprehensive form in the Costello budget papers. As Roger Kilham of Access Economics recently said:

The amount of useful information included in budget papers has decreased tenfold and the amount of useless information has increased tenfold.

This is a fundamental issue of government accountability. The budget papers and associated documents are supposed to be a window into the operations of government. Sabotaging the practical usefulness of the budget papers is therefore a major threat to accountable government and should be seen as such. We get confusion, secrecy and bluster about honesty, but Peter Costello has demonstrated that he cannot be trusted in the presentation of his papers.

In my budget reply speech at the National Press Club, I pledged to reverse this disgraceful trend and I outlined a number of measures through which we would do it. I also committed Labor to correcting the disgraceful deceit of the Treasurer in understating the true value of the nation’s greatest public asset, Telstra, in the budget accounts. Instead of including Telstra at its real value, the government accounts show it at only a fraction of its true worth. This allows the government to pretend that the nation will be better off if Telstra is sold off. You know they want to do it, and you know we are going to stop them doing it.

If you look at table 5 on page 4-9 of Budget Paper No. 1, titled ‘Balance sheet for the Commonwealth general government sector’, you will see a balance sheet for the Commonwealth over the next four years. This shows that assets diminish only slightly over the next four years but that debt goes down by over $50 billion. This occurs because Telstra is massively undervalued in the accounts. Whilst accounting standards may allow such treatment, it results in a massive distortion and no transparency in the government’s balance sheet. Given that the government—and this is the importance of it—insists on including the further sale of Telstra in its accounts, budget honesty demands an accurate reflection. We call on the government to disclose the true picture concerning Telstra. It is an issue we intend to pursue through other forums of the parliament. Labor will ensure that Telstra is properly valued in the national balance sheet. I welcome the subsequent admission in estimates from the Department of Finance and Administration...
that the issue is now being examined. It is a
disgrace that the massive undervaluation has
occurred, but I welcome re-examination of
the issue.

The second area of deceit concerning Tel-
stra is the fact that the budget assumes that it
is fully sold and has factored in the proceeds.
Yet nowhere in the accounts are those pro-
ceeds disclosed, nor is the impact of that sale
disclosed in the budget. The government is
proposing what would have to be the largest
transaction in Australian history, which we
intend to try and stop, yet Peter Costello’s
budget keeps it hidden. It is clear from chart
1 on page 7-3 and chart 2 on page 4-6 of
Budget Paper No. 1—titiled, respectively,
’Net funding requirement’ and ‘Summary of
Commonwealth general government balance
sheet aggregates’—that the government is
planning to sell Telstra in full. What is the
purpose of the Besley inquiry? It is being
pre-empted. It is simply window-dressing.
But how much have they assumed will be
raised? You will not find it in the new Char-
ter of Budget Honesty papers the Treasurer
has put down.

Further, where is the impact of the full sale
of Telstra on the budget over the forward es-
timates period? This was disclosed in the
1998 budget in the context of a failed attempt
to sell all the equity then, but it has been de-
liberately hidden in this year’s budget. Fi-
nance could not or would not provide the
figure in estimates. Again, how can a gov-
ernment proposing to sell this asset justify
hiding this type of information? What I have
demonstrated today is beyond what we said
in reply to the budget on the night it was
handed down. This has more fiddles in it than
the Tamworth Country Music Festival, and
they are coming out every day. I have not just
confirmed the three that were identified on
the night but identified even more. The
Charter of Budget Honesty is a hoax. It was
never intended otherwise by the government.
The government tries to hide its true mean-
ing, and the Australian public will be awake
to that deceit in future. (Time expired)

Mr RONALDSON (Ballarat) (11.03
a.m.)—I am very pleased to be following the
member for Hotham, the shadow Treasurer.
His speech will probably go down as 20 min-
utes of wasted opportunities. It was no more
than a fill-in from his speech at the National
Press Club, and it was 20 minutes of blank
paper. There was not one original thought
from the shadow Treasurer, not one proposal
about what a Labor government—if they
were ever re-elected—would do and not one
single policy proposal. It was a wasted 20
minutes.

The highlight of the shadow Treasurer’s
speech was his description of the federal
government treating the GST as an orphan. If
the government is treating the GST as an or-
phan, isn’t it fantastic that the so-called or-
phan GST has found an adoptive parent in
the ALP? What are the Labor Party going to
do with the orphan after 1 July if they ever
get back into power? They are going to adopt
it. They are going to keep this child that they
are now saying is an orphan, a child they say
that they have no time for. Let me repeat:
they are going to keep the tax that they have
been lampooning around Australia for the
last 12 months. The tax they apparently de-
spise is the tax they are going to keep. That
hypocrisy will not be lost on the Australian
people, and that is the bottom line of this
whole debate.

The shadow Treasurer in question time is
constantly talking about people who will be
worse off under a GST. But we had the big
admission from the shadow Treasurer in his
Simon Crean ‘GST information kit’, distrib-
uted in his electorate—and I am indebted to
the Treasurer for his press release regarding
this:

The real increase in the pension will therefore be
two per cent.

As the Treasurer quite rightly said, a real in-
crease is one which takes into account cost of
living changes. A real increase means that
pensions rise over and above inflation, leav-
ing pensioners better off after price rises. As
the Treasurer said, the government welcomes
the acknowledgment of the Labor Party that
pensioners will be better off in real terms as a
result of the introduction of the new tax sys-
tem.

We have seen the most deplorable political
spoilng game from the Labor Party in the
last 12 months, the like of which we have
never seen in this nation’s history. It has been
a deliberate, calculated attempt to put the fear of God into people who deserve a lot more. Their primary target, of course, has been pensioners. They have been the primary target: the most vulnerable in our community. The Labor Party have tried to frighten, they have tried to confuse, yet the shadow Treasurer comes out with an information booklet he has put out in his own electorate acknowledging that what he has been saying is absolutely wrong. I think that is quite deplorable. There must be some obligation on members in this House to at least be honest in their dealings with the Australian community. You would have to say the ALP have been less than honest in the last nine months. I repeat: they intend to keep the GST.

The other issue that has caused me a great deal of concern is that the ALP have tried to tell the Australian community that there are $460 million worth of television advertisements. They know that is not true. They are acutely aware of the fact that that is not true, but they have persisted in the last three weeks in trying to tell people in the gallery, children up in the outer galleries and people through radio and television that there is $460 million worth of television advertising. They know that is not right. Indeed, the advertising campaign is just one part of the public education program. The program predominantly comprises free information booklets, industry specific publications and seminars, help for charities and not-for-profit groups, one-on-one personal tax office visits, and the advertising. Nearly 140 groups—and I am sure the parliamentary secretary at the table, the very hardworking member for Adelaide, would be acutely aware of this—including groups such as the Victorian Farmers Federation, the Salvation Army, the National Catholic Education Commission, ATSIC, the Tourism Council of Australia, VECCI, the Australian Early Childhood Association and the ACTU, have shared nearly $200 million which is available for them to go out into their own communities and explain this new tax system. And this is not the new tax system that may or may not be there after 1 July but the new tax system which will be there after 1 July.

The tax office in my electorate of Ballarat have made over 700 one-on-one personal visits, and the requests are still rolling in. They have addressed numerous community not-for-profit groups, business groups—the Australian Independent Retirees Ballarat branch, for example—motor car dealers and chambers of commerce. Indeed I understand that nationally the ATO have done nearly 125,000 free on-site visits. On top of that, in my own electorate we have two signpost officers who are federally funded through the area consultative committee. Ross Keating in Ballarat and Tim Neeson in Stawell have been doing a fantastic job. It is often not fashionable to say anything complimentary about the tax office, but I am going to put on the public record today that I think these people have done an absolutely fantastic job. They have been under enormous pressure. This is a massive change to Australia’s taxation system, a change that we desperately needed. If you look at the GST Start-Up Assistance Office, if you look at the Taxation Office, if you look at the signpost offices, they have done an absolutely magnificent job and I have absolutely no qualms about going on the public record and saying a very big thank you for their endeavours.

Governments are required to explain their programs. The great hypocrites in Australian politics, the Australian Labor Party, have done the very same thing themselves. The very thing they are accusing this government of doing they have done themselves. They have gone out and explained their own new policy programs, and legitimately so. But they should not come back into this place saying, ‘Well, it was all right for us to do it but it is not all right for you to do it.’ The instances that immediately spring to mind were the new superannuation scheme in the early 1990s which was massively advertised and the failed Working Nation program. We saw Bill Hunter on our TVs night after night after night as part of the former Labor government’s advertising of its Working Nation program. I can say here that the relativities of the worth of the programs are a million miles apart. As to the worth of this new taxation system compared with the worth of that failed One Nation program, there are many yards—or, as my children say, many metres—between those two programs.
We have heard from the Labor Party the view that they are going to roll back the GST: ‘We will keep the GST. The GST is there but we will roll it back.’ I think it was one weekend back in February when the Leader of the Opposition talked about roll-back but he nearly got rolled back out of his seat because he was, quite rightly, taken to task by the senior members of the press gallery in this place who said, ‘You can’t have your cake and eat it too.’ Members may remember an interview with Laurie Oakes, I think it was, on 20 February when the opposition leader refused to rule out income tax increases to pay for his roll-back. He refused to rule out income tax rises to pay for this roll-back. I know what the views of the constituents of the honourable member for Adelaide would be if there were to be tax rises because she, like me, represents a group of hardworking, honest, decent Australian men and women, family men and women, pensioners, in my case farmers and others. They reckon we are overtaxed. They reckon $12 billion in tax cuts is exactly what they deserve. They do not deserve and will not wear any political party that is talking about tax increases in the way the Australian Labor Party are doing.

I think the Treasurer has quite rightly made the point that you can put the ALP’s policies on a blank sheet of paper. There is nothing there. We have heard nothing. We heard nothing today from the shadow Treasurer. We heard nothing at his National Press Club appearance. We heard nothing from the Leader of the Opposition in his budget reply about what they will do. When they have finished their GST scare campaign, I wonder what they are going to talk about. Post July, I wonder what they are going to talk about. Are they likely to talk about education? I suspect not. I do not think they would be game to. When the coalition came to office in 1996, we found that 30 per cent of 14-year-old children could not adequately read or write. In response to that, we forced the state governments, for the first time ever, to test all students in grade 3 and grade 5 against a national literacy standard. Now, four years later, 87 per cent of year 3 children make the grade. Those opposite did nothing about our literacy problem in 13 years. They swept it under the carpet. This government has done something about it.

The budget outlines a very substantial commitment to education in this country—money for the government and non-government schools in my electorate of Ballarat. This will build this nation’s future leaders, provide them with the opportunity to make their mark on the Australian community and maximise their individual potential—not get the lowest common denominator and not try to make people what they are not. It surely must be the responsibility of any great country such as ours to enable all young people, all our children, to maximise their individual potential.

The Australian Labor Party certainly will not talk about apprenticeships. You may or may not be aware, Mr Deputy Speaker Nehl, that in 1996, when this government came to power, the number of apprentices in Australia had fallen to its lowest level in three decades. It was down to 143,000. The government’s New Apprenticeships program has dramatically reversed that. In September 1999, there were some 286,000 young people in apprenticeships or traineeships. That is great news. In my own electorate, over 100 young people come in under that program every month. In the budget there was $2 billion to help the young people in my electorate get a chance, get a start, get the opportunity to make their mark on this great country of ours. This government has been the one that has done something for that 70 per cent of Australia’s young people who do not go on to university. In 13 years under Labor, they were the forgotten ones. That 70 per cent were told, ‘We don’t believe that there is a place for you.’ I can assure you that this government believes that there is a very strong place for the 70 per cent of young people who do not go into university.

My own community has a very heavy reliance on manufacturing. Ballarat is one of the nation’s great manufacturing centres. It, along with other great manufacturing centres such as Daylesford and Stawell, require strong skills bases. They require the young people coming through to have the skills to drive that manufacturing sector forward. They are the ones who are going to make
Wednesday, 7 June 2000

Ms JANN McFARLANE (Stirling) (11.23 a.m.)—I rise to speak on the appropriation bills, the three now before the House. These bills and the budget are the instruments that spell hope—for families, community groups, small business, government departments and quangos, councils and shires, big business, multinational companies, overseas aid projects, migrants who have applied to live in Australia, sporting and recreation associations, events and conferences, the staff of this parliament—the whole gamut of people and organisations that will benefit from the decisions outlined in the budget and these three appropriation bills. The budget and the appropriation bills are the engine that drives the economy of our wonderful nation and shapes the lives of all Australians. As well as hope, the budget and appropriation bills also have other aspects: disappointment and shattered expectations for the people and organisations whose needs or expectations are not met. In talking about the budget and these bills, I am mindful of the ideology that is behind them. It is an ideology driven by a belief that globalisation, privatisation, contracting out and individualisation will benefit big business, and that the trickle-down effect will bring benefit, access and equity to the rest of the community.

The budget and the appropriation bills signify a major restructuring of Australian society through the introduction, on 1 July this year, of A New Tax System, the goods and services tax—what we now call the GST. This is a major restructuring that the community did not have the opportunity to have input into or to shape through the usual round of consultations, forums and discussion pa-

their contribution to my great city of Ballarat. As a result of the introduction of this fantastic apprenticeship program, they are the ones who will be trained and educated and address the skill shortages.

The Labor Party most certainly will not talk about rural health. That will be part of that great blank page. In the time left to me today, I am going to talk about rural health. One thing that has happened in our community in the last 20 years is the great divide between city and country in relation to health. It is now the year 2000, the great new millennium, but still there is an enormous divide between city and country in relation to health opportunities. I think there is some danger in throwing the baby out with the bathwater in relation to regional and rural Australia. I think we need to be very careful that we are not perpetuating the myth—that, if you talk down regional and rural Australia, to a great extent, you actually will invite the response that will flow.

There is an enormous amount in regional and rural Australia that we should be proud of. There is a fantastic future for rural and regional Australia. It is full of great people with great hopes and great ambitions. Those regional and rural Australians, such as those in my electorate, will drive this nation forward—have absolutely no doubt about that. But they need to have the basic services that metropolitan Australians take for granted. Health is the absolute key to it. In this budget, we saw the largest ever endeavour to do something about that. With your leave, Mr Deputy Speaker, I will refer to my notes to make sure I have got all this down because it is very important. This is the largest ever health funding program targeted at regional, rural and remote Australia. A $562 million program will; deliver more doctors; provide a medical specialist outreach program; employ community based allied health professionals; allocate $30 million to bush nursing and other non-government hospital services; and allocate nearly $70 million to increase the regional health services program, which will enable an additional 85 communities to participate. There is also $22 million for innovative health programs such as the Better Medication Management Project.

The provision of quality aged care in regional areas remains a priority. In this budget we saw $10 million allocated for radiotherapy services to three centres in Victoria. The single most important health priority for my region was access to radiotherapy services; the single most important thing to stop the indignity of people being required to travel for three, four, five hours to receive radiotherapy treatment. This will now be delivered in regional Victoria as a result of the endeavours of this government. Good news for everyone.
pers which are organised by governments when change is envisaged. The community did not have this opportunity because the Liberal and National parties, as the coalition government, decided on this major reform and announced it as part of their election campaign for the 1998 federal election. The community was given the broad brush outline of a GST as major tax reform during the election campaign, with promises that no-one would be worse off—in fact, everyone would be better off—as a result of a GST.

At that time in 1998, I was a community worker. I worked for a community based management committee and, as a volunteer, was on the committees of six other community services. As well, I was a candidate for the Australian Labor Party. In both roles I heard from people, groups, councils, business, government departments, associations and other entities about their views on the coalition plan for tax reform and the introduction of a GST. The views expressed to me were very, very mixed and confused, and they ranged widely. Some people and groups were enthusiastic for reform: ‘Change is good; we are a modern country; change is hope for better access and equity for everyone.’ Some people and groups were adamant in their rejection: ‘We don’t need change; things are okay for me, my family and my community; what we need is for the coalition government or the parties to consult with us better.’ Some people and groups were disinterested: ‘I’m busy; I’m juggling work and family and volunteer work for my local groups; I don’t want to know; I hope the change makes things better. After the coalition government has consulted with me, I will make my mind up.’

The people and groups wanted to know what the Labor Party would do and would it be beneficial. They were reassured when I told them that the Labor Party had a plan for tax reform, but not a major restructure; that the Labor Party would consult and do comprehensive consultation with the groups and the community and the full gamut of people and groups who make up Australian society. People were reassured by this approach. However, the coalition government was re-elected. Since then, Australia has been on the roller-coaster of a major tax restructure and we are days off the implementation of the GST.

I want to talk now about community perceptions and the impact already being felt by the community and the electorate of Stirling of the pending GST. There is confusion and anger, and it goes in a number of directions. Some of the anger is directed at the coalition parties for not consulting comprehensively with the community. They are angry that the parties just proceeded with the bills—the 14 bills that make up A New Tax System—through the House, without a full range of consultative mechanisms, discussion papers, white papers or an opportunity for the community to have input and to look at how it would shape up. They are angry with the Democrats. They are not so angry with Senator Natasha Stott Despoja or Senator Andrew Bartlett, because they both stayed in the Senate when the bills were voted on. But a lot of people out there are very angry with the six senators who walked out and, by their absence, by default, allowed the new tax system bills to go through the Senate.

People are frustrated and angry with what has been the implementation stage of the bills, the lead-up to their actually coming in. The implementation stage has had a number of impacts on my electorate of Stirling, and I now hear regularly from a whole range of people and groups about what it means to their business, to their group or to their lives. The issues that people are most concerned about, as expressed to me, are jobs, health, education and services. Many other issues get raised with me such as the environment, diesel fuel, taxes, other aspects of how the state government operates and what the state government will do about honouring its commitment to disband some of the state taxes. But I want to focus particularly on the issues that people bring up with me: the impact on Stirling, the council. The council has had to do a whole restructuring of its computer and admin systems. The councillors have expressed to me their disappointment that they do not feel councils have been compensated in any way for the moneys they have had to expend to upgrade their computers, bring on
board new people and change their systems. They have also borne some of the brunt of the community—some of the anger, disappointment and shattered expectations about the GST.

In many ways, people see the council as the first stopping point when they want to discuss something, and they are not very happy when the council say, ‘We are just local government. That is a Commonwealth or federal government issue.’ People have expected council to have a bigger role, a more up-front role, in helping them understand the GST and what it means for their group, their community or their association. The council have tried in quite a comprehensive way to hear people’s concerns and bring them to me. But it is not their role. Often I feel quite sad about some of the frustration and anger they have experienced because it is not their responsibility but that of the federal government.

I have three caravan parks in my electorate and two on its fringe. I met with the residents of the caravan parks, who are most disappointed and angry to find that they are going to have a GST on their site fees. They feel this is iniquitous and unfair, and I agree with them. Many people from caravan parks up and down the coast rallied here at Parliament House in March in a hope that the government would grant an exemption to the residents of caravan parks; that they would not have to pay GST on their site fees. My electorate of Stirling in Western Australia is too far away and, therefore, it was too expensive for those people to attend the rally, but they sent their thoughts and aspirations with me. This exemption has not happened. My electorate of Stirling in Western Australia is too far away and, therefore, it was too expensive for those people to attend the rally, but they sent their thoughts and aspirations with me. This exemption has not happened. It is not too late. It can still happen. So I am bringing it forward now as an issue the government needs to look at.

Homeswest is my public housing instrumentality. My Homeswest residents have contacted me to say that their rents are going up and the compensation for those who are on pensions and benefits will be eroded because Homeswest takes a certain per cent of people’s income—whether the income goes up because of GST compensation is not taken into the equation. So the Homeswest residents, the people who live in public housing, will find their compensation eroded by the GST because their rents will go up and other costs will come into it—and Homeswest has put their rents up in the last couple of months. So the compensation for these people has already been eroded before they have got it and they are not very happy about it. They feel that, in drafting the acts, some concession should have been given or some structure should have been put in place so their rents would not have been impacted on in this way due to the untoward effect of a GST on their lives.

I have 300 community groups and associations in Stirling, and many of them have contacted me. The GST has a number of effects on them. Some have had to use their precious service money to employ administration staff for a period of time to set up again their books and administration structure to account for the GST and how they are going to operate under the new system. The groups are angry and upset that they have had to spend service money in this way. They are also angry and upset that they are not adequately compensated for these set-up costs. They are also dismayed—or so they tell me; they are not quite sure of the impact because it has not been fully explained to them by their various funding bodies—that they will pay a GST on their grants. They are totally confused by this because traditionally when a community service organisation or a council gets a grant it is a grant. They do not see how this can become a service to government and, because it is a service to government, it is therefore GST-able and they will have their grants reduced. In looking at the fine detail of the new funding arrangements, they have found that they will not be compensated to the full extent, or even to a great extent, for what will essentially be a cut to their grant. Most of these groups use the dollar very wisely and get by on a shoestring budget and deliver maximum service, and the only way to restructure around a GST is to cut services.

The sporting associations and facilities are dismayed to find that their fees and some of their fundraising activities will attract a GST. In other words, associations or clubs will have to levy a GST on the people who use their services, and they are having a hard
time explaining to their members, or to the people who use their facilities, that their costs and fees will go up. Their hope that they would get some compensation or some exemptions from government has been dashed. They will not be eligible for any of the compensation for set-up costs. A lot of these organisations do not get government grants; they solely raise their moneys from fees, donations and fundraising. The fact that they find themselves in a position where they are not going to get any compensation from government and will have to charge a GST on their activities has made them angry and dismayed.

There are a number of TAFE and college sites in the Stirling electorate, and they are dismayed to find that, yes, education is free, but only up to a point. The problem is the point at which it is free and at which courses are free. Some of the courses are not deemed as educational and will have a GST put on them. My TAFEs and colleges are quite dismayed about that because some of these courses are preparatory to people undergoing other courses to build their skills and obtain qualifications which will make them employable in the job market. The kinds of courses I am talking about are the new opportunity for women courses and some of the personal skillling-up and development courses. They expected the government to make all the courses GST free, but some of these courses are not, so they have to put their fees up.

Some of the costs of going to a college or TAFE, or even to school, are not exempt under the GST. So people’s incomes will have to bear the extra costs. The TAFEs and colleges are concerned that the extra costs of some of these courses which are critical, particularly for helping the least skilled and the most disadvantaged people—particularly migrants, women and people who left school at a fairly young age of 15 or 16—will be an impost to these people because these groups tend to have the lowest incomes. If they do not book into the courses, the numbers drop off and the TAFE or the college cancels the courses, and a prime step to entry into TAFE, college or the education system, particularly for mature aged people, will be lost. That means that, over time, if we are going to become a skilled community and live in the modern world, a whole group of people will be relegated to the lowest uneducated level of society with little hope for progression.

People tell me that they are most disappointed with the lack of exemptions from the GST in some areas and with what the restructuring means. They feel we will go back to those days of the fifties and sixties, which was not the golden era of Australian society; it was the era I grew up in where people from my group in society, the working class and the less educated people, did not aspire to education beyond maybe a trade apprenticeship. People feel we will go back to those days where there will be this divide. What has characterised Australia since the seventies is the opportunity for social mobility. When I read the Hansard of the first speeches of many of my colleagues in this House, I can see this social progression expressed in those members’ stories and in their lives. Many of them came from families that were not necessarily the most educated or upper class; they came from families of fairly humble origins where the parents were in trade jobs or working-class jobs, and, through the education that became available because of the cut in tertiary education fees by the Whitlam-Beazley government in the seventies, people were able to aspire to go through college or mature age matriculation, go to TAFE or uni, gain an education, develop a career and have a lifestyle that was very good and very enriched, and eventually some of them came into this House, as I did. People have expressed to me that they feel that that divide is being created again between people who are lucky—those who do not have an accident, who are not born into poor families or families with a migrant or non-English speaking background—and people who are not so lucky. They feel that those people will suffer again and that we will go back to that kind of society.

I want to give examples of people who had hope for the GST, hope that the GST would be better for them. I will talk about some of the small businesses in Stirling such as my local gift shop and card shop who were quite happy with the thought of a GST, because 20 per cent and 22 per cent wholesale sales tax
would come off cards and paper products. When they looked at it from their business perspective, they thought that that was okay—20 per cent and 22 per cent would come off the wholesale price of card and paper products and the 10 per cent GST would go on the retail price and prices would actually drop a bit. However, that initial enthusiasm for the GST has now waned and some of these people are now coming to me. They have looked more broadly than their small business; they have now looked at their family lives, their community, their P&C, their local soccer and sports association, the local facilities in their community—the swimming pool, the golf club, the cricket facilities. They have found that in their lives and the lives of their children and grandchildren costs will be dearer and there will not necessarily be exemptions or GST benefits for some of these people. So they may be happy for their business, but they are quite unhappy about the impact on their personal lives and their family lives and their broader family lives.

A lot of these people hoped that the budget and the appropriation bills would have contained compensation in much greater measures than has been talked about by the coalition government in the last year; measures that would compensate them or readjust the inequity or readjust the downside of the GST. Their expectations, their hopes, have been shattered because in the budget and the appropriation bills there is not any expansion of the exemptions. There is not any great hope for them. When they look at their lives, jobs, health and education services, they see that in many areas there will be fewer services, that services will have to be cut and that they will join waiting lists. In many areas they will get fewer services because of the GST and the lack of exemptions and because the appropriation bills do not contain any measures that will benefit them or make life easier or better for them or any measures that will compensate the school or the sports group or the council.

Big business—multinationals, large companies—will benefit. The effect of the GST is patchy. I understand from talking to my big businesses and mining companies that they are quite happy about the GST. They will do okay. But, from talking to my small businesses, my local groups, my community, my little people in the electorate of Stirling who are just there leading their day-to-day lives, the GST will have quite a negative effect, a downturn effect. In speaking to the appropriation bills—and I am mindful that as the year wears on the government can introduce further appropriation bills—I bring the voice of the people of Stirling here and they ask the government to consider the exemptions that need to be made, the measures that need to be put in place for enhancement of services and strategies. I hope the government hears the plea of the people of Stirling. (Time expired)

Mr CAMERON THOMPSON (Blair) (11.43 a.m.)—Regional and rural Australians are the biggest winners from the 2000 budget which delivers all of the promised tax cuts, increased allowances and fuel subsidies of the new Australian tax system. This is a government that is prepared to make a promise and keep it. When did the Labor government last make a promise and keep it? The last time they returned to government after an election was in 1993. In that election campaign they promised the moon and what did people get? They got mooned by Paul Keating. What did the coalition government promise in 1998? We promised a new tax system and we have delivered it. We promised to create the long sought after growth tax for states. We promised a tax system that would properly reflect the economy of our country in which the largest and fastest growing sector is services. We promised tax cuts. We promised to take something like $3.5 billion off the cost of Australian exports. We promised to wipe out wholesale sales tax. We promised a diesel fuel rebate scheme to compensate remote areas for the greater burden that a consumption tax would tend to create in those areas. That, in itself, is something quite significant and new and demonstrates the good intentions of the coalition in formulating this new tax system.

We acknowledge that what was required here was not just a new tax but a new tax system. We promised a system that would contain compensations for groups that might otherwise be adversely affected. At that same election in 1998, the Labor Party promised to
increase capital gains tax, but they offered no offsets at all. There were to be no compensation measures from the ALP. They were going to tax four-wheel drive vehicles, as well, and they were not going to compensate for that either. Their plan was, in effect, to pick up where they left off in 1993. Their strategy was not a strategy for long-term, good economic management or good government, but a strategy to mislead as many people as possible and, once in power, to continue to make short-term and opportunistic decisions in the hope of hanging on to that power. People naturally saw through it.

This budget is, thankfully, a coalition budget. It is a great credit to the Prime Minister and the Treasurer that they are keeping very closely to their promises. Even with the intervention of the Senate taken into account, they will be implementing an excellent new tax system for Australia. It is a system providing a growth tax for the states to enable them to fund their services. It is a system that extends the tax base to cover the services sector of the economy. It removes taxes from exports and provides 24c a litre cut in excise on diesel fuel used in the transport industry. It also provides $12 billion in tax cuts. That means more take-home pay for wage earners and huge new incentives for business. In addition to all these important promises kept within the framework of this budget, there are other initiatives this year that are particularly welcome.

For example, local people in my electorate will welcome the $562 million allocated to the regional health strategy, with new initiatives for rural health services to relieve strained resources and overworked GPs. We will get doctors out to rural areas like the South Burnett. It will provide allied health professionals, and there will be better access to specialist health care as well as to nursing care, psychologists, podiatry services, rural pharmacy maintenance and assistance for country hospitals like those in my electorate at Crows Nest and Kingaroy. Places for 75 new medical registrars will be provided in country areas each year until 2002-03. They will be enticed into country areas through a range of Commonwealth financial incentives.

There will also be 100 bonded scholarships each year for four years for new medical school students who commit to working in rural areas for at least six years at the completion of their training. This will be a tremendous incentive for some of our brightest youngsters, to be paid $20,000 a year to study and to return to their home towns as local medics. Other students with rural backgrounds will find a number of scholarships available under the Rural Australia Medical Undergraduate Scholarships scheme—in fact, the number of scholarships will be doubled. They will receive financial assistance for accommodation, living and travel. HECS reimbursement will also be available to graduating medical students who are willing to commit to rural practice. One-fifth of their HECS debt will be forgone for each year worked in a designated rural area. Three new university departments of rural health will be established as well as nine new clinical schools in regional areas over the next three years. A medical specialist outreach assistance scheme will bring medical specialists to provide outreach services to rural areas. This relief will be welcomed by families who have had to consider moving to receive specialised services and by local small hospitals that have found it difficult to attract the necessary staff.

For rural Australians looking for school based, university or vocational education and training, increases in boarding allowances and distance education allowances are provided for in this budget. I pay great credit, Mr Deputy Speaker, to the Minister for Education, Training and Youth Affairs, who is at the table, who has done so much work to advance education not only in my area but right across Australia. For rural Australians looking for school based university or vocational education and training, those increases in boarding allowances and distance education allowances will be most appreciated. From 1 January 2001, changes to the youth allowance will benefit many student children from country areas. The government will disregard the value of a family’s interest in the assets of a farm and/or business by 75 per cent instead of the current 50 per cent. This 75 per cent discount on farm and business assets will also give eligible rural people access to addi-
tional benefits, including rent assistance and fares allowance.

Another area of significance to many people in Blair is the extension of repatriation benefits to Australian Defence Force personnel who served in South-East Asia between 1955 and 1975. This will cover service with the Far East Strategic Reserve during the Malayan Emergency and will come into effect from 1 January 2001. I have discussed this important change with the Minister for Veterans’ Affairs, Bruce Scott, and he has urged eligible veterans to lodge their applications immediately. Vietnam veterans and their families will also receive increased support with a $32.3 million package focusing on their special health needs.

Farmers will benefit from the $309 million Agriculture-Advancing Australia package occurring over four years. That will provide skills, training, innovation encouragement, improved market access for agricultural and food exports, and enhanced support for families experiencing financial difficulty. The Stronger Families and Communities Strategy represents an investment of almost $240 million over four years. This will introduce nine new strategies to strengthen families and communities at a local level and provide more flexibility for government to respond to local concerns. They include parenting, child-care and community initiatives. This is the most beneficial budget the bush has seen in recent years. It targets rural health, farmers, families and older people. This budget builds on the government’s commitment to reducing government debt and taxes, to providing more jobs and better health care, and to building stronger families.

All of this illustrates that the people of Australia have a clear choice between the coalition and Labor. If you look at the management of our economy, for 13 years Labor ran an economy with runaway inflation and interest rates that climbed as high as 24 per cent for credit cards and 17 per cent or so for home and personal loans. They boasted about how they reduced the wages of ordinary workers and achieved fame by inducing the recession that Australia apparently had to have. Today, we have a very different picture, thanks to the coalition. In the last week or so, the OECD again released good economic news for Australia, revising up its projection for economic growth. Since the coalition took the reins in 1996, we have seen strong economic growth in Australia—so strong that we have surfed right over the top of the Asian economic crisis. Now, according to the OECD, we are looking at a continuation of strong growth. Its forecast is for 3.9% in 2000 and 3.7% in 2001. More importantly for ordinary Australians—the same people who saw their wages eroded and their standard of living destroyed by high interest rates under Labor—the OECD has forecast further falls in the Australian unemployment rate. The OECD says our unemployment will continue to fall to 6.4% next year. That is compared to a rate of 11 per cent and more under Paul Keating.

The choice for voters is between an indulgent, irresponsible and untrustworthy Labor Party and a coalition government that has made tough decisions so that Australians can reap the rewards. Let us take some more examples. I began my speech by talking about health issues; if we look at health insurance, the clear intention of the Labor Party is to dismantle private health insurance in Australia. The coalition introduced a 30 per cent private health insurance rebate and, by 30 May this year, in the first five months of the year, 187,000 people joined private hospital cover. The largest increase, significantly, was in the 30-34 year age group, with an increase of 21,000. Since the rebate came into effect in 1998, about half a million Australians have taken up private health insurance—which is a spectacular turnaround due to the coalition. At the same time, we increased funding for public hospitals by 25 per cent, and now we are bringing in lifetime health cover. If you take out that cover by 1 July, you will always have the lowest premium. But, from 1 July, anyone over 30 will face a two per cent loading for each year they are over the age of 30. Anyone born before 1 July 1934 will, of course, always pay the lowest premium. That is a clear and simple policy, with a clear and simple intention: to maintain the partnership between the private and public health systems in Australia. It safeguards the viability of private health insurers and it gives plenty of warning to people in the community about
their rights and responsibilities under this new policy. That is something that is important.

In the case of the GST and the introduction of the new tax system, the government has gone out of its way to advise people of their rights and responsibilities and of the clear and true intention of the policy that it is placing before the people. That has been the raison d’etre of this government and the way it operates, in confronting important issues and dealing with those issues in the public debate. You could contrast that immediately with the attitude of the Labor Party and its infamous l-a-w tax cuts, for example. All of this shows that we do what we say. Labor does, of course, continue to pretend to support the private health system while working to undermine it. Seventy-four per cent of Australians, we should remember, support the coalition view that the private and public health systems complement each other and should continue in that way.

Another example of good policy making under the coalition is the introduction of the customer service guarantee for telecommunications and the open telecommunications policy, under which 39 licensed carriers are now competing for customers in Australian telecommunications. We have delivered untimed local calls for as little as 15c a pop. STD charges have fallen by as much as 45 per cent, and international calls by as much as 80 per cent. Just this week, Telstra launched its countrywide division to cover all rural and regional areas of Australia. It will be opening 29 offices across the country, as part of that initiative.

Employment in telecommunications is growing strongly, with carriers such as Vodafone and AAPT opening new offices and building infrastructure in order to offer a competitive service. The customer service guarantee has also prompted a response from Telstra, with $350 million allocated by them to replace ageing equipment and lines in remote areas of the country. Compare all this—and other features of the coalition policy, such as the universal service order and the very successful Networking the Nation Program—with the moribund and union controlled ALP telecommunications policy, and you can see that we are today light years ahead of where we were under Labor. In fact, the Labor Party are not even honest enough to admit that, should they stumble into government at the next election, they will no doubt reverse their policy and sell the rest of Telstra anyway. I quote no other than a very prominent source on the front bench of the ALP, Cheryl Kernot, who in the Melbourne Age on 22 February, 1996 stated: ‘I think Labor in opposition won’t sell Telstra, but I’m more worried about Labor in government.’

Let us hark back to 1993, when Labor were preparing for their attempt to steal their way back into office in that election. It was successful, and we are often reminded of the big lies they told on the campaign trail. I want to quote a couple of excerpts from a statement by their leader at the time, Paul Keating. The statement was ‘Investing the Nation’, made on 9 February 1993. The first one I would like to have a little look at said:

Following the success that the Commonwealth Bank of Australia had in raising equity capital from the general public in 1991, the government has decided to reduce its equity in the bank from around 70 per cent to 51 per cent. But, of course, that policy to take it back to 51 per cent died in the 1995 budget, when the Keating government went ahead and sold the rest of the Commonwealth Bank. They did not go to the people on that decision; they did not inform the people about that decision at the intervening election. As far as people were concerned, what had been stated by Mr Keating was that they would sell down to 51 per cent. But no: they went ahead in the 1995 budget and sold the rest of it. The coalition, faced with a similar circumstance, has been to the people and will continue to put its policies up front as part of election campaigns.

The Labor example obviously is again the l-a-w tax cuts. They go ahead and implement this sort of major policy change without consulting people; they ram these sorts of decisions down people’s throats. Let us look at another example from the same statement:

The government has also decided—that is, the Labor government—
that it will reduce the company tax rate from 39 per cent to 33 per cent with effect from the 1993-94 income year.

What a crock of lies. Here is the Labor Party once again mooning at the people of Australia with something that was completely false, which never came into effect and which has not delivered up all the wonderful benefits that the very flowery Prime Minister at the time, Paul Keating, outlined in this completely fallacious document that was put to the people of Australia. The finance minister at the time, Kim Beazley, and the Prime Minister at the time, Paul Keating, were dropping their pants and wiggling their bare backsides at people because what is in here is not what they ever intended to do. It is nonsense.

Mr DEPUTY SPEAKER (Mr Mossfield)—Order! I caution the member in his terminology. I think he is breaching standing orders or the decorum of the House. I ask him to be a bit more careful with his terminology.

Mr CAMERON THOMPSON—Thank you, Mr Deputy Speaker. I will keep my pants on. What is the Labor Party saying? I listened to what the opposition treasury spokesman had to say, and what the Chief Government Whip said was perfectly correct: we were not getting any statement of policy from the shadow spokesman for treasury matters. In fact, to get an idea of what the Labor Party might do I think you have to go back to what the member for Werriwa said last night. The member for Werriwa has, I think, got some pretty high opinions of his own economic policies. He tends to speak very quickly and use very big words with very few specifics, but we all know that initially he wanted to roll back the GST in certain specific areas—areas of economic disadvantage. The Werriwa version of roll-back was that it would happen in specific areas. Last night he amended it a little bit because he said he would provide rebates to people in certain areas where there is economic disadvantage. He said it is very easy to discover these areas of economic disadvantage.

I looked up what he recommended, that is, the index of disadvantage. Helpfully, the Australian Bureau of Statistics, which produces that index, provides a list of the bottom 20 regions. The first place I saw when I looked at the list was Maribyrnong. Heaven forbid that we should be talking about pork-barrelling! There are 20 places on that list, and one of them is in part of my own electorate, that is, the Wide Bay-Burnett area. I would support anything that brought advantage to the Wide Bay-Burnett area, but, honestly, the proposal that GST advantage or deliberate payments should be allocated according to the member for Werriwa’s theory of spatial economics is something that cannot be too seriously entertained. It is no wonder that the members on the opposition benches do not take it seriously. When the shadow Treasurer cannot come up with a recipe for policy over there I suppose we must turn to people such as the member for Werriwa. What we get as a result is a ridiculous proposition that would not help the people in my electorate.

(Time expired)

Mr LEO McLEAY (Watson) (12.03 p.m.)—This budget is one of the least exciting budgets that I can remember in 20 years in this House. One commentator described it as ‘banal’, but I think that was being generous to it. There is little or no vision reflected in the so-called priorities of the budget and, no matter what the government members say in trying to address this, this budget is a dog. While the government has used its usual hyperbole to describe its budget measures, there is nothing in their actual content that matches the government’s extravagant claims. One claim that comes to mind—to do with the Australian economy—contains the words ‘all Australians have benefited from rising living standards’. You hear this mantra from ministers. ‘Australia’s recent economic achievements have been outstanding with very strong growth, falling unemployment and low inflation.’ You hear that from ministers all the time. ‘Falling unemployment’ is something that sticks in your mind when you hear ministers quoting that. You think: ‘Maybe they have done something about employment.’

One of the interesting things they have done about employment is change the definition of employment. There are a whole lot of people out there in electorate land who would
be exceptionally surprised to know that to be considered to be employed or in employment you need only work, according to the statistics, one hour a week. If you tell voters that there has been an improvement in employment, most voters will have this bizarre idea that people have got full-time jobs. But to be considered to be in employment under this government you have to work one hour a week.

Dr Kemp—It is the same definition as under your government.

Mr LEO McLEAY—The minister for propaganda at the table is the one who mouths these bizarre Orwellian quotes all over the place. If voters thought that improvement in employment meant that there were more one-hour a week jobs, most of them would be appalled. We ought to be trying to convince some of those people who do not have jobs, who are not officially counted in the unemployment statistics and whose standard of living has not improved in recent years how good the government’s allegedly wonderful performance in economic areas is. The government obviously thinks that if you insist that everything in the garden is not only rosy but getting rosier all the time people will believe you. These people have got a PhD from the Goebbels university: the lie oft repeated becomes the truth. That is the government’s underriding policy: keep saying it—say it long enough, loud enough and more frequently—and people will believe it. The fact is that we now are seeing even in the title of bills that come before the House these Orwellian propaganda phrases.

People are not as gullible as the government think. They need more than words. They need words that translate into action. People want to see policies and programs that achieve results, and they want to experience those results and not just be told by some member of the government that they are better off, like we saw in the mischievous advertising for the GST before the last election. We in this House have seen in recent weeks how all of those promises that were made to people about what was going to happen with the GST are now being proved to be absolutely, downright fraudulent. One of the main things that has struck me about this budget is its relative paucity of measures. There is nothing in it that grabs your attention or imagination. A few crumbs of support have been offered here and there for East Timor, for the rural community, et cetera, but there is nothing of any real substance.

Then there is the tax issue of course—the cuts in income tax on one side and the looming horror of the GST on the other. That is a can of worms if ever there was one. The time is fast approaching for the opening of that can on 1 July. After that date people will see that the things that they were told during the last election campaign—about how the GST would be revenue neutral, that prices would not go up, et cetera and that nobody would be able to charge the full 10 per cent GST—were just downright fraudulent claims.

Before saying a bit more about the GST, there are a couple of other small measures in the budget that I would like to draw attention to. One is the iniquitous change that the government has made in hearing services. That is an area that I have been interested in for some time and an issue that I have raised in this House on a number of occasions, because I have a hearing disability and I am keenly aware of the difficulties encountered by sufferers of hearing defects. I understand that, even though the client base for Australian Hearing Services has doubled over the last two years, $24 million has been taken from the Hearing Services budget. One hundred and fifty thousand people with hearing disabilities will be affected by this decision. They will have to wait five years—previously it was four years—to be fitted for a hearing aid. They face the prospect of being issued with a rehabilitation item instead of a hearing aid. It is very much like the government’s promises: we will offer you something but provide you with something a little bit less. They will be reissued with a voucher once every two years rather than every year. The people who will be affected by this are the elderly and children—the most vulnerable people in our society. They are being told by the government now, ‘If you can’t hear properly, go out and help yourself.’ We used to have in this country a very good hearing
service provided by the government. This budget has $24 million taken from this area.

In fact, the whole area of disability services has been treated poorly in this budget. It is not the only area ill served by the budget: not much has been done for carers or for child-care access for low income families. The government’s tactics seem to be to make a feature of giving small amounts of funds to programs that need massive injections of funds and then to pat itself on the back for being generous. It does not fool me, and I doubt that it fools anyone else in the community, because they all know that they are being short-changed by this government. The Treasurer can claim in his budget speech that a stamp of his government has been its commitment to helping families and the government is committed to maintaining a fair and effective social welfare system. We hear this mantra all of the time. Those are all very fine words, but words need to be backed up by policies and appropriate levels of commitment and expenditure, not a few paltry initiatives and some inadequately funded, piecemeal programs.

One of the most insulting initiatives in the budget has to do with mature aged unemployed people. The government prides itself on the falling average unemployment rate—we hear it saying this all of the time—a fall partially enabled by the fact that some mature aged people are no longer eligible to be officially counted as unemployed. So, if there are too many unemployed, let us just not count some of them! Make it different, even though those mature aged people may still be willing and able to work! We all know they exist. We probably know some of them personally. But what is the government proposing to do? It intends to run a pilot program, the fallback of governments that always want to be able to roll out something and say, ‘Yes, we have identified this terrible problem, and we are going to run a pilot program. We’re not going to fix the problem, but we’re going to run a pilot program so we can at least say we’re doing something.’ But it is not enough.

This pilot program is going to test the extent to which certain groups of older working age Australians face barriers to greater economic and social participation. But we already know there are barriers. We do not need to have a pilot program to know that. The mature aged unemployed certainly know that those barriers to their employment are there. What is the point of a pilot study? It will pay some well-paid consultant some more money in their fat bank account, but what practical use will it have for those unemployed people? None of them, most certainly, will be paid to help the consultants to come up with the answers. These people need jobs, not pilot studies into areas with which we are all too familiar, and not a mean-spirited government which makes it more and more difficult for people who cannot get jobs to receive social security benefits while unemployed. Once again, it is an example of this government offering a measly little program in place of real help and trying to pretend it is being generous.

I have looked at what else the government are doing and, while there is a measure in the budget directed at reducing alcohol related harm in the Australian community, I have not been able to find any reference to the wider issue of drug abuse. While it is important to attempt to reduce alcohol related harm, we hear the government all of the time talking up the issue of drug abuse, but there is nothing in the budget to do anything about that wider issue. We all know that there is a huge problem with hard drugs in this country. With adult drugs we do not seem to do too much, but with drugs that are used by younger people we seem to say, ‘Well, the best way to do something about that is to crack down on it.’

We also know there is a lack of will on the part of many people in politics to do anything about addressing this issue of drug abuse. It is a hard issue, but it is an issue that is not going to go away. While state governments struggle with the issue, you would think the federal government could show some leadership and willingness to join with others in seeking practical ways of dealing with this massive social problem. But, no, unfortunately, the Prime Minister seems to be content to let his earlier initiatives bumble along for a little while longer. We have seen the New South Wales government grapple with this issue and come up with some very sensible outcomes from their drug summit. We
have seen the Victorian government take what they agree will be some very difficult political decisions to talk about and to open up safe injecting rooms. But, at the federal level, we are adopting a sort of prohibition approach. Everybody saw that prohibition did not work on alcohol in the US, and prohibition will not work on the use of other drugs in this country. But, while the government dithers, the heroin overdoses continue to escalate; the drug influenced crime rates, such as break-ins and street robberies, continue; the premature deaths occur; and more and more people in the community share the consequences of illicit drug use. But the government is seemingly content with its current inadequate and, to my mind, inappropriate level of commitment in the area of illicit drugs.

The person the Prime Minister has chosen to lead his drug strategy seems unable to do much more than recommend increased drug testing as a response to the growing problem. What about those who we know, without testing, are drug addicts? What is the government doing to help them, their families and their friends cope with this problem? We are at a bizarre stage in this century of adopting the same attitudes to drug use that we used to adopt with people who abused alcohol. A lot of the vagrancy laws that Britain and Australia enacted were about locking up people who were drunk in the streets. Now we do not lock people up for being drunk; we provide counselling services and we recognise that alcohol abuse is something that modern societies have to deal with. We recognise in the area of employment that alcohol abuse is probably the single largest cause of industrial accidents. But there is this new abuse by younger people, which is drug abuse. What is our answer to that? We are back to the old vagrancy laws: ‘What you’ve got to do is go and lock them up. You’ve got to test them and you’ve got to lock them up and you’ve got to have some law and order answer to it.’ The attitude is that we ought to be seeking to uncover the crime—the government seems to keep wanting to make it a crime—or seeking out the hidden drug users rather than recognising that the obvious victims of drug abuse are people who, in many instances, want to be helped and we should be trying to help them. There is not much hope for Australia if the government continues this line of pretending that this is a law and order problem.

The use of illicit drugs by younger people in Australia now is nearly as widespread as the use of alcohol by people of my generation. People are not locked up anymore for alcohol abuse. No government in the Western world has prohibition programs on alcohol anymore. It really is a difference between adults’ drugs and young people’s drugs, and the people who make the laws are the ones who tend to be using the adults’ drugs. Cigarettes and tobacco are legal, and they are massive money spinners for the government in this budget, but the use of illicit drugs and the programs that are directed against illicit drug users at the Commonwealth level are more law and order issues than health issues. I think that is an issue that this parliament should take far more interest in.

On another issue, when I last spoke on appropriation bills last year, I looked forward to May of this year and the recent events such as the walk over the Harbour Bridge for reconciliation. I had hoped, as I said in my speech last time, that the Prime Minister would have been able to rise above his prejudices and fully embrace the mood of reconciliation in this country. Unfortunately, we are continuing to see his stubbornness and inability to admit that he has been misguided in his attitudes. He is stuck in the 1950s; surely he must realise that he is increasingly stuck there on his own. He must see that his refusal to say the simple word ‘sorry’ has created a huge stumbling block. He is the butt of jokes, a cartoonists’ delight and an embarrassment to our nation. Surely, the Prime Minister cannot enjoy having to concoct the arguments about why he cannot say sorry. No-one is going to think him weak if he suddenly realises he has got the courage to admit that he should have uttered the words some time ago and taken steps to re-engage the community in constructive debate about the reconciliation process. He needs to show leadership, and he needs to recognise that others also have strong views and that we as a nation need to move forward together. We definitely do not need a Prime Minister who
allows an issue to become diverted by his intransigence.

In concluding, I would like to say something about the GST. As 1 July draws nearer, we have been deluged with advertisements and government propaganda extolling the virtues of the GST. The last amount on the ad bill was $431 million, and it is rising. If the GST is so wonderful and so good for everyone, as the government would have us believe, why do we have to have all this propaganda? Even the fellow who sings the song for the government, whom the government paid an exorbitant amount—it paid hundreds of thousands of dollars for the rights to have Joe Cocker unchain its heart—says that it is disgraceful and that he has been used in this.

Mr Laurie Ferguson—That won't worry them!

Mr LEO McLEAY—That will not worry them—that is right. The government ought to take a little leaf out of their own book on the propaganda of the GST, unchain their own hearts a little bit and look at the things that have been done to this country in this budget. In this budget, the government had the opportunity to do some things for Australia. Instead, we get mean-spirited cuts to programs which affect, for instance, old people and children with hearing difficulties, and we get attempts to take unemployed older people off the employment rolls and to reduce the amount of money available in welfare payments to families. We get the government’s mean-spirited approaches. Yet, at the same time, they are saying, ‘Here is the odd pilot project. Here is the odd little initiative so that we can say we’ve done something differently.’ I think the person who described this budget as “banal” was being generous to them. I think this is one of the most mean-spirited budgets I have seen in 20 years in this parliament. When you consider what could have been done for people in this country with the $431 million that the government are spending on propaganda, it just breaks your heart. (Time expired)

Mrs VALE (Hughes) (12.23 p.m.)—I rise in this honourable House to speak in the debate on the Appropriation Bill (No. 1) 2000-2001 and to welcome the continuing budget initiatives of the Howard coalition government for the benefit of Australian families. I congratulate the Prime Minister and the Treasurer on the importance this government places on the families of Australia. Getting the economy right is the foundation from which this government is able to deliver on our social concerns. Today I want to speak about another group of Australian families, a group which, for many complex reasons, are unable to share in their great Australian inheritance. Today, regretfully, I rise to speak of the unspeakable. I will speak not just of matters which are politically incorrect but of matters against which many of us turn our faces and block our ears because we just do not want to know.

There is a war zone in Australia today that is more dangerous than any battlefield. It exists in many of our indigenous communities, particularly in the remote and rural regions of Australia, but of course it is not exclusive to those communities. I was shocked to read details of this war zone in the recent report of the Aboriginal and Torres Strait Islander Women’s Task Force on Violence, which reported to the Queensland parliament last December. Amongst other things, the task force reported on the effectiveness of programs currently funded by the Queensland government and on the impact of Commonwealth policy programs and guidelines. What impressed me was that the task force constantly asked themselves three questions: can we possibly do justice to the great human suffering and tragedy in the stories we were given? Can we reasonably write of the courage and resilience we have observed and found? Do we have the skills to make sense of this senselessness so that others will understand what we are trying to say? They struggled for words until the decision was made to let people tell their own stories with as little interpretation as possible. I have adopted the same principle in speaking to the report.

It is relatively unknown in mainstream Australia that in some of our indigenous communities violence and sexual abuse have reached a crisis point. While the source of this violence can be traced to the impact of colonial history—with the consequences of dispossession and marginalisation, the intro-
duction of alcohol, unemployment and poor education—it matters little to the innocent women and children who are being bashed, raped, mutilated and murdered on an appallingly large scale. It is not an exaggeration to describe the lives of many women, children and elderly people as lives of unpredictable and frequent mayhem. Many women and children in these communities are being deliberately ignored by those who have a moral duty to protect them. There is only minimum intervention, which may or may not occur. In my opinion, such neglect is worse than the policies that led to the Bringing them home report because the policies of the past were at least initially motivated by good intentions. The motivation today is silence. As the report itself points out:

Silence is the language of complicity.

I wish to take the time to record my respect and regard for the personal courage, strength of character and scholarship of Boni Robertson, the chairperson of the task force, and for her fellow members, who ‘shared the agony, grief and at times the triumphs of the many Aboriginal and Torres Strait Islander women who have survived incredible ordeals of violence’. These fine Australian women dared to bring such ordeals into the light so that we all may face the truth together and share in the eradication of atrocity and indifference, which affect the most powerless amongst us.

It seems to me that the time has come to put aside fears of being politically and culturally intrusive and to do what is necessary to protect and support the women and children in these communities. It can no longer be dismissed as the Aboriginal way. Both indigenous and non-indigenous Australians must work together to help eradicate the violence. There are few services available in isolated communities to deal with these problems, and the lack of appropriate services exacerbates stress and the likelihood of continued violence. Due to isolation and lack of skills, the innocent cannot escape. They must endure the suffering. In some communities, at least one member of each family is likely to become a victim of violence. Many of the victims believe that the services intended for their protection are in reality increasing their violation. There is no doubt that the impact of history and forced acculturation has been a key factor that has led to the present tragedy. It is crystal clear that the decades spent focusing on the problems of the past have not been productive in protecting any of the women and children who live out their lives in these communities. These are fellow Australians whose lifestyle reality is a continuum of bashings, rapes, mutilation and violent death, and our silence and indifference convicts the rest of us as accomplices. Appalling acts of physical brutality and sexual violence are being perpetrated within some families and across the communities to a degree previously unknown in indigenous life. There are women, children and other older people living in a constant state of despair and desperation. It would not be a surprise to the honourable members in this House that the physical triggers of these problems are indeed alcohol, illicit drugs and pornographic videos.

The report of the ATSI Women’s Task Force reveals that not only has there been a significant increase in the number of offences recorded in indigenous communities but the level of severity in such crimes has increased. Violence is now overt. Murders, bashings and rapes, including sexual violence against children, have reached epidemic proportions, with both indigenous and non-indigenous people being perpetrators. It is alarming to note that almost half of the female hospital admissions for intentional injury are indigenous women. We should be alarmed to learn that indigenous children are five to eight times more likely than other children to be the subject of abuse or neglect.

One of the reasons I sat up and took notice of this report was that it contained the views of ordinary indigenous people, whom you never hear on radio or television. It was coming from their present, real life experiences, undistorted by ideology or political correctness. Misused authority, like the sly grog trade, assists violence in these communities. There is reluctance on the part of authorities to enforce regulations and to carry out their duties. The result is the abuse and violence perpetrated upon innocent indigenous women, children and older members of the community.
The extent of this unspeakable violence is being hidden. The task force reports that the number of violent offences is much higher than the officially recorded data. In all the consultations, there was an obvious reluctance to talk about sexual assaults. The task force estimates that 88 per cent of rapes go unreported. One of the informants to the task force said:

I got a call out on the weekend to see a seventeen-year-old mother who had been tied to the bed and repeatedly raped by three men. She was raped within reach of her three-year-old child, and still did not press charges. What do you do? Fear has immobilised many people from taking action while others have accepted it as normal behaviour because they have not been able to get help when they have tried.

This reluctance is driven by fear of reprisals or shame, because of the nature of the attacks. As well, it appears that the sexual abuse of young males is increasing and, because of the hidden nature of male sexual attacks, it goes unreported. Despite this, violent and sexual offences and breaches of domestic orders for ATSI offenders in Queensland increased from 664 in 1994 to 1075 in 1998.

The rate of sexual abuse among young girls who ultimately became involved with the criminal justice system is between 70 per cent and 80 per cent. In one state, it is claimed by the Aboriginal and Islander child-care agency that 50 per cent of children within the court system in the region were victims of incest. It is time to end the taboo on discussing this form of sexual atrocity. If we do not face it, it will never be eradicated. Alarmingly, this report states:

... sexual abuse is an inadequate term for the incidence of horrific sexual offences committed against young boys and girls in a number of community locations in Queensland over the last few years.

You can hear the women and children weeping in the trauma chronicled in this report. One informant poignantly explained:

Because of the social isolation and emotional deprivation many Indigenous families experience, the youth and the children are vulnerable to ongoing abuse and violence from both inside and outside the Communities. Many Indigenous young people are searching for love, emotional security, a sense of belonging, a parental figure, and escape from the dysfunctional home or Community. They want to enjoy the things that a limited income cannot buy, or to gain warmth and acceptance from others. Their deprived situation puts them in a position where they may attract the attention of sinister elements. Many Indigenous children are growing up in a disabling environment where they are vulnerable to great harm. This is a matter that warrants urgent attention and investigation if there is to be a positive future for the next generation.

It is recorded that that type of sexual assault has become worse because of the recent widespread availability of pornographic videos. Together with alcohol and illicit drugs, the task force identified that the pornographic videos are creating deformed male socialisation. It was explicitly reported to the task force:

The incidence of sexual violence is rising and is in a direct relationship to negative and deformed male socialisation associated with alcohol and other drug misuse, and the prevalence of pornographic videos in some communities.

The link between pornographic videos and indigenous child sexual abuse has been known for some time. The Aboriginal Coordinating Council brought it to the attention of the Royal Commission into Aboriginal Deaths in Custody in 1991. Since then, access to pornographic videos no longer trickles into indigenous communities. It is now a veritable tsunami. It seems that access to pornographic videos has become a common factor in a new wave of sexual crimes, including child sexual assault on other children. While there are many factors that together fuel sexual crime, the recent widespread availability of pornographic videos is being seen more and more to be the trigger for those crimes across Australia. This is the case whether it is in Far North Queensland or in the white communities in the respectable outer eastern suburbs of Melbourne. According to the task force report, cash-on-delivery orders of $4,000 to $5,000 worth of pornographic videos have been sent into Cape communities. It is no wonder that one community, with a history of pornographic video usage, has the highest rate of men in prison for sexual offences.

A lot has been written and said about the violence of the past but, frankly, it is the vio-
lence of the present that should rightly concern us here in the parliament of the nation. For example, the rate of homicide in indigenous communities is alarming. Reports reveal that the nature and severity of the problem is getting worse. Since 1990, indigenous deaths from domestic violence have been almost 30 per cent higher nationally than indigenous deaths in custody for the same period. The National Committee on Violence reported to the Australian government that in Queensland Aboriginal reserves the homicide rate for the 17 communities under review was 39.6 per 100,000, which is more than 10 times the Australian national homicide rate. Over a three-year period in South Australia, Aborigines—who constitute approximately one per cent of the population—constituted 10 per cent of that state’s homicide victims. The Northern Territory police advise that, in 1987, Aboriginal females were victims of 70 per cent of total deaths involving chargeable offences.

Members of the task force were advised that, while some indigenous people in these remote communities do not experience violence, there are others whose daily lives are marked by its constant presence. The harsh reality is that many families in remote communities are now trapped in environments where deviance and atrocities have become accepted as normal behaviour. As a result, deviance and atrocities form an integral part of the children’s socialisation. This is a hopeless state of affairs. It must be fully and effectively addressed, and it is up to us here in this House to help address the violence. It seems to me to be pointless to speak of reconciliation unless we can bring the people of these isolated communities into the same Australia that the majority of us share. Otherwise, reconciliation will do nothing for these Australian families. It will be but a hollow word and an empty promise.

I applaud the fact that the government is taking positive steps to address this spiralling and appalling violence amongst indigenous families. The Howard coalition government has provided $6 million over four years for an Indigenous Family Violence Grants program under the Partnerships Against Domestic Violence initiative. These grants will provide practical and flexible support for grassroots projects and will test new approaches to addressing violence in indigenous communities. This funding will support community based organisations to develop innovative ways of reducing and preventing family violence in Aboriginal and Torres Strait Islander communities. It will also support projects with a holistic approach so that the social, emotional and cultural wellbeing of the whole community will be addressed to increase the long-term capacity of communities to respond to family violence.

As difficult and as complex as this problem is, there is much to be done in developing community strategies that focus on healing the whole community. In particular, indigenous men need to help to restore to themselves a value system that protects the vulnerable in their family and community rather than abuses and exploits them. Special programs are needed to help treat sexually traumatised children in order to break the cycle of the abused becoming the abuser. The most pressing problem advanced by the report was the influence of alcohol. Alcohol misuse has a devastating effect on family life by precipitating domestic violence and sexual abuse amongst members of the community. Whilst there are many Aboriginal and Torres Strait Islanders who remain responsible social drinkers, there are many others who have a serious problem with alcohol which has been identified as a major trigger for violence. The introduction to alcohol is a legacy from the earliest colonial days. It has become a curse in these remote communities. There is a desperate, urgent need for culturally relevant programs to address the destruction of alcoholic abuse. We cannot ignore this human tragedy any longer. For too long there has been a lack of violence targeted services, especially perpetrator education programs, and it must be recognised that this need also must be addressed. It will take a long time for conditions to begin to improve—probably generations. There is also a desperate need for safe haven accommodation for the vulnerable women and children.

The report is as traumatic as it is comprehensive of the pain of daily existence experienced by these neglected Australians. Some-
how we must help. But first of all we must understand their pain. The poignant words of one contributor from Central Queensland attempt to inform us. I quote:

If they want to help us heal and to stop the violence that we are seeing, then we must all go back to the beginning and help some of our people start again for it is those people who are stuck in a vacuum where they are now adults, but there is a small and vulnerable child, confused and abused in all manners, that is lurking deep within. The trouble is that this situation may describe too many of us. Everyone I have spoken to has been affected by the process of being taken away, being brought up on a mission or having suffered some form of discrimination or abuse at the hands of authoritative figures either in the schools, when you go to get a job or just by watching what has happened to your family. You can’t experience these sorts of pain and not expect some of it to be retained in the young mind. I think that is where much of this violence is coming from, unresolved conflict which has been allowed to fester within and with no counselling available for many years, the individual has often resorted to other means for release, ie., alcohol which encourages other difficulties to surface which in some cases is abusive and aggressive behaviour which can act as an agent for unresolved and pent-up feelings that have no other form of release.

I think there is a lot of truth in those words. But it is now time for us as a nation to help these Australian communities to overcome the violence. They have suffered enough and they cannot help themselves on their own. During Corroboree 2000 we saw a real warmth in the goodwill expressed by the vast majority of ordinary Australians across the nation. This real warmth expressed extended towards the personal pain endured by our fellow indigenous families. Many truly wish for reconciliation. By working together to help these remote Australian communities, we can provide an important step in the healing journey because we have no right to enjoy the legacy of being an Australian unless each and every Australian shares in the bounty together. I applaud the government’s Indigenous Family Violence Grants Program initiative. It is a welcome and, indeed, an important first step. But it is just that: it is only the first step. I commend this appropriation bill to the House.

Mr Emerson (Rankin) (12.41 p.m.)—

This is a budget of lost opportunity. The government had an opportunity to invest in the nation’s future. It had an opportunity to lift the skills base of young Australians so that they can compete successfully for jobs in the information age. But instead the budget squanders around $25 billion of budget surpluses over three years in an attempt to sweeten the bitter GST pill.

In speaking to Appropriation Bill (No. 1) 2000-2001, I shall refer to a graph I have here that shows the impact of the GST. Remarkably, this government has asked the Australian people to believe that the GST is not its tax at all, that it is in fact a state tax—which defies all accounting conventions. The only people who believe that this is a state tax, obviously, are members of the government. As this graph shows, when you add back in the GST which the government conveniently omits from its budget documents, the government, under the stewardship of Prime Minister Howard and Treasurer Costello, is the highest taxing government in a decade. This graph indicates that for every year projected from 2001 onwards, the total tax take exceeds the 1990-91 budget and subsequent years. So this document shows graphically the full extent of the myth the government is trying to put out to convince the Australian people that the GST in fact is not their fault; that it is a tax imposed by the states. That would have to go down in history as one of the most incredible attempts to con people. It is doomed to failure, of course, but it is definitely in line with the Orwellian approach to these sorts of matters that is contained in the government’s $420 million publicity campaign for the GST with which, again, it is trying to convince Australians that they will all be so much better off under the GST when we know and they know that that is plainly untrue.

I say that this is a budget of lost opportunity because it is a reality that the global community has entered the information age. It is an age in which the generation of wealth and job opportunities will depend not on a capacity for physical exertion but on the dedication of knowledge and skills to creativity and ingenuity. Education is to the in-
formation age what coal was to the industrial age. If Australia is to compete for jobs in the information age, its citizens will need the relevant skills and creativity. Yet Australia lags behind. Those who leave school at a young age will not be equipped to participate in the emerging information economy. Already unemployment amongst early school leavers in Australia is as high as 41 per cent. To elaborate on that, in May 1999 unemployment among young people who left school in years 10 and 11 exceeded 20 per cent, and for those who left school before completing year 10 it was a staggering 41.7 per cent. So, in the information age, early school leavers who rely for work on manual tasks will be highly vulnerable to unemployment.

I say that Australia lags behind because the United States in particular has shaped the information age and adapted to it while Australia has failed to do so. The proportion of the Australian work force with a post-school qualification is around 25 per cent, while in the United States it is almost 35 per cent. Australia’s tardiness in entering the information age, leaving much of the work force with obsolete skills, is a much more powerful explanation of the substantially higher rate of unemployment in this country compared with the United States than arguments about ongoing labour market rigidities.

The minister for workplace relations has fallen flat on his face in trying to get through the parliament yet another attack on workers’ basic rights. If he had got that through, it would not have made any difference to the unemployment rate because the unemployment rate is so heavily determined by Australia’s incapacity to lift its skills base, as reflected in the recent budget. The equipping of young people and mature age workers with those skills will ultimately determine Australia’s success in reducing unemployment, not some sort of half-baked ideologically driven Workplace Relations Amendment Bill.

That brings me to the full conservative agenda. The Prime Minister has wanted a GST for as long as most people can remember and as long as many people have been alive. The Treasurer has articulated that conservative agenda more recently. What it involves is cuts in the higher marginal rates of income tax—that is, cuts for high income earners—to be funded by the GST and also by bracket creep. I draw the attention of the House to an article in the Australian Financial Review on 20 August 1999 which says:

The Federal Treasurer, Mr Peter Costello, said yesterday he favoured further income tax cuts as a way to deal with the huge Budget surpluses after Commonwealth government debt is eliminated within three years.

The Treasurer is quoted as saying:

“I’m an income tax cut man” ... The article goes on to say:

The Treasurer said the current top marginal tax rate was too high at 47 per cent. Even with the tax changes from July next year, the 47 per cent marginal rate still applied to incomes over $60,000.

In a discussion on Meet the Press, the Treasurer said he wants that top rate pushed out to be many multiples of average weekly earnings. The nature of the conservative agenda is cutting the top marginal rate of income tax and going to an election saying, ‘Look what we have done. We have cut the top marginal rate of income tax.’ They are doing that instead of investing in the nation’s future by making sure that our young people have the skills to compete for jobs in the information age.

It is quite staggering to look at the impact of the government’s tax plans. In Budget Paper No. 1, it shows an underlying cash balance in 2000-01 of $2.8 billion, rising in subsequent years to $3.2 billion, $8.8 billion and $14.4 billion. I think the writing is well and truly on the wall. There is no doubt that the government is collecting a lot of extra revenue through bracket creep. Access Economics has identified the extent of bracket creep that can be expected over the next few years. The government is going to increase income tax collections by simply allowing people to go into higher and higher income tax brackets. I have a second graph which also demonstrates that. This graph shows income tax receipts. In the first year 1999-2000 they are at a particular level. They then fall away because of the income tax cuts that will be provided from 1 July. But quite dramatically they rebound and increase very sharply over the subsequent three years.
The government has said, ‘Well, that’s due to more income tax payers as the population grows.’ That is part of the explanation. What we have done is factor in a figure for growth in the income tax paying population. Even after factoring that in, less than two years after these tax cuts are given, on average Australians will be paying more than $600 a year more than in the year in which the tax cuts are given. That is, I think, unarguably a very clear demonstration of the strength of the bracket creep. The conservative agenda is to offer cuts in the highest marginal rate of income tax, funded, as I have said, by the GST and bracket creep.

It is very interesting to note that this government likes to double count things. It says, ‘Oh look, you could have an income tax cut anyway; it’s not compensation.’ Then, on the other hand, it says that the income tax cuts are compensation for the GST. The problem with all that is that this government, in its first four years, has provided not one cent of income tax relief by way of adjusting the rate scales. So after four years, they say, ‘Well, we’ve got a really terrific deal for you; we’ll now give back some of the bracket creep we allowed to accumulate and we’ll now double count it as compensation for the GST.’ It is again quite remarkable that the Treasurer somehow has slipped further and further into the habit of providing inaccurate information—to put a very kind light on it—to the Australian people.

The facts are that, under the previous Labor government, income tax cuts were provided on no fewer than seven occasions; that is seven times in 13 years. That previous Labor government gave back every cent of bracket creep and more. Just for the record, Labor cut personal income tax rates in November 1984, December 1986, July 1987, July 1989, January 1990, January 1991 and November 1993. Three of those tax cuts obviously were in the last decade; that is January 1990, January 1991 and November 1993. The first half of Labor’s 1993 tax cuts were paid early—in November of that year. The second half were deferred and converted to superannuation contributions, but these were cancelled by Treasurer Costello in the 1997 budget. Yet I will just read some of the statements that Treasurer Costello made at the time of the budget, in fact the next day when he went on his selling exercise, in relation to the Labor government’s record on income tax cuts. On Radio National on 10 May, he said:

Now let me make this clear, this is I think the first budget, well certainly in my memory, where there’s been income tax cuts ... Australians deserved it, they hadn’t had an income tax cut for a decade.

Yet there had been three income tax cuts in the last decade under Labor. So his memory either does not go back beyond 1996 or, in this case 1993, or he is telling a very clear porky. He subsequently said, on radio 3AW:

This is the first time we have had a genuine income tax cut for well over a decade, a lot of people can’t even remember what it is like to have an income tax cut.

This is in the year 2000, and the Treasurer is saying that a lot of people cannot remember that there had been income tax cuts in 1990, 1991 and 1993. Again he says:

I think there are a lot of people in Australia would say, a lot of young income earners, suppose you’ve only been in the workforce for ten years, you’ve never had an income, they wouldn’t know, they have no personal experience of an income tax cut.

That is from the Treasurer on radio 2SM—again flagrantly telling a porky. He then said:

I’m just trying to think in my own working life if I have ever had an experience of an income tax cut. I think if you went back to the eighties there were some changes back then. But if you happen to have been in the workforce over the last decade or so, you wouldn’t have an experience of this.

The Treasurer is saying this over and over, and he thinks he can get away with it. He then said again, on 2UE:

[When Labor] promised income tax cuts they took them away before they applied, not for one day, not for one dollar as I say.

What is the reality? Labor did, in fact, provide the first half of income tax cuts in November 1993. Income tax cuts were paid. Next—the Treasurer had a really good day; he thought he was on a roll and he thought, ‘Well, I’ll probably convince people that this is true.’ He said:
... there is a very large proportion of the Australian public which has no experience of income tax cuts. If you’ve been in the workforce for ten years, you’ve not known what an income tax cut is. There’s a substantial number of people who’ve never lived through them. And I was thinking back through my own experience of taxation policy, of my own experience and I can vouch for someone who has been in the workforce for about twenty years, was that whenever we seemed to get to the barrier on income tax cuts, for some reason or another they were never paid.

Now he is really getting excited because he is thinking, ‘I’m really getting away with this.’ He is saying now not just for a decade but ‘I was thinking back through my own experience of taxation policy, of my own experience, and I can vouch for someone who has been in the workforce for about 20 years and I cannot remember an income tax cut.’ So now he is saying that there were no income tax cuts in the 1990s, and no income tax cuts in the 1980s. Yet the fact is that Labor delivered seven rounds of income tax cuts in its 13 years. Then finally, just to finish things off, he said in this chamber:

... the last time they were promised them they were not paid for one day and one dollar.

Again, that is completely untrue.

I do not know what is affecting the Treasurer and the government lately. Maybe they cannot face the reality that their policies, and particularly their taxation policies, are being roundly rejected and condemned by the Australian people. So, instead of articulating what those policies actually are, they are now trying to tell us what they are not. They are trying to tell us that a GST, collecting in the order of $27 billion to $30 billion—a GST that they are applying and that has been enacted through this parliament—is not their fault; it is not even their tax; it is a state tax. They obviously have a plan to allow bracket creep to ramp up income tax collections so that, by the time they go to the next election, they can be in a position of offering cuts in that top marginal rate of income tax.

The effect of all that, as I said at the outset, is to deny young people in Australia the opportunity to compete for jobs in the information age. This government’s investment in education, and skills development more generally, is pathetic. Its enrolment benchmark adjustment in my home state of Queensland is taking away $5 million, even though the number of students in state schools is increasing. This government has no heart and no commitment to education because it wishes to continue to pursue the conservative agenda of cutting that top marginal rate of income tax. The Treasurer spoke directly on this when he lamented the ‘brain drain’ from Australia. This again is in the article of the Australian Financial Review, and it was a speech that he gave to an economic forecasting conference. That article states:

Mr Costello lamented the “brain drain” from Australia, which he said was exacerbated by higher salaries and lower marginal income tax rates overseas.

So he is saying, ‘Oh, we’ve got to keep all these clever people in Australia and, therefore, we have to keep cutting that top marginal rate of income tax.’ But that is the conservative agenda. I believe that there are considerations other than the top marginal rate of income tax that influence people when making their decisions on where they want to go and, specifically in terms of employment, whether they will stay in Australia or go overseas.

But, more fundamentally, people from disadvantaged suburbs will not have a choice. They will not have the choice of saying, ‘Well, look, I might go overseas to Silicon Valley or to Europe,’ or whatever, because they will not get the necessary education under this government. Tragically, the government has just turned its back on certain people, especially young kids from disadvantaged areas. Young kids in my own electorate who go to Woodridge, Kingston, Slacks Creek, Marsden and places like that genuinely could do with extra funding support from the federal government. But no, the federal government is saying, ‘No, we’re not really interested in that. We’ll give you some token amounts. But that is not where our priorities lie. Our priorities lie in cutting that top marginal rate of income tax.’

So there is the philosophical divide between the government and the Labor opposition. We on this side do believe in investing in the nation’s future. Of course we believe in income tax cuts as well. But I do not think it
would be fair to say that we believe in income tax cuts where the top 20 per cent of income earners get more than half of the income tax cuts. Our record speaks for itself on income tax cuts. The government will simply use bracket creep and the GST to fund a further round of income tax cuts to be announced at or before the next election, in a desperate attempt to get re-elected. Our priorities ought not to lie with cutting that top marginal rate. The priorities of this country should be with investing in the future, investing in the livelihoods and the education of our young people.

Mr FORREST (Mallee) (1.01 p.m.)—I am very pleased to support this budget and speak on the Appropriation Bill (No. 1) 2000-2001. Again, it is the fourth in a series of responsible budgets which the nation has desperately needed. In reflecting on the seven years that I have been in this place, I note that I was probably driven to come here because of irresponsible budgets. Therefore, I am very pleased to stand and support this one.

Years of responsible government provided under the Liberal and National parties have enabled us to weather the economic storm that has savaged Asia—our near neighbours—and develop valuable markets in the constituency that I represent. Despite the Asian crisis, our economy has grown by four per cent over 11 quarters. It has been strong and consistent growth, which I am convinced is a direct reflection of the responsible government and budgets that have been put down in the last four years. For example, there are 650,000 more Australians in jobs than there were four years ago. Unemployment has fallen to below seven per cent—the lowest level it has been in a decade. The predictions are that it will fall further. By June next year, unemployment is forecast to be as low as 6.25 per cent. We all hope for the day when it can be even lower than that.

When I came to this parliament—and I am just re-reading my first speech in this place—I spoke about the desperate circumstances in which the Mallee constituents were finding themselves after a dreadful period of high interest rates. Businesses had overdraft rates in the mid 20 per cent. I remember that the overdraft rate for my business was 27.25 per cent. It was crippling. Valuable capital was being sucked out of businesses just to meet borrowing costs. It was a financial mess. I remember also my feelings as I watched our debt as a nation escalate. In the last years of the Labor government, debt escalated by $80 billion over five years. Anyone who runs a business understands that, whilst debt is not an evil thing, you must never let it get to the level at which it can cripple your business. That is what was happening to our nation. The rest of the world was judging us because of that irresponsible fiscal behaviour.

I am very pleased to support this budget. There is no increase in company tax. In fact, there will be reductions in the company tax, from 36 per cent to 34 per cent, in a few weeks time. There will be no increase in the rates of wholesale sales tax. In fact, that tax will be abolished. What a pleasant outcome for the economy it will be to remove a cascading tax that occurs right through our economy as people purchase goods, value add and make new products out of them, and forward them on through the economy. There are massive reductions in income tax. In reply to the previous speaker, the member for Rankin, I say: how could $12 billion in income tax reductions not be something that the Treasurer could describe as never happening before? Of course it has never happened before. This is a direct response to the needs of income earners, who often say, ‘What is the point of working Saturday or overtime to be productive, to make more products that we can sell on the international market? What is the point when half of it disappears up to Canberra?’ I often hear such comments in my electorate.

This is a very responsible budget. There are enormous initiatives for families. Their benefits will be increased as part of the largest overhaul of family assistance ever—probably since the introduction of child endowment 50-odd years ago—to give families greater disposable income and certainly will be enough to outweigh any price increases from the goods and services tax, which is the portion of the government’s initiative that always seems to attract attention, yet there are so many other initiatives that have a positive impact.
For example, in the constituency of Mallee, in the north-west of Victoria, 75 per cent of employment is provided by mum and dad small businesses with three or four employees. The economies of the provincial cities and towns of the north-west of Victoria are dependent entirely on the need to have access to export markets. Virtually 90 per cent of the economy of my constituency depends on access to international markets, yet for years we have been asking producers of commodities and products to send those commodities and products into the international market with the monkey of domestic taxation on their back, which reduces their capacity to compete in what is an extremely aggressive international marketplace, certainly in respect of grain commodities—wheat, barley and so forth—which my Mallee constituency is famous for producing. The government's tax reform program will remove $4 billion around the nation from exporters like that to get that monkey off their back and allow them more margin in that aggressive, competitive market, and surely that is a good thing which should be applauded.

I am looking forward to 1 July, and then again 1 July 2001, when my constituency will have had 12 months to observe the benefits of what this budget and previous budgets have been all about—getting the monkey off their back and allow them more margin in that aggressive, competitive market, and surely that is a good thing which should be applauded.

I am looking forward to 1 July, and then again 1 July 2001, when my constituency will have had 12 months to observe the benefits of what this budget and previous budgets have been all about—getting the monkey off their back and allow them more margin in that aggressive, competitive market, and surely that is a good thing which should be applauded.

I am pleased about this budget. Of course, the critics have said that there is more to be done, and there is much more to be done. This nation has enormous opportunities. We have enormous growth in our mineral reserves. We have enormous growth in the creativity and the resilience of the people who live here. Certainly, when we think about the history of a region such as the north-west of Victoria, we see that those people have survived only through their determination and doggedness, which is so typical of that early pioneering spirit that still lives on. They continue to stick out poor seasons, the lack of rainfall and the fact that, when they do get anything like a good harvest, the prices are subject to the vagaries and extremes of the international market. But they stick at it.

I have noticed the change in perspective in those seven years. I notice now there is much more positivity. People are more confident. Back in the middle of the 13 agonising years under the previous Labor government, I saw lots of despair. People had no confidence to borrow money, make an investment in a good idea and be productive. But all those things had changed. It is not just the overall economy and the government's fiscal responsibility in ensuring that interest rates are low; the government has also taken its own part in a partnership with communities to provide them with that confidence.

I am very pleased about a major project across the north-west of Victoria, the northern Mallee stock and domestic water supply system. It is an engineering marvel that is 85 years old. However, its operation has gone beyond its time. In a partnership between the Commonwealth, the states and the landholders themselves in a one-third each arrangement, we have now seen the whole northern section of the Wimmera-Mallee stock and domestic system piped, already saving something like 35,000 megalitres of water per year.

This project will be constructed in seven stages. We are now up to stage 5. The Minister for Agriculture, Fisheries and Forestry will be down in my electorate next month to open stage 5. That leaves two more stages to go to complete the northern section. Beyond that, there is the southern section and then the section across the southern area of my electorate, the Wimmera region. The northern Mallee stock and domestic water supply system is one of those engineering marvels where water has been taken 500 kilometres from its source and supplied to farms and communities for their stock and for domestic use. That part of Australia is one of those arid regions where productivity and the economy just could not be sustained without water. I am very pleased to have had the support from
the Commonwealth, and I am looking forward to that ongoing commitment so we can finally, one day, boast to our grandchildren that we completed the piping in that very essential scheme to save hundreds of thousands of megalitres of water that can be put to much better and more productive use.

Then I look at other enterprises occurring across my constituency. There is no doubt that the challenges and all the normal issues that relate to the rural decline still apply in north-west Victoria. There are struggling towns with populations below 500 watching in despair as their young people move away for their tertiary education or their additional post-secondary education training and do not come back home. That is a challenge that still confronts us and represents, I believe, some as yet undone business. However, I am confident that the Liberal and National parties will continue to address that problem of rural decline. It is very much to do with the struggle and dependence on commodities. The emphasis today is not to be so reliant on producing a commodity but to look at some value-adding process that could be instigated to send that commodity away from the constituency as a product, not just as a commodity. That is all happening as people’s confidence and sense of future is consolidated when they see governments from this parliament behaving responsibly and in their interests.

I would like to mention a fascinating development occurring in the Wimmera region in an isolated area known as Telopea Downs, right down in the south-west corner just below the big desert out there. At its completion, it will probably represent an investment of $20 million. Currently, up to $3 million has been spent on this private enterprise development which is the largest olive grove in the world. It is a world-class olive processing and bottling plant, with 3,000 acres of olive groves. All of the project’s demand for water is met by some fantastic engineering involving the subterranean water supply. Already that isolated community is looking forward with confidence to one day being able to boast a township of its own at Telopea Downs, which is currently really just a series of about 30 farms. The developer himself one day hopes to have a school and, because he is one of those good religious people, even a church out at Telopea Downs. That is the kind of thing that confidence can achieve. The government has not done anything in any direct sense to assist that process; somebody has had the confidence to make the investment and let that development occur.

I will now mention the Nhill community, which is just a little further south of Telopea Downs. This community boasts on national radio that the municipality has nil unemployment; there is nil unemployment in Nhill. That has resulted from a series of progressive investments by local people in enterprises making products for the export market. The local football club had a membership drive to get recruits for their football team. They were not going to lie down and lose their football team. I think they found 35 good footballers from all over Australia, and every single one of those 35 found employment in Nhill. Some of those positions were very highly paid and professional. That is a community that has found the key and been bolstered by its confidence in ensuring those developments proceed.

I will mention two businesses in Nhill. One is Lowan Whole Foods, which produces health promoting foods, thus value adding to the grain commodities produced there. The other is Luv-a-Duck. Members should visit this enterprise. I think there are something like 165,000 Peking ducks on that site, with about 15,000 slaughtered each week; and, guess what, they are being exported to China. Talk about sending tea to India. Peking ducks from Luv-a-Duck at Nhill are being exported to China! It is very hard to keep up with the numbers employed at Luv-a-Duck, but I think in that small community there are now over 100 jobs at that enterprise, consisting of abattoir workers, a professional management group, marketing people and export marketing experts. Those are just a few examples of the way that my constituents have been stimulated over the years by the responsible government that they see here in Canberra. Nhill itself is a significant community with a population of about 2,500. It has some critical mass of its own to survive and buffer it-
self against the processes of rural decline, but it is a struggle.

I will now turn to some very small communities. One is Rupanyup, a small community with a population of well under 500 people, yet even they have the Wimmera Grain Company, a family owned and operated business promoting and exporting high quality grains, legumes and oil seeds to Asia, South Asia, East Asia and West Asia. The company specialises in an export container market and supplies bulk exporters as well as domestic millers, stockfeed merchants and other users here in Australia. Its inception was in 1994 and it struggled desperately but, since then, the Wimmera Grain Company has expanded immensely. In 1994 it exported 2,000 tonnes. This year it will export 25,000 tonnes, while employing and providing income for at least seven families from that small community. That has occurred all because of the confidence people have. It remains for other communities across the north-west of Victoria just to look around and find a good idea, make the investment and be part of the partnership that this government is trying to create with its communities, not lie down and accept that ‘we’ll all be rooned’, as Hanrahan said.

I would love to have quite a lot of time here to boast about some of my struggling communities answering back. One such community is Dimboola, where the Nicholas family have rejuvenated a plantation of olive groves that were planted in 1945, just after the war. They struggled, went broke and the land almost went back to being olive groves growing among all the native Mallee flora. The family have cleaned it up and now have a fairly significant exporter that is becoming known in the Southern Hemisphere. They have 10 varieties of olives and 20,000 trees. This is just another example. I look forward to the opportunity when all small communities within my electorate, of which there are nearly 90, might find some good idea like that, respond to the government’s responsible management of the fiscal position and be part of the partnership of redeeming the fortunes of rural Australia. I am very pleased to support the budget. I look forward to even more responsible ones in the future.

Mr Horne (Paterson) (1.21 p.m.)—If there is one thing you can say about the Howard government, it is that it is predictable—not visionary, not dynamic, not compassionate, but predictable. It is predictable because it always does the opposite of what it says. Wasn’t John Howard the Prime Minister who said never, ever to the GST? Yet here we are debating the budget that introduces the dreaded GST. Wasn’t John Howard the person who campaigned with a debt truck saying that he would reduce foreign debt? Yet only last week we saw foreign debt rise to an all-time high while the Australian dollar was down around a record low. John Howard claims, of course, that the coalition is the best fiscal manager this country has ever seen.

Wasn’t John Howard the Prime Minister who said he would bring open and accountable government to Australia? The greatest index of this government’s attempt to hide political expenditure from the people of Australia is the expenditure of more than $430 million to promote the GST. The shame is that, because this promotion has focused on political objectives rather than information based educational objectives, the business-people in our community who are urgently seeking information cannot get it. Those who need it most cannot get the help they need. Some $430 million was spent to promote a tax system that was supposed to simplify the tax system. Thank goodness it was not an involved tax system! This was a Prime Minister who said there would be no GST on rent—that is, unless you happen to live in a manufactured home park or you are a permanent resident in a caravan park. If you do, then you are exposed to a five per cent GST on your rent because renting a block of land is considered to be a service.

This is a government that openly boasts it has spent $2 billion on health care by enticing people back into private health insurance—$2 billion to build up membership in private health insurance. That sum would have solved the problems faced by our public hospitals many times over. What have we achieved for this expenditure? The minister reminds us constantly of the number of people in private health insurance schemes. That figure has now arrived at something like 32
per cent. That means that 68 per cent of our population is still not covered by private health insurance. What improvements have happened in the public health system under the Howard government for those people? Nothing! Waiting lists have blown out. Commonly used pharmaceuticals have been taken off lists. Doctors are commonly charging a surcharge to patients who use Medicare.

Major growth areas in the electorate that I represent, the electorate of Paterson—areas such as Forster, Tuncurry and Nelson Bay, that not only are some of the fastest growth areas in the whole of Australia but also with growing populations of aged people because they are desirable retirement areas—do not have direct access to a public hospital. They need one. Is there any allocation in this budget for those facilities? No. There is no planning whatsoever, there is no funding whatsoever, but there is an undeniable need in those rapidly ageing and growing communities.

I had a phone call only this week from a lady who has recently had a knee replacement operation. Her physiotherapist had expressed concern and suggested that she should return to her surgeon. She is a pensioner. She is also cared for by Veterans’ Affairs. She was told there was no appointment available for three to four weeks. She was also told that if she had been a private patient she would have got in to see her doctor in less than two days. We all know that this is happening. I dare say that virtually every member of this parliament gets phone calls from constituents to tell them that this sort of thing is happening. Yet, this is a government that claims it cares about Medicare and intends to keep it. I guess that is what worries me most. Out there in the real world of doctors, nurses and hospitals, the evidence is mounting that this government is dismantling Medicare.

I would also like to address the problems faced by those people who need aged care. This government can use all the bravado, rhetoric and political point scoring skills it possesses, but the community—and an ageing community it is—knows that aged care facilities are not keeping up with demand. A recent survey in the Seniors Week magazine shows that the Port Stephens area in my electorate is one of the highest ranking locations for retirement. Where is the planning to cater for this trend, which is reflected in all the coastal areas of my electorate? I can tell you that there are fewer aged care beds available right now in this area than there were four years ago.

Recently, I had to call a public meeting to pressure Moran Health Care into reconsidering their decision to close Oban Nursing Home in Raymond Terrace. To Moran Health Care’s credit, they did reconsider and they have undertaken to build two new facilities. But they will have to bring bed licences in from other areas. That of course creates another need somewhere else. Harbourside Haven, a leader in aged care throughout the whole of Australia, is currently building a facility of which half the beds will attract no government assistance. The licences were not available. The licensed beds they do have they had to buy in.

Industry can identify the needs, but it is not supported by the government. The need for aged care facilities in the Paterson electorate is growing and waiting lists are growing. This means that elderly couples are often separated at the end of a long life together simply because beds do not exist in communities where they are needed. Like most members who are faced with this problem, I can think of nothing worse than trying to console a wife whose husband is in a nursing home some hours drive from where they have lived for most of their married life. She is too old to drive there. There is no public transport to get her there. She can only see her husband on the odd occasion when a family friend or a family member is available to drive her there. It seems a strange function of our community that we can separate people at a time in their life when they most need each other’s company. But it is happening, and it is happening to an increasing number of residents in Australia.

I have listened to a number of government members during this debate. I have found it interesting that very few have had anything positive to say about this budget. After all, if this budget is so good, where are the tributes to the innovation, to the expenditure, to the
promotion of new ideas, the development of new industry, and the construction of infrastructure? It is simply not there, particularly for rural Australia. It is in rural Australia that this government boasts ownership. This is a government that claims that they are the only ones that look after rural and regional Australia. Let us look at a few of the problems that are facing rural and regional Australia.

Madam Deputy Speaker, I know I have only to say the word ‘Telstra’ and you immediately identify with the problems that are faced in your part of the world, too, as well as mine because of the lack of service being delivered by Telstra. The problems that have already evolved in rural and regional Australia with the partial privatisation of Telstra are mammoth. I recently conducted a survey. I visited towns such as Gloucester, Bulahdelah and Dungog and I asked people to respond to a number of questions as part of the survey. We found that a public phone at Gloucester Railway Station required only 30c to make a phone call. When Telstra was advised of this, it said that it was not possible, that those phones had not been around for years. But the people of Gloucester did not complain too much, because they said it only worked for 75 per cent of the time, anyway.

Mr Cadman—Why would they? That’s a great service. You don’t whinge about that sort of service.

Mr HORNE—If you listened, you would find out that the phone did not work. However, after complaining to Telstra, it will be replaced and, of course, the cost will go up to 40c. We found out, for example, that people were waiting for a connection to service because the cable had to go under a road. But, because the local depot had disappeared and because there were no local contractors to do that sort of work, Telstra was waiting until it had enough work to bring in the machinery required to do that work. In a place such as Gloucester, that might mean waiting 12 months. That is the sort of thing that has been forced upon people in rural and regional Australia—lack of service.

In many areas in my electorate, if you want a new phone you will be told that the capacity on the switch gear is simply not available. As a matter of fact, the other night, when trying to ring one of my constituents from Parliament House, I had a unique experience; this was the first time this had ever happened. For over half an hour during our dinner break I kept getting a recorded message saying that all of the circuitry to the area that I was calling was full and could I please ring again later. I understand there is an increasing incidence of this in rural and regional Australia. It tells the people of rural and regional Australia that they are second-class citizens. They do not have access to mobile services in many parts of my electorate. The CDMA roll-out was a farce, and over the Christmas period a large number of people who make their living in my electorate from the tourism industry were denied access to mobile phones—lost service, lost income, no compensation. Connection to high-speed transmission cables to allow rural Australia to be competitive is simply not available in many areas. The most frustrating thing that I often come across is that there is no local person for residents to talk to. They cannot talk to someone who knows their area and knows their problem and get them to understand it. They finish up talking to someone in South Australia, Tasmania or somewhere like that.

What of the response by Telstra this week? Has it addressed the problem? Not one bit! In fact, its response, to put call centres into some regional areas, may relocate some jobs—but it is service that the regions are calling for. The jobs associated with providing service—the linesmen and technicians—are the jobs that we need. But this week’s response by Telstra does show one important thing: it shows that 51 per cent of government ownership means the government can direct Telstra how to act. Does anyone in regional Australia believe that the setting up of call centres in places such as Albury-Wodonga and Maitland—highly decentralised areas, I do not think—was done out of the goodness of Telstra’s heart? Of course not! It was a political response by a coalition in damage-control mode. The board itself has admitted that it was done in the name of seeking support for the further privatisation of Telstra. That is what rural Australia knows and that is what rural Australia does not want. The only way we can guarantee service
to rural Australia is for the 51 per cent of Telstra currently in public ownership to remain in public ownership.

Madam Deputy Speaker, education is another vital service to our community that the minister often comes into this House and gets on his soapbox about. As a parent and a former career teacher, I have an ongoing interest in education, particularly public education—the part of the education system that educates 70 per cent of our students. Most families in strong Labor electorates traditionally saw the public education system as a means by which their children could break the shackles of the coalmine and the iron and steel mills. Education was the great equaliser in our society. What is the government doing to public education? Let me quote from Adele Horin in the Sydney Morning Herald on Saturday, 20 May this year. The headline read ‘Kemp enshrines policies of injustice in education’. Ms Horin went on to point out that, although the public education system educates 70 per cent of Australia’s children, over the next four years it will lose $57 million in federal funding because of enrolment benchmarks. But federal funding for private schools will expand by a staggering $1 billion in the same period. The article also points out that in this year’s budget six times more funding is allocated to GST advertising than to new educational funding. That is the true value this government places on education.

However, if there is a linchpin in this government’s policies for rural and regional Australia, it was going to be the massive assistance for transport. We have heard for the past two years how they are going to make diesel cheaper and how that will be good for the delivery of services and goods. Surprise, surprise, we find that the 24c per litre maximum drop in the price of diesel is less than the hike that we have seen in the past 18 months. No wonder thousands of owner-drivers who were going to deliver this miracle for this government are now out there setting up roadblocks and saying to the government, ‘If you force this on us, we’ll go broke.’ These are people who are heavily in debt. They work some of the longest hours of any workers in Australia. They are often forced to bend the rules to cover costs. They often carry loads at a loss simply to get home to get a tank of fuel, and they are being screwed by major contractors who are exploiting the subcontractors on a grand scale. These are people who are now saying to this government, ‘We have had enough.’ They have submitted a four-point plan to the government and they need to be listened to sympathetically or our transport system will fail.

Of course, the other dimension of our transport system is roads. I can only admire the fancy footwork of the Minister for Transport and Regional Services in his media release after the budget when he alluded to the $3.2 billion Pacific Highway upgrade. It may be $3.2 billion, but this government’s contribution is $600 million. How much this year? I could not find reference to any construction funding for this year. I could find a reference only to planning. There is no money for the vital Karuah bypass or the Karuah-Bulahdelah upgrade. I did note $8.3 million for bridge upgrades across the whole of New South Wales. I have five local government areas in my electorate. They have wooden bridges and single-lane bridges—dangerous bridges. I have no doubt that each one of those local government areas could spend $8.3 million in their local government area alone. But we find that the whole of New South Wales in this year will get the princely sum of $8.3 million to upgrade bridges. If it were not so serious, I would say it is laughable. Whichever way it is, it is a cruel hoax on regional Australia.

I commenced my speech by saying that the Howard government is predictable. I have given examples in health, aged care, transport, education and fiscal responsibility; it is a shame how the government’s rhetoric does not match up with its service delivery promise, and that is a tragedy for Australia, particularly for the residents whom I represent in rural and regional Australia.

Mr CADMAN (Mitchell) (1.40 p.m.)—This budget continues a theme of activity that the current government has had for the past four years. The main themes of jobs, low inflation, low interest rates, a focus on family issues and a fair and effective welfare system have been constant right through the 4½ years of the current government’s term in
office. Other factors in this budget are given attention—factors which need attention, factors a little outside the main focus of jobs, a sound economy, families and a fair and efficient welfare system—and they are rural and regional Australia, the health services of Australia and the defence and security of the nation. Those three additional areas were included in the presentation by the Treasurer of the annual budget in the federal parliament.

I wish to deal with the main themes and assess how the government has fulfilled its obligations and then to spend some time on matters that are particularly related to Western Sydney and how the government has changed the whole outlook of Western Sydney—the two million people who live in the west and their families. I wish to focus first on jobs, because jobs were the failure of the previous government. It failed to provide jobs and training opportunities. There were lots of make-work programs, recycling and churning people through useless systems, but there were no real results. I wish to focus on what has happened since this government came to office. This government has generated close to 700,000 new jobs. One has only to compare the wellbeing of the average Aussie and their family under this government with the previous Labor government to understand the huge change that has occurred. If one looks at wages and the Labor record in the time it was in office, one sees that there was a five per cent real reduction in wages whereas in the short 4½ years of this government there has been a 9½ per cent real wage increase, people are better off—and they have more real disposable income. Yet we have crazy unionists striking, saying that they are worse off.

I have received some abusive correspondence from unionists because of the way in which I have dealt with them in this House. But they are only the industrial arm of the Australian Labor Party. No thinking working man would buy or understand or comprehend what they are on about, because all of their action seems to be in protest against the advances that have been made in the past four years. During the Australian Labor Party’s term in office there were no strikes on political issues; people coped a five per cent wage reduction without whingeing, and members now in this House—Martin Ferguson and Simon Crean—were leading the union movement at the time when people were coping those real wage reductions. But, instead, we now have unionists in Melbourne striking because there has been a 9.5 per cent real increase in wages.

What about the growth in productivity? Under the Labor government there was a growth of 1.8 per cent in each year compared with 2.8 per cent under the current government—almost double the previous growth in productivity. As to jobs growth, in the last six years of the Labor Party government there were 399,800 new jobs, only 27,100 of which were full-time jobs, compared with our record since March 1996 of 699,600 new jobs, 381,200 of which were full-time jobs. That is nine million Australians in jobs. That is the first time we have hit that number. So we have a great change in the job opportunities for Australians. Labor’s record was 8.5 per cent unemployment when it left office. What is it now? It is 6.8 per cent. That is a significant drop in the number of people who are out of work. Youth unemployment was 27.2 per cent when Labor left office, peaking at 34 per cent in 1992. It is now down to 21 per cent. We are making big inroads, too, into youth unemployment. Yet the protests of the building unions in Melbourne go on. They are protesting against changes that have benefited all unionists and all members of unions Australia-wide and benefited all families Australia-wide. Madam Deputy Speaker, I think it is a fine record.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! Not Madam Deputy Speaker!

Mr CADMAN—I’m sorry, Madam Deputy Speaker—

Mr DEPUTY SPEAKER—Not again!

Mr CADMAN—You have changed. It is very nice to see you, Mr Deputy Speaker, in the chair.

Mr DEPUTY SPEAKER—I thank the honourable member for Mitchell.

Mr CADMAN—I know that you understand the significance of employment in rural and regional Australia as well as in major
cities, and I know that you will appreciate some of the remarks I will make later about the road systems in Australia and the improvements taking place there.

Jobs have changed dramatically. The opportunity to work for more money, for a real wage increase, has changed dramatically. Low inflation has meant that planning and expectation for businesses have improved. So there has been a growth in business activity, which means more jobs of course. The low interest rates have meant that more people have been able to buy goods, whether it be a fridge, a washing machine or a new house. We have seen quite a boom in the housing industry in Australia over the past couple of years. Why is that? Because people can afford to buy their houses! More houses mean more jobs because builders have more work. What is the impact? The impact is that, together with these economic things, more jobs and greater security are brought to people.

At the same time the government has been carefully nurturing the needs of families. With a definite program of stronger families and stronger communities, the government has set out to put a stamp of change on the wellbeing of families. From 1 July this year, two million families will benefit from increased family assistance—$2.4 billion a year. A single income family earning $40,000 with two children, one under five years of age, will receive tax cuts and increased family payments equal to $50.63 a week. That is a change to advantage Australians, together with the change in job availability and increase in salaries. The focus that this government has brought to the wellbeing of families is something that my electorate really needed. We have probably got the highest proportion of kids between the ages of 12 to 18 of any area of Australia. Two other areas share a similar proportion of youth as the electorate of Mitchell.

Families with children and young people of 12 to 18, need support. As members would know, young people are very expensive to a family when they go to high school and move through to university and into employment. Families need a lot of support. All families in Australia want to support their young people. By increasing real salaries, by creating more jobs, by providing better opportunities to purchase a home and by providing a program designed to assist families, to strengthen families and communities, this government has really focused on where the need is greatest. So the economy gives people opportunities but gives them special assistance also.

I mention in particular another great theme of this government—that is, fair and effective welfare systems. One of the real problems is that Australians have resented tax payments because they were not sure that everybody receiving welfare genuinely needed it. This government both increased the level of welfare and reined back on possible abuses of welfare. Nobody wants to pay tax to have somebody swing the lead or to abuse the system. There are a few areas where abuse cannot take place. Generally, one would have to accept that the case for handicapped and disabled people. Abuse cannot take place there, and nor does it. Also, generally, abuse cannot take place with the aged people in our community. But there are other areas of welfare where abuse can and has taken place. One of the proud records of this government is drawing back on that abuse of welfare in a very successful way. We have saved millions of dollars per annum—it is perhaps running into the hundreds of millions of dollars per annum—on blatant fraud and on people making claims to which they are not entitled. In relation to drawing back on that, there has not been a complaint from those affected. I have not had complaints, nor have my colleagues. The government’s decisions in those areas have not caused hardship and pain but have been justified. There have been savings in one area but an increase in another. Our welfare payments have been better directed and more successfully applied and used.

Therefore, the themes of this government have been: more jobs; low inflation and low interest rates, which generate part of the business activity to create more jobs and allow people to purchase, buy and acquire things; to give proper attention to the needs of Australian families, families with children and dependent young people; and a fair and effective welfare system. In addition to that, this current budget focuses on the health
needs of rural and regional Australia and gradually builds in support for services such as telecommunications and road transport. They have been the goals of this budget. The health services of Australia need attention. Part of that has been the fact that we have been reliant on finding enough taxpayers' money to fund an increasingly expensive health service. That cannot be done without extraordinary pain on taxpayers and the average Australian unless they are prepared to insure privately. Much of the incentive is to encourage people to insure privately. That in turn reduces their own expenses and their own tax bill as individuals. The budget again moves ahead in that area.

There has been increased concern about the defence of Australia. The situation in East Timor focused us all on that very strongly. The problems that occurred in East Timor where Australia was called on to fulfil a role—a role which it did most adequately with real brilliance and of which we can all be proud—made us think about maintaining our defences. If we let our defences drop and another situation like Timor comes along, perhaps we would not be able to handle it. There has been an increased concern regarding the defence of Australia. Attached to that is border integrity and the way in which we manage our borders. There are additional funds in this budget to make sure that illegal immigrants do not come strolling in when they feel like it. The government has entrusted millions of dollars to make sure that immigration and defence are properly matched together so that our borders are secure.

The budget has been complained about in only one area, and that is a predictable area. That complaint came from the Treasurer of New South Wales. I refer the House to a local newspaper report in which comments about the budget were made by Mr Mike Yeo of the Hills Chamber of Commerce. He said that New South Wales will benefit far more by the changes in the tax system than most people expect ‘because the take is almost certainly understated’. That is right. I notice that the WSROC, Western Sydney Regional Organisation of Councils, Chairman, Mr Chris Bowen, is critical of the government’s funding for road programs. What Councillor Bowen forgot to mention was that tucked away with so many other small programs within the budget was a widening of the Cumberland Highway through Western Sydney which is part of the national grid. That will allow much more effective use of the Sydney urban link.

This road is four to six lanes wide and carries a huge volume of traffic. It has more than 60 sets of traffic lights—and it is still called a highway; I do not know why—many local traffic movements and retail and business developments. Speeds have been reduced, often down to 20 to 40 kilometres per hour as traffic merges from six to four lanes. There has been an increase in funding to that road to complete it to six lanes. It is part of the national grid. The Commonwealth does not draw back from its responsibility. The Cumberland Highway in Sydney is buried in this budget. I think it is one of the good things in this budget that has been overlooked by a number of individuals on purpose. There is also $10 million for further planning of the Western Sydney orbital, the road that will bring traffic from Horsley and the M5 at Preston to the M2 motorway in western Baulkham Hills, which is near the electorate of Mitchell. These are good moves which will improve traffic flow through Sydney. This is an excellent budget and a well-thought-through budget.

I know that my time to speak in this debate will be shortened. I regret that I cannot speak about the additional funding for the home and community care packages available for veterans. Some 20,000 more veterans will gain access to that system. There is $32 million for Vietnam veterans and their families and an increase of $61.3 million for those in need of legal aid. There is also $20 million to divert juveniles from the criminal justice system in the Northern Territory, a matter which occupied the attention of the nation for some time. Mr Speaker, with much reluctance, I seek your permission to continue my remarks at a later time.

Mr SPEAKER—I do not know that my permission will entirely suffice, but I think that leave to allow the member to continue
would be appropriate and the Manager of Opposition Business has extended that leave.

Mr Leo McLeay—Mr Speaker, I raise a point of order. The member sought leave to continue his remarks. The opposition has given leave to the member to continue his remarks. The opposition expects that debate on the appropriation bill will continue in this chamber later this day. If that is what he wants to do, we are happy to do that. But we are not happy to have him adjourn the debate on it and never have it come back.

Mr Speaker—I would point out to the Chief Opposition Whip that the member for Mitchell has sought leave to continue his remarks, which is tantamount to adjourning the debate.

Debate adjourned.

MATTTERS REFERRED TO MAIN COMMITTEE

Mr Ronaldson (Ballarat) (2.00 p.m.)—Mr speaker, I expect I know what is going to happen, but I ask leave of the House to move a motion to refer bills to the Main Committee for further consideration.

Mr Speaker—Is leave granted?

Mr Leo McLeay—Not unless the Chief Government Whip tells us what bills he wants to adjourn. If he wants to adjourn the appropriation bills, leave is not granted.

Mr Ronaldson—Thank you, Mr Speaker. If that is going to be the opposition’s approach in relation to this, despite an agreement to do this, it will be dealt with accordingly.

BILLS RETURNED FROM THE SENATE

The following bills were returned from the Senate without amendment or request:

Customs Tariff Amendment Bill (No. 1) 2000
Excise Tariff Amendment Bill (No. 1) 2000

MINISTERIAL ARRANGEMENTS

Mr Howard (Bennelong—Prime Minister) (2.00 p.m.)—I inform the House that I will leave Australia later today to represent Australia at the memorial service for the former Prime Minister of Japan, Mr Keizo Obuchi, to be held in Tokyo tomorrow, 8 June. I will return to Australia on Friday evening, 9 June. I am pleased that, given the importance of the relationship between Australia and Japan, the Leader of the Opposition, and the member for Wentworth in his capacity as Chairman of the Australia-Japan Parliamentary Friendship Group, have accepted my invitation to accompany me to Tokyo. During my short visit to Japan, I will hold a series of meetings with other leaders, including the Japanese Prime Minister, Mr Mori; the Prime Minister of Thailand, Mr Chuan Leekpai; and the President of Indonesia, Dr Wahid. I also expect to have a meeting with the Prime Minister of Papua New Guinea, Sir Mekere Morauta, and perhaps other leaders as well. The Deputy Prime Minister will act as Prime Minister during my absence and will answer questions in the House on my behalf tomorrow.

QUESTIONS WITHOUT NOTICE

Australian Electoral Commission: Provision of Electoral Roll Records to the Australian Taxation Office

Mr Beazley (2.01 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware of legal advice from the Victorian Attorney-General which states that the GST mail-out to be personally signed by you as part of your $431 million GST promotion campaign is illegal? Are you also aware that the Privacy Commissioner has launched an investigation into the conduct of the Electoral Commission in providing electoral roll computer records to the Australian Taxation Office? Given that the government is now taking steps to get further legal advice on this issue, will you personally satisfy yourself about the legality of the proposed mail-out before you sign the letter?

Mr Howard—The answer to the question is that I did. As to the advice provided by the Victorian legal sources, that material is being examined by the appropriate authorities. I refer the Leader of the Opposition to the press statement made by Mr Becker last night which deals point by point with the issues. It makes it quite clear that the AEC sought legal advice before providing the electoral information. I was, at all material times, advised that the course of action being undertaken by the government was proper and correct.
Solomon Islands: Political Crisis

Mr PYNE (2.03 p.m.)—My question is to the Prime Minister. Would the Prime Minister update the House on the situation facing the Solomon Islands?

Mr HOWARD—I thank the honourable member for Sturt for his question. The House would be aware of developments overnight in the Solomon Islands. I want to say that I cautiously—and I use the word ‘cautiously’ very deliberately—welcome the agreement that appears to have been reached last night between the Solomon Islands foreign minister and Mr Nori from the Malaitan Eagle Force which provides for parliament to reconvene on 15 June to settle the issue of the prime ministership and for the Prime Minister to be released from house arrest and to be free to move around. I use the word ‘cautiously’ very deliberately because we will have to wait and see how this agreement is implemented in practice. It is not clear that Mr Nori speaks for all Malaitans, and it will also depend upon whether Malaitan and Guadalcanal militant groups now stop fighting, lay down their arms and permit a constitutional process to occur. In fact, there have been further reports this morning of clashes between different groups within the Solomon Islands. We will be, of course, following all of these developments very closely.

Let me say to the House that the government remains very critical of the resort to force and arms which has been involved in the detention—even though it is now to be apparently ended—of the lawful and constitutionally installed Prime Minister of the Solomon Islands. That remains an unacceptable act; although in a proper sense of realism, if the end result is a return to constitutional and democratic government, it would clearly be in the interests of all that that particular phase of developments be welcomed.

What may be unfolding in the Solomon Islands underscores a point I made in the parliament yesterday—that is, ultimately these matters had to be resolved within the Solomon Islands without the introduction of outside influences, particularly in circumstances where one had no clear view as to how that outside intervention might be ended. I note the fact that the Commonwealth ministerial advisory group meeting in London discussed the Solomon Islands situation. It expressed its concern at developments and has agreed to send a ministerial mission of Australia, Botswana and Malaysia to the Solomon Islands to convey this concern. That particular group will also be going to Fiji.

I say again to those who argued—and I heard the argument coming from the other side—that we should have been responding to a request to install Australian police in line areas of responsibility that, in my view, that is a flawed and hasty analysis of this situation. Ultimately, no responsible government is a party to introducing Australian police or Australian Defence personnel into any overseas situation unless that government is completely satisfied as to the positive benefit of that action on the domestic situation and unless it is completely satisfied that the risks to the lives and safety of the personnel are the minimum that the circumstances will allow. Those circumstances did not exist in relation to the request that we received. The fact that the government receives a letter from the honourable member for Denison telling it that it ought to introduce Australian police is not, of itself, a reason why the government should act. Our position all along—and it was conveyed very strongly to the Prime Minister of the Solomon Islands—was that the matter should be resolved by the people of the Solomon Islands. I hope that the indications coming out of the country today are that that is going to occur. If it does occur, the proper approach of the government will have been fully vindicated.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon members of the New Zealand House of Representatives Social Affairs Committee, led by the chairman of that committee, Mr Field. On behalf of the House, I extend to all of our New Zealand colleagues a very warm welcome.

Honourable members—Hear, hear!
QUESTIONs WITHOUT NOTICE
Goods and Services Tax: Advertisements

Mr McMULLAN (2.08 p.m.)—My question is to the Prime Minister. Prime Minister, can you confirm that the Australian Taxation Office sponsored the Sunday night movie Austin Powers: International Man of Mystery on Channel 9 two weeks ago? Can you also confirm that the nature of this sponsorship gave exclusivity which resulted in the brewers’ GST beer ads being denied air time during this movie because they were in conflict with your GST chain ads? Prime Minister, who authorised this scandalous waste of taxpayers’ money merely to suppress criticism of your tax package?

Mr HOWARD—If my memory serves me correctly, I was out of the country on that Sunday night two weeks ago, so I was denied the pleasure of seeing that particular program. But I can assure the Manager of Opposition Business and the mastermind of their question time tactics that at all stages proper procedures in relation to these matters have been followed by the government.

Victoria: Campaign 2000

FRAN BAILEY (2.10 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, what avenues are open to the government and to employers and employees to deal with the threats made by trade union leaders to start industry wide strikes in the Victorian manufacturing industry from 1 July?

Mr REITH—I thank the member for McEwen for her question. There certainly is a threat. In fact the metals unions in Victoria have been running a campaign and making preparations. They have something like 1,000 or more companies now signed up in Victoria. What that heralds is the possibility of industry wide strikes.

I saw in the Sydney Morning Herald only yesterday that the CFMEU state secretary, Andrew Ferguson—brother to two members in this place—referred to the industry wide action in the building industry on Monday in Sydney as ‘magnificent’ with virtually every building site closed in Victoria. This is the Fergusons’ idea of a good day—closing down a whole industry, threatening jobs and discouraging investment in their own home state. I should not single those two out because that is the view of the frontbench on the other side. The Labor Party in government never supported the right to strike across an industry, yet we have a weak Leader of the Opposition and what does he do? The unions ask for it and he gives it, regardless of the consequences, regardless of the jobs that would be lost. As the Australian industry group has said, we now run the real risk that unions will misuse the protected action provisions as part of their campaign to end enterprise bargaining. This is a clear manipulation of the protected bargaining provisions.

Mr Beazley—Who put that law in place?

Mr SPEAKER—The Leader of the Opposition!

Mr REITH—The Labor Party put the provisions in.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition knows better than to defy the chair.

Mr REITH—I am happy to have such an interjection. It reminds people—

Mr SPEAKER—The minister will not respond to the interjection. He will respond to the question.

Mr REITH—Well, let me respond to the question and make a general remark. The Labor Party in government supported a right to industrial action at the single enterprise level but legislated against multi-employer industrial action. They were opposed to it. They legislated against it. Yet now in opposition the Leader of the Opposition cannot even stand up for the policy which Labor had while they were in government. As ACCI have said, ‘It is clear that the path to economic growth, with increased productivity and competitiveness, should have a labour relations system focused firmly on the needs of individual enterprises.’ That is a very sensible comment that could have been made by any Labor leader until the weak Labor leader we have today.
Lastly, there are things that people can do in the event of this industrial action. The secondary boycott provisions of the Trade Practices Act, reinserted by this government, do provide people with a real remedy. For employers, no employer is compelled to abide by the demands of the AMWU and its demands for uniform wages and conditions. Any employer who pays an employee who goes on strike may be pursued by the Office of the Employment Advocate. For employees, for workers, no worker is compelled by law to go on strike if they do not want to. This government will support the right of the employees and workers who do not want to be pushed into industrial action by the union thuggery supported by the Labor Party. Unions who force an employee to go on strike can be pursued by the Office of the Employment Advocate, an advocate which the Labor Party proposes to abolish but which does give workers protection against such coercion. Sadly, this campaign is now in the hands of union militants in Victoria, and, sadly, they are today cock-a-hoop because their efforts in organising and manipulating a campaign against workers’ interests will have—and does have today—the sanction of and is condoned by the Leader of the Opposition. It is a disgrace that the Leader of the Opposition cannot stand up to protect workers in Victoria.

Goods and Services Tax: Pensions

Mr SWAN (2.15 p.m.)—My question is directed to the acting Minister for Family and Community Services. Minister, is it a fact that a pensioner with savings of $30,000 will see the value of these savings erode by 5 ¾ per cent or $1,725 in the year that the GST is introduced? Can you explain why this pensioner will be entitled to a maximum aged persons savings bonus of only $1,000, leaving them at least $725 worse off in the first year alone? How many older Australians will see the value of their savings erode without adequate compensation because the GST inflation effect is higher than you promised?

Mr ANTHONY—I think the first point that the House should recognise is that the member for Lilley is always wrong, and he is wrong today. It is important to recognise that at least we have a package in place to compensate pensioners for price increases—that is why they are getting an increase of four per cent. We are assisting older Australians particularly by reducing the taper rate from 60c and increasing the assets test. We have this bonus plan in place now, which the Australian Labor Party never did when they increased their wholesale sales taxes, and nor did they ever bring forward their tax cuts.

Workplace Relations: Reform

Mr NEVILLE (2.17 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, would you inform the House whether the government will continue its modernisation of the Australian workplace relations system? Why is this important to the welfare of constituents in my electorate of Hinkler? What barriers exist to the continuation of labour market reform in this country?

Mr REITH—I thank the member for Hinkler for his question. I assure the member for Hinkler that the reform of Australia’s workplace relations system must continue and will continue. This government is very committed to that process. There are some compelling reasons why that must be the case. The first and obvious reason is that the reform process that we have so far introduced has produced real benefits to workers. Workers today have higher wages, they are better off and there are more jobs. Those clearly are reasons to continue.

The second thing is that this government knows—as Tony Blair in the UK knows—that the modern workplace is changing and that attitudes to work are changing. Individuals today in the workplace do not want to be treated as grey figures, all of whom are exactly the same. It is a trait in modern society that people are better educated and better informed. They have higher living standards and want to have a greater say on the way in which they work. They want to have a greater say in when they work, how they work and the conditions in which they work. That simply means that the whole system has to keep up with the reality of what is happening in modern workplaces. Sure, it might not be happening in every workplace, but in modern, progressive workplaces this is the way of the future, and
the future, and we have to have an industrial relations system that allows that.

And thirdly—and reflecting that second point—increasingly in workplaces, workers realise that the future is not having a class warfare with the boss and a them and us mentality. That is why, in so many workplaces, employers and employees are trying to do deals and come to arrangements which suit both parties, and that means higher wages for employees and more efficient businesses for employers.

The system has to deal with the reality. Of those sitting on the Labor side in the Senate, 70 per cent or 69 per cent might be former trade union leaders or officials, but out in the real world only one in five workers in the private sector is in unions. You just cannot say, at the 1998 election—as the Labor Party did—that you are in favour of individual agreements and now be opposed to them. In the real world, 6,000 AWAs were filed last month. There is obviously a growing demand for that system within average workplaces. Also, more and more people are interested in being involved as shareholders in the business in which they work.

I think one of the proudest achievements of this government has been to encourage share ownership, but we want to encourage not only the public to have shares but employees in businesses to have shares so you can align the interests of workers and business. I am delighted that the House of Representatives Standing Committee on Employment, Education and Workplace Relations will, in the next month or so, hopefully be reporting on employee share ownership, which I referred to the committee. This reflects that, in a modern Australia, more and more workers want to take up this option. In conclusion, you cannot look back to the 1970s for our workplace relations system. You have to look to the turn of the century and into the next century to have a system that suits ordinary workers, not a system which suits union bosses who run the Labor Party.

Goods and Services Tax: Pensions

Mr SWAN (2.21 p.m.)—My question is directed to the acting Minister for Family and Community Services. Minister, will you confirm that the aged persons savings bonus that is supposed to compensate for the GST devaluation of pensioner savings is not asset test exempt? Isn’t it a fact that if a pensioner saves the full $1,000 bonus under the pensioner asset test it could cut their pension by up to $3 per fortnight, effectively wiping out one-fifth of the 1 July pension increase? Isn’t this just another case of giving with one hand while taking with the other?

Mr Kerr interjecting—

Mr SPEAKER—The member for Denison is warned.

Mr ANTHONY—It is interesting that the member for Lilley is showing so much compassion to pensioners—because, if the Australian Labor Party were still in government, pensioners would have lost out, before the efforts that we have made in compensation measures.

Mr Beazley—Mr Speaker, I raise a point of order. It is a relevance question. He has been asked a very specific question, which thousands of pensioners now are asking, and he has gone on some general rage about what he thinks the Labor Party did 10 years ago.

Mr SPEAKER—The Leader of the Opposition will resume his seat. The chair is not being aided by members on my right or by members on my left, including the members for Grayndler and Bruce and the member for La Trobe. The minister has been answering the question for 14 seconds. If I deem him not to be relevant, I will sit him down. At this stage it is not fair to pass judgment.

Mr ANTHONY—Thank you. I am glad the Australian Labor Party is showing some patience. Before I get to the point, it is interesting to note that Australian pensioners would have lost out by $13 per fortnight if the Labor Party had continued to index pensions on the CPI alone. It was this government, through the MTAW, that actually increased pensions by $13. What we are doing now, with the new tax system coming into place—

Mr Crean interjecting—

Mr ANTHONY—You never did it. You only did it twice, the member for Hotham—and that was once before the 1990 election and once before the 1993 election, and for
on once before the 1993 election, and for purely political purposes.

Mr SPEAKER—The minister will resume his seat.

Opposition members interjecting—

Mr SPEAKER—I warn the member for Bruce for the last time.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition is running the risk of being dealt with by the chair.

Mr Cox—Mr Speaker, I rise on a point of order under standing order 145. The minister is being neither relevant nor factual.

Mr SPEAKER—The member for Kingston will resume his seat. I call the minister. His answer is relevant to the question asked.

Mr ANTHONY—Thank you, Mr Speaker. Of course the government is introducing a bonus scheme, because we are recognising that with the increase in inflation through the CPI pensioners should be compensated. They were never compensated in the past when there were increases in inflation. Of course, the $1,000 is the maximum amount they can obtain through the saving bonuses; if they choose to invest that and earn revenue from it, then it may well affect their pension. If they choose to spend it, it will not.

Rural and Regional Australia: Workplace Relations Reform

Mr LAWLER (2.26 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister advise the House how employers and workers in the electorate of Parkes and in other areas of rural and regional Australia will be affected by the failure of negotiations to secure vital reforms to the workplace relations legislation?

Mr ANDERSON—I thank the honourable member for his question. The reality is that Labor’s stance on pattern bargaining reflects, again, the blatant flexing of ACTU muscle and the immediate capitulation by those on the front bench opposite. The unions ask for it, and the ALP front bench gives it to them. Their latest collapse will be deplored across rural and regional Australia. It will be deplored, because they know what it means. It means that yet again there is an open invitation to militant unions like the Meatworkers Union, with a long and inglorious history of militancy. I hear them groan opposite, and well they might: we all remember that in this place once upon a time, for a short period only, they got realistic about this industry, and their spokesman, the then Minister for Industrial Relations, Mr Peter Cook, in 1992 said, ‘We ought to get rid of the tally system.’ He was not able to—

Mr Howard—he didn’t last long.

Mr ANDERSON—No, he did not last long. That has been left to the current minister, who has really instituted some decent reform in this area. Peter Cook was not able to deliver. Do you know why not? The ACTU said no. Peter Cook said, ‘This will produce more jobs. This will save jobs and produce more jobs. It is an important reform.’ But the ACTU said no. And who headed up the ACTU in those days? He sits over there now, on the front bench. In this place in those days, the ALP could see that industrial relations reform was needed for jobs, but the ACTU could not. Who pulled the strings? The ACTU did. So the capacity now for unions to flex their muscles by bringing entire industries to a halt across the nation will not be welcomed in the regions. It will mean that again we have the spectre of country businesses being loaded with additional costs that big city unions screw out of big companies—costs that country businesses do not need and cannot afford.

If there is a dispute in the city, we see the real prospect again of pattern bargaining meaning that country businesses grind to a halt as well. The potential to cripple vital export industries and damage jobs out there is the last thing that we need in rural and regional Australia at the moment. We have been looking for, and this government has been delivering, more flexibility and more productivity in regional and rural work forces, and that has in many instances been underpinning a substantial increase in the number of jobs and opportunities in areas like northern Victoria, where the dairy industry in its value adding has made real progress.
I remember when I came into this place a group in my own electorate approaching me about a joint venture to set up a cotton spinning plant with some Asians. The Asians backed out. You know why? Because Australian interest rates were too high, and they said, ‘With your industrial relations record we will never get the flexibility we need to make the plant pay for itself.’

Mr Howard—It’s a different story now.

Mr ANDERSON—It is a different story now. You want to go back to the dark days. The most amazing thing about this is that it is a total failure in leadership, not just from the Leader of the Opposition but from his frontbench team as well—the union dream team that stands behind him. We have got the member for Hotham and the member for Batman there, both former heads of the ACTU. The Leader of the Opposition recently said that his strategy for winning back the bush was to send out those two people who are so loved in the bush, the member for Batman and the member for Hotham. So these two friends of the farmer are going to go out there and win the argument.

Mr Howard—I’ve got 23 per cent interest rates—

Mr ANDERSON—Yes, absolutely—23 per cent interest rates. We saw the disdain that they showed for the real interests of country workers when they were in power. I cannot help myself making this observation out of sympathy for the member for Batman and the member for Hotham. It really must be quite difficult to make the transition from puppeteer to puppet.

Low Alcohol Beer: Commonwealth Subsidy

Mr BAIRD (2.32 p.m.)—My question is addressed to the Treasurer. The Treasurer will be aware of measures that have been put in place to encourage the consumption of low alcohol beer as against high alcohol beer for public health reasons. Is there any threat to these measures, and where is that threat coming from?

Mr COSTELLO—I thank the honourable member for Cook for his question. He would be aware that over a long period of time states have operated schemes designed to encourage the consumption of low alcohol beer as opposed to high alcohol beer for public health reasons; for example, to cut the road toll, to encourage health and to cut down on the dangers of excessive alcohol drinking.

When the High Court struck down state business franchise fees in 1997 in the case of Haha and Lim against New South Wales, at the request of the states the Commonwealth reimposed those state taxes so that the state budgets would be protected. We did it on one condition; we did it on the condition that if we stepped into the breach and picked up the revenue which had been declared unconstitutional for and on behalf of the states the states would continue their subsidy schemes, including the subsidy scheme which made low alcohol beer cheaper than higher alcohol beer. The way in which the Commonwealth stepped in was with its wholesale sales tax, called a ‘revenue replacement’. It paid the money to the states on the condition that if the states are to continue those state subsidies. They still have that money and, from the Commonwealth’s point of view, they still are obliged to pay those subsidies.

In one of the sneakier moves that I have seen by a state government recently, led by the Labor Party in New South Wales, the New South Wales government is now proposing to take the money that funds the subsidy and to wipe out the subsidy, that is, to try to make heavy alcohol beer more cost-effective against low alcohol beer, to try to
undermine public health in the state of New South Wales and to try to make a profit out of the funding arrangements. The government of the ACT obviously has been forced to follow because it could not run a subsidy within the ACT where you could buy subsidised low alcohol beer on one side of the territory line but not on the other. The only other government in Australia which, I regret to say, has engaged in this sneaky little arrangement is the Labor government of Tasmania under the Treasurership of Dr David Crean. I am pleased to inform the House that Premier Bracks is above a sneaky trick like that, and that the Labor Premier of Victoria is continuing the subsidy arrangements. I am pleased to inform the House that the Liberal Premier of Western Australia is continuing the subsidy arrangements. I am pleased to inform the House that the Liberal Premier of South Australia is continuing those arrangements. This is a sneaky trick out of New South Wales, copycatted by the Labor government of Tasmania: an attempt to take a financial windfall at the expense of public health; an attempt to put people at risk on the roads and in relation to their health—to take the money for the subsidy and to pocket it and to put public health at risk.

As far as the Commonwealth is concerned we will not allow the sneaky Labor governments of New South Wales and Tasmania to get away with this particular little trick. They are being paid to continue those subsidies. The Commonwealth demands that they continue those subsidies. We will not continue to fund them to pay subsidies which they do not pass on to consumers.

I noticed the Labor Deputy Leader of the Opposition regards this with great mirth—the prospect of taking money out of low alcohol consumers and pocketing it—no doubt influenced by the wayward example that is given to him out of the Tasmanian Labor government. If he had any decency, if he had any guts, if he were prepared to take a stand for public health, he would be condemning the New South Wales and Tasmanian Labor governments; he would be nailing himself to the example of Premier Bracks, Premier Olsen and Premier Court. It is another example where the federal Labor Party ought to speak up and ought to condemn this retrograde behaviour.

Mr Crean—Why didn’t you follow your brother and walk the—

Mr SPEAKER—Deputy Leader of the Opposition! If I have to intervene again, I will be forced to warn him.

Goods and Services Tax: Self-Funded Retirees

Ms ELLIS (2.38 p.m.)—My question is to the acting Minister for Family and Community Services. Can the minister confirm that if an older Australian receives a part pension after 1 April this year they lose their right to claim the self-funded retirees supplementary bonus? Is the minister aware that one of my constituents was not advised of this fact by Centrelink when she applied for, and now receives, a part pension of $7 a fortnight—that is, $182 a year—meaning she cannot now get up to $2,000 in self-funded retirees supplementary bonus? Can the minister explain for my constituent how the government could find $431 million for GST propaganda but could not manage simply to inform my constituent fully before she lost access to this bonus?

Mr ANTHONY—There are a number of points that the member raises. The first point is about the money the government is spending on advertising. It should be remembered that all of the GST revenue that is coming back, $24 billion, actually goes to the states and territories—back to your schools, back to your hospitals. As far as the bonus is concerned, at least we are providing two bonuses, a savings bonus and a supplementary bonus.

Mr Crean—She’s not getting it.

Mr ANTHONY—If she is earning the income and she is pushed over the limit, then she is not entitled to part of it. But the point is that we are providing $1,000 maximum to pensioners and $2,000 maximum to people over the age of 55 if they qualify. The other inference that you make is on Centrelink and on the erroneous information that they are providing to your constituent, and I think that is very unfair. It is about time the Australian Labor Party in this parliament stops running down that organisation, which is providing
valuable government information, providing information on the new tax system which is going to reform this economy.

Education: Universities

Ms GAMBARO (2.40 p.m.)—My question is to the Minister for Education, Training and Youth Affairs. Would the minister inform the House of the direct impact of the National Tertiary Education Union’s resolutions and decisions—

Opposition members interjecting—

Ms GAMBARO—I thought you would like that—on genuine workplace reforms in universities? Minister, what is the government’s response to these resolutions?

Dr KEMP—I thank the honourable member for Petrie for her question. Last week I reminded the House that the government has made available some $259 million over three years to universities under the Workplace Reform Program. This money is designed to fund salary increases for staff at universities that commit themselves to the implementation of genuine workplace reform. The additional flexibility that these universities will get through these reforms will enable them to meet the increasing challenges of competition, both here and abroad.

The government’s intentions here are completely at odds with those coming from the other side of the House and their mates in the National Tertiary Education Union. How do we know this? The National Tertiary Education Union enterprise bargaining manual tells us exactly what the union and the Labor Party are about. This document tells their negotiators that they should avoid and attempt to ban AWAs and to stop pay rises contingent on the performance of their universities. It introduces an exorbitant salary claim of 19 per cent over three years. It vetoes contracting out, casualisation—anything that could be said to be increased workload. And one for the member for Dobell: no weekend work unless agreed by the union. That would be very attractive to him.

There is more. There is a minimum of 20 weeks away-from-class contact in addition to annual leave and public holidays. That is the sort of commitment that I suspect would be welcomed only by the member for Dick-son—20 weeks away. That the union should attempt to impose this sort of condition on Australian universities is absolutely unacceptable. It gets worse: the document vetoes any local agreements from being entered into by requiring the national headquarters of the union to sign off on each agreement. We recently saw a local agreement at the University of Southern Queensland thrown out on this basis. At the very time when Australian universities need increased flexibility to better meet the needs of students and secure the opportunities for their staff, we find the NTEU want ever tighter rigidities, and the Labor Party is backing them to the hilt. At the last national conference the then shadow spokesman for education said:

I look forward to working closely with the leadership of the two unions, the Australian Education Union and the National Tertiary Education Union, to turn the contents of this chapter into the programs and policies of a Beazley Labor government.

We have seen, within the last 48 hours, the Labor Party and the Democrats, under union pressure, opposing legislation which will protect universities against nationwide strikes on every campus. The Leader of the Opposition wants the option of nationwide strikes by the union against the universities to be an available option for the National Tertiary Education Union. It is clear that the unions are running this weak Leader of the Opposition and that the Labor Party has capitulated to the union movement. This is to the grave disadvantage of the security of Australian academics, of the flexibility and competitiveness of Australian universities and of the services that are provided to students on university campuses.

Goods and Services Tax: Youth Allowance

Mr HOLLIS (2.45 p.m.)—My question is to the acting Minister for Family and Community Services. Minister, could you please explain how the 360,000 students and unemployed people receiving youth allowance are expected to survive on a four per cent increase in their allowance even though inflation will top 6.75 per cent in the three months after the introduction of the GST? Is it not a fact that youth allowance will next be adjusted in January 2001, by reference to the
June 2000 quarter CPI, which will not include the GST price effect? Why will youth allowance recipients have to wait over a year and a half, until January 2002, to be compensated for the GST price increases?

Mr Causley—Mr Speaker, I raise a point of order. I submit that the question is out of order because it advances argument.

Mr SPEAKER—If I were to rule the question out of order, then most questions asked would have been ruled out of order, so I will allow the question to stand.

Mr ANTHONY—The first premise is wrong as far as inflation forecasts are concerned. Our budget forecasts are for 4.5 per cent for the September 2000 quarter, of which 3.75 per cent will be in relation to the GST. That is why we are bringing forward the two per cent, to bring it to four per cent, in payments whether for pensioners or for youth allowance. This government has done more for people on youth allowance than you ever did for people on Austudy because, for the first time, people receiving youth allowance can actually get rental assistance. Also, by making youth allowance available to people in rural areas, another 7,000 people can access youth allowance so that they can go away to education and study. The main point is that when those people finish their studies—they are going to be in a much better position to get employment.

Trucking Industry: Long Distance Owner-Drivers

Mr LIEBERMAN (2.48 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister inform the House of recent developments concerning trucking owner-operators? How is the federal government working with these small businesspeople, who are valuable contributors to Australia’s efficient transport industry?

Mr ANDERSON—I thank the honourable member for his question, acknowledge his very real interest in it and thank him for his input, based on an extensive understanding of the industry and the somewhat pointed nature of the dispute, inasmuch as the trucking blockades and so forth have affected people in his electorate. Last week I informed this House of the disruption on our national highways caused by those road blockages, which were organised by owner-driver transport operators seeking to draw public attention to the difficulties that they are facing at the moment. As I said at that time in this place and elsewhere, I certainly have some sympathy for them in their current plight. I recently wrote a letter to the owner-drivers, and I am pleased to say that they have now determined that they will work with the government.

The member for New England, reflecting his enormous background in this area, Senator Ron Boswell, as my parliamentary secretary in this area, and I had a very constructive meeting last night with long distance truck drivers, the Australian Trucking Association and representatives of the TWU. At this meeting we agreed that a positive way forward was to work to develop an industry code of practice. It is envisaged that this code would, amongst other things, deal with business relationships, including payment periods, with prime contractors, freight forwarders and others. It would also look at safety and technical matters. It is proposed that the code be developed by the industry. I have indicated that I will, through my department, provide assistance to progress its development and facilitate meetings with other sectors of the industry, as well as users of the services, to ensure that there is a shared endorsement of the plan. A clear outcome of the meeting was that there will be no return to the blockades that were being conducted up until a few days ago. I reiterate that it was made plain there last night that the government will not be legislating to set freight rates or to license the industry. I am pleased to say, too, that at last night’s meeting the owner-drivers held a telephone hook-up which supported the outcomes of the meeting. It is an example of how cooperation and the sensible working through of issues can produce better outcomes for everyone.

Goods and Services Tax: Families

Mr SERCOMBE (2.51 p.m.)—My question is to the acting Minister for Family and Community Services.
Mr Slipper—Boring!

Mr SERCOMBE—He is boring, indeed, yes. I ask the minister if he is aware of his department’s evidence before a Senate estimates committee recently which showed there will be up to 150,000 Australian families—like John and Wendy from your GST ads—that will be worse off after they lose access to partnered parenting payment under the GST tax package? Minister, why did your government falsely promise these 150,000 families that they would not be worse off under the GST?

Mr ANTHONY—Again, you can never rely on the Australian Labor Party to tell the truth. The response back from my department was that they expected 150,000 inquiries, not 150,000 people claiming it, which is totally wrong. You have misled the House, quite frankly.

Mr Howard—You ought to apologise.

Mr ANTHONY—And you ought to apologise. The point is that the government does recognise this. That is why we have set up provisions within the Family Assistance Office. If we think some people in the interim transition period—

Mr Edwards—Mr Speaker, on a point of order: the minister’s statement, ‘You have misled the House,’ is a reflection on the chair, and I believe he should be asked to withdraw it.

Mr Martin Ferguson—We’re with you on your birthday.

Mr SPEAKER—I am reassured by the member for Batman’s comment but not in fact convinced at this stage. The minister’s comment was an inadvertent one and for that reason it was allowed to stand.

Mr ANTHONY—I think the important point this House should recognise is that the member gave incorrect information. The important point is that the taper rates for pensioners will be reduced and the income test will be eased—indeed the income and assets test-free areas are going to be raised by 2½ per cent. The important point for pensioners and families is that, if there is an interim period, we have made provisions for it within the Family Assistance Office, provisions that were never made by the Australian Labor Party when you increased your wholesale sales taxes. The Chief Opposition Whip knows that. He knows it better than anyone. They were never put in place. You failed to deliver on your tax cuts, and that is why the government have put forward transitional measures as well as the extra $2.4 billion in assistance going to Australian families.

Rural and Regional Australia: Medical Practitioners

Mr NAIRN (2.54 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister inform the House of the government’s commitment to ensuring that Australians living in regional and rural areas have access to a doctor? What comment has there been on such proposals, and what is the minister’s reaction to such comments?

Dr WOOLDRIDGE—I thank the member for Eden-Monaro for his question and his interest in this area. A doctor in a country town is a very visible sign for a rural community of the health and viability of that community and, as the rural population ages, it becomes more of an issue. We have had some success in the last three years. From mid-1996 to mid-1999, the number of doctors in country Australia, including specialists and GPs, has gone from about 7,400 to 8,200—an increase of 11 per cent. Admittedly, the full-time equivalent is not as high, but that reflects a much greater provision of locum relief, which is a very positive thing. But more needs to be done, and in the budget we had specific measures aimed at this. We want to make it as easy as possible for someone to go to the country once they have trained in medicine. We also want to get more country kids into medicine. This is important because, as far as I can see, over 30 years we have progressively excluded country kids from med school. There was no quota in medicine until about 1956, when the University of Melbourne introduced one, and until then you could matriculate with four Ds and get into med school. Many more country kids did so in that period. By 1966 you needed three As, by 1976 you needed four As and by 1986 you needed five As; and the number of country kids dropped off.
In order to reverse this, we are doing a number of things with short-, medium- and long-term effects. In the short term, from next year people will be able to work off their HECS debts by going to country locations. We will regionalise the training program for general practice starting from next year, and this should have immediate benefits. In the medium term, we are going to increase the number of rural GP training positions, and the number of RAMUS scheme scholarships will be doubled from 200 to 400 next year. In the long term, we will have additional places in medical schools for doctors wishing to make a commitment to rural areas. When the system is fully operating, we will have 100 additional doctors each and every year going into country Australia.

There has been much comment on these proposals, but the comment I would like to particularly single out is a press release from the member for Jagajaga. Under the headline ‘Rural Health Needs Results Not More Promises’, she makes the following statement:

Recently a significant number of short term overseas doctors have moved in to relieve the crisis. However the secret Rural Stocktake written by Dr Jack Best has reportedly found that only 34 fully trained Australian doctors have been registered in rural areas out of the 1200 who have completed their postgraduate GP training in the last three years.

I will give the member for Jagajaga a bit of friendly advice: it is never wise to comment on a report you have not read. While the report is not supposed to be secret—we will be releasing it in about two weeks—I make the comment that this number relates to people who graduated from general practice training in early 1997 and early 1998, and the people graduating from general practice training are absolutely the same people who were selected into general practice training in the first place. If there has been a dismal failure, as the honourable member suggests, the dismal failure concerns the type of people we selected in the general practice training program to graduate.

I think honourable members will be interested if I ask: when were the people graduating in early 1997 and 1998 selected into the training program? There is one year of specialist rural training, two years of GP training and one year of postgraduate training, so these people would have graduated from medicine in early 1993 or 1994 but would have been selected to go into the program around September 1992 or September 1993. So this dismal failure in fact relates to the period when the former member for Batman, Brian Howe, was the Minister for Health, Housing and Community Services. I do not blame Brian Howe because this is a difficult, technical and complex area. The person who should take the blame is the person who was advising him at the time. And who was the person advising Brian Howe at the time we had this dismal failure? It was the current member for Jagajaga. So, in trying to criticise the government, she is herself admitting that Labor let down rural people by their dismal failure in rural health. They have, and we are putting in the long-term solutions to fix it.

**Goods and Services Tax: Families**

**Mr BEAZLEY** (2.59 p.m.)—My question is to the acting Minister for Family and Community Services and relates to the previous question about John and Wendy. I refer the acting minister to revelations in a recent Senate estimates committee by his department that the top-up mechanism for families made worse off by the GST applies for only 12 weeks after 1 July. Minister, won’t the GST last longer than 12 weeks? What compensation will there be for a family like John and Wendy’s, whose child arrives in December 2000—after the 30 September cut-off date for compensation—but who will still be ineligible for the equivalent of $67 a fortnight in partnered parenting payment? Minister, when will you admit that a temporary top-up mechanism will never solve the permanent problem you have created?

**Mr ANTHONY**—I feel honoured that the Leader of the Opposition has given me a question. It is important to recognise again that the opposition’s assertion that 150,000 families will be worse off under the GST is absolutely incorrect. To reiterate: our family assistance payments will be increased, the taper rates will be reduced, the income tests will be eased, the assets tests will be abolished, there will be an extra $2.4 billion in
family assistance and there will be very large tax cuts. It could be John and Wendy or it could be Kim and Cheryl, but the important point to recognise is that the government have put into account transitional measures. The government are very cognisant of this, and the government will be making further announcements later today.

**Goods and Services Tax: Prices**

**Mr Cameron Thompson** (3.01 p.m.)—My question is to the Minister for Financial Services and Regulation. Yesterday, the opposition made a number of assertions in relation to the application of the GST and *Home Ideas* magazine. Minister, can you inform the House of any further information you have received on this matter?

**Mr Hockey**—I would like to thank the honourable member for his question. I appreciate it greatly. Yesterday in the House, the opposition asked a question in relation to *Home Ideas* magazine. They said:

> 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.

At the time, I said that I would refer it to the ACCC, and I have. I have received some information back. The information I have received from Express Publications, the publisher of *Home Ideas* magazine, is as follows. *Home Ideas* magazine has been around for some time. I have here a number of previous issues—and I remind the House that yesterday the member for Wills said that the price after 1 July is going up to $5.95. The *Home Ideas* bumper issue was previously priced at $5.95. The *Home Ideas* ‘Renovating Do’s and Don’ts’ issue was priced at $5.95. The *Home Ideas* ‘Kitchen & Bathroom Makeovers’ issue was priced at $5.95. The ACCC has received a letter from Express Publications saying:

> As per our discussions, I attach copies of Home Ideas that were on sale prior to the introduction of the GST. You will note that each issue carries a pre-GST cover price of $5.95.

The management of Express Lifestyle Publications have taken the decision to absorb the impact of the GST on “Beautiful Home Ideas No. 2.” As a result, our net dollar margin on this title will actually suffer once the GST takes effect on 1 July 2000.

What does that say? It says that you cannot trust what the Labor Party says in this House. You cannot believe the Labor Party’s assertions, because it is getting it wrong. Keep feeding it up.

**Mr McMullan**—I ask that the Minister for Financial Services and Regulation table the documents from which he was just quoting.

**Mr Speaker**—Was the minister quoting from confidential documents?

**Mr Hockey**—I table the letter from Express Publications and the front pages of the magazines with pleasure.

**Goods and Services Tax: Families**

**Mr Beazley** (3.05 p.m.)—My question is to the acting Minister for Family and Community Services. I refer him to the recent tabloid newspaper advertisement entitled ‘Tax cuts, the GST and families’. In the third paragraph the advertisement claims:

> Family assistance will increase by at least $140 per year per dependent child.

Minister, isn’t it a fact that families with dependent children aged 18 to 25 who are full-time students will lose around $50 per fortnight in dependent spouse or sole parent tax rebates after 1 July? Won’t this completely wipe out the tax cuts for a single income family on $40,000 a year in this situation, even before taking into account the impact of the GST?

**Government members interjecting—**

**Mr Speaker**—The Leader of the Opposition will come to his question.

**Mr Beazley**—The Leader of the Opposition will come to his question.

**Mr Beazley**—Minister, how do you justify spending $431 million on a GST promotion which will not even come clean with people you are deliberately making worse off?

**Mr Anthony**—If you are so opposed to it, why aren’t you rolling it back?

**Opposition members interjecting—**

**Mr Anthony**—You are not rolling back the GST! You are so opposed to it that, if you ever get elected, you are going to keep it!
Mr Crean—He says we are!

Mr ANTHONY—You said that you are going to keep it. It is just ridiculous. We cannot accept what the Australian Labor Party are dishing up here, and the Leader of the Opposition knows that.

Mr Crean interjecting—

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

Mr ANTHONY—The compensation package that we have put in for families and for students is unprecedented and recognises that of that GST revenue $24 million will be going back to the states, to their schools, to their hospitals and to their police. And I know that the state government of Bob Carr is very enthusiastic about it.

Employment and Unemployment: Online Services

Mr BARRESI (3.07 p.m.)—My question is addressed to the Minister for Employment Services. Minister, would you inform the House how the introduction of online employment services is assisting Australian job seekers to identify potential employment opportunities? Is there any international evidence to support the Australian government’s approach to employment services?

Mr ABBOTT—I am happy to give the member for Deakin more good news from the Howard government. Australian job seekers can now click on to some of the most advanced employment services in the world, thanks to outstanding work from officers of the Department of Employment, Workplace Relations and Small Business. The Australian Job Search web site run by my department was completely revamped on 30 March, and it now offers employers the chance to directly lodge vacancies online, it offers job seekers the chance to directly lodge resumes online, and it gives businesses the ability to find the right person for the right job online through a virtual labour exchange. And all these services are absolutely and completely free. With 120,000 hits per day, the Australian Job Search web site is by far the most visited employment web site in Australia and it is amongst the top 10 Australian web sites generally. Another recent innovation was the launch of Job Outlook which provides detailed online information on employment prospects, qualifications required and salaries for more than 400 different occupations.

I have been asked about international evidence. I am pleased to say that, following Australia’s lead, the UK government has introduced its own site, Skillsbase, which is a less comprehensive version of Job Outlook. Last year the British House of Commons published a report which described the Job Network as:

... a unique step which is being watched closely by employment ministers around the world.

The UK House of Commons report said:

We learned a great deal from what we saw in Australia and we believe that the innovative approach of many of the policies we examined may yet inform future developments in the UK. We will be watching the progress of the Job Network closely over the coming months.

While the United Kingdom government is watching and learning from us, the shadow minister for employment is watching and learning from them—although I suppose I should at least congratulate the member for Dickson for finally overcoming her previously reported aversion to travel. The shadow minister should now be only too well aware that when it comes to the study of employment services there is absolutely no place like home. So I say to the shadow minister: stick with us, study the Job Network, visit a few Work for the Dole providers, and you will be amazed at what you learn.

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

QUESTIONS TO MR SPEAKER

GMC 400 Car Race: Parliament House Arrangements

Mr HOLLIS (3.11 p.m.)—Mr Speaker, I have a question for you. Are you aware that many members and staff had great difficulty in reaching Parliament House this morning? I understand that barriers have been erected causing delays, anger and frustration. Is it also true that this difficulty will be experienced during the rest of the week? Also, is it true that Parliament House car parks will be denied to occupants of this building? Is this to become a regular occurrence? I thought all members at all times should have access to
Parliament House. Who authorised this chaos?

Mr SPEAKER—I will respond to the member for Throsby’s question as best I can from memory and, if there are other details, bring them back to the House. From memory, what the Presiding Officers have sought to ensure in their negotiations with the organisers of the event is that members, of course, and the public have unrestricted access to Parliament House. It is true that there are delays currently being experienced, and I guess they are to be expected given the way in which roads need to be closed for the event that is to be run in the ACT. This is seen as an event of national significance so it seemed improper for the Presiding Officers to in any way thwart the running of the event. The inconvenience to members is being minimised by ensuring that the last of the barriers which would in any way restrict access to Parliament House will be erected at the last minute.

As far as the question of the car parks goes, the Presiding Officers have sought to ensure that in fact the car parks in Parliament House are not simply made available to the general public but are available in the first instance to those who would normally expect access to Parliament House car parks, particularly on the race days of Saturday and Sunday, and I understand from the Serjeant-at-Arms that it is the intent to have security personnel monitoring the car parks to ensure that those who normally have access have prior access and are able to get in and out of the car parks. I recognise that the member for Throsby validly makes the point that there is some inconvenience. At this stage it would seem the inconvenience is something that the people of the ACT believe to be in the national interest. Whether it becomes an event on an annual basis will be largely determined by the way in which, I presume, it runs over the next weekend.

Standing Order 143

Mr TIM FISCHER (3.14 p.m.)—Mr Speaker, I have a brief question to clarify one aspect arising in part from standing order 143 which states that private members can be asked questions:

… relating to any bill, motion, or any other public matter connected with the business of the House, of which the Member has charge.

In contemplating using that on Monday, I found an omission on which I seek your clarification—namely, there has been no ruling as to whether, if a private member has merely a question without notice on the Notice Paper as opposed to any notice of motion, that is a matter of which he or she has charge, and therefore whether she can be asked a question in relation to that. I had sought to ask the member for Dickson a question to welcome her back, but I do seek your clarification with regard to standing order 143.

Opposition members interjecting—

Mr SPEAKER—The House will come to order. The member for Farrer has asked me a question about what I presume to be something of an anomaly in the standing orders in that it is required that members ask questions only of people who have responsibility for the passage of legislation or matters that are before the House. I would have thought it would create an impossible situation if questions on notice were regarded as matters upon which questions could be asked. I suppose it is fair to say that the person who has asked the question could be considered to have charge of it, but it is certainly not a matter listed on the agenda of the House and I would not regard it as proper for a question to be asked of someone who merely had a question on the Notice Paper.

Mr Kelvin Thomson—I seek leave to table a copy of Home Ideas, the price tag on which shows that it is available on sale for $5.40, but that its post-GST price will be $5.95.

Mr SPEAKER—The member for Wills will resume his seat. The member for Wills has sought leave. Is leave granted?

Mr Reith—Leave is not granted. He ought to apologise to the publishers of this magazine.

Leave not granted.

Centenary of Federation

Mr LEO McLEAY (3.17 p.m.)—Mr Speaker, I have a question to you. As you will be aware, in 1940, 1941 and 1942 the
House held a number of secret meetings and sittings. Could you advise the House or ascertain for the House whether those meetings were recorded by *Hansard* or minutes taken? Could you also find out and report to us whether these records are available? If they are, have they been released to the public? If they have not, and as it is now 60 years since some of those meetings occurred, will you advise the House what action could be taken by you or the House to have these records released? I have no doubt, Mr Speaker, that you and the House are aware that under the Archives Act, after 30 years cabinet documents are released. All the cabinet documents that related to those secret sittings would have been released 30 years ago. Could you make some inquiries and report back to the House on what could be done to release to the public that part of our parliamentary history in the year leading up to the Centenary of Federation and the founding of this parliament?

**Mr Speaker**—I cannot resist observing—

**Mr Kerr** interjecting—

**Mr Speaker**—The member for Denison seems to have a very short memory. I cannot help but observe to the Chief Opposition Whip that, as he would be aware, occupiers of this chair tend to find it an ageing process. But for all of that, I am not aware of precisely what happened in 1941, 1942 or 1943. I will follow up the issues raised by the Chief Opposition Whip and report back to the House at an appropriate time.

**Mr CAUSLEY** (3.19 p.m.)—Mr Speaker, I was told when I entered parliament that each member should read very carefully the standing orders because they are what governs the parliament. I was wondering whether you could bring back to me an interpretation of standing order 144 so that I might understand it more clearly?

**Mr Speaker**—I think the procedures of the House would best be facilitated if I came back to the member for Page with a response to that question.

**Questions on Notice**

**Mr ANDREN** (3.20 p.m.)—Mr Speaker, under standing order 150, I wonder whether you might write to the ministers concerned seeking answers or reasons for the delay in answers to questions 1125, 1172, 1197 and 1267.

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

**Mr Reith**—On indulgence, Mr Speaker, I point out that, as the minister has actually seen the document referred to by the member for Wills, we are happy to have it tabled.

**Mr Speaker**—Is the member for Wills seeking to table the document?

**PERSONAL EXPLANATIONS**

**Mr Kelvin Thomson**—In addition to tabling the document, I wish to make a personal explanation.

**Mr Reith**—On indulgence, Mr Speaker, I point out that, as the minister has actually seen the document referred to by the member for Wills, we are happy to have it tabled.

**Mr Speaker**—Can we deal with one procedure at a time.

**Mr KELVIN THOMSON** (Wills) (3.21 p.m.)—I seek leave to make a personal explanation, Mr Speaker. I have been misrepresented. I am entitled to make a personal explanation.

**Mr Reith**—On indulgence, Mr Speaker, I point out that, as the minister has actually seen the document referred to by the member for Wills, we are happy to have it tabled.

**Mr Speaker**—The member for Wills may proceed.

**Mr KELVIN THOMSON**—I do, Mr Speaker.

**Mr Speaker**—The member for Wills may proceed.

**Mr KELVIN THOMSON**—Thank you, Mr Speaker. During question time, the Minister for Financial Services and Regulation claimed that I said in my question yesterday that we had paid $5.95 for the *Home Ideas* magazine. In fact, I said no such thing. A check of the *Hansard* shows that I said to the minister:

*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...
Mr SPEAKER—The member for Wills has indicated where he has been misrepresented.

Mr KELVIN THOMSON—Yes, Mr Speaker. This magazine yesterday, when we bought it, was on sale for $5.40; it is now available for $5.95. I seek leave to table the magazine to demonstrate that.

Leave is granted.

QUESTIONS TO MR SPEAKER
Standing Order 145

Mr PRICE (3.23 p.m.)—Mr Speaker—

Mrs Crosio interjecting—

Mr SPEAKER—The member for Prospect!

Mr Adams interjecting—

Mr SPEAKER—The member for Lyons! The member for Chifley has the call.

Mr PRICE—Mr Speaker, consistent with the quest for enlightenment raised by the—

Mr McMullan interjecting—

Mr SPEAKER—Manager of Opposition Business! The member for Chifley has the call and he is entitled to be heard in silence. The member for Chifley will start his question to me again.

Mr PRICE—Mr Speaker, in that same spirit of enlightenment raised by the member for Page, could I ask you also to elucidate on standing order 145, particularly for my benefit but I suspect also for honourable members on this side?

Mr Tuckey interjecting—

Mr SPEAKER—Minister for Forestry and Conservation!

Ms Hall interjecting—

Mr SPEAKER—The member for Shortland! It ought not to be necessary for the Speaker or any occupier of the chair to stand in order to get order. All occupiers of the chair will be dealing much more sternly with those who choose to be rude enough to merely interject, no matter where they are seated in the House. The member for Batman. The member for Kingsford-Smith. The member for Lyons is warned!

BIRTHDAY: MR SPEAKER

Mr Andrew Thomson—Mr Speaker, may I have your indulgence on behalf of all members of the House to wish you a happy birthday today?

Mr SPEAKER—May I respond by indicating that I had, in fact, not responded to the member for Chifley’s request. I remain totally mystified as to why there should be any additional explanation needed for any of the standing orders, but I will take a look at both requests and report to the House as I think fit.

PAPERS

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

MATTERS REFERRED TO MAIN COMMITTEE

Mr Leo McLeay—Mr Speaker, now that the government and the Parliamentary Liaison Officer have provided the opposition with a list of timings for the Main Committee, we have no objection to leave being granted. It would have been a whole lot easier if this had been provided earlier.

Motion (by Mr Ronaldson) agreed to:
That the following bills be referred to the Main Committee for consideration:
Appropriation Bill (No. 1) 2000-2001
Appropriation Bill (No. 2) 2000-2001
Appropriation (Parliamentary Departments) Bill (No. 1) 2000-2001

MATTERS OF PUBLIC IMPORTANCE

Goods and Services Tax: Families, Pensioners, and Self-funded Retirees

Mr SPEAKER—I have received a letter from the honourable member for Lilley proposing that a definite matter of public importance be submitted to the House for discussion, namely:
The failure of the government to adequately protect families, pensioners, and self-funded retirees from the impact of the GST.

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 SWAN (Lilley) (3.27 p.m.)—Question time today proved conclusively that this government has dunned hundreds of thousands of families, pensioners and self-funded retirees. Money has been ripped away from them deliberately as part of expenditure cuts, and their living standards will fall after 1 July.

What was the government’s answer to that? We had the incompetent performance here by the Acting Minister for Family and Community Services. He was acting all right—acting like a kid. It was an insult to all of those self-funded retirees, to all of those families who will lose their parenting payments. He did not know the inflation rate. He did not know the real pension increase. He got it all wrong. This would be funny if it were not so serious.

The response of the Prime Minister today was the most interesting. In his narrow way, in his backward way, in his arrogant way he just dismissed all of these substantial matters that we have raised in this parliament in the interests of Australian families, pensioners and self-funded retirees. We have a Prime Minister who is more interested in spending $30,000 on silk curtains, who is more interested in spending millions of dollars taking a whole entourage, including a marching band, to London. He is more interested in those things than what a few hundred dollars may mean to a self-funded retiree or to an Australian pensioner.

It might not make much difference to this Prime Minister, given his spending patterns and given the arrogant approach of this government, but it makes a real difference to families and pensioners. A few dollars here or a few dollars there is the difference between a meal on the table, a decent meal, whether the rego is paid on time, whether the rates bill gets paid on time. If pensioners lose a dollar, they feel it because they live from day to day. So do John and Wendy because, when their living standards go back by somewhere between $30 and $70 a fortnight, they will have trouble putting a decent meal on the table, they will have trouble doing something for the education of their children.

The problem we have here is that we do not hear a lot of response from this Prime Minister. He just arrogantly dismisses all of this. We used to hear a lot from this Prime Minister about ‘battlers’; he used to use that word all the time. Those people who have been dunned in this package are classic battlers, families on modest incomes made modest by raising their children, pensioners who get by on a day-to-day basis where a dollar means a lot. We do not hear about battlers from this Prime Minister any more. He does not defend them any more because his task in life is to create them. That is what we are getting from this tax package.

Let us consider pensioners for one minute. The Minister for Community Services, who is at the table, came into the House and claimed that the government have had a commitment to maintaining pensions at 25 per cent of average weekly earnings when in fact they have not been there for three years. They have saved $380 million by dunning the pensioners of this country. Just consider the figure of $431 million that they have spent on their blatant political propaganda campaign—the chain ads and all of the advertising—and they have dunned pensioners of $380 million in the last three years. That is what they have done. That is $225 for each pensioner. They do not believe you at all, Minister. When you come into this House and treat their concerns with contempt, all you do is reinforce the negative effect of that useless wasted advertising campaign where that money could have been spent on things that families and pensioners really need like decent public hospitals, an education system and a child-care system. All of that money could be going back into services for families, for pensioners and for self-funded retirees. That is where it could be going. You have done all of this on top of engaging in the biggest cuts to community and family services in Australian history.

Whenever we hear those Joe Cocker ads, whenever we hear Unchain My Heart, we should think of what the government are really doing. They do, because they also know the other great Joe Cocker tune. Do
you know what it is? It is ‘You Know We’re Going to Hurt’, and we have proved that absolutely conclusively in this House today. There are families, pensioners and self-funded retirees the length and breadth of this country who will be significantly worse off when the full impact of this package moves through.

We asked questions in the House today, as we have on many previous occasions, about John and Wendy. We all know that the Prime Minister’s tax package will take the equivalent of $67 a fortnight parenting payment from tens of thousands of families. Do you know when it is going to do it? It is going to do it just when they have a young child—talk about mixing work and family. The Minister for Employment, Workplace Relations and Small Business comes into the House and says how family friendly the government are—and the Acting Minister for Family and Community Services has a package which takes $67 a fortnight off them when they have a child. That is very family friendly, Minister! So, just when families need the most assistance, it is ripped away.

Of course, this is repeated across the board. There are something like 250,000 births in Australia each year, and 47 per cent of all mothers with children are employed. So something like that number could potentially have their payments reduced. Your department, Minister, has admitted in the estimates hearings that they have had 150,000 inquiries. Guess what? Do you know the significance of that 150,000 figure? You cannot actually make an application to get their bogus top-up scheme unless you ring the phone number first. So you cannot even begin to apply for the non-existent money that is not in the budget for the top-up scheme unless you make the phone call. So it is at least 150,000 families, and it could possibly be more.

In a typical example which we have used before of John and Wendy—never denied by this minister—where John earns $30,000 and Wendy $28,000, they could be $29 a fortnight worse off. That is a real lot of help for their first child, and this is repeated throughout the package. There are many, many more examples, and you will be hearing about them every day, Minister, from the opposition. There are families with dependent children, with children aged 18 to 25, with children on youth allowance and with children without youth allowance. There are literally hundreds of thousands of these examples. They are going to be raised in this parliament and you are going to have to respond much more competently in the future than you did today. Fair dinkum, it was the most incompetent performance seen in this House since your father was Billy McMahon’s deputy, and it would be funny if it weren’t so serious. It is serious for those people who are losing these amounts of money. It affects not just families with young children but also families with older children, and we have raised these examples before. Families whose children do not get youth allowance are certainly in for a very big shock come 1 July, and the Leader of the Opposition raised that case in question time today. But it also impacts on families who do have children on youth allowance as well as families who have children who are not on youth allowance. Some of those families are going to be hit to the tune of $7.70 a fortnight—yet another case of families being dunned.

There is all of that before we get to pensioners and self-funded retirees, people who have worked a lifetime to make this country great and have saved all their life for a fulfilling retirement. Suddenly, at the end of their working life, the minister turns around and gives them double taxation—that is effectively what he has done. In the case of pensioners, they have already been dunned to the tune of $380 million, so the pension today is still not at 25 per cent of average weekly earnings. Then the government has the hide to engage in all this advertising, claiming that they are all going to be better off. Having dunned them over the past three years, the government expects them to believe that, according to their newspaper ad:

The pension will be guaranteed to remain above any rise in the cost of living. That means you should be better off, regardless of the effect of GST on prices.

If you believe that, you would believe anything. What you did not get right in the House today, Minister, was the September
quarter inflation figure of 6.75 per cent and
the full year inflation figure of 5.75 per cent.
All of your pension increases are based on an
inflation estimate of 1.9 per cent. Do you
think that the elderly of this country are so as
silly to believe that, with a pension increase
on 1 July of four per cent, Minister—not the
six per cent that you said at one stage during
your answers today—two per cent of which
comes off them next March, with a 6.75 per
cent inflation rate in the September quarter,
and with a 5.75 per cent inflation rate for the
whole year, they are going to be better off?
Nobody believes that. So you have a hide to
go around the country with this sort of ad-
vertising, claiming that they will be better off.
It is simply not the case. The pension as a
percentage of average weekly earnings is
currently 24.77 per cent, which is in breach
of your solemn promise that you took to the
election in 1995. Only once since December
1997 have you hit 25 per cent of average
weekly earnings. We had a far better record
than that. Minister. We upped the pension
whenever it looked like it was going to fall
below 25 per cent.

Mr Anthony—Just prior to the election.
That is when wages were falling.

Mr SWAN—We actually did it. You ha-
vn’t managed to do it. You have only man-
aged to do it once in the last three years,
and that is the point.

Mr DEPUTY SPEAKER (Mr Nehl)—
The member for Lilley will address his re-
marks through the chair and the minister will
be silent.

Mr SWAN—The second point is that the
key claim made by the government in its
chains GST advertising which guarantees
pensions will remain above any rise in the
cost of living is, in itself, flawed, as I have
said before. The government has yet to ex-
plain how the four per cent increase for the
full age pension on 1 July could possibly
compensate for an expected 6.75 per cent
increase in prices in the September quarter.
Of course it cannot. Pensioners will have to
wait until March 2001 to have the increased
prices reflected in their pensions, which is a
full nine months after they have begun to
experience the 6.75 per cent inflation fore-
cast. If that is not bad enough, pensioners are
already suffering now. Everybody knows
prices are going up now, but you have a lag
in your formula, so they are not being com-
ensated and your advertising is absolutely
incorrect. Self-funded retirees are also getting
a raw deal from you, Minister, despite their
loyalty to your party over the years. I can tell
you that, as I move round the country and
talk to them, that is being severely shaken.

Mr Anthony—As you move around the
world.

Mr SWAN—Minister, studying welfare
reform is something you ought to look out for
because there is going to be some from our
side of the House. Don’t worry about that.
Self-funded retirees are supposed to be com-
penated by an aged person’s bonus, an addi-
tional bonus. What have we discovered about
that? Only one in 10 will receive $500 or
more. So those application forms that have
been arriving at households around the coun-
try since last Friday have been prompting a
wave of phone calls to all members' offices. I
do not know what those opposite are saying
to those callers, but those people are very
unhappy. The problem with this bonus is that
right at the bottom of the form is the phrase
‘conditions apply’. You know what it is like
with those really slick ads you see on TV
when everybody thinks they are going to get
a big bargain but at the bottom of the screen
is the phrase ‘conditions apply’. There are so
many conditions on this savings bonus that
barely anybody is going to get the full bonus.
When they consider that their life savings
have been completely devalued through your
double taxation, they are extremely con-
cerned about their future.

So self-funded retirees, Minister, are going
to wreak their revenge on you in the next
election campaign. It will not matter how
many things you say to them about how far
ahead they are, about how generous the
package is. They understand one thing about
the Howard government very well, and it will
be your swan song: the government is strong
on taxing the weak and weak on taxing the
strong. That is what they understand. They
understand that the tax cuts are going to the
top. They understand that they are getting the
crumbs off the rich man’s table. That is what
your savings bonuses are turning out to be—
the crumbs. That is what is occurring in this
he crumbs. That is what is occurring in this package. This package is very unfair. It is funded off the backs of many and it is going to exist only for the benefit of a very few. You have now been sprung in your deception. All the flaws, all the clawback of expenditure, prove that you should be condemned. (Time expired)

Mr ANTHONY (Richmond—Minister for Community Services) (3.42 p.m.)—I think that was a very appropriate call, Mr Deputy Speaker. I noticed an article in the Age today which reported that Beazley has told his MPs to be ready for an election. So much for this party that is meant to represent the battlers, the families, and the pensioners. The Leader of the Opposition said to a recent meeting that MPs should make sure that their families were aware that their community meetings and their party obligations would take priority—their party meetings and little branch meetings would take priority over their own families. Yet last week the member for Lilley paraded in here, beating his chest with delusions of grandeur, I know. But it is interesting to look at what pensioners actually received when the Australian Labor party was in government and what they would have received if the Labor Party had been successfully re-elected in 1996. When we came to power we had to choose between two formulas—pensions could be indexed either to CPI or to 25 per cent of male total average weekly earnings. If the Australian Labor Party had stuck to their system, the indexed to CPI formula, pensioners would have been $13 a fortnight worse off under the Australian Labor Party, but we tied it to MTAWE. Yes, we have to rely on that information to come through from the previous six months before we adjust pensions, but single pensioners would have been substantially worse off if we had not tied pensions to MTAWE.

As from 1 July we will increase pensions by four per cent. And, yes, we are bringing forward a two per cent increase because we recognise that there will be some inflationary impacts as a result of the introduction of the new tax system. We acknowledge that. The Labor Party never acknowledged it in the past. That is why we are increasing it by four per cent. GST compensation equates to an extra $15 a fortnight. Single pensioners will be $28 a fortnight better off than they would have been under Labor. Under Labor, without it being tied to MTAWE, that would have equated to $700 a year less. The only time the Australian Labor Party actually increased it outside of their formula was not in 1984, 1985, 1986, 1987 or 1988, but in 1990; just prior to the election, up comes the increase. Again, they did not increase it in 1991 or 1992, but in 1993, bang, up it goes just before the election. So it is purely for political purposes; they did not care two hoots. There were only two ad hoc increases in 13 years of Labor Party stewardship.

To come into this parliament and to claim that they represent pensioners is an absolute fallacy. They never compensated when they increased the wholesale sales taxes. They never compensated from 10 per cent to 12 per cent or from 20 per cent to 22 per cent or up to 30 per cent. They never compensated people when they increased the excise on unleaded petrol, which at that time was used particularly by people on low incomes. Of course, if they had stuck to their formula, their indexation would have meant a real loss. This government has recognised the need for compensating pensioners, particularly with the new tax system, by increasing the taper rates and increasing the assets test by 2.5 per cent, taking into account if they are receiving more in their bonus. At least we are providing a facility to provide $1,000 for age pensioners or for self-funded retirees. Once again, self-funded retirees were never compensated and looked after under a Labor government. Whether they are self-funded
retirees living in magnificent mobile home parks in the Richmond electorate or whether they are pensioners, it does not matter. We have actually put in compensation packages.

Let us just get back to families, which are, as I said before, important to recognise. The Leader of the Opposition has again today stated, ‘I don’t want you to put your families as a priority; you have to make sure you go to your Labor Party meetings. You have to make sure you go to your factional meetings to prepare for an election,’ which is just ridiculous. Under the new tax system, we will be implementing a new Families Assistance Office. With the collapsing of 12 payments into three payments, under FTB there will be increased assistance of at least $140 a year for each dependent child. Single income families—who have never really been recognised by the Australian Labor Party—will receive $350 a year for each child under five years or an additional $61 a year where the youngest child is over the age of five.

We have increased dramatically family assistance by $2.4 billion. That means that families, particularly families earning less than $28,200, will actually receive more compensation. Families will keep up to 70 cents in the dollar—instead of the current 50 cents—of family assistance for every dollar of income they have above the $28,200. That was never done by the Labor Party—they never provided any compensation measures whatsoever.

Mr Albanese—We didn’t have a GST!

Mr ANTHONY—No, you had a wholesale sales tax, and you kept on cranking that up, member for Grayndler. Of course, you had another hidden tax, didn’t you? In fact, you had seven of them. If you are so passionate about it, why aren’t you repealing it? The irony is that, even though you are so opposed to it, if you were elected you would keep it. You would keep the $24 billion in revenue that is coming through, and of course that is the revenue that will go back to the Queensland, New South Wales and Victorian governments. I do not hear Bob Carr opposing it. No. The states want that money. They want it for their hospitals, schools and police. If you were so opposed to it, you would roll it back.

The interesting point is that there has been some reference made today to some individuals, particularly those who receive FTB, who may perhaps lose out on compensation. And the government, unlike the Australian Labor Party, have recognised this. We are putting in interim measures to ensure that if during the transition period young families suffer reductions in benefits—which of course will only be in the short term; it will be made up by the end—transitional arrangements will be in place at the Family Assistance Office.

I would like to make some further comments today. Where families feel they are disadvantaged by the introduction of the FTB, the Family Assistance Office will conduct a review of their financial circumstances, taking into account the combined efforts of the family assistance changes, income tax changes, other changes to the social security system made as part of a new tax system package and the effect of the GST. If they are found to be disadvantaged, they will be paid the difference for a period of 12 months. The payment will be made as a non-taxable lump sum at the time of the claim being approved. These are fairly generous extensions to cover the first 12 months of the new tax system. We will ensure that families are not disadvantaged.

Even through that transition period, we are recognising that if their payment comes in different peaks, we will ensure through the 12 months that adequate means will be put in place to ensure—

Mr Swan—Only 12 months?

Mr ANTHONY—That’s funny, they talk about someone being pregnant; well, I hate to tell you, member for Lilley, but nine months is the normal gestation period; it is not 12 months. We are recognising that perhaps during the transition period, if there is any slight anomaly for families, we will compensate them by taking those appropriate measures. This is a government that recognises that if there are transitional areas then we will assist people.
Let us look at some of the other areas that are important for pensioners. This government is bringing forward potential CPI increases, which will mean a four per cent increase on 1 July. That was never done by the Labor Party. Look at the smiley faces of the member for Lilley and the member for Grayndler. They take for granted a lot of the low income earners. Quite frankly, the Labor Party is not their friend. They never have been. In the last couple of years of their stewardship, real wages went down in this country; they did not go up. The only thing they cared about was representing their union mates, whether they were right wing or left wing.

With the pension, we have tied it to 25 per cent of male average weekly earnings or, indeed, to CPI increases. We have actually put forward compensation measures through the savings bonus—and, for retirees, through the supplementary bonus—something which, again, was never done by Labor.

Mr Swan—Tell us about the money!

Mr Anthony—Well, you have to get a bonus if you are potentially losing income because of inflation, and so you have to have savings: that is the whole reason. Maybe the member for Lilley should go back to his arithmetic. That is why we have made an allowance up to $1,000 to compensate age pensioners for any potential loss of savings or investments. That is a very important concession. Likewise, we have recognised that with self-funded retirees—who were absolutely never looked after by the Australian Labor Party, and still are not. The only policy that the Labor Party have is that, if they cannot convince people, they have got to confuse people; and, if they cannot confuse people, they scare people. That is their policy. If they had a proper policy, they would have released it. But they have not released their policy because they do not have one. The policy they have is actually our policy; and, as soon as they get in, they want to keep it all. That has been quite obvious over the last couple of years.

There are other things that we have done for seniors. We have relaxed the Commonwealth seniors health card income test. That was never done by Labor. The introduction of the 30 per cent concessional rate that we made for private health insurance was never made before—absolutely never done by the Australian Labor Party. These are measures that we are putting into place to ensure that older Australians not only have a better quality of life but are actually recognised by these compensation measures put into place.

The greatest benefit of the new tax system is the reduction in personal income tax rates, because they are getting them. They did not get them under the Labor Party: Labor promised them—they always make any promise—but no-one ever received them. The benefit for families is for 80 per cent of families—and, of course, under $50,000 they will pay no more than 30 per cent PAYE income tax. That is not to mention the changes that we are making to capital gains tax and other reforms that are happening which are very beneficial. That is why in this country, for those families, for those pensioners and their children, close to 700,000 people today are actually in new employment, compared to the last six years of the Labor Party, when there were only 400,000 new jobs created. That is directly as a result of the policies of the coalition government and not of the Australian Labor Party.

The argument that the opposition are running on these changes shows that they are policy bereft. The only thing that they can do is to try and get on to Neil Mitchell or some of the radio stations and stir up a bit of trouble by causing confusion. They are not convincing people through good policy initiatives—of course not, because they are bereft of policy. The Cheshire cat smile is coming from the member for Lilley: he might be a Swan, but he certainly is not so in nature. Is he graceful? Of course not! He is there with the one modus operandi, to try to scare as many people as possible, whether that be families, pensioners or retirees. That is the continual operation of the Labor Party, because they are absolutely bereft. If they had any conviction about rolling back this GST, they would do it when they get elected. But, of course, they are so opposed to it that, come 1 July, they are going to keep it! They are to keep it! And all the revenue goes back to the state governments: to their schools, hospitals
and police. That is why the policies that we are putting into place are going to revolutionise this country. It is about giving greater tax incentives to individuals. This is about developing a system where the social security system interrelates with the tax system—which was something never done by the Australian Labor Party.

It is all about ensuring that we have good management; and good management in this country will mean our social policies, which are far more reforming than those of the Labor Party. We have actually started to embark on the next phase of welfare reform—not for the benefit of scaring people; not like when the member for Lilley comes in here with his talk of pay cycles to mix up the truth there, or with MTAWE to try to muddy the waters there. They are policy bereft, and that is why under our stewardship the type of society we want to develop is one where the taxation system is fair, where people can be rewarded for effort and where compensation packages and measures are put in place for the elderly—because we recognise the valuable contribution they have made. It has not been done by the Australian Labor Party, who can treat them with contempt. That is why these policies—(Time expired)

Mr BYRNE (Holt) (3.57 p.m.)—It is very difficult to know where to actually start with respect to this debate on the matter of public importance, particularly given the contribution of the minister. It is one of those things where you have so many things that you could say, but you do not want to be accused of being too negative. It is one of those things where you sit there and listen to what you are hoping will be some sort of earnest response to the issues that have been raised, but all that the voters are left with—as they are the ones asking the serious questions—is what I regard as 15 minutes of piffle. The trouble is not just that I regard this as just being 15 minutes of piffle but that the voters regard this as being 15 minutes of piffle. There are serious issues that the minister seems to forget that the voters want answers to. In question time after question time since I have come into this place, the minister has been asked questions that the population—our constituencies, the voters—want asked: questions that people in marginal seats across the country, who will be making deliberations before the next parliament, actually want to have answered. Yet the minister, for whatever reason, obviously finds it difficult to reply to questions that people actually want answers for.

With respect to the minister, I am going to cease. I could respond basically for the next 10 minutes with respect to the points that he made; but it is interesting that the minister quoted an article from the Melbourne Age today. For the minister’s edification, I would like to quote another one. Basically, this particular article says ‘Child-care rebate goes begging’. The subtext says, ‘Thousands of eligible families are forgoing federal payments.’ The article was written by Darren Gray. It says:

The parents of up to 374,300 children eligible for a child-care rebate from the Federal Government are missing out on the benefit, an Australian Bureau of Statistics report has revealed.

Many not claiming the benefit are among the poorest people in the community, families earning less than $400 per week.

The main reason parents did not claim the rebate was because they assumed they were not eligible, they were unaware it existed or they said it was ‘not worth the trouble’...

In June last year, only 35.3 per cent of eligible children from families earning less than $400 a week received the benefit, the report showed.

... ...

The vast number of parents forgoing the benefit has saved the government a considerable sum of money. The government spends about $135 million a year in child-care rebates.

This Prime Minister is the same person who left us with, in real terms, a $26 billion debt, double digit inflation and double digit unemployment when he left us as Treasurer in 1983. I have a question for the minister: why couldn’t he use some of the $420 million that has been spent on that propaganda campaign to inform people in poor families in my electorate and in electorates across the country that they are entitled to a rebate? Whilst the minister finds some level of difficulty answering particular questions, perhaps he could answer that one. Perhaps he could tell those poor people struggling for an income
why he could not spend some of that $421 million informing people who have a justifiable claim to that rebate. It is a very simple question. I know the minister has some difficulty answering what he regards as fairly complex questions. How about answering that one?

It is interesting with respect to this particular level of debate that, reading the wire today, there were some informative comments from the Prime Minister. This should interest the people that will be disadvantaged—families, pensioners and self-funded retirees. The Prime Minister tried to make them relaxed and comfortable in 1995, and he offered some soothing words today such as ‘the GST is not so difficult’. This is what the wire says:

“Australians would realise the GST was not so difficult when it arrived on July 1,” Prime minister John Howard said today.

“I think it’s a good thing that it is only weeks away,” Mr Howard told Adelaide radio 5DN.

“No matter what is now said, people who are a bit nervous— not just people; most of his backbench— are probably going to remain nervous until it actually happens.

“When it actually happens, many of them will find that it’s nowhere near as difficult as they have been led to believe by some.”

It will be interesting to see what his perspective is when he is sipping his iced tea in London whilst his backbench, the voting constituents and the rest of the people that will be making decisions about what forms government next time come to terms with the impact of the GST. A GST welcome party in the House of Lords—hopefully he will be thinking about how he can get his OBE.

It is interesting that it is not just us making these criticisms. A number of people are alleging that it is just the Labor Party on a scare campaign. I am sure a number of the Prime Minister’s backbenchers will be asking the same question: why have you foisted this package on us? It is interesting that the alleged Minister for Family and Community Services said, ‘Labor never did this. Labor never did that.’ Labor never put a $30 billion tax on people. Labor never spent $420 million on an advertising campaign for a tax that no-one wants.

Mr Tuckey—What’s your name? Where do you come from?

Mr Byrne—An electorate called Holt, and I am speaking on behalf of the electors of Holt. As I said, a lot of the backbenchers, a lot of the people close to the minister—God knows why—may well not be seen by the minister after the next election. They would be saying to the government, ‘Why have you imposed this particular tax?’ A number of people have come up with some theories about this, not the least being someone I regard as a fairly good writer for the Australian called George Megalogenis. In his attempt to describe why you have imposed this policy, he said:

John Howard tries to deny it, but his GST package is a poor attempt at social engineering.

If you’re a family on any level of income, with one parent staying at home to raise a family, then the coming tax revolution on July 1 will be a day for celebration. The big income tax cuts and extra benefits landing in your pocket will easily eclipse the cost of the GST on your household budget.

But if you’re a dual-income household, with or without children, on a combined salary of between $35,000 and $60,000 a year, a single person on less than $30,000 or an aged pensioner with little or no private earnings, get ready to be disappointed.

The new tax you will face every time you buy a product or pay a bill will eat up most of the modest income tax cuts and increased family payments and pensions the Government is providing as compensation.

It is, in essence, a policy for the white-picket-fence family, favouring single-income households over those where both mum and dad have jobs. But the problem for the Prime Minister and for many members of his backbench is that there are not that many of those sorts of families. The trouble is that this policy has been crafted by a Treasurer who actually resides in Armadale where there are a lot of those sorts of families but not a lot of families like the ones that exist in my electorate—in Doveton, for example—that are struggling for a quid. The trouble for the government is that these people who are littered throughout a lot of marginal electorates across the country will, when they are making up their
minds, remember that this compensation package unfairly disadvantages them.

I would like to cite some examples of this nefarious tax and how it directly affects people. It is interesting that, while the minister talked about the Labor Party announcing a roll-back policy, he announced one of his own again today, according to what I heard. It is like fixing the leaking ship. They are trying to plug the Titanic. The problem is that it has hit the iceberg. No matter how many fingers you put in the portholes of the Titanic, eventually it will go down, with the government, when the voters make their decision potentially at the end of 2001. I would like to give you the names of a few people who are going to be affected. Unfortunately they are not the people driving the Toorak tractors and living in Armadale. They do not live in the seat of Higgins but they do live in my electorate—people such as Len O’Brien. Mr O’Brien was forced to retire due to loss of sight. He is 54 years of age and is a part self-funded retiree. He receives a reduced blind disability pension. He gets nothing under the bonus scheme. There are people such as Mr Bob Payne. Mr Bob Payne lives in a caravan park in Dandenong. His sole income is the age pension. He is badly off under the new scheme. These are the reasons: his normal payment, which is $377.30, includes a $5.40 pharmaceutical allowance. His rent at the caravan park is increasing by 5.5 per cent to cover the GST. This will amount to $6.27, plus 10 per cent for gas and electricity, which usually is $1.50 per fortnight, making the total rise some $7.77 per fortnight. If he receives a rise of four per cent to his fortnightly pension of $377.30, he will get an extra $15.09. But 51 per cent of this rise will disappear when you take away the extra $77 per fortnight rise in rent and utilities.

My issue is: whilst the gurus in Treasury and the Treasurer may think this is a fantastic tax, your problem is that families, pensioners and self-funded retirees—the ones that will actually be voting you out at the next election—do not believe that. They do not believe that this compensation package is anywhere near adequate to address their concerns, and they do not believe that you should be spending $421 million of their money on basically trying to convince them about a tax that they did not want in the first place. (Time expired)

Mr ANDREWS (Menzies) (4.07 p.m.)—If there is a need for a contemporary indictment of the negative impact of Labor’s policies on Australian families, then it can be found in an article in today’s Australian newspaper, which states:

... I suffered the full brunt of the unadvertised changes to the tax system in the early 1980s that put families at such a disadvantage financially compared with the childless, and have kept them there since. For the previous several decades families had enjoyed a range of tax deductions for the cost of children, for medical and educational expenses, rates and so on, which maintained some comparability of spending power between families with children and the child-free. Tax rates at the time were rising fast to cover fulminating welfare spending and, rather than continuing to spread the rising cost evenly across all taxpayers, extra revenue was achieved by withdrawing tax deductions for the costs of children.

The writer goes on:

Families at the lowest level of income were thrown into abject poverty and more welfare payments were devised to rescue them, but families at average levels of earnings and above were left struggling in comparison with their child-free competitors.

That is an indictment of the negative impact of Labor’s policies whilst in government so far as Australian families are concerned. Let us just remember for a moment what happened under the Labor Party in government before we listen to anything that they say at the present time—730,000 people unemployed, and they talk about a compassionate society; the cost of borrowing, the cost of mortgages on the homes of ordinary Australian families, was up to 18 and 20 per cent, and the Labor Party talk about a compassionate society; and between 1983 and 1993 Australia dropped from 10th place to 22nd place in terms of per capita income. Under Labor not only did the gap between the rich and the poor grow but Australians earning the lowest 10 per cent of earnings saw their real earnings decline. Indeed, it was a deliberate policy of the previous Labor government, a deliberate policy in the place of the accord, which actually led to a real decrease in the
earning capacity and in the earnings of Australians, an action that was deliberately taken and that had a deliberate effect on ordinary Australian families.

In the worst year, in 1990, the poorest Australians suffered a nine to 10 per cent decline in real earnings compared with 1985. I repeat that: in 1990, at the height of the Labor government in office, the poorest Australians suffered a nine to 10 per cent decline in real earnings compared with 1985—and the Labor Party come in here and talk glibly about compassion. The strength of the Labor Party is creating more and more Australians in dire need of compassion. The Australian Bureau of Statistics income data found that under Labor only the top 20 per cent of households recorded a real increase in income. The unemployment rate of the Labor years had a grievous effect on Australian families. Under Labor over 40 per cent of sole parents were unemployed. Over 40 per cent of two-parent families with children living in poverty suffered unemployment. Either one or both parents were unemployed.

Let us also remember when we listen to the Labor Party some of the promises to Australian families that Labor never, ever kept: the l-a-w law tax cuts, the tax cuts that Labor promised but never delivered—in fact, our tax cuts are real, and they will be delivered in 23 days from today—and the Labor Party about no new taxes. Well, yes, there were—in fact, a $10 billion increase in tax between 1992-93 and 1995-96. Under Labor we had the promises about Medicare. They said there would be no increase in the Medicare levy. We then saw it increased from 1.4 to 1.5 per cent. There were also the promises about pensions. Pensioners, Labor said, would not have to pay income tax. But then they repudiated that promise. We can go on. There were the promises about company tax. Labor said they would reduce it but changed the timing arrangements so that companies ended up being $320 million worse off. With Labor it is always a case of saying one thing and then doing another. And, of course, there is a whole range of other examples. Honourable members will remember the promise not to sell the Commonwealth Bank, which was then reversed. There was Qantas and everything else.

In government the coalition has a proud record so far as Australian families are concerned. Take, for example, the family tax initiative—not a promise which was not fulfilled but one indeed which was fulfilled. The 1996 family tax initiative increased the tax-free threshold by $1,000 for each dependent child up to the age of 16 and each dependent secondary student up to 18 years of age. In addition, single income families, including sole parents, received a further $ 2,500 increase in their tax-free threshold if they had a child under five. For a single income family of three children, one of whom was under five, the tax-free threshold was almost doubled.

The tax reform package which will come into operation on 1 July of this year, which was passed by this parliament, builds on these initiatives. Apart from the reductions in personal income taxes and the increase and the simplification of family benefits, which the honourable minister spoke about earlier, the tax-free threshold increases under the family tax initiative and will in fact be almost doubled. From 1 July—in 23 days time—all single income families, including sole parents, with one child under five years will have an effective tax-free threshold of $13,000, more than double the new general threshold of $6,000. But we hear nothing of this from the member for Swan in his rantings and ravings here in the House this afternoon.

Of course, there are other benefits starting on 1 July: a $12 billion annual cut in personal income taxes and increases in government benefits; the fact that around 80 per cent of Australians will pay an income tax rate of no more than 30 cents in the dollar; a whole range of goods and services which will be GST free, which will have an immediate impact on Australian families; the fact that basic food is not within the GST system; the fact that most medical services are not within the GST system; and the fact that private health insurance premiums and a whole range of commonly used health services, that most education services, most child-care services, non-commercial activities of charitable in-
sitions and local government rates and charges will have an immediate impact on Australian families outside the GST system and therefore will be a direct benefit to Australian families. None of these things are talked about by the Labor Party in what they have to say about the changes. The families package itself provides assistance of more than $2.4 billion each year to around two million families, including an extra $140 per child, additional assistance of $350 a year per family for single income families, including sole parents with a child aged under five years, and extending the allowance from 1 October 1999 to families with older dependent children not receiving youth allowance. All these measures will come into place on 1 July, in 23 days time.

The question comes back to: what will the Labor Party do? In 1996 we said that all Labor had provided were false commitments, false hopes and false dawns and that Labor had promised so much yet delivered so little. I ask: what has changed? Theirs is the party of Clayton’s ethics, Clayton’s principles and Clayton’s promises. They talk in here, the Deputy Leader of the Opposition first amongst them, day after day, about how awful the GST is. But what do they plan to do in 23 days time? They plan to pocket the money and do nothing about the so-called roll-back. The simple, unassailable fact facing the opposition is that they must actually answer the question that Australians would like answered, which they hold out as some sort of illusion, and that is: what are they going to do about the GST if they win office? The reality is that they will do nothing. You know that. You want to go on with this charade at the present time, trying to pretend that somehow it would be different. The fact is that the Labor Party say one thing and do another. That brings me to something I saw in the Courier-Mail this morning:

What a contrast. Labor MHR for Lilley Wayne Swan was on TV on Monday night attacking the GST and supermarkets for profiting on basic foodstuffs. Later in the evening, Swan was spied hoeing into a meal at the swish Tang Dynasty restaurant in Canberra.

What you might say from Spam to Peking duck all in one night.

That is the course the Labor Party are on. What we have here is not a swan but a dead duck.

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The discussion has concluded.

A NEW TAX SYSTEM (TRADE PRACTICES AMENDMENT) BILL 2000

Consideration of Senate Message

Consideration resumed from 6 June..

Senate’s amendments—

(1) Schedule 1, item 2, page 3 (line 12), after “commerce”, insert “, for the purpose of price exploitation”.

(2) Schedule 1, item 9, page 6 (line 10), after “commerce”, insert “, for the purpose of price exploitation”.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (4.18 p.m.)—I move:

That the amendments be agreed to.

On 16 March 2000, the A New Tax System (Trade Practices Amendment) Bill 2000 was introduced in the House of Representatives. Less than a month later, the Senate referred the bill to the Senate Economics Legislation Committee. The committee duly reported, and the Senate first debated the bill on 11 May. The debate was adjourned, and the Senate again considered the bill on 5 June. Following two months of delay, the Senate finally passed the bill in an amended form. The amendments were among several proposed by the Labor Party and inserted the words ‘for the purpose of price exploitation’ into section 75AYA. The effect of these amendments is to add another element to what contravenes section 75AYA. Specifically, it will now be necessary to show that a person or corporation is engaged in conduct for the purpose of price exploitation. This adds an element of intention. Thanks to the Labor Party, this will make the enforcement task of the ACCC much harder. I will repeat that. Thanks to the Labor Party, this will make the enforcement task of the ACCC much harder.

We are not happy with these amendments. We believe they achieve no benefit whatsoever and come at the cost of enforceability. We are, however, even more unhappy that this important bill has been delayed unneces-
sarily in the Senate. The ACCC has been denied the powers for two months. Its ability to protect consumers from ANTS related misrepresentations during the transition to the A New Tax System has been hindered by the Labor Party. As I have said in the House before, the Labor Party is no friend of consumers, no friend of pensioners and no friend of families; it is only a friend of the union movement and, as is in this case, the Labor Party is doing absolutely nothing to protect consumers. In fact, during the transition to the new taxation system, the Labor Party has done everything it possibly can with this bill to delay the powers going to the ACCC in relation to this matter.

When the Labor Party comes into this House and criticises us about price monitoring, I say this: we are still waiting for the price monitoring regime of the Labor Party for the period after it introduced the fringe benefits tax. We are waiting for the price monitoring regime of the Labor Party for the period after it introduced the capital gains tax. Remember that? What about the price monitoring regime in relation to the wholesale sales tax increases 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 consumer protection that the Labor government put in place during those times? Nowhere. There was no consumer protection. Even at this moment, after we have got the agreement of almost all the states—and I will come back to that in a moment—the Labor Party opposes this. We do not like these amendments, but we are accepting them because we want the ACCC to have power as quickly as possible to pursue people who are ripping off consumers. It is only because the Labor Party have deliberately delayed the bill in the Senate that we are now accepting these amendments. I say that the Labor Party in Queensland had better learn a salient lesson out of this. They are running with their own price monitoring regime. They are running with their own laws in relation to this bill. I am going to write to the premiers and the governments of each state asking them to expedite the implementation of this referred power so that it satisfies all the concerns of consumers. (Time expired)

Mr CREAN (Hotham) (4.23 p.m.)—by leave—I move:

(1) Schedule 1, page 3 (after line 5), before item 1, insert:

1AA Subsection 2A(1)

Omit “and section 44E”, substitute “section 44E and section 75AYA”.

(2) Schedule 1, item 2, page 3 (after line 24), at the end of the section 75AYA, add:

(2) The Commonwealth, a Minister of the Crown in right of the Commonwealth or an authority of the Commonwealth must not engage in advertising or the distribution of promotional material, at any time during the period starting when this section commences and ending at the end of the New Tax System transition period, that:

(a) falsely represents (whether expressly or impliedly) the effect, or likely effect, of all or any of the New Tax System changes; or

(b) misleads or deceives, or is likely to mislead or deceive, a person about the effect, or likely effect, of all or any of the New Tax System changes.

(3) The protection in subsection 2A(3) does not apply to this section.

(4) For the purposes of a penalty for an offence against subsection (2), the Commonwealth is to be treated as if it were a body corporate.

(3) Schedule 1, item 5, page 4 (line 26), after paragraph (3)(b), insert:

or (c) if the respondent is the Commonwealth or an authority of the Commonwealth—a Minister of the Crown or an employee of the Commonwealth.

That is what we love about Minister Hockey—he is so quick off the mark. Here he was telling us how bad these amendments were, but he has copped it. I think this is the sort of charge the government are trying to level at us about the GST. I wonder whether they ever understand their inconsistency.

The amendments of the Senate under consideration today expressly impose an intention to engage in price exploitation, but how can business know what price exploitation is when this government is refusing to give out accurate information on what the effects of its new tax system will be? Instead, it is
spending, at last count, some $431 million on its GST propaganda campaign. Extracting information from this government on the big spend is like trying to get blood out of a stone, quite frankly. Only yesterday, we ascertained finally that the John and Wendy ads have cost the taxpayers another $3.6 million and the Department of Family and Community Services is spending a total of $5.9 million over two years on advertising and education. It has bumped the total tally for advertising, promotion and education up to $431 million.

What is worse is that we have discovered that the government may have engaged in what we see as unconstitutional practices. Senator Ellison denies that he sought exclusivity on advertising placement during the Sunday screening of *Austin Powers: International Man of Mystery*, but two separate sources have acknowledged that there was exclusivity. The first is the Australian Brewers Association, which was told by Channel 9:

The Australian Associated Brewers Association was notified on Friday 26 May that the ‘Beer drinkers, it’s your shout’ advertisement would not be broadcast during the 8.30 p.m. movie of Sunday 28 May due to an exclusivity arrangement the Australian Taxation Office had entered into with Channel 9 with respect to its GST advertisements. The AAB commercial which raised the issue of increased taxes on beer when the GST is introduced was judged to be in conflict with the ATO message and therefore contrary to that exclusivity clause.

That is the statement of the Australian Brewers Association. A Channel 9 spokesman also told the *Sydney Morning Herald* that the movie sponsorship in Melbourne provided exclusivity for the chain ads. Senator Ellison is not being straight with the parliament. Channel 9 was just doing its job, taking bookings to maximise its profits for its shareholders, but the government was acting in a less scrupulous manner. It was someone in the GST information unit or the Government Communications Unit. Maybe Mr Mark Pearson, the Liberal Party advertising guru who is in charge of the government’s GST campaign, saw that the Australian Taxation Office sponsored the Austin Powers movie at least in Melbourne and probably everywhere else. *Austin Powers: International Man of Mystery* was sponsored by the GST, coming to you on 1 July.

When a movie sponsorship goes through at premium prices, competitors’ ads are knocked off. In the commercial world, this is standard practice. For example, if Holden sponsors a movie, then other equivalent commercial categories, such as Ford, do not get a look-in. But political advertising is not a commercial category. Sponsorship of a movie attracts at least a 100 per cent loading. Late placement costs extra as well. If the government will not present us with the cost yet, a ballpark could be $80,000 per ad, plus the 100 per cent sponsorship loading, bringing it to $160,000. (Extension of time granted) If you ran three 30-second ads in one movie, which seems to be an industry standard minimum requirement for blanket sponsorship, the cost to the taxpayer for the placement of these ads and the exclusion of the Australian Brewers Association ads could run as high as $480,000. That is for one night. That is not just for the government’s misleading ads but to stop others coming in to tell the truth about its tax package. That is guesstimating it using industry standards. This government needs to come clean. In the words of Austin Powers, it needs to ‘behave’.

Senator Ellison, the minister in charge of advertising, refuses to come clean on the cost of the late fee, the sponsorship and the exclusivity. His silence condemns him. Not only is this government covering up about the misleading ads but its ministers walk around making misleading statements about the GST with impunity. Take the minister at the table, the Minister for Financial Services and Regulation. He is a case in point, issuing his January press release stating that the 10 per cent price cap is the law when even his own GST watchdog, the ACCC, admits there is no such law. Yesterday, this minister, flummoxing in the parliament, could not answer where the law was that capped the prices. He could not explain why gas, clothing, electricity, insurance and magazines were all expected to be higher by the ACCC than by the ANTS package. He could not explain how rental appliance companies, a retailer, a magazine publisher and WorkCover were putting up
prices by either the full 10 per cent or by more—something the government said could never happen.

Today, he waited until the second last question to speak. It had to be the second last question—they knew the Prime Minister might cut them short on Mr Anthony today, just as they cut this floundering minister short yesterday. He got up to defend himself but, in defending himself, he mucked up again. He said that the magazine in question currently sells for $5.95 and would not go up after the GST. He even tabled a letter from the publisher to try and support this. The letter from the publisher says:

You will note that each issue carries a pre-GST cover price of $5.95.

The trouble is that the document he tabled today has a price sticker on it of $5.40, and that is the price that we paid. The trouble is that the document he tabled shows it is selling at $5.40, and it also contains a dual tag which shows a post-GST price of $5.95—a 10.18 per cent increase, exactly as we said yesterday. The other publications that he tabled, which we did not refer to yesterday, I think do not even have dual tags on them.

We tabled the magazine today because they would not let us table it yesterday. The magazine that we tabled today was bought by us for $5.40. Next month, we will have to pay $5.95, unless there is a change. Will there be? Will the ACCC properly investigate this? The incompetent minister at the table does not even understand how this is applying. Joe Hockey is having his nightmare of January revisited. He cannot explain, he cannot defend and, when he tries to patch it up, he mucks it up.

If the minister responsible for the implementation of the GST price campaign does not even understand his own tax, how can ordinary Australians? How can ordinary Australians be expected to cope with what the minister cannot even explain? This was supposed to be the simple new tax. This was supposed to be the tax that everyone could follow with simplicity. This minister cannot even follow his own guidelines when he comes in to try and correct the record. Just as in January he started on frequent flyer points, moved on to cans of coke and just kept making trouble day after day for the government, he is making a repeat performance in this parliament. He is an incompetent, incapable of selling the message to the Australian public, yet he wants you to believe this is a simple new tax. We want some truth and honesty in the government’s advertising. If they are going to fine businesses $10 million for misleading advertising, they should cop the same penalty. (Time expired)

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (4.33 p.m.)—I have hit a raw nerve on the other side of the House. Do you know why? Because I am telling the truth. Over the last few days, we have seen the member for Hotham set up his colleagues on the other side of the House. First of all, he set up the member for Bass. He was running around distributing the letter to the member for Bass from the publisher of the Launceston Examiner. We find out today that he completely set up the member for Wills. If you are a leadership aspirant, that is not going to win you any more votes in caucus. You are burning off individual members of the Labor Party caucus, setting them up with the GST. We proved today that—in the words of the member for Wills—he bought the magazine in question on sale. He came up to give a clarification. He said, ‘We bought this magazine on sale at $5.40.’ We will dig out the Hansard. Those were the words that I heard, and that is exactly right. The publisher said, ‘We have reduced it once off on sale.’

Mr Crean—He bought it for $5.40.

Mr HOCKEY—Exactly right! The publication always sells at $5.95. As the publisher says, they are absorbing all the cost of the GST. How embarrassing for the member for Hotham. He sets up the member for Bass and sets up the member for Wills, and we are following up on all the other ones. When the Labor Party comes into this house and makes brave assertions in question time, we want the Labor Party to name those companies. We want to go and find out the truth. Yesterday, the member for Hotham came into the House, held up the label for a piece of clothing and said that it had gone up by the full 10 per cent. Why didn’t he show us the label
like he did on the 7.30 Report last night? Was that the full 10 per cent? I do not think so.

Mr Crean—Yes.

Mr HOCKEY—He says yes, again. We will dig out the tape, have a look at it and see if it is the full 10 per cent. You cannot take anything the member for Hotham says for granted. You cannot take anything the member for Hotham says as fact. Take it as fiction; that is his starting point. The amendments that the Labor Party have moved today were moved by the Labor Party in the Senate; the Democrats amended them so that the ‘truth test’—in the words of the Labor Party—would apply not just to the government but also to the Labor Party, and the Labor Party rejected a truth test of their own creation being applied to them.

And then they come into this House and say, ‘Let’s have a truth test apply to the government’ when in fact they will not have it applied to themselves! They are hypocrites. Those in the Labor Party are hypocrites. The beauty of this debate is that it gives me an opportunity in this House to point out the hypocrisy of the Labor Party in waxing on about a fictitious figure, a completely discredited figure in relation to advertising that the Labor Party have been talking about. They have been burned on the matter of advertising. I encourage the member for Wills to stand up and continue to dig deeper in relation to the magazine and a whole lot of other matters because the more the Labor Party raise these issues, the more opportunity we will have to discredit them for what they are—a bunch of hypocrites who fail to tell the truth, who constantly mislead the Australian people and who, every time they come into this House, exaggerate in every possible way the arguments that they have against the GST. If they are so serious about getting rid of the GST, why won’t they repeal it? The truth test will come after 1 July. We will see the Labor Party’s tax policy then, and I will bet that there will be no line in there saying, ‘We will repeal the GST.’ We are waiting for that tax policy from the Labor Party. They have been hypocrites in relation to everything else on tax; now they will be hypocrites in relation to the GST. (Time expired)
June, Sydney v. St Kilda at the SCG—the price is $377.40 per person. But if you go after 1 July—for example, 2 July, Sydney v. West Coast at the SCG—you find that the cost is $432 per person. I might say in terms of Sydney, St Kilda and the West Coast that there is an argument that they ought to pay us to go to these games, but be that as it may. The base price for 2 July is increased due to an increase in air fares for the school holiday period, but the base price due to that increase in air fares is $392.70 per person. To get to $432, what do you get? You get the full 10 per cent GST. Indeed, it is even rounded up—and the minister is very familiar with rounding up. The 10 per cent GST on $392.70 gives you $431.97, which is rounded up to $432; that is, the full 10 per cent GST—and then some—is charged on the complete package. I am astonished to find that there has been nothing done by government or the ACCC in relation to these AFL supporter packages even though they were expressly raised by me back on 6 April, over two months ago now, when this bill was first before the House. We see with this example, with the Home Ideas example and with the clothing example which the Deputy Leader of the Opposition displayed in the parliament yesterday, that this government’s endeavours to contain price rises are already a miserable failure. (Time expired)

Mr COX (Kingston) (4.43 p.m.)—I simply want to lay to rest some of the misrepresentations made by the Minister for Financial Services and Regulation when speaking of the Labor Party’s reasons for moving the amendment to the A New Tax System (Trade Practices Amendment) Bill 2000 which he has reluctantly accepted. He said that we did this for the purpose of delaying the passage of the legislation. At the time that the amendment was conceived, we expected the legislation to be dealt with very swiftly. We believed that the legislation required an amendment because, without it, the legislation would be obnoxious, thuggish and anti-democratic; that the purpose of the legislation was to intimidate people who are in trade or commerce from commenting on the price effects of the GST in the fear that the ACCC would find that they had made some error. The key to seeing the intent of the government was that the original legislation said ‘misrepresent all or any of the price effects of the GST’. If its purpose was to protect consumers, it might perhaps have wanted to stop people from making statements that misrepresented the price effects on a particular product. But why did the government want to stop people commenting on all of the price effects of the GST? It did not want people who were in trade or commerce entering into the political debate about the price effects of the GST. The piece of legislation was simply a device designed to silence people who are in trade or commerce. The government could not silence political parties; it could not silence community groups. But with this legislation, it could silence people like the brewers. That is why the government did it. It was entirely to head off that kind of campaign. That is why I felt it was an obnoxious piece of legislation and why I raised this amendment in caucus.

The minister has made a little Freudian slip this afternoon in saying that it has made it difficult for the ACCC to get prosecutions in this area because it will have to prove intent. It will have to prove intent in that the transgressor has transgressed is that they were transgressing for the purposes of price exploitation, which is the evil that we are trying to remedy.

Mr Hockey—So how do you prove it?

Mr COX—They will have to have achieved price exploitation by doing it. It is as simple as that. If the minister cannot see that—

Mr Hockey—Tell me what intention there is.

Mr COX—You are the one who has brought in intention. They will have to do it for the purpose of price exploitation. Can’t the minister see that? I think the minister can see that.

Mr Hockey—Proving the intention is very difficult.

Mr COX—The purpose of this legislation, because the government did not want an appropriate standard of proof, was to intimidate and silence all those in trade or commerce who chose to speak up about the price effects
of the GST. It was specifically designed to head off campaigns such as that which the brewers have mounted.

Question put:
That the amendments (Mr Crean's) be agreed to.

The House divided. [4.53 p.m.]

(Mr Deputy Speaker—Mr H.A. Jenkins)

Ayes............ 62
Noes............. 72
Majority......... 11

AYES
Adams, D.G.H.  Albanese, A.N.
Bevis, A.R.  Bererton, L.J.
Burke, J.E.  Byrne, A.M.
Cox, D.A.  Crean, S.F.
Crosio, J.A.  Danby, M.
Edwards, G.J.  Ellis, A.L.
Emerson, C.A.  Evans, M.J.
Ferguson, L.D.T.  Ferguson, M.J.
Gibbons, S.W.  Gillard, J.E.
Griffin, A.P.  Hall, J.G.
Hatton, M.J.  Hoare, K.J.
Hollis, C.  Horne, R.
Irwin, J.  Kermot, C.
Kerr, D.J.C.  Latham, M.W.
Lawrence, C.M.  Lee, M.J.
Livermore, K.F.  Macklin, J.L.
McClelland, R.B.  McFarlane, J.S.
Melham, D.  Morris, A.A.
Mossfield, F.W.  Murphy, J.H.
O'Byrne, M.A.  O'Connor, G.M.
O'Keefe, N.P.  Pilbersiek, T.
Price, L.R.S.  Quick, H.V.
Ripoll, B.F.  Roxon, N.L.
Rudd, K.M.  Sawford, R.W *
Sciacca, C.A.  Sercombe, R.C.G *
Sidebottom, P.S.  Smith, S.F.
Swan, W.M.  Tanner, L.
Theophanous, A.C.  Thomson, K.J.
Wilkie, K.  Zahra, C.J.

Hawker, D.P.M.  Hockey, J.B.
Hull, K.E.  Jull, D.F.
Katter, R.C.  Kelly, D.M.
Kelly, J.M.  Kemp, D.A.
Lawler, A.J.  Lieberman, L.S.
Lindsay, P.J.  Lloyd, J.E.
Macfarlane, I.E.  May, M.A.
McArthur, S *  McGauran, P.J.
Moore, J.C.  Moynan, J.E.
Nairn, G.  Nehr, G. B.
Nelson, B.J.  Neville, P.C.
Nugent, P.E.  Prosser, G.D.
Pyne, C.  Reith, P.K.
Ronaldson, M.J.C.  Scott, B.C.
Secker, P.D.  Slipper, P.N.
Somlyay, A.M.  Southcott, A.J.
St Clair, S.R.  Stone, S.N.
Sullivan, K.J.M.  Thompson, C.P.
Thomson, A.P.  Truss, W.E.
Tuckey, C.W.  Vale, D.S.
Wakelin, B.H.  Washer, M.J.
Williams, D.R. Worth.  Wooldridge, M.R.L.

NOES
Abbott, A.J.  Anders, J.D.
Andrews, K.J.  Anthony, L.J.
Bailey, F.E.  Baird, B.G.
Barresi, P.A.  Bartlett, K.J.
Billson, B.F.  Bishop, B.K.
Brough, M.T.  Cadman, A.G.
Cameron, R.A.  Cauley, I.R.
Charles, R.E.  Costello, P.H.
Draper, P. ACION, K.S.
Entsch, W.G.  Fahey, J.J.
Fischer, T.A.  Forrest, J.A *
Gallus, C.A.  Gambaro, T.
Gash, J.  Georgiou, P.
Haase, B.W.  Hardgrave, G.D.

Beazley, K.C.  Howard, J.W.
Wilton, G.S.  Downer, A.J.G.
* denotes teller

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

CORPORATIONS LAW AMENDMENT (EMPLOYEE ENTITLEMENTS) BILL 2000
Consideration of Senate Message
Consideration resumed from 11 May.

Senate's amendment—
(1) Schedule 1, page 3 (after line 26), after item 4, insert:

4A After Division 6 of Part 5.7B

Insert:
Division 6A—Liability of a company for the debts or liabilities of a related body corporate. 588YA Liability of a company for the debts or liabilities of a related body corporate.

(1) When a company is being wound up in insolvency, the liquidator, a creditor of the company or the Commission may apply to the Court for an order that a company that is, or has been, a related body corporate pay to the liquidator the whole or part of the amount of a debt of the insolvent company. The Court may make such an order if it is satisfied that it is just to do so.
(2) In deciding whether it is just to make an order under subsection (1), the matters to which the Court shall have regard include:

(a) the extent to which the related body corporate took part in the management of the company; and

(b) the conduct of the related body corporate towards the creditors of the company generally and to the creditor to which the debt or liability relates; and

(c) the extent to which the circumstances that gave rise to the winding up of the company are attributable to the actions of the related body corporate; and

(d) any other relevant matters.

(3) An order under this section may be subject to conditions.

(4) An order shall not be made under this section if the only ground for making the order is that creditors of the company have relied on the fact that another company is or has been a related body corporate of the company.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (4.58 p.m.)—I move:

That the amendment be disagreed to.

The government’s Corporations Law Amendment (Employee Entitlements) Bill 2000 was formulated to better protect Australian workers. The opposition, with the support of the Democrats, has moved to delay the passage of this bill. Their amendment makes related bodies corporate liable for the debts of insolvent companies. I note that the amendment is expressed to apply to debts generally and not just employee entitlements. The government opposes the amendment for numerous reasons. This amendment could leave bodies corporate with an uncertain and potentially unbounded liability for the debts of companies in their corporate group. The implications of this for company creditors and shareholders is great, and the government is not prepared to accept an amendment of this nature.

The amendment would require related bodies corporate to contribute to the debts of an insolvent company when the court considered it just to make an order. This begs the question of what is just and from whose perspective the court is considering it. Labor’s amendment has little meaningful guidance on this for our courts and, more importantly, for directors of companies in group structures. As a result, the amendment will create huge uncertainty for Australian business. It will take years for the courts to build up a sufficient body of case law for the test to have any certainty. Australian business and the Australian economy cannot afford years of uncertainty while leaving it to the courts to sort out the looseness of this amendment.

In many cases, corporate entities are brought into existence for the purpose of quarantining and managing risk, especially in industries that are by their very nature risky. This does not mean that these industries or the companies involved are behaving improperly—a good example might be mining companies involved in mineral exploration, another would be high-tech companies or biotechnology research companies. All ventures involve risk to some degree. However, a blanket contribution order, such as the one proposed by the Labor Party amendment, will stifle the benefits of innovation and exploration where a parent company is potentially liable for all the debts of its subsidiary. Surely this cannot be good for Australia and it cannot be good for Australia’s workers. I wonder whether the member for Werriwa supports this Labor Party amendment and whether thinking members of the Labor Party have actually considered the significance of this amendment.

In addition, the amendment will have a significant impact on the flow of capital into Australia. Companies will not—and I emphasise ‘will not’—establish subsidiaries here. They will not establish operations here if they think they will be exposed to all debts of the related body corporate. Certainly, this provision will undermine our efforts to position Australia as a centre for global finance. Again, this cannot be good for Australian companies or Australian workers. Of course, it is open for groups of companies, where appropriate, to enter into cross-guarantee and other arrangements with related bodies corporate where those arrangements would bring more certainty to a group’s business dealings.
However, the mandatory imposition of liability on related bodies corporate, outside the context of insolvent trading, goes far beyond anything currently required by the law. It is not a step taken lightly, and it needs to be considered in the context of the rest of the Corporations Law and the legal and economic environment more generally.

I note that the Companies and Securities Advisory Committee—CASAC, as it is known—is currently examining the issue of contribution orders in the context of its upcoming corporate group’s report. The advisory committee will have had an opportunity to fully consider the legal and practical effects of such orders, and the government does not want to pre-empt the advisory committee’s consideration of these issues. Before the opposition and the Democrats, in all their wisdom, insist on such an amendment, they should take into account the views of the experts on CASAC. I should also add that both the Institute of Company Directors and the Australian Shareholders Association have written to me expressing a number of the above comments. (Extension of time granted)

There is no doubt that this amendment, moved by the Labor Party, has the capacity to profoundly affect the way business is done in Australia. I never ever thought that I would have the opportunity to stand at this dispatch box and utter words to the effect that an amendment carried by the Senate would absolutely cripple corporate Australia. It completely changes the nature of limited liability. If a court, on the basis of the term ‘just’, is able to make all related bodies corporate accountable for all debts of one party, it completely negates the effect of related party guarantees and completely negates the effect of limited liability within one entity. It is naive of the Labor Party and naive of the Senate to have passed this amendment with the result that, if it is passed into law, it will have a profound effect on business in Australia. I do not know who is advising the Labor Party on this, but they need to know that the advice they are giving is cumbersome, inaccurate and, quite potentially, has a significant damaging effect on businesses and on workers.

If the Labor Party, which pretends to stand up for workers, believes that this amendment is going to help workers, it is sadly mistaken. The Labor Party does not believe in protecting employees. It never has. The only thing the Labor Party believes in is protecting the union officials and protecting its mates in the unions. Time and time again that is proven in this House and time and time again it is proven not just by the words of the Leader of the Opposition but by the actions of the Leader of the Opposition. If you want an example of the action, here it is: move an amendment in the Senate that is going to cripple business. Cripple the businesses and tell me how that helps workers. The Labor Party is by the unions, for the unions, with the unions. It does not give a damn about workers. It does not give a damn about business. It does not give a damn about small business. It does not give a damn about trying to create wealth in Australia. All the Labor members care about are their preselections, their re-election in their own seats on the basis of union support and taking care of their mates in the unions. It is the most disgusting piece of legislative change that I have seen while I have been in this parliament. This legislative change has a profound effect that has not been considered at all by the Senate, let alone by the Labor Party, which has proposed it.

The impact of the amendment is significant, as I have said. Corporate groups will be hampered in their activities. It will subject them to uncertainty. It will exacerbate contagion within groups, and it will affect the flow of capital in Australia. I urge the Labor Party and the Democrats to reconsider this amendment, to go out and consult with businesses and financial institutions that will be affected and to give serious consideration to the implication of this amendment. We will obviously oppose this amendment because we can see the impact of it. Yet again, it is a display of the Labor Party kowtowing to the unions and abandoning the workers that the party was originally formed to represent.

Mr KELVIN THOMSON (Wills) (5.08 p.m.)—I enjoyed the speech by the Minister for Financial Services and Regulation because he really did give the game away on this issue of employee entitlements. The truth is that Labor dragged this government kick-
ing and screaming to do something about employee entitlements. The member for Prospect and her private member’s bill, and the member for Brisbane, our previous shadow minister for industrial relations, have all raised this issue in this House many times. When company insolvency such as Cobar and Woodlawn and other insolvencies occurred, we were here in the parliament calling for workers to receive their just and fair entitlements. We dragged this government kicking and screaming to the table in terms of action to protect employee entitlements. The government’s response to the Senate amendment to the Corporations Law Amendment (Employee Entitlements) Bill 2000 shows that we still have to drag you kicking and screaming to do the right thing to protect workers’ entitlements.

The minister’s plea that this Senate amendment is going to bring down the capitalist system as we know it showed only too clearly that he is standing up for dodgy corporate structures of the kind we saw in the Patrick dispute, which this government stood here and backed—the use of related parties to avoid paying workers their legitimate entitlements; that is, the idea that you could be sacked at the drop of a hat and you would have some new employer of whom you were blissfully unaware. It is deeply ironic that the Minister for Employment, Workplace Relations and Small Business should use the employee entitlements issue to seek to characterise himself as a worker’s friend because nothing could be further from the truth, whether it be the issue of employee entitlements or any other issue to do with industrial relations. When the minister says that companies and corporations will be hampered in their activities, he is telling us that they will be hampered in their endeavours to avoid liability. We think that is not acceptable. That is why we are supporting the amendment moved by the senators which does give liquidators, creditors and so on a capacity to make applications in relation to related body corporates. We do not think companies should be able to avoid their liabilities through the use of dodgy corporate structures.

The Minister for Financial Services and Regulation has written to the shadow minister, Senator Conroy, concerning this issue saying that the government will not be supporting them. I do want to take the House through the minister’s letter because it does make for interesting reading, and I want to draw the attention of the House to some of the inaccuracies in it. The government accuses the opposition of not implementing the recommendation of the 1988 general insolvency inquiry, known as the Harmer report, on the liability of related companies for debts of another related insolvent company. They cite some ‘explanatory material’ that was circulated with a draft Corporate Law Reform Bill 1992 in which the former Attorney-General, Michael Duffy, claimed that the proposal from the Harmer report would result in possible uncertainties in commercial dealings. In the minister’s own letter he says that a ‘substitute provision that later became section 588V was proceeded with’ and that this provision ‘met the concerns raised by the Law Reform Commission in the Harmer report’. So by the minister’s own admission, Labor did meet the concerns raised in the Harmer report on this issue.

But the Harmer report is now 12 years old. Times have moved on. At the time of the Harmer report I do not think anybody could have imagined a government minister publicly sanctioning a company stripping assets so that it could sack its work force and claiming that it was insolvent and therefore could not pay workers their rightful entitlements. Yet that is exactly what happened when Minister Reith sent the dogs and the balaclava clad men onto the wharves after Patrick sought to sack its work force. The government has admitted that Labor did meet the concerns raised in the Harmer report. That was something that Senator Ian Campbell claimed we did not do in the Senate when this bill was debated. Senator Campbell was in direct contradiction of this minister. I know Senator Campbell thinks that he really should be the Minister for Financial Services and Regulation. Perhaps his statements in the Senate contradicting you, Minister, indicate that he is now starting to make his run.

But our amendments go further. They are necessary now that we have a government which sanctions the sort of corporate skul-
dugger that took place in the Patrick affair.

(Extension of time granted) The minister talks about potential impacts on commercial dealings. What Labor wants to talk about is actual impacts—the actual impacts of corporate restructuring which results in workers losing their entitlement. Any talk of potential impacts from the minister indicates either a lack of knowledge or lack of genuine commitment to this issue. The real impact of Labor’s amendments is to protect employee entitlements—something which this government indicates clearly, yet again, that it is opposed to by rejecting Labor’s amendments. This is a sensible amendment. It gives the court the discretion to make an order having regard to all the matters and only when it is just to do so. That respects the fact that in corporate law each company is considered a separate legal entity but that courts can, and on occasion have, pierced or lifted the corporate veil where that was appropriate.

The minister also claims in his letter that the Companies and Securities Advisory Committee is currently considering the issue of corporate groups and so parliament should wait for their report—and I think he mentioned that again in his remarks. In other words, the government’s argument now against protecting employee entitlements is that the CASAC is looking at this issue and will provide the government with a report at some unspecified time. I would hate to be a worker who has lost, or is about to lose, their entitlements and who is waiting for this government to receive a report from a body called the CASAC before it acts.

Labor’s amendments on the stripping of assets date back to 1998. This issue has been around for some two years. The minister himself promised legislation on this issue virtually 12 months ago when, in his press release of 22 July 1999, he said that he would introduce legislation in the next session of parliament. We were looking for this between August and December last year. Did it happen? No, it did not happen. This minister has form when it comes to delaying employee entitlements protection. He has been caught out time and again on this issue. Now he wants us to withdraw our amendments so that he can wait for a report from the CASAC.

We are not going to do that. We will not be withdrawing our amendment. It is about protecting workers now, not at some yet to be determined time in the future.

If and when a CASAC report is produced, we hope that it is a public report, so that Labor can consider it. Any further changes to the Corporations Law can indeed be made at a later stage, but they should not delay the amendment before us, which this government is opposing. The minister’s letter finally states:

Concerns about asset stripping (which seem to be the prime motivation behind the amendment moved by the Opposition and supported by the Democrats) are also addressed by the expansion of the insolvent trading rules to include uncommercial transactions.

So on the one hand the minister is saying that this bill fixes the issue of asset stripping, yet on the other hand CASAC is examining the issue of corporate groups, particularly pooling and contribution orders in the case of insolvency. Which is it, Minister? If this bill fixes it, what is CASAC doing? Why does it need to be spending taxpayers’ dollars on a report that you are suggesting might not be necessary? Or is it really the case that this bill does not address the issue of asset stripping, as the minister weakly claims in his letter?

The simple fact of the matter is that the government’s legislation does not go far enough. There was ample evidence provided to the joint parliamentary committee examining this bill to highlight the problem with phoenix companies and the proliferation of deliberate restructuring by companies. Labor’s amendment toughens the provisions that are designed to prevent companies from adopting dodgy practices that lead to employees losing their entitlements.

Before I close my remarks, I want to refer to a company in my own electorate which has been put in this situation—the Fabric Dye Works in Coburg. I raise this case not only as the local representative but also because it indicates once again why this government’s handling of employee entitlements issues is flawed. The 61 workers at the Fabric Dye Works in Coburg were stood down on 9 March this year. They were terminated a week later on 16 March. The company had
been trading on an insolvent basis since at least 26 November 1998. Indeed it has group tax owing of $685,000. (Extension of time granted) The company had been trading using employee entitlements since at least 26 November 1998. The exact entitlements owing to the workers were $171,000 in superannuation money, $99,000 in payment in lieu of notice, $179,000 in severance pay, $22,000 in rostered days off, $41,000 in annual leave and $98,000 in long service leave—a total owing in excess of $600,000. This is not National Textiles where the Prime Minister’s brother is a director. So what are these workers entitled to?

Mr Hockey—Madam Deputy Speaker, I rise on a point of order. Up until that point I was exercising great latitude in allowing the member for Wills to discuss an issue in relation to his electorate, but that is clearly not within the context of this amendment before the House. I therefore ask you to bring him back to the context of the amendment before the House.

Madam DEPUTY SPEAKER (Mrs De-Anne Kelly)—The member for Wills can continue and perhaps confine himself to the amendment at hand.

Mr KELVIN THOMSON—Thank you, Madam Deputy Speaker. It is my intention on the Corporations Law Amendment (Employee Entitlements) Bill 2000 to confine my remarks to the issue of employee entitlements. The scheme proposed by the government is capped at four weeks unpaid wages, four weeks annual leave accrued in the last year, five weeks pay in lieu of notice, four weeks redundancy pay and 12 weeks long service leave. There is no mention in it at all of superannuation, so the workers concerned do not stand any prospect whatsoever under the government’s scheme in relation to employee entitlements—of which this legislation is a part—of getting their superannuation entitlements of over $170,000.

This is all part of a scheme by this government which takes away any incentive for employers to pay their workers entitlements. They think just let the taxpayer do it. In this particular case, it is now June and the workers have not yet got their money. I think that is simply not good enough. I call on this government to do the right thing and make sure that these workers are paid their proper entitlements. I further believe that this government should seriously do the right thing and look at Labor’s scheme of employee entitlement protection, which is a far more comprehensive scheme of employee entitlement protection with a capacity to meet all the entitlements of workers, rather than being capped in the way I have just outlined.

In the case that I have mentioned to the House, the situation from my point of view and from that of workers in my electorate is even more serious, because the tax office were the very body which took the action which resulted in this company becoming insolvent. They issued section 218 notices on the company’s suppliers, which garnisheed any money which was coming in to the company and deprived the company of future cash flows, and so it could not make ongoing commitments and therefore went under. At the same time, the tax office was taking no action at all to recover superannuation guarantee payments—for which the tax office has legal responsibility—and so, as a result, we saw superannuation of up to two years going missing, in the case of these workers.

There are other members on the opposition side who also wish to make contributions in this debate, and so I will not speak further; but the opposition will certainly support the amendment in the Senate. We think it is absolutely necessary, if we are going to be fair dinkum about protecting employee entitlements, that this sort of amendment is carried and that we have legislation of the necessary strength passing through this parliament.

Mr BEVIS (Brisbane) (5.23 p.m.)—Time in this debate on the Corporations Law Amendment (Employee Entitlements) Bill 2000 is extremely tight, and I will endeavour to keep my remarks as brief as possible. At the outset, let me endorse the comments of my colleague the member for Wills in relation to some of the history associated with what has occurred in the debates, in this parliament and outside, about protecting employee entitlements when companies become insolvent. I have spoken on that in this place...
on a number of occasions and I do not have the opportunity or the time now to go over that. Clearly the record speaks for itself. The government has, at every opportunity, stalled and been dragged kicking every inch of the way on each of the measures that it has been obliged to pursue, and here we have yet another example of that.

The issue in dispute here between the government and the Senate and between the government and the Labor Party is what happens when a company goes belly up, dudding its workers and leaving them without their entitlements, when in fact the people who operate that company in turn operate a series of other companies that continue to function quite profitably, with substantial assets and income. More particularly, what happens when, in that set of circumstances, a court looks at the facts and says, ‘We believe that the directors of the company that has become insolvent have acted in such a way—by transferring income and assets across to their other entities—that the workers who have been dudged are entitled to claim the money back from those related entities’? That is the issue in dispute here.

For all of its protestations about wanting to protect employee entitlements this government have, for two years now, sought to block Labor Party private members’ bills designed to deal with this, moved first by Bob McMullan after the Patrick waterfront fiasco, and then by me after the last election. Now they confront it and cannot run away, because the Senate has adopted the essential aspects of that private member’s bill that both Bob McMullan and I have placed before this parliament.

The Patrick dispute was a watershed in the ethics of corporate Australia’s approach to industrial relations. It is a matter of record that the company, on advice and with assistance from the government of the day, decided to redirect their assets out of the company that employed them, so that when Patrick went broke the workers would have no opportunity at all to gain their entitlements. It would not matter what a court had to say; they could go to get to court and get as many orders as they wanted: the company that employed them was broke and had no money, and they could get none of their entitlements. That contrivance was the first occasion I know of, and I am sure is the first occasion that anyone in this place can identify, where the government actively conspired to deprive a work force of their entitlements. It happened, and in such a way that the courts found the need to pursue a conspiracy case—unfortunately, not brought to final trial.

This is not an isolated case, I am sad to say. Last Friday, I went to the Illawarra and visited a number of places there with the member for Cunningham and the member for Throsby. Amongst the people I met were the workers from Parish Meats. These people are victims of exactly the same manoeuvre. They worked in one location, believing that they were employed by a particular employer. When the company went belly up, they discovered that they were actually employed by different employers. Then they discovered that they had actually been shovelled off to a traineeship program provider—even though they were not training. The company and the directors who did that operate a whole series of other companies and are gleefully going on in a very comfortable lifestyle, thank you very much.

The member for Throsby detailed that case in this parliament not that long ago, and I do not have time to go over it. The point is that this is unfortunately not an isolated case. I have had a lot to do with the textile, clothing and footwear industry—another industry in which fly by night operators make a habit of ripping off their workers like this. They make a habit of it: it is the way they conduct their affairs. Those are, unfortunately, the ethics of a small minority of corporate Australia—a very small minority but, nonetheless, a group of people who do it as a standard means of operation. And who loses out because of that? Decent Australian men and women. (Extension of time granted) In the textiles, clothing and footwear industries, that practice is all too common. I was pleased to see that in the joint committee report on this matter there was actually evidenced drawn out from that industry. I want to quote from the comments made by the TCF Union of Australia: Companies are going under every day, and some of these phoenix companies are rising the next
week. In many cases, a related entity opens up its doors over the road or in the same building. That has been going on for some time in that industry, but it has simply become a lot worse.

Any of us who have had any dealings with the textile industry, particularly the clothing aspect of that industry, know that to be the case. That any member, knowing that to be the case, can stand here and try to defend a situation where the law allows them to get away with that is an utter disgrace. The government deserves to be condemned for its protection of those unprincipled activities. The amendment at issue here is not whether the court outlaws all these practices, and it is not the Chicken Little routine that we heard from the minister about the sky falling in if we do this: 'Corporate Australia won't survive past next week if this passes'. It has got nothing to do with all of that nonsense. It has to do with whether or not this parliament is willing to ensure that, when directors do the wrong thing and shift money out of companies into other entities and deprive their workers of any hope of getting the legal entitlements, we empower the court to look at the evidence and make a decision. At the end of the day, this amendment empowers a judge to deal with those circumstances when they arise. That is an unassailable principle.

Ms ROXON (Gellibrand) (5.31 p.m.)—In speaking against this amendment the minister at the table, the Minister for Financial Services and Regulation, invited those on our side of the House to explain how it will help workers. That is what I intend to do in the five minutes that I have to speak on this issue. In so doing, I would like to remind this minister that, since the middle of last year, he has been telling workers that he is going to help them. He put out a press release on, I think, 22 July saying that this amendment would help employees in a situation such as that being experienced by the Oakdale miners—I think their situation was being debated at the time—and that this amendment would mean that employees' entitlements were secure. That would have provided great relief to workers if it had been true. He promised that on 22 July, but companies such as the company Braybrook Manufacturing in my electorate—many in this House have heard about its workers time and time again—which did not go under until months after this promise was made by the minister at the table, have received nothing from this government. They have received nothing despite the promises made on 22 July and despite Minister Reith insisting that he is the workers' friend and that employee entitlements will be paid to workers. In fact, many companies will miss out.

The point is that even if this bill, the Corporations Law Amendment (Employee Entitlements) Bill 2000, had been in place when Braybrook Manufacturing went under, the
employees still would have received nothing as a result of the bill that has been proposed by this minister. So it is quite wrong for him to go around saying that this will assist with the issue of employee entitlements. It will not; it simply does not go far enough. It will, hopefully, assist in providing some sort of disincentive to directors to trade in improper ways, and certainly that part of the bill is supported by the Labor Party. But we say that it needs to go much further. The particular amendment that we are debating is aimed directly at trying to provide some security to employees in situations when companies have gone out of their way to dud them of their money; not just in ordinary operations, but when they have gone out of their way to restructure so that employees miss out on their money.

The minister, very indignantly, said in his speech to the House today that this would provide uncertainty and unbounded liability to companies. He does not seem to care at all about the uncertainty and unbounded insecurity that there is for employees. They do not choose who they work for. They do not, a lot of the time, choose which company employs them. They often, as the member for Wills said, do not know if their employing company has been restructured. This provision—the amendment that has been proposed in the past in the Senate and that we are supporting here today—would give employees some relief and security if companies went out of their way to dud their workers. It would provide some access for them to take the matter to the courts and seek some sort of compensation.

It is surprising to me that the minister, in saying that this helps workers, is so afraid of one little word that is in this amendment, that is, ‘just’—the courts have to be satisfied that they would only make this ruling and lift the corporate veil, if you like, when it is ‘just’ to do so. To me it is quite bizarre that the other side of the House runs around in a mad panic when anyone mentions a word such as ‘justice’. It is fine to be concerned about companies, it is fine to be concerned about having some commercial reality, but this is about providing some justice, when it is just to do so, by the courts. The minister cannot go around saying that he is worried about the innovation of businesses and exploration. It is not about exploration. We are actually at the other end—it is about exploitation of those workers.

Mr Hockey interjecting—

Ms ROXON—The minister can laugh if he thinks that this is a laughing matter, but I can tell you the workers in my electorate who have been duded by this exact situation do not think it is funny. They do not think it is funny that the minister has been saying for nearly a year now that he is going to fix this when these provisions will do absolutely nothing.

I speak for this amendment because the bill does not go far enough. The minister at the table cannot pretend that this will fix the problem of employee entitlements and is being dishonest in not setting that out. I invite him to come down and explain to those workers in my electorate—although his other colleagues have refused to do so—who will get nothing as a result of this bill why it is such a fantastic answer for workers and for businesses. It is not. It does not go far enough. The amendments should be supported. The government should not be afraid of taking matters to the courts where there is this provision. (Time expired)

Question resolved in the affirmative.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (5.37 p.m.)—I was waiting for the division. Obviously the Labor Party feel so passionately about this issue that they do not want to divide on it. I present the reasons for the House disagreeing to the Senate amendment, and I move:

That the reasons be adopted.

Question resolved in the affirmative.

BILLS RETURNED FROM THE SENATE

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

Telecommunications (Interception) Legislation Amendment Bill 2000
PETROLEUM (SUBMERGED LANDS) LEGISLATION AMENDMENT BILL (No. 2) 2000

Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

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

FINANCIAL MANAGEMENT AND ACCOUNTABILITY AMENDMENT BILL 2000

Main Committee Report
Bill returned from Main Committee without amendment, message from the Governor-General recommending an appropriation for the bill having been reported; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

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

TRANSPORT LEGISLATION AMENDMENT BILL 2000

Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

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

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1) 2000

Main Committee Report
Bill returned from Main Committee for further consideration; certified copy presented.
Ordered that the bill be taken into consideration at the next sitting.

COMMITTEES

Public Accounts and Audit Committee Report
Mr CHARLES (La Trobe) (5.42 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit I present the following Audit report: Report 376: Financial information in management reports, and control structures of major Commonwealth agencies.

Ordered that the report be printed.

Mr CHARLES—by leave—This is our review of the Auditor-General’s reports for the first quarter of 1999–2000. The committee held a public hearing in December of last year to discuss these issues with relevant Commonwealth agencies. I will briefly discuss each issue in turn. The audit report on the use of financial information in management reports found that there was substantial scope for improvement. The committee’s review focuses on the issues of the costing of outputs, the need for cultural change within agencies and the time frame for implementation. The report makes two recommendations in this area, each of which is designed to confer a greater degree of responsibility on managers, particularly those at senior levels.

The committee takes the view that the most effective way to ensure the success of the new framework is to clearly define the responsibilities of managers, provide the necessary support, and then hold those managers accountable for implementation. Once accountability mechanisms are established, managers will have a strong incentive to implement the new framework successfully. The audit report on control structures found that an important precondition for the effective use of financial information is reliable and timely information. The audit report found that there was considerable scope for improvements in this area.

It was brought to the committee’s attention that control structures were lacking in the areas of information technology, asset management, accounting systems and financial management information systems. The report makes a recommendation, regarding information technology systems, which is designed to prevent unauthorised access to certain information. The committee believes it is
necessary for management in each agency to demonstrate its commitment to establishing effective control structures. However, before this can be undertaken, I urge agency heads to have a fully operational financial system in place as soon as possible. This will, in turn, provide management with relevant and accurate information in a timely manner.

May I conclude by thanking, on behalf of the committee, those people who contributed their time and expertise to the committee’s review hearing. I am also indebted to my colleagues on the committee who have dedicated time and effort to reviewing these Auditor-General’s reports. As well, I would like to thank the members of the secretariat who were involved in the inquiry, Dr Margot Kerley, the committee secretary, Ms Jennifer Hughson, Ms Rose Verspaandonk, Ms Rebecca Perkin and Ms Maria Pappas. I commend the report to the House. I move:

That the House take note of the report.

I seek leave to continue my remarks when the debate is resumed.

Leave granted; debate adjourned.

PARLIAMENTARY ZONE
Approval of Proposal

Motion (by Mr Hockey, for Mr Anderson) agreed to:

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.

TAXATION LAWS AMENDMENT BILL
(No. 6) 2000
Second Reading

Debate resumed from 11 May, on motion by Mr Slipper:

That the bill be now read a second time.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (5.48 p.m.)—The Taxation Laws Amendment Bill (No. 6) 2000 is an important bill because it allows a beneficiary rebate in respect of the payment of The Community Development Employment Projects scheme—the CDEP scheme—participant supplement. The payment was enunciated in the second reading speech in the 1998-99 budget. It will be subject to the pay-as-you-earn and pay-as-you-go withholding systems. The amendments will apply to payments made on or after 11 November 1999 and to assessments for the 1999-2000 year of income and all later years of income, as it says in the second reading speech.

This is a very small part of the overall package for taxation reform that the government went with to the last election. There is no doubt in my mind that the taxation reform that has been progressively introduced by this government over the last few months and the legislative reform that has come before this parliament over the last few months are going to deliver a better quality of life for Australians, particularly Australian families, Australian pensioners and Australian businesses. And isn’t it great that Australia is now entering an era where success is rewarded, where people who had previously been held by the chains and shackles of the Labor Party’s taxation system are now going to have those chains and shackles broken by a new taxation system that rewards effort, enterprise and risk. Those are the things that are going to help create wealth in Australia. The tax reforms that are coming in on 1 July are not just about the GST. Obviously that is a key part of it—raising $24 billion that is going to schools, roads, hospitals, police and community services at a state level. As the parliament is well aware, it is the states that have the growth areas of expenditure—schools, hospitals, roads, police and so on—and they have never had a tax that grows in proportion to the growth of the economy. State taxes such as stamp duties, financial institutions duty, bank account debits tax and various other taxes have not been able to grow with the Australian economy.

So the states have basically had a depleting revenue stream and revenue base, in particular, whilst at the same time having a growing expenditure base on the fundamentals that the Australian people expect. What the Australian people and, in particular, the states have been crying out for is a taxation system that is fair, that is robust and that reduces the need for the states to go and look for new revenue streams such as gambling
Mr Kelvin Thomson interjecting—

Mr HOCKEY—You have to admire the resilience of people like the member for Wills. The member for Hotham says, ‘Come on, Kelvin. It’s your turn today.’ They do a hospital pass. Do they have hospital passes in AFL?

Mr Kelvin Thomson—Yes.

Mr HOCKEY—They do have hospital passes. Well, the member for Wills is familiar with them because he got one the other day in relation to a magazine. The member for Bass got a hospital pass in relation to the Launceston Examiner. They are putting up their hands and saying, ‘Take me, I want the ball. Throw it to me, I want it.’ They take the ball and, smack, down they go. I am wondering who is next for a hospital pass from the member for Hotham.

Dr Southcott—Cheryl!

Mr HOCKEY—My colleague and friend mentions the member for Dickson. The member for Dickson has, in my view, been pretty smart. The member for Dickson has not asked a question for ages. There is no indication that the member for Dickson is taking any hospital passes. I say to the member for Wills and I say to others in the Labor Party: watch out for the member for Hotham because he is throwing some pretty wild passes. This is highly unlikely, but if I were ever playing inside centre out in the back I would be sure not to have the member for Hotham at five-eight because, let me tell you, I would be taking a few hospital passes from him. In that context, the reform coming up on 1 July is great for Australia. The scare campaign of the Labor Party is going nowhere fast. We welcome the changes that are coming through because pensioners will be better off, families will be better off and businesses will be better off. Most importantly, Australian consumers will be better off with the changes from 1 July.

Mr KELVIN THOMSON (Wills) (5.54 p.m.)—I rise to speak on the Taxation Laws Amendment Bill (No. 6) 2000. I thank the Minister for Financial Services and Regulation for filling in for me, but I do not necessarily wish to associate myself with everything he has said. Indeed, in terms of hospital passes, I think being given the task of Acting Treasurer back in January must have been the hospital pass of the year 2000 because Minister Hockey got himself into a quagmire concerning GST prices, rounding up rules and the like, from which he is yet to recover. The facts of the matter are that the opposition has produced in question time, and may well continue to produce in question time, example after example of items going up by more than 10 per cent.

Mr Hockey—That is wrong.

Mr KELVIN THOMSON—What is your response on the cardigan? As I demonstrated to the House after question time, Home Ideas is going up from $5.40 to $5.95—an increase of more than 10 per cent. There are many other items to which we have drawn attention and to which we will continue to draw attention. As with the AFL supporters package, prices are going up by more than 10 per cent in breach of—

Mr Kerr—Don’t tell him that—

Mr KELVIN THOMSON—Absolutely. He referred to the AFL code. Their supporters package is going up by more than 10 per cent in breach of the government’s repeated undertakings to the electorate and to the community at large that this would not happen. We will go on pointing that out to the minister and to the government until they work out that their arrangements for containing price increases are simply not working. That is in the nature of the GST, and it is in the nature of the extravagant promises made by the government that it would only lead to price increases of the order of 1.9 per cent. That was absolute nonsense, and it was a gross attempt to mislead the Australian public in order that the coalition could be elected in 1998 and proceed with the GST. They have claimed the price rises will go up
by only 1.9 per cent. With the ACCC releasing that pricing guideline in recent weeks, we now see that, according to the ACCC, they are much greater than those which were used in the ANTS package. When the government are asked questions as to why this is so, they say that the ACCC has access to further and better modelling. Perhaps that is right, but it certainly indicates that what the government have put forward in the ANTS package was nonsense and is not going to pass. This was also indicated in the budget papers, where the government showed a clear inflationary spike much larger than that which they had let on in the years prior to that. I wish to move an amendment to the motion for the second reading of the Taxation Laws Amendment Bill (No. 6) 2000. I move:

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

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

(1) its use of $410 million to sell the GST to Australians whilst it could only spend $200 per small business to provide real help in meeting the onerous compliance costs of small business; and

(2) its continual amendment and complication of the tax system”.

Mr Kerr interjecting—

Mr KELVIN THOMSON—I thank the honourable member for Denison for his anticipated indication of support. This could prove to be critical. The Taxation Laws Amendment Bill (No. 6) 2000 has two rather simple purposes. The first is to give participants in the Community Development Employment Project scheme the same taxation treatment as those on Newstart, and the second purpose is to ensure that the $200 GST implementation vouchers for small businesses and charities are tax free. As modest as those $200 vouchers are—and I will come to them again—the government needs to put through legislation to ensure that people who receive the $200 vouchers do not get taxed on them. The Labor Party will not be opposing this legislation. Changes to these programs are needed. We do have some substantial questions about these programs. The community development employment projects are part of the Howard government’s mutual obligation schemes. These schemes are of course referred to by the government itself as Work for the Dole programs.

In this case, the CDEP is a mutual obligation program that is aimed at Aboriginal and Torres Strait Islander people in locations where employment prospects are limited or do not exist. Participants get work opportunities that are organised and coordinated by community organisations, which are aimed at improving community infrastructure. That is the sort of proposition that we support. The problem is clearly that you get paid only the Newstart for work that you would otherwise do for a normal wage. In any event, the change set out in the legislation is sensible. The participants in the scheme clearly should be on an equal footing with other participants in mutual obligation programs such as the Work for the Dole scheme.

The second part of this legislation, as I foreshadowed, is to allow tax-free status for one of the poorer practical jokes of the last couple of years—that is, the $200 GST voucher for small businesses, charities and clubs. The GST will cost far in excess of $200 to implement. Just by way of example, I visited a bakery in Mansfield in the Victorian state electorate of Benalla during the Benalla by-election campaign. The person who owned the bakery producing a variety of bread products—some of which will be subject to the GST and some of which will not be subject to the GST—told me that he had two such establishments and that, in each of those establishments, it would cost him $30,000 to implement the GST changes. I did point out to him that he should not be too concerned, because the government was paying him $200 to compensate for this. Needless to say, he was one of the votes for Denise Allen in her successful campaign to take from the National Party a seat which they had effectively held for the past 97 years, ever since the creation of that electorate.

It is extraordinary that we could have a situation where the government now has to come into the parliament and say, ‘Well, small business, modest as your $200 vouchers are, unless we pass this legislation, you could be subjected to taxation.’ It is typical of the hopeless way in which the government
has implemented and botched the GST that this issue has not been addressed earlier and that the government now has to come into the House with an amendment of this character. We need to compare the support which the government is providing for small business—those derisory $200 vouchers which are the subject of this bill—with the $420 million being spent on promoting the GST to a majority of Australians who do not want it.

Mr Hockey—Is it 420 million now?

Mr Kerr—It’s going up!

Mr KELVIN THOMSON—It is going up even as I speak. It is as bad as that. The government is happily prepared to spend over $420 million on promotion to convince everyone that the GST is a good thing. That money would be much better spent on real assistance for the small businesses out there, the 1.6 million tax collectors, in what they need to do by way of preparation for the GST. Surprisingly, this issue has been picked up by what I regard as a rather unlikely source: Glenn Milne in the Australian. His opinion column on Monday blew the whistle on how the GST advertising campaign has actually gone. He is in a position to release some of the Labor Party’s polling on this issue, and I am pleased that he has done so, seeing as we now all have access to it. But the sharp point of this is that the GST has been dismissed by voters. They resent the GST—indeed, in key groups it has actually hardened their opposition to the new tax system.

Mr Emerson—Is that possible?

Mr KELVIN THOMSON—According to the polling data, some 58 per cent indicate that it is not appropriate for the government to be spending money on promoting the GST. When they were asked whether they regarded the campaign as political advertising, some 66 per cent said that it was political advertising and 30 per cent said that it was not. When asked if the money being spent on the commercials would have been better used on hospitals and education, 81 per cent agreed and 17 per cent disagreed. I would ask the 17 per cent to think hard about whether the sort of advertising I have seen of the government’s GST—for example, huge advertising billboards on the Tullamarine Freeway and other roadways saying ‘Tax reform and tax cuts coming soon’—represents value for money or whether it is simply party political propaganda which ought to be paid for out of Liberal party resources and the money saved used on hospitals and education. I would have thought it was pretty clear that the 81 per cent was right.

Even more seriously for the government than those matters—serious as they are—some 22 per cent of people polled agree that the government’s advertising had made them more comfortable about the introduction of the new tax system but 73 per cent disagreed. So 73 per cent said that the advertising did not make them more comfortable with the government’s GST. As the senior Labor figure quoted in this says, they have a real turkey on their hands with this one. That is absolutely correct. Interestingly enough, the strongest reaction against the advertisements comes from those in the $20,000 to $40,000 household income range. I do not think anyone in the House would disagree that electoral support from people in this range is a matter of great importance at any election.

So Labor continues to be concerned about the advertising campaign. One of the issues we have raised concerning it is the fact that the person responsible for the advertisements and the campaign generally is Mark Pearson, who worked with the coalition in the last federal election campaign.

Mr Hockey—He’s a good operator.

Mr KELVIN THOMSON—‘Good operator’, says the minister. Labor raises the propriety of giving government advertising to someone who is a party political operative. We want to know whether the government research conducted and carried out by the tax office is going to be given to Mr Pearson, whether he will enjoy privileged access to this information, and whether thereby the Liberal Party will be given privileged access to this information in terms of their election campaign. So clearly the government’s handling of this issue is open to question. It must be the most disgraceful abuse of taxpayers’ money for party political purposes in this nation’s history. It certainly eclipses their
pre-1998 election effort, and that was outrageous enough.

Mr Kerr—Goebbels would be proud of it.

Mr KELVIN THOMSON—Yes, Goebbels would be proud of it. The research into this advertising campaign has shown that the campaign has rebounded on the government; it has backfired, it has blown up in their face—which it should. While there is 95 per cent community awareness of the campaign, there is very little support of it. It really is a scandalous state of affairs that the government can literally waste over $420 million of taxpayers’ money on a political campaign of this nature. Really, given the effectiveness of the adverts they have come out with, they would have been better off investing their money in skywriting. They might have got a better bang for it.

We also saw in the same week that small business—the organisations that were supposed to benefit from the $200 start-up vouchers—have lost so much confidence in the government that confidence levels are the lowest they have ever been. So we have seen the government introduce a GST, and that has caused it to burn the surplus which it earned from slashing health, slashing schools and slashing training programs. Instead, this sort of money goes on advertising that nobody believes, and we have seen small business—a group that was meant to benefit from the GST—completely lose faith in the government. What an extraordinary achievement.

Why on earth didn’t the government concentrate on something useful in their advertising? I accept—and I do not think anyone would disagree with this—that there needs to be information about the tax change, but that information needs to be useful. Useful information needs to be made available if people are to deal with the change. We need information, not propaganda, which is what we are getting. Just to go to my own local newspaper, the Moreland Courier—

Mr Kerr—A great newspaper.

Mr KELVIN THOMSON—Yes, a very fine newspaper, and it contains government advertising. It is not surprising that it should contain government advertising, seeing as it is put there. But the paper’s ads say ‘Pensions increased and kept about the cost of living’, ‘Basic items remain GST free’, ‘Health is GST free’ and ‘Everyone pays, everyone benefits’. This is just sheer propaganda. It does not help any small business. It does not help any pensioner. It does not help any self-funded retiree who wants to ask serious questions about Australian business numbers, the operation of the pay-as-you-go system, their eligibility for the one-off bonuses—all the sorts of questions that people come into my electorate office—

Mr Kerr—What about the replyin5 problem?

Mr KELVIN THOMSON—Yes, replyin5! If I have time, I will come to replyin5; it is a ripper. There is nothing in the advertising about lay-bys. This is an issue which people need to sort out before 1 July, because it could be too late after 1 July. Why doesn’t the government warn the thousands of low income earners about the effect of the GST on lay-bys? This is an area where proper information could be useful. The nasty surprise is that the GST will apply to the whole cost of an item on lay-by, not just the portion you have not paid for. So if you had a dress on lay-by that cost $100 and you had paid $90 of the $100 by 1 July, you might find that, instead of paying $10 to complete the purchase, you now had to pay $18. People need education about these things; what they do not need is propaganda.

It is interesting that the US pollster and political campaigner Dick Morris was quite shocked about the cost of the GST campaign. He was recently in Australia on a speaking tour. One of the subjects he was asked about was the GST, and the exchange between him and the reporter was quite illuminating. It went like this:

Alison Caldwell: So would you say that the $350 million that the government’s spending to sell the tax might actually be a waste of money?
Dick Morris: $350 million did you say?
Alison Caldwell: Yes.
Dick Morris—
and I won’t try to do the American accent—
Wow. Boy, even the Australian dollar, that’s a lot of money.
I think Dick might have been patronising us a bit there. But he said that was a lot of money, and it is a lot of money. Just to put it into some perspective, until now George W. Bush Jnr has raised some $US68 million and Al Gore has raised $US29 million to spend on their election campaigns.

Mr Kerr—We could run two or three American presidential campaigns.

Mr KELVIN THOMSON—Yes. That is a mere $A170 million compared to the $400 million that the government has spent on its wasteful, misleading promotional campaign. Given the effectiveness of this—

Mr Kerr interjecting—

Mr KELVIN THOMSON—Absolutely. The Prime Minister might go off with that kind of money and start running for the US presidency. It would be cheaper for Australians if he were to do so.

Mr Emerson—And better for us.

Mr KELVIN THOMSON—Yes, and much better for Australians if he were to do so.

Mr Kerr interjecting—

Mr KELVIN THOMSON—Indeed. The Prime Minister is headed for London when this thing comes in. The Treasurer is headed to Paris a couple of days beforehand. I think people are taking up a collection to try to enable them to stay there.

This is not the only place where the government has been wasting money on the GST. The tax office have outsourced their hiring functions for GST staff to Morgan and Banks. Morgan and Banks have handled the thousands of applications that the tax office have received for GST staff and that includes internal applications. So far Morgan and Banks have been paid $9.875 million to recruit these staff. Some 40 per cent of that has been for the hiring of staff who already work at the tax office. They are being paid a success fee for finding people who were already there—$4 million for people moving one desk to the left. What a massive waste of taxpayer funds on the GST. They have been asked to hire staff for the GST. What do the tax office do? They hire their own staff. Why not? They have got training in tax matters. They know the organisation well. They would fit right in. But not only are the tax office wasting taxpayers’ money on rehiring their own staff; they are also increasing the compliance burden on small businesses.

One example of that which we have seen blow up in the government’s face in the last week is the $20 fee to access Australian business number records. Labor registered very strong concerns relating to privacy and the sale of those records. We had the tax office saying on Friday, ‘Oh no, we are not in breach of any privacy legislation. These allegations are completely false.’ It took them the weekend to work out that they needed to admit to the Privacy Commissioner that their arrangements were in breach of the guidelines set out under the privacy legislation. So on Friday they were not in breach of any legislation, but by Monday it turned out that they were. This is not only a privacy issue but also a new compliance burden for small business. A small business may want to access Australian business number information to verify that information they have been given is correct—for example, a business is required to withhold 48.5 per cent of the payment that it makes to any supplier who fails to quote an Australian business number. Naturally, a business might want to check that the ABN that they are being supplied with is not a bogus one. While that information is available free on the Internet, it is now clear that businesses that do not have Internet access will have to pay $20 a pop. $20 per record to obtain relevant ABN information.

Mr Hockey—You can go to an Internet cafe.

Mr KELVIN THOMSON—You can go to an Internet cafe, says the minister. I am not supposed to pick up his interjection but I will because I think it ought to be recorded on the public record. Over 50 per cent of businesses do not have access to the Internet. Once again, small businesses are being hit with an unreasonable GST compliance burden.

Mr Hockey interjecting—

Mr KELVIN THOMSON—The minister thinks it is all right for small businesses to just pop on down to the Internet cafe any time they need to get an ABN. In terms of the
time and cost of doing that, I would suggest that you would start to run up your $20 pretty smartly. The government is going to say, ‘The $20 fee represents cost recovery for supplying ABN information.’ The point is that small business only need this information because they have had foisted on them by this government this complex and unwieldy new tax system. While the $20 fee may help to pay Joe Cocker’s royalties, rather than the government hitting small business with a $20 fee every time they want to access an ABN, it should be genuinely trying to simplify the tax system. The compliance cost will be very harmful for small business. The Australian Retailers Association has consistently said that it will cost retailers between $3,000 and $8,000 for the technology set up for the GST. Arthur Andersen have estimated compliance costs for Australian businesses to be around $24 billion. As we see in the bill, small businesses will get just $200 in compensation.

There was a letter in the Australian today from Chris Murphy which I thought summed it up pretty well. I suspect this is not Chris Murphy, the government’s preferred economic modeller for the GST—the modeller of choice. This is a Chris Murphy—we might need clarification on this—from Southport, Queensland who says:

More than two years and $400 million to sell the GST. One week, one pay packet and the first grocery bill in July to reveal the truth.

I do not know that that was Chris Murphy the government’s preferred modeller, but I think this Chris Murphy really does know what is going on. Without the economic modelling, this particular Chris Murphy has managed to get it right.

Mr Hockey—What did he say?

Mr KELVIN THOMSON—‘What did he say?’ says the minister. ‘One week, one pay packet and the first grocery bill in July to reveal the truth.’ It will reveal all in relation to your $400 million advertising campaign.

Mr Emerson—Is there a GST on chains?

Mr KELVIN THOMSON—Is there a GST on chains? Let me conclude on this issue of the continual complication of the tax system with the experience of Mr Ken Phillips. On 30 March, Mr Phillips sent an email to the tax office saying:

I am a small sole trader with a gross turnover last financial year of almost $25000 as a painter and home repairs worker.

Hardly an unusual case. He says that he is:

...unsure of whether or not to register for GST. As I understand it, it is not necessary for me to do so but—

and he asks some questions—

- can I pass on the GST increases I incur to my clients
- do I charge the GST on the total cost of each job
- how do I pay this GST if I’m not registered
- if I have to charge GST, does it become a 10% tax on my gross turnover before I pay my income tax

He also asks:

Since I don’t employ other subcontractors I will not have amounts withheld from payments to others nor any Fringe Benefits Tax instalments, I don’t see that the Instalment Activity Statement is relevant to me either.

Please explain to me what I have to do, and needn’t do, to be compliant with the new tax system.

Hardly an unusual set of circumstances. A pretty common sort of situation you would have thought. He sent that on 30 March. On 31 March he got an email back from the tax office saying, ‘Yes, we have received your message.’

Mr Phillips sent another email to the tax office on 10 April, saying:

I haven’t received a reply yet in eleven days - - - - please help!!!!!!!!!!

There was no response. On 2 May, he says:

Still no reply!!!!!!!!!! Now almost five weeks!! Please help again.

By this stage, he has gone to the member for Cowper and is sending emails there. He says:

Really, its no surprise that an underground economy exists when this is the Govt’s attitude to someone trying to do the right thing!!!!!!!! What could the Opposition and the major Dailies make of this fiasco?

What indeed? This is 2 May and he still has not received a response. On 12 May he sends a further email, saying:
I have been waiting six weeks for some help since I originally contacted you!!!!!!

At this point, I have to point out that ‘replay in 5’ does not actually say five days. The question here is whether they meant five weeks—or perhaps they meant five months. So by 12 May he still had not received a response and was contacting as many people as he possibly could to try to get answers to those relatively simple questions. But what really takes the cake is that, on 1 July, he received a reply from a Rita Cairney of the tax office, an email with the subject ‘GST matters’, and that reply was absolutely blank—nothing on it. So, after that, he made contact with the opposition. We are supplying him with the answers to his questions as best we can.

It is a scandalous situation where the ‘replay in 5’ service is nothing of the kind. They tell people to ‘wait a fortnight’, after having generated the expectation that they would get a reply in five days. The tax office has been absolutely unable to help thousands of small businesses in the same situation as Mr Phillips. It is a scandalous state of affairs that, within two or three weeks of the implementation of the GST, people cannot get answers to straightforward questions like this one. (Time expired)

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

Mr Kerr—It is, with great pleasure and enthusiasm.

Dr SOUTHcott (Boothby) (6.25 p.m.)—For a tax bill, as we have just heard, that is to be supported by the opposition, we have had to put up with a half an hour of negative, carping, whining opposition. In fact, another day, another tax bill, and what we hear is the same speech from the member for Wills. This is the same speech the member for Wills has given at least for the last two years since we first started talking about tax reform.

What it really illustrates is that, when it comes to the subject of tax, the Labor Party has nothing new to offer. It has become so negative that it has nothing constructive to add in the area of taxation. When we look at the Senate, the Democrats and Senator Hardine and so on have all had some impact on government legislation; the opposition has had none. We do not know anything about the opposition’s tax policy. But we do know what it came up with in the 1998 election, and that was a beauty. I do not know whether that was organised by Gareth Evans. I do not know whether the member for Wills had a part in putting together the Labor Party’s tax policy at the last election. Just to remind you, Mr Acting Deputy Speaker Mossfield—because you would have been out there in Blacktown, defending that great policy from the Labor Party; it did not help much in Sydney—its policy on the indirect tax base was to do things like include caviar and jets in sales tax and exempt carrot juice, tomato juice and so on. Labor had a plan to tax capital gains tax assets that had been purchased prior to September 1985. On the income tax side, it had very severe clawbacks that would have really decreased the incentive of anyone on average earnings to actually earn more, to study, to advance themselves and so on. It was correctly seen as a dud of a policy, and the Labor Party dropped it soon after.

On the important issues that we face in the tax system at the moment, we have problems like the fact that people on average weekly earnings face very high marginal tax rates; we have the embedded taxes that are present in manufacturing; we have the costs that the wholesale sales tax has added to exporters and to business. We have the fact that the 22 per cent wholesale sales tax falls on manufacturing. In fact, over a quarter of all the sales tax is raised on cars and component supplies, even though purchases of cars only make up three per cent of the purchases of goods and services. I would have thought that the member for Wills, who I understand represents in his electorate Toyota and some automotive component suppliers, would have been more interested in seeing a fairer sharing of the burden on the indirect tax side.

Essentially, if we cut to the chase, what we have just heard is that the Labor Party opposes the new tax system; it opposes the GST. There is nothing really new in that. But that must mean that the Labor Party is in favour of higher income tax, it is in favour of...
higher marginal rates on average workers and it is in favour of a 22 per cent sales tax on most manufactured goods in Australia. That is what the Labor Party is in favour of. In fact, it is really the tragedy of the 1993 election that we now revisit this. As you would remember, the Labor Party was able to fraudulently win an election by opposing a GST and then, at the 1993 budget, effectively introduce a GST. As Neil Warren of ATAX has shown, the increased revenue in indirect tax from the 1993 budget was equivalent to the extra revenue that would have been raised from a GST. If you look at what is already effectively raised by the wholesale sales tax, if you cashed out the wholesale sales tax and other indirect taxes that we are going to abolish, there is already the equivalent of a seven per cent GST now. So the defining principle that the Labor Party stands for in the year 2000 is that it is in favour of a seven per cent indirect tax and it opposes a 10 per cent—but it also opposes income tax cuts.

As I have said before, it is very evident that the Labor Party has nothing new to offer. What did we have when the Leader of the Opposition responded to the government's budget? He had half an hour on prime time television and what did he start doing? He started making personal attacks on the Prime Minister and the Treasurer. He made the telling point that we had not filled up the budget paper, that we had blank pages. You all know that, when you go to an election, you have a red book and a blue book. The red book is if Labor is elected; the blue book is if this government is elected. This blank page is basically the Labor Party's tax policy. I would be very interested to hear from the next speaker, the member for Rankin, what the Labor Party stands for. He would remember the days, when he worked for Bob Hawke, when Labor actually had tax policies and economic policies. At the moment, those opposite are all a bit at sea remembering back to the glory days when the Labor Party actually stood for something instead of having this negative, carping, whining, reactionary opposition.

There are three schedules to this Taxation Laws Amendment Bill (No. 6) 2000 bill. The first of these provides recipients of the Community Development Employment Project scheme participant supplement with the same income tax treatment as those who receive payments under Newstart and Youth Allowance. The supplement is a $20 a fortnight work for the dole payment, which puts CDEP participants on an equal footing with participants in other labour market programs. They will be subject to the same pay-as-you- earn and pay-as-you-go withholding arrangements as Newstart and Youth Allowance. This will benefit those who are in the CDEP schemes. It is a non-controversial measure and just sees that they will receive the same treatment.

The second schedule relates to the income tax exemption for the $200 redeemable certificates which go to small to medium enterprises for the introduction of the new tax system. At present, under tax law, these would have been included in assessable income as ordinary income, as statutory income or as a capital gain. Section 6-5 of the Income Tax Assessment Act 1997 defines ordinary income as income according to ordinary concepts—salary, wages, proceeds arising from business. Section 6-10 is amounts which are not ordinary income but are specifically defined in the Income Tax Assessment Act.

In the Commissioner of Taxation v. Cooke and Sheridan, it was found that a benefit to be enjoyed by the taxpayer will often be turned to a pecuniary amount 'if the benefit be given up, or if it be employed in the acquisition of some other right or commodity'. As the certificate can be used in acquiring products or services from registered suppliers in order to help them with the transition to the GST, it would be assessable as ordinary income if it could be turned to a pecuniary account. This means that it does need a legislative change to make sure that that $200, whether you see it as ordinary income, as statutory income or as a special subsidy, is exempt from being included in assessable income. Section 15-10 defines bounties or subsidies as statutory income. The GST certificate could be considered as statutory income under that category. The second schedule inserts a new section 51-60 into the In-
come Tax Assessment Act to exempt the certificates from the GST Start-up Assistance Office from assessable income. It should cost $70 million over the next two years and will mean that small and medium businesses who are receiving the GST direct assistance certificates will avoid having any tax liability.

The third part of the bill relates to the imposition of an extra Medicare levy for high income earners with front-end deductibles greater than $500 for individuals or $1,000 for families. The high income earners would be individuals who earn more than $50,000 a year or couples or families who earn more than $100,000 a year. By encouraging people to take out private health insurance—and we are now seeing some evidence that the government’s reforms, the 30 per cent private health rebate and the Lifetime Health Cover, are now starting to increase the levels of people in private health insurance—we are taking the pressure off those in the public hospital system. That is opposed to the inexorable decrease we saw under the Labor Party where private health coverage dropped from about 50 per cent in 1984 to just above 30 per cent in 1996.

This encourages high income earners to take out private health cover, but it addresses the specific issue whereby high income earners could take out high front-end deductible cover—that is, if you like, tokenistic cover. It would be a very small premium and they would agree to pay the first amount themselves in order to avoid the extra Medicare levy. This amendment takes effect from 24 May. It applies only to those who purchase high front-end deductibles after this date to avoid the extra Medicare levy surcharge. It addresses the problem of high income earners buying tokenistic policies to avoid the Medicare levy surcharge. They are the schedules. They are all important in actually refining some of the anomalies in terms of the Medicare levy surcharge and also the $200 for the GST start-up.

In closing, I will reflect on the experience of another country which is very similar to Australia—that is, New Zealand. The Labour Party in New Zealand was much more responsible in the area of tax reform. We have heard David Lange recently very supportive of introducing a GST and using it as a way to lower income tax. We do not talk about this enough, that effectively a GST does allow us to have much lower income tax—$12 billion in income tax cuts. When Helen Clark, the New Zealand Prime Minister, was in Australia recently and heard about the Australian Labor Party’s policy of roll-back, I think she saw it as we see it: as a dog of a policy. It is a dog of a policy. Quite frankly, she said that the fewer exemptions the better, and she is right. I would be interested to see whether the Labor Party stand by roll-back. They are talking about roll-back in areas such as health and education, which are already largely GST free. So this is a joke of a policy.

Prior to the introduction of the GST in New Zealand, they had, like we do, a wholesale sales tax that was a mess. It had a lot of anomalies. They introduced a 10 per cent GST and that allowed them to have much lower income tax. It allowed them to reduce the marginal rates on average workers, and that is important. The GST is the way forward to lower income taxes. We never hear that from the Labor Party. We never hear what they would do about income tax. It is very evident that in this area the Australian Labor Party really has nothing to offer. Quite frankly, I feel sorry for you, Mr Deputy Speaker Mossfield, that you have to sit and listen to this drivel emanating from the opposition. We have just had half an hour of negative, carping, whining opposition. We are probably due to get another 20 minutes of the same and then we will get another 20 minutes from the member for Griffith and at least then your ordeal will be over. I am more fortunate—I do not have to listen to this.

I support this bill. I look forward to the introduction of the new tax system on 1 July. I look forward to people having much more money in their pockets. I look forward to the introduction of the GST. I think people will find that the price impacts will be much less than the opposition are making out, and they will be pleasantly surprised when they get those income tax cuts, which will be very important.

Mr EMERSON (Rankin) (6.39 p.m.)—
The amendments contained in the Taxation Laws Amendment Bill (No. 6) 2000 exempt
income attributable to GST direct assistance certificates from income tax. That is what I wish to speak about in this debate. I was struck by the comments of the member for Boothby—another member of the government side who has lined up lamenting the exemptions of various items from the GST. It is quite clear what the agenda of the government is. The Treasurer is on record as saying, ‘I fought hard against the exemption of food,’ and he did. But many food items were exempted in a deal done between the Prime Minister and the Leader of the Democrats. But the Treasurer said, ‘No, I never agreed with that. I did not like the exemption of food.’ We have just heard the member for Boothby echo those sentiments. He thinks the best GST is a GST that provides minimal or no exemptions. I will refer to the Treasurer’s comments on this. On 24 January on Radio 3AW, he said:

Every time you go for an exemption you get into a complication. I argued this in relation to food. We have just heard the member for Boothby echo those sentiments. He thinks the best GST is a GST that provides minimal or no exemptions. I will refer to the Treasurer’s comments on this. On 24 January on Radio 3AW, he said:

Obviously the member for Boothby and other members of the government agree completely with that. And so the agenda of the coalition, if this country were ever to have the misfortune of them being elected again, is revealed—that is, to roll forward the GST to include all food.

In praising the New Zealand GST, the member for Boothby said, ‘It is terrific because it has minimal exemptions and it was introduced and there were some income tax cuts.’ What he did not say was that within four years the GST rate of 10 per cent was increased to 12½ per cent—a 25 per cent rise. New Zealand is not unique in this regard—22 of 23 comparable countries with a GST have bumped up their rates. In the United Kingdom the rate has gone from 10 per cent to 17½ per cent and in some European countries the rate has gone from 10 per cent to 25 per cent. Denmark is one example. So this is the second item on the government’s GST agenda if it were to be re-elected—that is, the government would not only roll forward the GST to include all food but also increase the GST rate, as all of those other countries have.

It is ironic that we are here talking about the tax treatment of vouchers because the business community really did want the GST. It was only a couple of years ago that they were saying how important it was that this nation has a GST. Now that they have done a bit more work on it, the business community have come to appreciate the impact of the GST on businesses, particularly small businesses. The $200 voucher has been criticised by small business groups as being inadequate. In fact, the Victorian Employers Chamber of Commerce and Industry estimates that the GST start-up costs for small businesses will be around $3,500 and 80 working hours. The international accounting firm Ernst and Young has conducted a study which estimates that small businesses face costs of between $9,750 and $19,428 to comply with the GST. Another international accounting firm, Arthur Andersen, said in its submission to the Senate GST inquiry:

We are deeply concerned that the Government’s proposed $500 million compliance assistance package is grossly inadequate, equating to approximately $300 each for the estimated 1.6 million taxpayers who will register for the GST.

There is a stunning contrast there. There are around 75,000 business paying this so-called ramshackle 1930s Botswana style wholesale sales tax and, by the government’s own estimates, it looks as if there will be at least 1½ million businesses and charities paying the GST. So for every business that is currently paying the wholesale sales tax there will be 20 businesses paying the GST. As I say, the business community is starting to realise just what sort of impact this is going to have upon them.

As an economist, I was very disturbed and distressed by the chanting of the GST mantra that was going on a couple of years ago by the business community. I do not know whether they had done a lot of work on this or whether they just believed the economic rhetoric that seems to be associated with a consumption tax, that somehow it will be good for the nation. Yet when you look at each of the purported benefits of the GST, you see that the rhetoric falls apart in your hands because most, if not all, of those
claims are myths. I will give a couple of key examples.

At the Senate inquiry, Professor Dixon of Monash University was actually retained to provide advice and economic modelling to the committee on the economic impacts of the GST. He had two main conclusions. His first conclusion was that the GST itself is job destroying. What a great tax switch this country is being subjected to: Professor Dixon, who is described by overseas experts as ‘world renowned’, describes the GST as job destroying. He goes on to do some quantitative analysis, and that analysis indicates that the long-term welfare gain to Australia—that is, the long-term gain to average living standards—will be in fact not small but negative. Again, we are having inflicted on this country a tax which will have a negative net impact on Australian living standards. Why is the government pursuing a tax that will have a negative impact on Australian living standards?

You might say that Professor Dixon is on his own, and that there are advocates of the GST who think it will be terrific and who have done quantitative analysis to prove that. In fact, a Mr Chris Murphy—not the one referred to by the member for Wills—is the Prime Minister’s preferred modeller, the modeller of choice. He has used a very similar economic model. He is a very strong advocate of the GST—that is why he was the Prime Minister’s preferred modeller. He estimates that, after five to 10 years, the net gain from the GST to Australian living standards will be—wait for it—$½ billion. Half a billion dollars is not even enough to fund one university. Business is going through this massive compliance nightmare and the community is being subjected to an unfair GST for, under the most optimistic assumptions, a gain to average living standards of $½ billion. To whom is this going to accrue? The answer is certainly not to age pensioners, self-funded retirees, and lower and middle income earners. The benefits obviously accrue to people up the income scale, and that says a lot about the government’s motivation in introducing the GST in the first place.

While we are on the subject of Mr Murphy, he has done some work for the Australian Competition and Consumer Commission—the ACCC. This in fact formed the basis of Professor Allan Fels’s GST shopping guide. Again, Mr Murphy is always full of surprises. Not only does he produce estimates of $½ billion net gain after five to 10 years—all that pain for, at most, that gain—he also assumes away any compliance costs in that analysis. There are independent estimates of ongoing compliance costs, not just the set-up costs, of more than $1 billion. Well, that wipes out any gain. Mr Murphy has revealed that, according to his analysis, the increase in the consumer price index will be three per cent because of the GST alone, which, again, is bigger than the government’s estimates. He is not delivering a lot of good news for the government. In getting to that figure, he has made a convenient assumption that the indexation arrangements for tobacco, alcohol and petrol—when the GST forces prices up—will be adjusted downwards by that spike in the GST. There is no government policy that I can find that says that is going to happen. It is a very convenient assumption because, even though there is no policy, it brings Mr Murphy’s figures down to make them look a little bit more rosy. But really they are not very rosy at all because they show much larger increases in prices than the sorts of increases that the government was trying to tell us about before the last election.

A couple of weeks ago the Treasurer described the campaign by beer producers—the campaign to broadcast television ads exposing the government’s broken promise about the GST—as money politics. That is very interesting. I think the government has been very much engaging in money politics to the tune now of $421 million—that is the cost of its GST publicity campaign, as is now well known. Also, I will draw your attention to some remarks in the media that were made about the previous GST advertising campaign. The editorial in the Age on 11 August 1998 is headed ‘A misuse of public money. Taxpayers should not be expected to fund the Government’s selling of its tax-reform plan’. The editorial in the Canberra Times on 11 August 1998 is headed ‘Public should not pay for tax ads’. The editorial in the Herald Sun on 11 August 1998 says ‘Advertising the GST’. An article in the Financial Review on
12 August 1998 says ‘Howard: Ads “utterly legitimate”’. Doesn’t it give you a sense of déjà vu? That advertising campaign cost about $19 million. Now all of the criticisms that were levelled then are being levelled again, but the government, in its arrogance, has said, ‘No, we are pressing ahead with our advertising campaign.’ The first campaign spent $19 million—well, you ain’t seen nothing yet because in its second round of GST publicity, the government is spending $420 million, and it is all taxpayers’ money. That tells us a lot about money politics.

Something else that tells us a lot about money politics is a document headed ‘Fix the tax system. It’s now or never. Australians for fairer tax’. This is a $4 million advertising and promotion campaign, for a GST and related tax measures, that was funded by big business before the last election. Isn’t it interesting? When business—in this case, the beer producers—put ads to air about the Prime Minister’s broken promise on beer prices, the Treasurer says in a very derogatory way, ‘That is money politics.’ But, when $4 million of money from big business is spent on an advertising campaign in support of the government’s risky tax changes, that is not money politics? That is legitimate? You can see that the client in this campaign is the Business Council of Australia. That is money politics. It is money politics that the Treasurer fully supports, obviously.

But the chickens are coming home to roost. The BCA and other business interests were out there promoting the GST because they thought that would give them personally a big tax break—and it will, because the top 20 per cent of income earners are going to get more than half the tax cuts. They should be fairly pleased with that at a personal level; but I do not think they will be very pleased—and it is clear that they are not very pleased—at a professional or a business level. I draw your attention to a compilation of stories from the Australian Financial Review and the Sydney Morning Herald. These are very recent ones, from the month of May and going back into the first half of this year. I will just go through a few.

On 30 May, we have ‘Business floundering in a sea of reform’. Again, on 30 May, we have ‘PM out of step with big business’. In the Australian Financial Review of 26 May we see ‘PM’s shift risks alienating big business’. Another is from the Australian Financial Review of 25 May: ‘GST: business backlash grows’. On 16 May we see ‘Small firms “intimidated”’. On 9 May we see ‘Business launches GST broadside’—and this is from a business community that thought that the GST was going to be just terrific for them. A particularly interesting one, from Monday, 17 April in the Australian Financial Review: says ‘Tuckey takes iron bar to business on GST’. Gee, relations have soured! But that comes as very little surprise when you have someone like the member for O’Connor trying to sell the GST. On 22 March of this year, the Australian Financial Review had ‘Market-rebuffed retailers await the GST unknown’. On 8 March, it was ‘GST and the small business sting’; on 29 February, ‘Small business living in fear of penalties’; on 22 February, ‘Retailers shy away from GST’; on 8 February, ‘GST: retailers take on Costello’; on 29 January, ‘Business slams GST price controls’; on 27 January, ‘Business demands GST talks’; and on 17 January, ‘Business at odds with GST ruling’.

I could go through the Sydney Morning Herald. On 1 March it had ‘Nightmares of GST haunting small business’; on 25 February, ‘Instant GST heat as businesses count the costs’; on 24 February, ‘Business takes head-in-sand approach to GST’; and on 19 January ‘Business seethes over tax U-turn’. We could go on and on—and this is from the business community which financed and put to air a $4 million advertising campaign in support of the GST. Now they have finally realised the reality, after chanting the GST mantra for the last 20 years. The reality is that the GST will actually reduce Australian living standards, destroy jobs and do nothing for our fast-growing services sector—because the ‘S’ in GST stands for ‘services’. It will apply a tax for the first time on services.

How short-sighted is it that the business community and this government would say, ‘Okay, as we move into the information age, our fastest-growing sector is going to be in information technology and highly sophisticated services; so what are we going to do?
We are going to put a 10 per cent tax on them? How is that going to improve our job prospects? It will not. It will destroy jobs. So I have to say to the business community that I have very little sympathy for them. The business community themselves have been engaged in money politics. It is money politics that the Prime Minister and the Treasurer liked. In fact, they loved it. I can see them sitting down—not in front of a fire; it was around grand final time—and seeing these ads go to air during the grand final or just after it, and saying, ‘You beaut! There are our friends from the business community. They have kicked in $4 million of money politics to support our risky tax plan, our unfair tax plan.’

And now all the chooks are coming home to roost. I do not know if they are chooks with thermometers or hot chooks or cold chooks, but the chooks are coming home to roost. The business community has now come to realise—in part, with the assistance of the shadow minister for small business—that this GST is going to be very bad for the economy and is going to be very unfair to Australians, most particularly to disadvantaged Australians and to the vulnerable: to age pensioners, to self-funded retirees, and to low and middle income earners. It is an iniquitous tax and, as I say, I cannot feel any great sense of sympathy with the money politics of the Business Council of Australia supporting and funding a $4 million advertising campaign that has inflicted this unfair, iniquitous, job-destroying, living standard reducing tax on the Australian economy and on the Australian community.

Mr RUDD (Griffith) (6.58 p.m.)—The Taxation Laws Amendment Bill (No. 6) 1999 is part of the ANTS package, and what I would like to do in the debate this evening is to address in particular schedule 2 of the bill and the amendments to the bill which have been proposed by the opposition. Schedule 2 of the piece of legislation before us formally relates to ‘measures to exempt income attributable to GST direct assistance certificates from income tax’. In layman’s language, that means GST compliance assistance grants for small and medium-sized businesses as well as community organisations.

I think in this debate we are confronted with three fairly basic questions. The first is: how many businesses will be affected by this? The second is: what do they get from this bill? The third is: how much have they actually spent on business compliance? Firstly, let us look at how many businesses. What has the master blaster of national taxation reform, the Treasurer of the Commonwealth, provided to Australian small business through this particular piece of legislation—additionally his free gift to the nation’s accounting profession, otherwise known as the ANTS package? Once upon a time there were just 75,000 taxation collection points in this country under the wholesale sales tax regime. Now Botswana Pete, the businessman’s friend, has increased that number from 75,000 to 1.6 million—and rising. I gather that we are likely to top 1.8 million. Not a bad achievement. In fact, we now have 20 times as many taxation collection points out there in business as we did before under the old, outdated Swaziland-Botswana like wholesale sales tax system. Those extra 1,725,000 businesses and community organisations, which before rather enjoyed their status of not being the nation’s de facto tax collectors, now all find themselves having acquired this new status. Napoleon once criticised the English for being a nation of shopkeepers; Peter Costello has turned Australia into a nation of tax collectors. One in 10 Australians now are tax collectors. I think this represents a unique achievement on the part of our reforming Treasurer.

We now have 1.8 million business entities out there. How much is our Treasurer, Peter Costello, taxation reformer of the decade, going to give each of them to pay for their new software and for attending the interminable seminars which they are required to attend in order to increase their knowledge base about this new, simplified taxation system which is about to be rammed down their throats? How much are they going to be compensated for all the lost time, all the down time, all the waiting time, they spend on the GST hotline service? How much will they be compensated for the down time for staff also required to attend seminars and update systems within businesses to cope with the new taxation system? How much
will they be compensated for the extra GST stocktakes, the new labelling and of course the new ACCC-proofing mechanisms in order to stop them falling foul of Felsie and the competition coppers out there on Northbourne Avenue? How much is our Treasurer, the Treasurer of the Commonwealth of Australia, going to give each of these businesses to make life easier for them? Answer: $200. Thank you, Pete. There is an audible acclamation from across the nation this evening as they receive their $200 cheques and say, ‘Thank you, Treasurer, for this $200 which makes my task that much easier against what you have now changed in the regulatory system of taxation in this country.’

The Treasurer comes into this place and regularly castigates the opposition for its commitment to a policy of roll-back. Botswana Pete, backflip Pete, is I think roll-back Pete because every week in this place we are subjected to yet another roll-back. He stands here, lantern jawed, stares sternly at the ALP and accuses us of the greatest crime against humanity, that is, that we are committed to a policy of roll-back. What I would say to Mr Treasurer—to paraphrase him and to paraphrase the Prime Minister—is: hypocrisy, thy name is Liberal, because in this Treasurer we have the roll-back kid. I think it must be fascinating sitting over there in the Treasurer’s office, wandering your way through the various roll-back proposals which obviously come in the door. Over there in that corner of the office you would have the backbench liaison committee. There is a lot of flak coming in from the backbench at the moment. Over there in that corner you would have Mark Textor and the pollsters saying, ‘It’s not looking good, Boss. The numbers are looking grimmer by the day.’ You have the Costello leadership group sitting over in that corner saying, ‘This is not very good in terms of future leadership aspirations.’ The conversation would go along these lines: ‘Boss, business is burning. The backbench is in revolt. The ads are a complete flop. The numbers are looking bad. What to do?’ The answer is, ‘Let’s roll out another roll-back.’ So roll-back Pete—

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The honourable member for Griffith knows better than that. He will refer to the Treasurer by his correct title.

Mr RUDD—The roll-back Treasurer has embarked upon this strategy as a means by which to contain the difficulties which daily cascade upon his office from a backbench which is none too happy with his contribution to national taxation reform. And they call this policy!

What has this Treasurer done? Achievement number one, taxation collection points up from 75,000 to 1.8 million. Not bad. Achievement number two, each of those 1.8 million new, happy, delighted tax collectors provided with an additional $200, therefore outlaying across the nation some $320 million; assuming of course full take-up of that kind $200 offer from the Treasurer, in itself a heroic assumption. But the key question in this whole debate is: how much has business actually spent in the introduction of the new systems necessary to cope with the ANTS package? The government’s response to any such question on this particular topic is one of duck and cover: ‘We don’t want to answer that one.’ Where do we have to turn to get an answer for that? The independent accounting profession, the greatest beneficiaries of ANTS out there in the economy. What does Arthur Andersen say to us? No friend of the Labor Party, they; not recently, I believe, a sub-branch or a unit of the Labor Party—at least I have not seen any accreditation credentials from them. Arthur Andersen said that the business compliance cost across this nation is not $320 million, that is, the amount which is prospectively outlaid from the Commonwealth under this measure to give each business unit an allocation of $200 in order to cope with the compliance funds. The amount that we are talking about is not $320 million across the nation. According to Arthur Andersen it is $24 billion. Using my primary school mathematics, I assume that is about 75 times the amount that the Treasurer, our friend and colleague, will hand over; that is, one seventy-fifth of the actual costs incurred by the business units of the country
will be handed back to them by this magnanimous gesture which is contained within this bill before the House. How generous can you get! I would suggest that what we have here is a rank exercise in nominalism—nominalism of the highest order.

When we look at how this is actually affecting businesses across the nation, the statistics that I have just referred to when translated down to the experiences of individual businesses becomes a very sorry tale indeed. Most recently, I conducted one of my mobile offices in the suburb of Mount Gravatt, and I ran into a gentleman by the name of Keith Jenkins. Keith runs an outfit called the Mount Gravatt Florist. That is his business. It has been his business for eight years. He is a very successful local businessman and a very good florist. Keith recently, because of the introduction of this new taxation system—this new simplified system which the government has imposed upon the nation’s businesses—has been told he needs a new cash register. Keith goes down and finds out that the cost of this new cash register is $990. How much does the Treasurer’s allocation contribute to this $990 outlay? Two hundred dollars—depending of course on the application of the most recent rollback announced by the government in relation to the deductibility of certain equipment items purchased for the purposes of GST compliance. But as of now, what he gets back is $200, and that was after a wait of some 2½ months. Thank you, Treasurer, for that! On top of that, having spoken with Keith, he tells me that he now spends an extra three to six hours each week—

Mr DEPUTY SPEAKER—Member for Denison! Please observe standing order 57.

Mr RUDD—and, costing that out at about $50 per hour, some $300 per week, therefore—in basic tasks of GST compliance which he himself, Keith Jenkins the florist, must engage in. This is the most alarming statistic of all: Keith tells me that in the last two weeks business at the Mount Gravatt Florist has halved as the consumption strike has already started prior to the introduction of this tax. He cannot pin it on any other single factor out there in the economy or in the local business community at the moment. Suddenly the sale of flowers from his florist shop has gone down by some 50 per cent. Anecdotal evidence from those who come into the store rings loud and clear with people’s concern about the price impact of the GST. People are already beginning to exercise discretionary decision making about essential purchases as opposed to non-essential purchases. Non-essential purchases, such as going to the cinema, buying flowers, buying chocolates, et cetera, now seem to be taking second place as people become concerned about the impact of the tax. So much for florists.

I also conducted a mobile office recently in the suburb of Bulimba, another part of my electorate, and there ran into Suzie and Ralph Wilson, who run a shop called Riverbend Books, which is a combination of a bookshop and a coffee shop. It is a delightful place. I go there often of a Sunday morning with my wife and children. I spoke to the proprietors of this store today again, just to verify the figures which I had obtained earlier from them. Their calculation—and this is a small business—is that the compliance costs for them for the GST for the bookshop component alone of their small business has been $12,000. That excludes what they estimate to be the additional staff downtime between now and the end of this month in order to prepare for the tax. Taking those numbers into account, they think it will be in the order of $12,000 to $15,000. They have not yet added in the additional costs which will arise from the compliance requirements for the coffee shop. They have also not factored in yet the actual manual stocktake of the entire collection of CDs and books which they sell. They will have to resort to paper records of the wholesale price of each of the books that they have currently in stock. They will have to factor in their normal profit margin. They will then have to factor in the 10 per cent GST. They will also have to factor in the likely impact of input tax credits. Furthermore, their future will be compounded by the fact that the response of Random House—one of the largest publishing houses in the world—to this taxation initiative here in Australia is that in the future they will not be providing recommended prices to retail book outlets. So much for Riverbend Books.
I move on to the suburb of Gumdale, another part of my electorate, where I spoke recently to Geoff Gallagher, who is the proprietor of a firm called Risk Management Australia and a number of other companies. One of his other companies actually is a child-care business. He runs a child-care centre. What he has been trying to do for the last several months is get a very simple question answered by the Australian Taxation Office's GST hotline. We are told, of course, that child care is GST free. That is terrific. However, the question which Geoff Gallagher has been trying to get an answer to for five months is the following one: 'In my child-care centre when I prepare cooked food for the kids, for those who are my charges, for the toddlers, do I have to charge the GST on that or not?' Five months later he still does not have a definitive reply from the Australian Taxation Office. So what I would say on behalf of my small business constituents to the Treasurer of the Commonwealth, Mr Costello, is: thank you very much for introducing this set of taxation changes, which the Australian Taxation Office has assisted so hugely in providing focused and detailed advice on so that my small businesses can cope with the new administrative burden!

This of course brings us to the GST ad campaign, which is also the subject of an opposition amendment before the House at the moment. The Treasurer has not only increased the number of businesses who are now acting as tax collectors. He has not only provided $200 to each of those businesses to assist in their compliance costs. He has also outlaid as a consequence prospectively $320 million, but that $320 million we know is not within a bull's roar of the $24 billion which the nation's businesses are expending on compliance. But guess what our Treasurer can find some money for? He cannot find much more than $320 million to assist the nation's small businesses to comply with the tax, but he can find $431 million to run an advertising campaign the length and breadth of the nation.

Mr Byrne—The chain ads.

Mr Rudd—The chains ads. Out there in ad agency land this must be like winning Pick a Box, Sale of the Century and the Golden Casket all in one. This is a veritable advertising man's El Dorado. This campaign—the chains ads—must go down as one of the greatest political obscenities of the decade. This obscene amount of money, $431 million, could have been spent on a range of other things. Quite beyond the actual cost factor, there is of course the more seminal question of whether in fact there has been a breach of the law involved in this, an abuse of the Australian Electoral Commission's electronic rolls. The rolls are the joint property of the Commonwealth and the States. The Victorian Attorney-General has recently sought legal advice in this matter and has issued a statement along the lines that the advice that he has received is:

The Australian Electoral Commission acted outside its powers when it provided an electronic version of the electoral roll to the Australian Taxation Office;

TheATO was not acting in compliance with the Commonwealth Electoral Act in its use of the electronic version of the electoral roll for tax information mail out purposes; and

The AEC was not permitted to forward the ATO a Habitation Index.

Leaving aside this question of legality and the amount of political pressure which has obviously been placed on the Australian Electoral Commission through the ATO by the government, the other fundamental issue at stake here is: what precedent is the government establishing as a consequence of this particular advertising campaign? Where is the public information component in these change ads? If you actually read the text of the ads themselves, there is not a single skerrick of what can legitimately be described as public information contained within them.

I grew up in the great state of Queensland. I remember, back in the 1970s and 1980s, that regularly of a Sunday night we would be treated to the delight of five minutes of rolled gold, taxpayer funded television between 5.55 p.m. and 6 p.m. before the 6 o'clock news called Queensland Unlimited, brought to you by the Queensland taxpayer—in fact, cross-subsidising the political interests of the Queensland National Party. What we were given every Sunday night was 'unlimited' footage of Joh Bjelke-Petersen on a D9 bull-
dozer running from one end of the state to the other in a series of propaganda commercials, all funded by the taxpayer. As a consequence of that particular campaign up there in Queensland, we had this thing called the Fitzgerald inquiry. One of the recommendations of the Fitzgerald inquiry against official corruption was that this sort of abuse of public advertising simply had to stop because it corrupts the political process. I wonder whether those opposite who describe themselves as ‘conservatives’ know precisely what fundamental damage they are doing to the institutions of this nation when you establish a precedent which says, ‘Bob’s your uncle, you can go for what you can get away with when it comes to the future political and partisan abuse of taxpayer funded public information campaigns.’ Quite apart from all that, this particular campaign is, shall we say, of marginal and questionable aesthetic value. I do not quite know what it is about the conservatives’ preoccupation with being tied up in chains. I thought that was a particular English Conservative preoccupation. It seems to have worked its way across the oceans to this brand of conservatism as well. But let us leave that to one side.

How could this money—$431 million—elsewise have been spent? Again, based on my primary school mathematics, that is something like $3 million for every electorate in this country. In my electorate of Griffith, how could we have spent that? The Tingalpa State School needs a new out of school hours care centre, $250,000; the Norman Park State School needs a new admin block, $250,000; we need to heat the Clem Jones Centre Swimming pool, $200,000; and we need noise barriers on the gateway arterial road near Belmont, $1.1 million. If we provided one additional literacy teacher for the 25 primary schools in my electorate—that is, 25 schools by $60,000 with on-costs per teacher is $1.5 million—I am already up to $3.5 million. That is what we could have had in the federal electorate of Griffith rather than being treated to the chains ads. What we have had is a rank abuse of the taxpayer’s dollar. What we have had in this exercise is something which should not be occurring in contemporary Australia; it is something that is best consigned to political history with the demise of the Bjelke-Petersen government. What we require instead is a proper approach to the provision of public information, one which helps the small businesses of this country cope with the compliance requirements of the goods and services tax. (Time expired)

Debate (on motion by Mr McGauran) adjourned.

NEW BUSINESS TAX SYSTEM (MISCELLANEOUS) BILL 1999
Consideration of Senate Message
Consideration resumed from 6 June.

Senate’s amendments—

(1) Schedule 2, page 11 (after line 11), after item 6, insert:

<table>
<thead>
<tr>
<th>Income Tax Assessment Act 1936</th>
</tr>
</thead>
<tbody>
<tr>
<td>6A  Section 160APA</td>
</tr>
<tr>
<td>Insert:</td>
</tr>
<tr>
<td>entity has the same meaning as in the Income Tax Assessment Act 1997.</td>
</tr>
<tr>
<td>6B  Section 160APA</td>
</tr>
<tr>
<td>Insert:</td>
</tr>
<tr>
<td>exempt institution means an entity whose ordinary and statutory income (within the meaning of the Income Tax Assessment Act 1997) are exempt from income tax because of Division 50 of that Act.</td>
</tr>
</tbody>
</table>

(2) Schedule 2, page 11 (after line 11), after item 6, insert:

<table>
<thead>
<tr>
<th>6C Subparagraph</th>
</tr>
</thead>
<tbody>
<tr>
<td>160AQT(1AB)(b)(iv)</td>
</tr>
<tr>
<td>Repeal the subparagraph, substitute:</td>
</tr>
<tr>
<td>(iv) a registered organisation; or</td>
</tr>
<tr>
<td>(v) an exempt institution whose exempt status is disregarded in relation to the dividend under section 160ARDAB; and</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>6D After subsection 160AQT(4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insert:</td>
</tr>
<tr>
<td>(4A) Disregard section 50-1 of the Income Tax Assessment Act 1997 in determining, for the purposes of this section, whether a dividend is exempt income of an exempt institution whose exempt status is disregarded in relation to the dividend under section 160ARDAB.</td>
</tr>
</tbody>
</table>
(3) Schedule 2, page 11 (after line 11), after item 6, insert:

**6E  Subparagraph 160AQU(1)(b)(ii)**
Repeal the subparagraph, substitute:

(ii) a trustee (other than the trustee of an eligible entity within the meaning of Part IX or of an exempt institution whose exempt status is disregarded in relation to the dividend under section 160ARDAB);

**6F  At the end of section 160AQU**
Add:

(3) Disregard section 50-1 of the *Income Tax Assessment Act 1997* in determining, for the purposes of subsection (1), the amount included under section 160AQT in the assessable income of an exempt institution whose exempt status is disregarded in relation to the dividend concerned under section 160ARDAB.

(4) Schedule 2, page 11 (after line 11), after item 6, insert:

**6G  Subsection 160AQW(1)**
After “section 128D”, insert “of this Act or section 50-1 of the *Income Tax Assessment Act 1997*.”

(5) Schedule 2, page 11 (after line 11), after item 6, insert:

**6H  At the end of section 160AQWA**
Add:

(2) In determining the entitlement to a rebate under section 160AQQ of an exempt institution whose exempt status is disregarded in relation to the trust amount concerned under section 160ARDAB, assume that section 50-1 of the *Income Tax Assessment Act 1997* had not been enacted.

(6) Schedule 2, page 11 (after line 11), after item 6, insert:

**6I  Subparagraph 160AQX(1)(b)(ii)**
Repeal the subparagraph, substitute:

(ii) a registered organisation (other than a trustee); or

(iii) an exempt institution (other than a trustee) whose exempt status is disregarded in relation to the trust amount under section 160ARDAB; and

(7) Schedule 2, page 11 (after line 11), after item 6, insert:

**6J  After Division 7 of Part IIIB**
Insert:

**Division 7AA—Franking rebates for certain exempt institutions**

**160ARDAA Definitions**

(1) In this Division:

**ABN** has the meaning given by the *A New Tax System (Australian Business Number) Act 1999*.

**arrangement** has the same meaning as in the *Income Tax Assessment Act 1997*.

**associate** has the same meaning as in section 318.

**controller**. in relation to an exempt institution, has the meaning given by subsections (2) to (6) (inclusive).

**notional trust amount**, in relation to an exempt institution, is an amount that would be a trust amount of the institution if section 50-1 of the *Income Tax Assessment Act 1997* had not been enacted.

**related transaction**, in relation to a dividend or notional trust amount, means an act, transaction or circumstance that has occurred, will occur, or may reasonably be expected to occur as part of, in connection with or as a result of:

(a) the payment or receipt of the dividend; or

(b) the arising of the entitlement to, or the distribution or receipt of, the notional trust amount; or

(c) any arrangement entered into in association with:

(i) the payment or receipt of the dividend; or

(ii) the arising of the entitlement to, or the distribution or receipt of, the notional trust amount.

**Controller of exempt institution that is a company**

(2) An entity is a **controller** of an exempt institution that is a company if the entity is a controller of the company (for CGT purposes) within the meaning of section 140-20 of the *Income Tax Assessment Act 1997*.
Controller of exempt institution other than a company—basic meaning

(3) Subject to subsections (5) and (6), an entity is a controller of an exempt institution that is not a company if:

(a) a group in relation to the entity has the power, by means of the exercise of a power of appointment or revocation or otherwise, to obtain beneficial enjoyment (directly or indirectly) of the capital or income of the institution; or

(b) a group in relation to the entity is able (directly or indirectly) to control the application of the capital or income of the institution; or

(c) a group in relation to the entity is capable, under a scheme, of gaining the beneficial enjoyment referred to in paragraph (a) or the control referred to in paragraph (b); or

(d) the institution or, if the institution is a trust, the trustee of the trust:

(i) is accustomed; or

(ii) is under an obligation; or

(iii) might reasonably be expected;

to act in accordance with the directions, instructions or wishes of a group in relation to the entity; or

(e) a group in relation to the entity is able (directly or indirectly) to remove or appoint the trustee of the trust if the institution is a trust; or

(f) a group in relation to the entity has more than a 50% stake in the income or capital of the institution; or

(g) entities in a group in relation to the entity are the only entities that, under the terms of:

(i) the constitution of the institution or the terms on which the institution is established; or

(ii) the terms of the trust if the institution is a trust;

can obtain the beneficial enjoyment of the income or capital of the institution.

(4) For the purposes of subsection (3), each of the following constitute a group in relation to an entity:

(a) the entity acting alone;

(b) an associate of the entity acting alone;

(c) the entity and one or more associates of the entity acting together;

(d) 2 or more associates of the entity acting together.

Controller of exempt institution that is not a company—deemed absence of control

(5) If:

(a) at a particular time, an entity is a controller of an exempt institution that is not a company; and

(b) the Commissioner, having regard to all relevant circumstances, considers that it is reasonable that the entity be taken not to be a controller of the institution at the particular time;

the entity is taken not to be a controller of the institution at the particular time.

(6) Without limiting paragraph (5)(b), the Commissioner may have regard under that paragraph to the identity of the beneficiaries of the trust at any time before and at any time after the entity began to be a controller of the institution if the institution is a trust.

160ARDAB Certain exempt institutions eligible for rebates in relation to franking credits

(1) The exempt status of an exempt institution is disregarded for the purposes of determining its entitlement to a rebate under Division 6, 6A or 7 of this Part in relation to a dividend or notional trust amount if:

(a) it satisfies subsection (2), (3), (4), (5) or (6); and

(b) section 160ARDAC (anti-avoidance provision) does not apply to the dividend or notional trust amount;

and

(c) subsection (8) (chains of exempt institutions) does not apply to the notional trust amount.

(2) The institution's exempt status is disregarded if the institution:

(a) is covered by item 1.1, 1.5, 1.5A or 1.5B of the table in section 50-5 of the Income Tax Assessment Act 1997; and

(b) is endorsed as exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997; and
(c) is a resident.
Note: Paragraph (c)—see subsection (7).
(3) The institution’s exempt status is disregarded if the institution:
(a) is endorsed under paragraph 30-120(a) of the Income Tax Assessment Act 1997; and
(b) is a resident.
Note: Paragraph (b)—see subsection (7).
(4) The institution’s exempt status is disregarded if:
(a) the institution’s name is specified in a table in a section in Subdivision 30-B of the Income Tax Assessment Act 1997; and
(b) the institution has an ABN; and
(c) the institution is a resident.
Note: Paragraph (c)—see subsection (7).
(5) The institution’s exempt status is disregarded if:
(a) a declaration by the Treasurer is in force in relation to the institution under subsection 30-85(2) of the Income Tax Assessment Act 1997; and
(b) the regulations do not provide that the institution’s exempt status is not to be disregarded for the purposes of this Division.
(6) The institution’s exempt status is disregarded if the institution is prescribed by the regulations as an institution whose exempt status is to be disregarded for the purposes of this Division.
(7) For the purposes of this section, the institution is a resident if the institution has a physical presence in Australia and, to that extent, incurs its expenditure and pursues its objectives principally in Australia at all times during the year of income in which the dividend is paid or the entitlement to the notional trust amount arises.
(8) The institution’s exempt status is not disregarded in relation to a notional trust amount if the notional trust amount arises because of a dividend paid to, or a notional trust amount of, another exempt institution.

160ARDAC Franking rebates denied in certain circumstances

(1) The exempt institution’s exempt status is not disregarded in relation to a dividend or notional trust amount if subsection (2), (4), (5), (6), (7), (9) or (10) is satisfied. None of those subsections limits any of the others.
(2) The institution’s exempt status is not disregarded if:
(a) there is a related transaction in relation to the dividend or notional trust amount; and
(b) because of the related transaction:
(i) the amount or value of the benefit derived by the institution because of the dividend is, will be, or may reasonably be expected to be, less than the amount or value of the dividend at the time when the dividend was paid; or
(ii) the amount or value of the benefit derived by the institution because of the notional trust amount is, will be, or may reasonably be expected to be, less than the amount or value of the notional trust amount at the time when the notional trust amount arose.

The amount or value of the dividend or notional trust amount is to be increased to include the value of any franking rebate to which the institution would be entitled if this section did not apply to the dividend or notional trust amount.

(3) Subsection (2) does not apply to the dividend or notional trust amount if:
(a) the only reason why paragraph (2)(b) is satisfied is that the institution has incurred, will incur, or may reasonably be expected to incur, expenses for the purpose of obtaining the dividend or notional trust amount (and the associated franking rebate); and
(b) the expenses are, in the Commissioner’s opinion, reasonable in relation to the value of the dividend or notional trust amount.

(4) Subject to subsection (11), the institution’s exempt status is not disregarded if:
(a) there is a related transaction in relation to the dividend or notional trust amount; and
(b) because of the related transaction, the institution or another entity:

(i) makes, becomes liable to make, or may reasonably be expected to make or to become liable to make, a payment to any entity; or

(ii) transfers, becomes liable to transfer, or may reasonably be expected to transfer or to become liable to transfer, any property to any entity; or

(iii) incurs, becomes liable to incur, or may reasonably be expected to incur or to become liable to incur, any other detriment, disadvantage, liability or obligation.

(5) Subject to subsection (11), the institution’s exempt status is not disregarded if:

(a) there is a related transaction in relation to the dividend or notional trust amount; and

(b) because of the related transaction:

(i) the company that paid the dividend or an associate of that company; or

(ii) the trustee of the trust in relation to which the notional trust amount arises or an associate of that trustee; has obtained, will obtain or may reasonably be expected to obtain a benefit, advantage, right or privilege.

Note: Section 160ARDAE makes special provision in relation to benefits provided by an exempt institution to its controller.

(6) The institution’s exempt status is not disregarded in relation to a dividend if:

(a) the dividend to any extent takes the form of property other than money; and

(b) the terms and conditions on which the dividend is paid are such that the institution:

(i) does not receive immediate custody and control of the property; or

(ii) does not have the unconditional right to retain custody and control of the property in perpetuity to the exclusion of the company or an associate of the company; or

(iii) does not obtain an immediate, indefeasible and unencumbered legal and equitable title to the property.

(7) The institution’s exempt status is not disregarded in relation to a notional trust amount that arises in a year of income if the total value of the payments of money, and transfers of property, by the trustee to the institution from the trust that:

(a) occur during the year of income; and

(b) are attributable to notional trust amounts that arose during the year of income; are less than the total amount of those notional trust amounts.

(8) Subsection (7) does not apply to a notional trust amount if the Commissioner is satisfied, having regard to all the circumstances, that it would be reasonable to treat the notional trust amount as having been distributed to the institution during the year of income.

(9) The institution’s exempt status is not disregarded in relation to a notional trust amount if:

(a) the trustee of the trust in relation to which the notional trust amount arises makes a distribution to the institution in relation to the notional trust amount; and

(b) the distribution to any extent takes the form of property other than money; and

(c) the terms and conditions on which the distribution is made are such that the institution:

(i) does not receive immediate custody and control of the property; or

(ii) does not have the unconditional right to retain custody and control of the property in perpetuity to the exclusion of the trustee or an associate of the trustee; or

(iii) does not obtain an immediate, indefeasible and unencumbered legal and equitable title to the property.

(10) Subject to subsection (11), the institution’s exempt status is not disregarded if:
(a) an arrangement is entered into as part of, or in association with, the payment of the dividend or the arising of the entitlement to, or the distribution of, the notional trust amount; and

(b) because of the arrangement the institution or another entity has acquired or will acquire (whether directly or indirectly) property, other than property comprising the dividend or notional trust amount, from:

(i) the company or an associate of the company; or

(ii) the trustee of the trust in relation to which the notional trust amount arises or an associate of the trustee.

(11) Subsection (4), (5) or (10) does not apply to the dividend or notional trust amount if:

(a) the institution has the choice of:

(i) receiving payment of the dividend or notional trust amount; or

(ii) being issued with shares in the company that paid the dividend or fixed interests in the trust estate in relation to which the notional trust amount arises; and

(b) the institution is under no obligation (whether express or implied and whether legally enforceable or not) either to choose to take, or to choose not to take, the shares or interests rather than receiving payment of the dividend or notional trust amount; and

(c) the institution chooses to be issued with the shares or fixed interests; and

(d) subsection (4), (5) or (10) would, but for this subsection, apply to the dividend or notional trust amount because the institution makes that choice; and

(e) making that choice furthers the purpose for which the institution was established; and

(f) the institution does not make that choice for the purpose, or purposes that include the purpose, of benefitting:

(i) the company that paid the dividend; or

(ii) the trustee of the trust in relation to which the notional trust amount arises; or

(iii) an associate of that company or trustee (other than the institution); and

(g) any benefit obtained by the company, trustee or associate because the institution makes that choice is an ordinary incident of issuing the shares or interests to the institution or of the institution’s holding of those shares or interests; and

(h) the following deal with one another on an arm’s length basis in relation to any related transaction or arrangement in relation to the dividend or notional trust amount that, but for this subsection, would have prevented the institution’s exempt status from being disregarded in relation to the dividend or notional trust amount:

(i) the institution;

(ii) the company that paid the dividend or the trustee of the trust in relation to which the notional trust amount arises;

(iii) any other entity involved in, connected with or party to the related transaction or arrangement.

Note: Subparagraph (11)(a)(ii)—for fixed interest see subsections (12) to (15).

A vested and indefeasible interest constitutes a fixed interest

(12) For the purposes of subsection (11), a taxpayer’s interest in a trust estate is a fixed interest if it is a vested and indefeasible interest in the corpus of the trust estate.

Case where interest not defeasible

(13) If:

(a) the trust is a unit trust and the taxpayer holds units in the unit trust; and

(b) the units are redeemable or further units are able to be issued; and

(c) where units in the unit trust are listed for quotation in the official list of an approved stock exchange (within the meaning of section 470)—the units held by the taxpayer will be redeemed, or any further units will be
issued, for the price at which other units of the same kind in the unit trust are offered for sale on the approved stock exchange at the time of the redemption or issue; and

d) where the units are not listed as mentioned in paragraph (c)—the units held by the taxpayer will be redeemed, or any further units will be issued, for their market value at the time of the redemption or issue; then the mere fact that the units are redeemable, or that the further units are able to be issued, does not mean that the taxpayer’s interest, as a unit holder, in the corpus of the trust estate is defeasible.

Commissioner may determine an interest to be vested and indefeasible

(14) If:

(a) a taxpayer has an interest in the corpus of a trust estate; and

(b) apart from this subsection, the interest would not be a vested or indefeasible interest; and

(c) the Commissioner considers that the interest should be treated as being vested and indefeasible, having regard to:

(i) the circumstances in which the interest is capable of not vesting or the defeasance can happen; and

(ii) the likelihood of the interest not vesting or the defeasance happening; and

(iii) the nature of the trust; and

(iv) any other matter the Commissioner thinks relevant;

the Commissioner may determine that the interest is to be taken to be vested and indefeasible.

Effect of determination

(15) A determination made under subsection (14) has effect according to its terms.

160ARDAD Controller liable to pay amount in respect of refund in some cases

(1) A controller of an exempt institution is liable to pay an amount in respect of a refund paid to the institution under Division 67 of the Income Tax Assessment Act 1997 if:

(a) the institution claimed the refund on the basis of an entitlement to a rebate under Division 6, 6A or 7 of this Part; and

(b) the institution was not entitled to the rebate because of the operation of section 160ARDAC in relation to a related transaction or arrangement; and

(c) the controller or an associate of the controller benefited from the related transaction or arrangement; and

(d) some or all of the amount that the institution is liable to pay in respect of the refund remains unpaid after the day on which the amount becomes due and payable; and

(e) the Commissioner gives the controller written notice:

(i) stating that the controller is liable to pay an amount under this section; and

(ii) specifying the amount that the controller is liable to pay.

Except as provided for in subsection (5), this subsection does not affect any liability the institution has in relation to the refund.

Note: Section 160ARDAF also provides that the exempt institution’s present entitlement to a notional trust amount is disregarded for the purposes of Division 6 of Part III.

(2) An entity that is dissatisfied with a decision of the Commissioner under subsection (1) in relation to the entity may object against it in the manner set out in Part IVC of the Taxation Administration Act 1953.

(3) The amount the controller is liable to pay under subsection (1):

(a) is the amount specified under subparagraph (1)(e)(ii); and

(b) becomes due and payable at the end of the period of 14 days that starts on the day on which the notice referred to in paragraph (1)(e) is given.

(4) The amount the controller is liable to pay under subsection (1) must not exceed the amount or value of the benefit that the controller or associate obtained from the related transaction or arrangement.
(5) The total of:
(a) the amounts that the Commissioner recovers in relation to the refund from controllers under subsection (1); and
(b) the amounts the Commissioner recovers in relation to the refund from the exempt institution;
must not exceed the amount of the refund.

160ARDAE Treatment of benefits provided by an exempt institution to a controller

(1) A benefit given by an exempt institution to a controller of the institution, or an associate of a controller of the institution, is dealt with under this section if:
(a) the controller or associate:
i) pays a dividend to the institution; or
(ii) is trustee of the trust in relation to which a notional trust amount of the institution arises; and
(b) the benefit is, or was, given to the controller or associate at any time during the period that starts 3 years before, and ends 3 years after, the dividend is paid or the notional trust amount arises.

(2) The controller or associate is taken, for the purposes of subsection 160ARDAC(5), to have obtained the benefit because of a related transaction in relation to the dividend or notional trust amount.

(3) The controller or associate is taken, for the purposes of section 160ARDAD, to have benefited from a related transaction or arrangement that caused section 160ARDAC to apply to the dividend or notional trust amount at least to the extent of the benefit given to the controller or associate by the exempt institution.

(4) Subsection (2) or (3) does not apply to a benefit if the Commissioner is satisfied, having regard to all the circumstances, that it would be unreasonable to apply that subsection.

160ARDAF Present entitlement of exempt institution disregarded in certain circumstances

The present entitlement of an exempt institution to a share of trust income is disregarded for the purposes of Division 6 of Part III if:
(a) the institution claims a refund under Division 67 of the Income Tax Assessment Act 1997 on the basis of a rebate under Division 6, 6A or 7 of this Part in relation to a notional trust amount that related to that share of trust income; and
(b) the institution was not entitled to the rebate because of the operation of section 160ARDAC in relation to a related transaction or arrangement.

Mr DEPUTY SPEAKER (Mr Nehl)—It is my duty to draw to the attention of the House an issue concerning the Senate’s amendments to this bill. Amendment No. 7 is the key amendment. I understand that it extends to charities’ eligibility to benefit from franking credits and consequential payment from public funds. The other amendments support this. Section 53 of the Constitution provides that the Senate may not amend any proposed law so as to increase any proposed charge or burden on the people. It seems that the effect of the Senate amendments will be to increase the class eligible to receive payments as a result of the franking credit provisions. In these circumstances, the House might want to consider the course it should take in respect of these alterations.

Motion (by Mr McGauran) proposed:
That the House endorses the statement of the Deputy Speaker in relation to the constitutional questions raised by the Senate’s amendments to the bill.

Mr LAURIE FERGUSON (Reid) (7.20 p.m.)—The opposition is of a view that these matters are not controversial and is in agreement with the government on this matter.

Question resolved in the affirmative.

Motion (by Mr McGauran) agreed to:
That Senate amendments Nos 1 to 7 be disagreed to.

Message from the Governor-General recommending an appropriation for the proposed amendments announced.

Mr McGAURAN (Gippsland—Minister for the Arts and the Centenary of Federation) (7.21 p.m.)—I move Government Amendments (1) to (7):
New Business Tax System (Miscellaneous) Bill 1999

(Schedule of the amendments to be moved in place of Senate amendments (1) to (7))

(1) Schedule 2, page 11 (after line 11), after item 6, insert:

**Income Tax Assessment Act 1936**

**6A Section 160APA**

Insert:

*entity* has the same meaning as in the **Income Tax Assessment Act 1997**.

**6B Section 160APA**

Insert:

*exempt institution* means an entity whose ordinary and statutory income (within the meaning of the **Income Tax Assessment Act 1997**) are exempt from income tax because of Division 50 of that Act.

(2) Schedule 2, page 11 (after line 11), after item 6, insert:

**6C Subparagraph 160AQT(1AB)(b)(iv)**

Repeal the subparagraph, substitute:

(iv) a registered organisation; or

(v) an exempt institution whose exempt status is disregarded in relation to the dividend under section 160ARDAB; and

**6D After subsection 160AQT(4)**

Insert:

(4A) Disregard section 50-1 of the **Income Tax Assessment Act 1997** in determining, for the purposes of this section, whether a dividend is exempt income of an exempt institution whose exempt status is disregarded in relation to the dividend under section 160ARDAB.

(3) Schedule 2, page 11 (after line 11), after item 6, insert:

**6E Subparagraph 160AQU(1)(b)(ii)**

Repeal the subparagraph, substitute:

(ii) a trustee (other than the trustee of an eligible entity within the meaning of Part IX or of an exempt institution whose exempt status is disregarded in relation to the dividend under section 160ARDAB);

**6F At the end of section 160AQU**

Add:

(3) Disregard section 50-1 of the **Income Tax Assessment Act 1997** in determining, for the purposes of subsection (1), the amount included under section 160AQT in the assessable income of an exempt institution whose exempt status is disregarded in relation to the dividend concerned under section 160ARDAB.

(4) Schedule 2, page 11 (after line 11), after item 6, insert:

**6G Subsection 160AQW(1)**

After “section 128D”, insert “of this Act or section 50-1 of the **Income Tax Assessment Act 1997**”.

(5) Schedule 2, page 11 (after line 11), after item 6, insert:

**6H At the end of section 160AQWA**

Add:

(2) In determining the entitlement to a rebate under section 160AQX of an exempt institution whose exempt status is disregarded in relation to the trust amount concerned under section 160ARDAB, assume that section 50-1 of the **Income Tax Assessment Act 1997** had not been enacted.

(6) Schedule 2, page 11 (after line 11), after item 6, insert:

**6I Subparagraph 160AQX(1)(b)(ii)**

Repeal the subparagraph, substitute:

(ii) a registered organisation (other than a trustee); or

(iii) an exempt institution (other than a trustee) whose exempt status is disregarded in relation to the trust amount under section 160ARDAB;

(7) Schedule 2, page 11 (after line 11), after item 6, insert:

**6J After Division 7 of Part IIIAA**

Insert:

Division 7AA—Franking rebates for certain exempt institutions

**160ARDAA Definitions**

(1) In this Division:

ABN has the meaning given by the **A New Tax System (Australian Business Number) Act 1999**.

*arrangement* has the same meaning as in the **Income Tax Assessment Act 1997**.

*associate* has the same meaning as in section 318.

*controller*, in relation to an exempt institution, has the meaning given by subsections (2) to (6) (inclusive).

*notional trust amount*, in relation to an exempt institution, is an amount that would be a trust amount of the institution if section 50-1 of the **Income Tax Assessment Act 1997** had not been enacted.
related transaction, in relation to a dividend or notional trust amount, means an act, transaction or circumstance that has occurred, will occur, or may reasonably be expected to occur as part of, in connection with or as a result of:

(a) the payment or receipt of the dividend; or
(b) the arising of the entitlement to, or the distribution or receipt of, the notional trust amount; or
(c) any arrangement entered into in association with:
   (i) the payment or receipt of the dividend; or
   (ii) the arising of the entitlement to, or the distribution or receipt of, the notional trust amount.

Controller of exempt institution that is a company

(2) An entity is a controller of an exempt institution that is a company if the entity is a controller of the company (for CGT purposes) within the meaning of section 140-20 of the *Income Tax Assessment Act 1997*.

Controller of exempt institution other than a company—basic meaning

(3) Subject to subsections (5) and (6), an entity is a controller of an exempt institution that is not a company if:

(a) a group in relation to the entity has the power, by means of the exercise of a power of appointment or revocation or otherwise, to obtain beneficial enjoyment (directly or indirectly) of the capital or income of the institution; or
(b) a group in relation to the entity is able (directly or indirectly) to control the application of the capital or income of the institution; or
(c) a group in relation to the entity is capable, under a scheme, of gaining the beneficial enjoyment referred to in paragraph (a) or the control referred to in paragraph (b); or
(d) the institution or, if the institution is a trust, the trustee of the trust:
   (i) is accustomed; or
   (ii) is under an obligation; or
   (iii) might reasonably be expected;
   to act in accordance with the directions, instructions or wishes of a group in relation to the entity; or
(e) a group in relation to the entity is able (directly or indirectly) to remove or appoint the trustee of the trust if the institution is a trust; or
(f) a group in relation to the entity has more than a 50% stake in the income or capital of the institution; or
(g) entities in a group in relation to the entity are the only entities that, under the terms of:
   (i) the constitution of the institution or the terms on which the institution is established; or
   (ii) the terms of the trust if the institution is a trust;
   can obtain the beneficial enjoyment of the income or capital of the institution.

(4) For the purposes of subsection (3), each of the following constitute a group in relation to an entity:

(a) the entity acting alone;
(b) an associate of the entity acting alone;
(c) the entity and one or more associates of the entity acting together;
(d) 2 or more associates of the entity acting together.

Controller of exempt institution that is not a company—deemed absence of control

(5) If:

(a) at a particular time, an entity is a controller of an exempt institution that is not a company; and
(b) the Commissioner, having regard to all relevant circumstances, considers that it is reasonable that the entity be taken not to be a controller of the institution at the particular time;

the entity is taken not to be a controller of the institution at the particular time.

(6) Without limiting paragraph (5)(b), the Commissioner may have regard under that paragraph to the identity of the beneficiaries of the trust at any time before and at any time after the entity began to be a controller of the institution if the institution is a trust.

160ARDAB Certain exempt institutions eligible for rebates in relation to franking credits

(1) The exempt status of an exempt institution is disregarded for the purposes of determining its entitlement to a rebate under Division 6, 6A or 7 of this Part in relation to a dividend or notional trust amount if:

(a) it satisfies subsection (2), (3), (4), (5) or (6); and

(b) section 160ARDAC (anti-avoidance provision) does not apply to the dividend or notional trust amount; and
(c) subsection (8) (chains of exempt institutions) does not apply to the notional trust amount.

(2) The institution’s exempt status is disregarded if the institution:
   (a) is covered by item 1.1, 1.5, 1.5A or 1.5B of the table in section 50-5 of the Income Tax Assessment Act 1997; and
   (b) is endorsed as exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997; and
   (c) is a resident.

Note: Paragraph (c)—see subsection (7).

(3) The institution’s exempt status is disregarded if the institution:
   (a) is endorsed under paragraph 30-120(a) of the Income Tax Assessment Act 1997; and
   (b) is a resident.

Note: Paragraph (b)—see subsection (7).

(4) The institution’s exempt status is disregarded if:
   (a) the institution’s name is specified in a table in a section in Subdivision 30-B of the Income Tax Assessment Act 1997; and
   (b) the institution has an ABN; and
   (c) the institution is a resident.

Note: Paragraph (c)—see subsection (7).

(5) The institution’s exempt status is disregarded if:
   (a) a declaration by the Treasurer is in force in relation to the institution under subsection 30-85(2) of the Income Tax Assessment Act 1997; and
   (b) the regulations do not provide that the institution’s exempt status is not to be disregarded for the purposes of this Division.

(6) The institution’s exempt status is disregarded if the institution is prescribed by the regulations as an institution whose exempt status is to be disregarded for the purposes of this Division.

(7) For the purposes of this section, the institution is a resident if the institution has a physical presence in Australia and, to that extent, incurs its expenditure and pursues its objectives principally in Australia at all times during the year of income in which the dividend is paid or the entitlement to the notional trust amount arises.

(8) The institution’s exempt status is not disregarded in relation to a notional trust amount if the notional trust amount arises because of a dividend paid to, or a notional trust amount of, another exempt institution.

160ARDAC Franking rebates denied in certain circumstances

(1) The exempt institution’s exempt status is not disregarded in relation to a dividend or notional trust amount if subsection (2), (4), (5), (6), (7), (9) or (10) is satisfied. None of those subsections limits any of the others.

(2) The institution’s exempt status is not disregarded if:
   (a) there is a related transaction in relation to the dividend or notional trust amount; and
   (b) because of the related transaction:
      (i) the amount or value of the benefit derived by the institution because of the dividend is, will be, or may reasonably be expected to be, less than the amount or value of the dividend at the time when the dividend was paid; or
      (ii) the amount or value of the benefit derived by the institution because of the notional trust amount is, will be, or may reasonably be expected to be, less than the amount or value of the notional trust amount at the time when the notional trust amount arose.

The amount or value of the dividend or notional trust amount is to be increased to include the value of any franking rebate to which the institution would be entitled if this section did not apply to the dividend or notional trust amount.

(3) Subsection (2) does not apply to the dividend or notional trust amount if:
   (a) the only reason why paragraph (2)(b) is satisfied is that the institution has incurred, will incur, or may reasonably be expected to incur, expenses for the purpose of obtaining the dividend or notional trust amount (and the associated franking rebate); and
   (b) the expenses are, in the Commissioner’s opinion, reasonable in relation to the value of the dividend or notional trust amount.

(4) Subject to subsection (11), the institution’s exempt status is not disregarded if:
   (a) there is a related transaction in relation to the dividend or notional trust amount; and
   (b) because of the related transaction, the institution or another entity:
      (i) makes, becomes liable to make, or may reasonably be expected to make or to become liable to make, a payment to any entity; or
      (ii) transfers, becomes liable to transfer, or may reasonably be expected to transfer or to become liable to transfer, any property to any entity; or
(iii) incurs, becomes liable to incur, or may reasonably be expected to incur or to become liable to incur, any other detriment, disadvantage, liability or obligation.

(5) Subject to subsection (11), the institution’s exempt status is not disregarded if:

(a) there is a related transaction in relation to the dividend or notional trust amount; and

(b) because of the related transaction:

(i) the company that paid the dividend or an associate of that company; or

(ii) the trustee of the trust in relation to which the notional trust amount arises or an associate of that trustee;

has obtained, will obtain or may reasonably be expected to obtain a benefit, advantage, right or privilege.

Note: Section 160ARDAE makes special provision in relation to benefits provided by an exempt institution to its controller.

(6) The institution’s exempt status is not disregarded in relation to a dividend if:

(a) the dividend to any extent takes the form of property other than money; and

(b) the terms and conditions on which the dividend is paid are such that the institution:

(i) does not receive immediate custody and control of the property; or

(ii) does not have the unconditional right to retain custody and control of the property in perpetuity to the exclusion of the company or an associate of the company; or

(iii) does not obtain an immediate, indefeasible and unencumbered legal and equitable title to the property.

(7) The institution’s exempt status is not disregarded in relation to a notional trust amount if:

(a) occur during the year of income; and

(b) are attributable to notional trust amounts that arose during the year of income; and

are less than the total amount of those notional trust amounts.

(8) Subsection (7) does not apply to a notional trust amount if the Commissioner is satisfied, having regard to all the circumstances, that it would be reasonable to treat the notional trust amount as having been distributed to the institution during the year of income.

(9) The institution’s exempt status is not disregarded in relation to a notional trust amount if:

(a) the trustee of the trust in relation to which the notional trust amount arises makes a distribution to the institution in relation to the notional trust amount; and

(b) the distribution to any extent takes the form of property other than money; and

(c) the terms and conditions on which the distribution is made are such that the institution:

(i) does not receive immediate custody and control of the property; or

(ii) does not have the unconditional right to retain custody and control of the property in perpetuity to the exclusion of the trustee or an associate of the trustee; or

(iii) does not obtain an immediate, indefeasible and unencumbered legal and equitable title to the property.

(10) Subject to subsection (11), the institution’s exempt status is not disregarded if:

(a) an arrangement is entered into as part of, or in association with, the payment of the dividend or the arising of the entitlement to, or the distribution of, the notional trust amount; and

(b) because of the arrangement the institution or another entity has acquired or will acquire (whether directly or indirectly) property, other than property comprising the dividend or notional trust amount, from:

(i) the company or an associate of the company; or

(ii) the trustee of the trust in relation to which the notional trust amount arises or an associate of the trustee.

(11) Subsection (4), (5) or (10) does not apply to the dividend or notional trust amount if:

(a) the institution has the choice of:

(i) receiving payment of the dividend or notional trust amount; or

(ii) being issued with shares in the company that paid the dividend or fixed interests in the trust estate in relation to which the notional trust amount arises; and

(b) the institution is under no obligation (whether express or implied and whether legally enforceable or not) either to choose to take, or to choose not to take, the shares or interests rather than receiving payment of the dividend or notional trust amount; and

(c) the institution chooses to be issued with the shares or fixed interests; and

(d) subsection (4), (5) or (10) would, but for this subsection, apply to the dividend or no-
tional trust amount because the institution makes that choice; and

   (e) making that choice furthers the purpose for which the institution was established; and

   (f) the institution does not make that choice for the purpose, or purposes that include the purpose, of benefiting:

   (i) the company that paid the dividend; or

   (ii) the trustee of the trust in relation to which the notional trust amount arises; or

   (iii) an associate of that company or trustee (other than the institution); and

   (g) any benefit obtained by the company, trustee or associate because the institution makes that choice is an ordinary incident of issuing the shares or interests to the institution or of the institution’s holding of those shares or interests; and

   (h) the following deal with one another on an arm’s length basis in relation to any related transaction or arrangement in relation to the dividend or notional trust amount that, but for this subsection, would have prevented the institution’s exempt status from being disregarded in relation to the dividend or notional trust amount:

   (i) the institution;

   (ii) the company that paid the dividend or the trustee of the trust in relation to which the notional trust amount arises;

   (iii) any other entity involved in, connected with or party to the related transaction or arrangement.

Note: Subparagraph (11)(a)(ii)—for fixed interest see subsections (12) to (15).

A vested and indefeasible interest constitutes a fixed interest

(12) For the purposes of subsection (11), a taxpayer’s interest in a trust estate is a fixed interest if it is a vested and indefeasible interest in the corpus of the trust estate.

Case where interest not defeasible

(13) If:

(a) the trust is a unit trust and the taxpayer holds units in the unit trust; and

(b) the units are redeemable or further units are able to be issued; and

(c) where units in the unit trust are listed for quotation in the official list of an approved stock exchange (within the meaning of section 470)—the units held by the taxpayer will be redeemed, or any further units will be issued, for the price at which other units of the same kind in the unit trust are offered for sale on the approved stock exchange at the time of the redemption or issue; and

(d) where the units are not listed as mentioned in paragraph (c)—the units held by the taxpayer will be redeemed, or any further units will be issued, for their market value at the time of the redemption or issue;

then the mere fact that the units are redeemable, or that the further units are able to be issued, does not mean that the taxpayer’s interest, as a unit holder, in the corpus of the trust estate is defeasible.

Commissioner may determine an interest to be vested and indefeasible

(14) If:

(a) a taxpayer has an interest in the corpus of a trust estate; and

(b) apart from this subsection, the interest would not be a vested or indefeasible interest; and

(c) the Commissioner considers that the interest should be treated as being vested and indefeasible, having regard to:

(i) the circumstances in which the interest is capable of not vesting or the defeasance can happen; and

(ii) the likelihood of the interest not vesting or the defeasance happening; and

(iii) the nature of the trust; and

(iv) any other matter the Commissioner thinks relevant;

the Commissioner may determine that the interest is to be taken to be vested and indefeasible.

Effect of determination

(15) A determination made under subsection (14) has effect according to its terms.

160ARDAD Controller liable to pay amount in respect of refund in some cases

(1) A controller of an exempt institution is liable to pay an amount in respect of a refund paid to the institution under Division 67 of the Income Tax Assessment Act 1997 if:

(a) the institution claimed the refund on the basis of an entitlement to a rebate under Division 6, 6A or 7 of this Part; and

(b) the institution was not entitled to the rebate because of the operation of section 160ARDAC in relation to a related transaction or arrangement; and

(c) the controller or an associate of the controller benefited from the related transaction or arrangement; and
(d) some or all of the amount that the institution is liable to pay in respect of the refund remains unpaid after the day on which the amount becomes due and payable; and

(e) the Commissioner gives the controller written notice:

   (i) stating that the controller is liable to pay an amount under this section; and

   (ii) specifying the amount that the controller is liable to pay.

Except as provided for in subsection (5), this subsection does not affect any liability the institution has in relation to the refund.

Note: Section 160ARDAF also provides that the exempt institution’s present entitlement to a notional trust amount is disregarded for the purposes of Division 6 of Part III.

(2) An entity that is dissatisfied with a decision of the Commissioner under subsection (1) in relation to the entity may object against it in the manner set out in Part IVC of the Taxation Administration Act 1953.

(3) The amount the controller is liable to pay under subsection (1):

   (a) is the amount specified under subparagraph (1)(e)(ii); and

   (b) becomes due and payable at the end of the period of 14 days that starts on the day on which the notice referred to in paragraph (1)(e) is given.

(4) The amount the controller is liable to pay under subsection (1) must not exceed the amount or value of the benefit that the controller or associate obtained from the related transaction or arrangement.

(5) The total of:

   (a) the amounts that the Commissioner recovers in relation to the refund from controllers under subsection (1); and

   (b) the amounts the Commissioner recovers in relation to the refund from the exempt institution;

must not exceed the amount of the refund.

160ARDAE Treatment of benefits provided by an exempt institution to a controller

(1) A benefit given by an exempt institution to a controller of the institution, or an associate of a controller of the institution, is dealt with under this section if:

   (a) the controller or associate:

      (i) pays a dividend to the institution; or

   (b) is trustee of the trust in relation to which a notional trust amount of the institution arises; and

   (b) the benefit is, or was, given to the controller or associate at any time during the period that starts 3 years before, and ends 3 years after, the dividend is paid or the notional trust amount arises.

(2) The controller or associate is taken, for the purposes of subsection 160ARDAC(5), to have obtained the benefit because of a related transaction in relation to the dividend or notional trust amount.

(3) The controller or associate is taken, for the purposes of section 160ARDAD, to have benefited from a related transaction or arrangement that caused section 160ARDAC to apply to the dividend or notional trust amount at least to the extent of the benefit given to the controller or associate by the exempt institution.

(4) Subsection (2) or (3) does not apply to a benefit if the Commissioner is satisfied, having regard to all the circumstances, that it would be unreasonable to apply that subsection.

160ARDAF Present entitlement of exempt institution disregarded in certain circumstances

The present entitlement of an exempt institution to a share of trust income is disregarded for the purposes of Division 6 of Part III if:

   (a) the institution claims a refund under Division 67 of the Income Tax Assessment Act 1997 on the basis of a rebate under Division 6, 6A or 7 of this Part in relation to a notional trust amount that related to that share of trust income; and

   (b) the institution was not entitled to the rebate because of the operation of section 160ARDAC in relation to a related transaction or arrangement.

The measures included in the New Business Tax System (Miscellaneous) Bill 1999 have already been debated in this place. The amendments before the House contain important business tax reforms as they will encourage investment, reduce compliance costs and improve the structural integrity of the business tax system. The government amendments extend to registered charities and gift deductible organisations the measures included in the miscellaneous bill that allows refunds to excess imputation credits. This will improve an existing investment distortion facing those bodies and will provide them with a significant financial boost.
of around $50 million annually from 2001-02. I commend the amendments to the House.

Amendments agreed to.

ADJOURNMENT

Motion (by Senator McGauran) proposed:

That the House do now adjourn.

Chisholm Electorate: Goods and Services Tax

Ms BURKE (Chisholm) (7.22 p.m.)—I would like to rise in the adjournment debate tonight to talk about the devastating impact that the GST is already having on people in my electorate of Chisholm. The government’s so-called education campaign has given us a fictional John and Wendy who are over the moon at all the great advantages the GST will bring, but what the ads fail to mention is the actual GST. As with many things, it is the things left unsaid by this government which are the real killers.

My real life John and Wendy are Grant and Karen, a hardworking, newly married couple who were, until recently, very much looking forward to moving into their home. It was a home they had saved hard for. It was a home they thought would be completed prior to the introduction of the GST. However, this was not to be. Karen contacted me in May following the collapse of Avonwood Homes. She was at her wit’s end then and is now in a state of panic. Like 800 others, Karen and Grant have been left in limbo since Avonwood went under. Their house was nearing lockup stage. In fact, the week the company folded, the roof was to be put on their dream home. What is most disappointing for me in the past week or so is that the Fed government do not seem prepared to assist us with the GST, and as a double whammy my deferment of my Austudy Loan debt through the ATO has been denied and we have been forced to make emergency repayment options. The ATO cannot seem to understand our position of not knowing what we are going to be up for (especially for the GST) and despite the fact that I sent them all the information that the Provisional Liquidator has sent me because I couldn’t give them ‘X’ amount and an invoice for GST or Legals or anything they refused my deferment application. Pretty unfair considering I have already made payments towards the loan, forfeited any tax refund and I am currently paying an extra $110 a month in tax.

In another email, Karen says:

Just to give you an update from what little information is available. Last week the Insurer wrote to us to get two quotes ASAP despite the fact that the liquidator has told us not to.

Out of 14 Builders that I phoned most were not interested once I told them that our home was an Avonwood home ... If we don’t get at least our roof up by the commencement of GST we are going to be in serious financial problems. But the chances of that happening now look very very slim.

My understanding of the $7,000 first home owners grant is that if either of the applicants has ever owned a property before regardless of what, when and where you do not qualify. Because of this we signed a pre-GST contract with Avonwood in October last year and scraped every cent we could to together a deposit.

Now we will have to pay GST and even if we did qualify for the $7,000 we wouldn’t be able to get it because our house was started before the GST.

With regards to our particular situation we are finding the going tougher and tougher as the weeks progress. Most concerning is the damage being done by the weather and the vandalism that has occurred to our home. We had to put in a Police report last week and it seems that other builders in the subdivision are going to our site and just
taking whatever they are short of as they realise that our home is basically abandoned building wise anyway.

With regards to the GST the only way we will be able to cover any extra amount that is not going to be covered by Insurance will simply be for us to seek further variations on our contract and take even more things out. We are thinking along the lines of removing the painting and some plastering from the contract, removal of maybe the heating from the contract and things like the cupboards and internal doors etc. We have already removed hardware, and all the carpet.

Anna, I wish there was some positive news and we are searching desperately for some, with the Insurers and the liquidator in a power struggle, the GST looming down fast, no hope in qualifying for the $7,000, no news from the Liquidator and no confirmation of insurance cover from either of the Insurers.

I ask the government to listen to the real life situation of my constituents, Karen and Grant, to live up to the promise that no Australian family will be worse off under the GST and to provide some form of GST compensation to the hundreds of people like Grant and Karen who have been impacted by the disastrous collapse of Avonwood Homes. Have some heart. Think of these people. (Time expired)

Makin Electorate: Visit of the Minister for Veterans’ Affairs

Mrs DRAPER (Makin) (7.27 p.m.)—It is with great pleasure that I speak in the House tonight about the recent visit to my electorate of Makin of the Hon. Bruce Scott, the Minister for Veterans’ Affairs. On Thursday, 18 May, members of both the Tea Tree Gully RSL and Northfield RSL welcomed the minister to the electorate of Makin and were delighted to receive certificates of appreciation for their service to our country during various conflicts which included the Vietnam War, the Korean War, the Malayan Emergency, the Indonesian Confrontation and the British Commonwealth occupational forces in Japan.

The Their Service Our Heritage commemorative program began in 1997 as part of the coalition government’s commitment to promoting the ongoing recognition of Australia’s service men and women and their contribution to the nation during the past century. The recipients of the certificates of appreciation included: Mr Rodney Langman, Mr Peter Collise, Mr James Levett, Mr George Turner, Mr Clive Turner, Mr Clive Pendle, Mr Douglas Britt, Mr Norman Jackson, Mr Malcolm McLean, Mr Reginald Anock, Mr Deane Sheldrick, Mr Norman Hillier and Mr Leo Loe. Some veterans received more than one certificate for their service, and they should be highly commended for their efforts.

The day was an extremely memorable and moving one. It brought tears to the eyes of many veterans and their families, particularly as they remembered the times they worried over the safety of their partners and family members and endured the anguish and suffering which occurred during these times of conflict. I am very pleased that the history of these conflicts and our memorable Australian veterans is now being taught within our education system. Young people will hopefully never experience what our veterans have had to endure, but it is extremely important that we learn from the experiences of this history. I would also like to take this opportunity to give a special thank you to Mr Dave Norman and Mr Ben Martin for taking the photos at the presentation and to other veterans associated at the Tea Tree Gully and Northfield RSL sub-branches who assisted in making this and other local events such a joy to attend.

On his visit to Makin, the minister also visited the ‘Kokoda Trail’, which was established at Doxiadis Reserve, St Agnes, South Australia during 1995 as a joint venture project of the Tea Tree Gully Community Management Board, the City of Tea Tree Gully, the Department of Employment, Education and Training, Employ SA and our local community groups. The St Agnes Kokoda Trail is a walking path constructed as a replica of the Kokoda Trail in dedication of various military actions which took place in the New Guinea campaign from July to November in 1942. Placed at intervals along the trail are a total of eight plaques, which have unfortunately been subject to vandalism and graffiti over the past few years. This trail is of great importance to many of our local vet-
erans as it symbolises their suffering, dedication and service to our country during this campaign. The Tea Tree Gully RSL provided the venue for the minister to present the certificates to veterans, and the audience was pleased to hear from the minister that there was record funding for the veteran community in the 2000 budget.

Mr Slipper—He’s a good minister.

Mrs DRAPER—Absolutely. This funding includes a $32.3 million package of support for Vietnam veterans and their families, $26.6 million to extend full repatriation benefits to more than 2,600 Australian Defence Force personnel who served in South-East Asia between 1955 and 1975, the introduction of the Veterans’ Home Care Program, which will reduce the need for hospitalisation and other medical services, and $17.2 million to extend the Their Service Our Heritage commemorative program for a further four years to ensure that the contribution of Australia’s service men and women is recognised during the centenary of Federation. The community and local veterans were absolutely delighted to have the minister visit Makin for this special occasion, and I am sure they will welcome him again warmly in the future.

Goods and Services Tax: Beer

Mr DANBY (Melbourne Ports) (7.32 p.m.)—The government promised that beer—or ‘ordinary beer’, as the Prime Minister calls it—would rise by no more than 1.9 per cent as a result of the GST. This is what the Prime Minister said on the John Laws program on 23 September 1999 and what a former member of the government, Mr Allan Rocher, said was revealed in the government party room. Publicans and ordinary drinkers in my electorate know otherwise. As a result of the GST and a complicated excise tax on beer, the price of beer sold over the counter in your local pub will rise by eight per cent. What does this mean to the average person? The price of a pot of beer rose from about $2.10 to about $2.20 in my electorate just in January. It will go from about $2.20 to about $2.40 or $2.50 after 1 July this year. Paul McGahan, the publican of the Hibernian Hotel in Graham St, Port Melbourne, wrote to me last week: We, the electorate, were persuaded that there would be virtually no increase in the price of beer (before the election) and that any commodity with a ‘hidden tax’ would probably be reduced in price—after GST! Somebody was telling ... big porky pies!!! Could that have been Little Honest John?? He has been known to mention + 1.9% often enough.

Then there is Sarah Telford, part owner of the Village Belle in St Kilda: All of a sudden they have changed the rules on us ... People will still buy beer, but how many casual drinkers will we attract. Those who may have an occasional beer may choose against it. This will affect casual drinkers, who make up most of our clientele. Regular drinkers are a small percentage of our business.

Anthony Lopez, manager of the London tavern in Caulfield, stated: Well, the general public is not happy about this... It will affect business. We may have to cut back on shifts and possibly staff. The staff will lose money.

From the Albert Park Hotel I heard: This will certainly have an impact on people choosing to go out ... It comes down to the fact that a promise has been broken. The jump in price is just ridiculous. We weren’t told about this earlier. A lot of people are upset about it and how it happened. A small rise is one thing, but this is unbelievable ... it will definitely affect business. When someone is working to a budget and a pot costs an extra 20c to 40c, it makes a difference.

What is more, the government is going to extra-ordinary lengths to prevent the brewers’ ads from being played on prime time television. Ironically, these ads are not even related to the GST. They are about the government’s complicated excise tax. In my view, the brewers have the public support. I challenge any member of the government—including the member for Cook and the member for Fisher, who are not paying attention—to venture into a pub at the moment.

The government attempted to gazump the brewers by using taxpayers’ money to buy premium time on Sunday night so that it could run uninterrupted its ‘chain’ ads. Those chain ads backfired. The public is talking more about how much money the current government has wasted on Joe Cocker and the $430 million of taxpayers’ money that has been spent on advertising. How far will the
government go to keep the public in the dark? It is absolutely bizarre for an Australian government, the Howard government, to be sponsoring *Austin Powers: International Man of Mystery*—a comedy about a little man in glasses, frozen in time in the 1960s. This is not a comedy. This is a tragedy of lies and deception that government members will find out the full price of come the next election.

**Cook Electorate: Veterans**

Mr BAIRD (Cook) (7.37 p.m.)—I rise tonight, also like the member for Makin, to congratulate the Minister for Veterans’ Affairs for the initiatives he has developed and which apply in my electorate. Recently, I had the pleasure of handing over a cheque for $10,000 to the Uniting Church in Australia Property Trust at their establishment in Sylvania. This cheque was to assist veterans to stay in their own homes with a range of assistance, such as providing cleaning facilities, enabling them to shop and providing staff to go out with them and look after them.

Mr Lloyd—It is a great program.

Mr BAIRD—I think this is a great initiative and it shows that the minister is right in touch with the needs of veterans in our communities. Rather than putting them into homes and rather than just providing some other means through the Department of Veterans’ Affairs, this is a practical way of assisting veterans. It is very much appreciated by the veterans in my electorate and I am sure in other parts of Australia, such as the member for Robertson’s electorate.

Wesley Mission has taken the initiative also in this area. It is a very fine organisation, and I actually spent some two years on the board of that organisation. It provides a wide range of assistance in a number of areas in the community. Gordon Moyes has provided excellent leadership in terms of his vision, skills and fundraising ability to provide assistance to those in need, and those people in need in this particular case are the veterans. There is no doubt that we owe the veterans in Australia an enormous debt. They were the ones who were conscripted or volunteered to go to war. They were the ones who put up with the hardship of being in foreign places and all the difficulties and the trauma of war to ensure that we live in a free and democratic environment. We will forever be in their debt. So at this time, as a lot of these veterans enter the golden years of their lives, it is appropriate that the government recognises those needs and attempts to deal with them in this way.

The Veteran and Community Grants administered by the Department of Veterans’ Affairs help develop projects that provide practical support to veterans and ex-service communities across Australia. I notice in this budget that there was some $3.6 million provided to assist veterans to stay in their own homes. I was pleased to hear the member for Makin say that that was important in her electorate as well.

The projects funded are wide ranging and include providing capital funding for residential care facilities, promoting health issues, encouraging healthier lifestyles, fostering social and personal support services and improving access to community care services. The Uniting Church in Australia Property Trust’s Wesley Home Care project, run by Wesley Mission Sydney which was established in 1812, provides in-home care for over 1,300 clients. This $10,000 grant will help the Uniting Church to establish the community care packages, enabling the provision of ongoing care and assistance to many aged residents of the region in their own homes. Specifically, the funds will be used to furnish and equip the premises, purchase communication equipment and train staff. The federal government will continue to provide assistance and encouragement where it can to maintain the health, independence and quality of life for Australia’s veteran and ex-service communities.

I mention this event tonight, firstly, to thank the minister for bringing forward this initiative of providing the additional funds in this year’s budget—some $3.6 million worth. He has seen what the real needs of veterans are in the community and looked at them across a wide spectrum, including enabling veterans to stay in their own homes through the range of services that are available, particularly through the Wesley Mission in my case at Sylvania. It is an excellent service.
The people are totally dedicated. They have social workers and chaplains involved. I was impressed by the caring attitude that prevailed in that community. This is the type of project we should see more of, and certainly it is a great initiative by this government.

Argyle Community Housing

Mr LATHAM (Werriwa) (7.41 p.m.)—Mr Speaker, sometimes miracles do happen. I rise to praise the outstanding work of Argyle Community Housing in my electorate. They have played a tremendous role in improving the quality of life and outcomes for people in a significant part of the Claymore public housing estate in south-west Sydney. This estate was developed in the 1970s based on the ideal of blue-collar, working-class housing but, through the 1980s and 1990s, the estate became a welfare housing area with an unemployment rate of 50 per cent and a welfare dependency rate of 80 per cent. This was not just an economic condition; it was a social tragedy, putting disadvantaged people in a disadvantaged place.

The worst street, Proctor Way, had a particularly poor reputation. It had 60 police incidents a month—an average of two a day. At the low ebb in Proctor Way in late 1995, there were two tragic fires in which a number of people died in the townhouses. Yet today, five years later, this part of Claymore is a relatively normal, functioning community. It still has a high unemployment rate, but the neighbourhood has regained a sense of normality. The transformation has been due to the work of Argyle Community Housing.

The first change was that the New South Wales Department of Housing gave up on Proctor Way and handed the housing management to Argyle. The residents had grown to hate the department. It was seen as distant, cold and bureaucratic; more interested in rules than people. By contrast, Argyle established its office in Proctor Way itself, right next to where one of the burnt out townhouses had been. So it established its local credentials from the very beginning. The second change was that Argyle saw the problems in Proctor Way as social, not just as economic. The housing manager, Brian Murnane, was determined to establish relationships of trust and cooperation between the local residents.

The third factor was that the community fought back, and after the fires there was a burst of energy and effort in Claymore. The residents got together with Brian Murnane, initially at a barbecue in Proctor Way, to map out a strategy of community effort. This led to clean-up days and the establishment of a Neighbourhood Watch, and over time bigger achievements were put in place. The fourth change was this small burst of energy and effort becoming a widening circle of self-esteem, confidence and achievement in this particular neighbourhood. In particular, the Pacific Islander residents led the development of a thriving community garden on a large slab of disused land.

The fifth significant factor was that Brian Murnane acted as a social entrepreneur, brokering new partnerships and relationships between people while also giving them the confidence to develop their skills and to take risks. Social entrepreneurs combine the best of social practice with a new entrepreneurial culture in poor neighbourhoods. Brian Murnane was more interested in developing people than structures, in creating new social relationships instead of a new rule book. For him, real power came from giving power away.

Out of this, what is the lesson for government? Government should be acting as a junior partner to communities such as this. Too often the public sector looks for big bang solutions to social problems, yet in reality there is not a government program for every social issue. Government agencies are not good at noticing the small bursts of community effort and community connections which lie at the heart of social capital. Indeed, big government departments and hierarchies often suffocate these social relationships.

The core demand by the residents in Proctor Way was not for more government spending or for more market forces; it was to make their neighbourhood normal. This meant getting the social dimension right—the bonds of trust and mutuality between people. This is such an important lesson. The efforts of government need to build on social capital, not the reverse.
Recently, the residents of Claymore were successful in winning government grants for two important projects: the establishment of a community laundromat and coffee shop plus seed funding for a housing maintenance and lawn-mowing small business. The circle of success, partnerships and self-esteem in this particular part of Claymore continues to widen. It shows that it is possible to win the war against welfare dependency. It shows it is possible to build social capital and mutualism, even in the poorest suburbs. It shows that it is possible to put the social back into social justice. I congratulate the Argyle Community Housing Association and, in particular, the work of its social entrepreneur Brian Murnane. I urge governments throughout the country to understand the lessons of this outstanding project and to spread that success to every disadvantaged community and achieve similar results. *(Time expired)*

**Fiji: Political Crisis**

Mr **LLOYD** *(Robertson)* *(7.46 p.m.)*—Tonight, I rise not only in my capacity as the member for Robertson but also in my capacity as the Chairman of the Australian Pacific Nations Parliamentary Friendship Group. I rise to express my concerns about the coup in Fiji and the instability in the Solomon Islands. As honourable members would know, on 19 May, the first anniversary of the government elected under the 1997 constitution, a small armed group, headed by George Speight, occupied the parliament. Today, some 2½ weeks later, they still hold hostages, including the Prime Minister, Mr Chaudhry, his cabinet and a number of other parliamentarians. It is a sad day for democracy. It is a sad day for the Pacific community when the democratic process is broken down.

It is not only a serious issue for Fiji but also a serious issue for the Pacific community. There are many small island nations such as the Cook Islands, Kiribati, Tuvalu, Tonga, Niue, just to name a few. I became very conscious of how fragile their economies are when I represented Australia at the Pacific community forum in Tahiti in December last year. I met with many delegates from the Pacific island communities. Fiji is the one base, the one strong economy in the Pacific community. The effect that this is having not only on Fiji but also on all these island communities is very significant and it will be far reaching. One can only hope that there will be a return, as quickly as possible, to a democratically elected government in Fiji.

There seems in some areas not to be a recognition of the fact that there are still 31 hostages being held, including the elected Prime Minister of Fiji. I am concerned about the number of Australian media and media from other parts of the world who are running interviews with George Speight. Often you turn on your television and this man is being interviewed almost as though he is being given credibility. It must be remembered that he is an armed gunman who has threatened people’s lives, has taken an elected government hostage and is today still holding 31 people hostage. I want to express my concerns about the fact that the media seem to be running so many interviews with him.

I would like to point out that, at this stage, no trade sanctions against Fiji have been imposed by any government. There have been some media reports that trade sanctions have been imposed, but there have not at this stage. To my knowledge, the only bans that have been put in place are bans by the ACTU. I appeal to the ACTU to think very carefully about those bans. I have no doubt about their integrity and their wish to make—

*Mr Slipper interjecting—*

**Mr LLOYD**—In this particular case, I point out to the member for Fisher that the effect on the economy of Fiji is starting to be very significant. I thought the Labor Party and the ACTU were always supportive of workers and those who are struggling. This is having a very significant effect on people who have no say in what is happening in Fiji. I ask them to think very seriously about that. Obviously, the government is taking the steps it can to rectify the situation in Fiji. Our foreign minister, Mr Downer, has been in a conference with foreign ministers in London. Fiji has been partially suspended from the Commonwealth. There are other actions that can be taken in the future. I wanted tonight to express my concerns for, particularly, the hostages and for the democratic process of
Fiji and all other Pacific island communities. Australia is very much seen as a leading country in the area. I know that we will be doing everything we can as a government to assist in the restoration of a democratically elected government in Fiji, the Solomon Islands and elsewhere in the Pacific. (Time expired)

Griffith Electorate: Norman Park State School

Mr RUDD (Griffith) (7.51 p.m.)—I would like to congratulate the Norman Park State School on its upcoming centenary that will be celebrated on 7 July. To celebrate this important milestone, a Centenary Committee has been formed to organise a weekend of celebratory activities this coming weekend. I congratulate all members of the committee for their excellent work on this important commemorative project. Norman Park is an important state school in the history of public education in Brisbane. In June 1897, a public meeting was held to form a building committee for the Norman Park State School. The then state member, the Hon. J.R. Dickson MLA, presided. The meeting was held at Smith's shop on the hill overlooking Norman Park at 8 p.m., so the record holds. On 4 September 1897, an application for the establishment of a state school at Norman Park was received. A district inspector recommended that a state school be established and a suitable site be secured. In January 1899, a site was purchased containing two acres, nine roods and 32 perches. This was obtained as a consequence of the sum of £660 being paid to the Queensland Deposit Bank. In April 1899, the Works Department submitted plans and estimates for the building. The committee decided on a school of brick for £1,330 and a residence of wood for £460. Tenders were called, the successful tender eventually came in and the construction subsequently occurred. On 9 July 1900, the school was opened by headmaster Mr James Keyes, with an enrolment of 52 pupils. By September 1900, the school population had grown to 174.

I would like to pay tribute to all principals past and present and teachers past and present of the Norman Park State School, including their most recent principals Charles Long, Dudley Harman, Dennis Hohnen and the current principal, Mrs Valerie Thomson, who was appointed as the first female principal of the Norman Park State School. I would also note that Lorraine Collins was, throughout most of 1998, the acting principal. The Centenary Committee was formed in early 1998. It comprised Keith Annandale, Stella Birmingham, Eric Bradbury, Michael Clare, Roger Clark, Kay Drabsch, Ray Green, Jennifer Harrison, David Kinder, Irene Kinder, Lucy Laaja, Karen Lamprecht, Jack Mackay, Trish Mullins, Allan Roseneder, June Roseneder, Iris Ruckett, Joyce Scott, Lorraine Steele, Beverley Taylor, Valerie Thomson, Hugh Walker, Melissa Walker, Carolyn Watson, Colin Wilson, Dawn Wilson, John Wilson and Ray Wilson.

The P&C, which has also been involved in the celebratory activities, has worked very hard under the current presidency of Irene Kinder; its secretary, Karen Kamprecht; its treasurer, Jenny Harrison; and all members of the P&C committee. I would also especially note the contribution of Mrs Lorraine Steele, who was made the first life member of the Norman Park State School P&C. Mrs Steele is a past pupil of the school and, as a past parent, also has undertaken many voluntary positions and is now the OSHIC coordinator.

The school population at the Norman Park State School is now 233, and the school itself now includes an early education centre and preschool. The current staffing is some 20 teachers and four teacher aides, with one administrative assistant. When we look at the particular school milestones in the history of this school, we note some important events. In 1940, the P&C was formally established, having replaced the earlier school committee. In 1957, a swimming pool fund was officially opened at a general meeting of parents; seven years later, the construction of the pool was completed. Those who are responsible for that project should be congratulated. In 1985, under LOTE, languages other than English, French and Japanese were introduced into the school. And in the year 2000, we have seen the opening of the early childhood centre,
combining preschool children with year 1 students in the same classroom.

I have attended meetings of the Centenary Committee and meetings of the P&C as well as many other functions at this school over the years, most recently and most movingly their Anzac Day ceremonies. I commend all those who have formed part of the centenary celebrations. I live in the suburb of Norman Park, and the Norman Park State School provides an excellent quality public education. It stands out as an ambassador of a quality government education in the state of Queensland.

(Time expired)

Rural and Regional Australia: Agricultural Shows

Mr CAMERON THOMPSON (Blair) (7.56 p.m.)—This evening I rise to pass some comment on a great tradition in my electorate and certainly across most parts of country Australia: the tradition of the agricultural show. These shows, which feature in practically all the small communities in the electorate of Blair, are all put on by hardworking committees that do their bit to make something very special of the Australian country way of life.

Mr Slipper interjecting—

Mr CAMERON THOMPSON—Of course, many of these shows used to be in the electorate of Fisher. I know that the member for Fisher really does regret the fact that he is no longer able to attend many of these very vital local functions, which I really do enjoy.

However, I do want to get on to the specifics of some of these shows, and I would like to pay credit to all those that already have been on this year. We have seen the Kingaroy show, the Nanango show, Crows Nest, Kilcoy, Ipswich, Blackbutt, Esk and Lowood. We have even seen the Marburg show. I am looking forward already to the ones to come over the next winter period, leading up, as they do, to the Brisbane exhibition; we still have the Toogoolawah, Laidley and Gatton shows to come.

There are a whole lot of different things that go together to make a show a success. I know it can be very difficult for communities to find new life and new invigoration in something that is as traditional and as staid as the show tradition that we see around my electorate. But they have been very creative, they have been working hard and they have come up with some really good options for the entertainment of the local people. I would like to touch on some of them. At Blackbutt, where we have a long tradition of timber felling and all that sort of thing, we have at the show one of the strongest displays of axemanship you can find anywhere in southeast Queensland.

Mr Slipper interjecting—

Mr CAMERON THOMPSON—That is the Blackbutt show.

Mr SPEAKER—The member for Blair does not need any assistance from the member for Fisher.

Mr CAMERON THOMPSON—The Blackbutt show this year attracted a total of 50 axemen. I have to say that that crowd of 50 axemen certainly brought with them a huge crowd of spectators. It took over all the activity on the hill above the oval itself, and it was a huge success. At Kingaroy, I was personally taken by the antics and the activities in the show ring itself. There were mini-trotters carrying various local politicians around. We had go-cart racing and all that kind of activity. At Nanango, we saw a whole range of new facilities that had been established, and I must say that that show was particularly successful. I would like to continue my remarks later in another debate about some of those other shows.

Mr SPEAKER—That opportunity may or may not present itself. But it is now 8 p.m. and the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Ross Cameron—to move:

That this House:

(1) acknowledges the significance of the Paralympic Games as the second largest sporting event in the world in 2000;

(2) applauds the example of our elite paralympic athletes in keeping alive the best sporting traditions of honour, excellence and competition; and
(3) records its appreciation to the people of the ACT and NSW for their generous support of the Paralympics throughout the 2000 Pollie Pedal bike ride from Parliament House, Canberra, to the Sydney Town Hall.

Ms Hall—to move:
That this House:

(1) remembers the extraordinary deeds of John Simpson Kirkpatrick who, with his donkeys, rescued injured above and beyond the call of duty until he was himself killed; and

(2) implores the Government to award a posthumous Victoria Cross of Australia to “Simpson” in accordance with the wishes of his WWI commanding officers and overwhelming public demand.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Bass Electorate: Launceston Student Workshop

Ms O'BYRNE (Bass)—I rise this morning to draw the House’s attention to a very special and successful program in my electorate. There can be no more valuable tool we provide our young people with than the skills to effectively exist in our society. The skills required for a chosen career and the confidence to seek work cannot be understated. There is no magic formula; it is the obligation of those in governments to provide targeted programs that address the real need of people at risk of unemployment not merely to pander to a philosophy of blame and guilt. Admittedly, it would be much easier just to sit back and criticise those who do not succeed in the traditional sense in our community. It is harder but much more strategic to respond to actual community needs.

There is a recognition in the community of those young people who have difficulty achieving in the traditional school structure. They are often left behind and stand little hope of gaining employment. But this does not have to be the case. In Launceston, we have a magnificent example of just how well this problem can be addressed. The Launceston Student Workshop in Rocherlea, my home town, is a model for targeted effective youth training. It was founded in 1978 and is now supported through some state and Commonwealth funding. More importantly, it is 60 per cent funded through its own commercial arm.

As I mentioned, they target those grade 9 and 10 students who have difficulty with the school system and are likely to fall through the cracks. Students enter an agreement which requires half time at the workshop and half time at their original school. They must actually attend school in order to be able to go to the workshop and this has led to a sharp reduction in the levels of truancy. They offer them accredited training through the workshop in carpentry, metalwork and spray-painting. They learn the environment of a workplace and the need for occupational health and safety. They gain a strong sense of achievement, not least because they market their goods to local suppliers. They learn that they can manufacture goods that people are prepared to pay an awful lot of money for. So they learn that they can do something and receive some level of appreciation.

One of the most positive aspects is that every student takes a turn at stores and reception. When you visit this site you are not taken around by the coordinator or by the supervising staff; you are taken around by the students—these students who would probably spend most of their time in the school outside in the corridor. The students ensure that you are wearing the proper safety gear and that you understand the full nature and process of their work, and they answer all of your questions. Through this they build their own self-confidence and their communication skills.

The workshop actually has about a 95 per cent employment or training success rate with its students. This is an example that works. These students normally do not achieve in the traditional sense. As far as I am aware, this is the only example of such a program in the country but I am more than happy to be corrected on that because it is an excellent program with excellent outcomes that we should be embracing and tailoring to those other regions who have identified a gap in provision for their students.

The workshop is now facing a very new challenge: a move to larger premises with the support of the state government and the introduction of a retail training course. I wish them well in their expansion. I offer my strongest congratulations to all who have been involved,
the students and workers and all of the supporters of this program and, in particular, the coordinator, Lyn Farrington.

Olympic Funding and Non-Metropolitan New South Wales

Mr Lawler (Parkes)—Last year the annual Aboriginal Rugby League Knockout brought an estimated $6 million to the City of Dubbo. The knockout is normally held in the hometown of the successful team in the previous year. However this year Nambucca Heads, I understand, were to host it but they, for various reasons, decided not to and Dubbo was awarded the carnival. There has been a major stumbling block in holding the carnival in Dubbo and obviously the benefits of putting $6 million into the economy of Dubbo have been lost again.

I informed the House at the time that the event last year was largely incident free and attracted thousands of people to the city. But this year the games will not be held in Dubbo because of a shortage of police simply due to the Olympic Games. The city council has advised organisers of major events that they should postpone them until after the Olympic Games because sufficient police cannot be guaranteed to provide security. The council made it very clear to knockout organisers that if sufficient security can be provided the event can definitely go ahead. But appeals to the New South Wales police minister were to no avail. A scan of surrounding police commands found that all regions of the state will be on skeleton staff due to personnel lost to the Olympic Games.

I raise the matter with a view to drawing attention to some of the hidden costs of the Sydney Olympics to other areas of New South Wales including my electorate of Parkes. I wish to make the point that people in my electorate are not opposed to the games—in fact, they are very supportive of the games, and so am I. However some consideration should be given to the taxpayers from outside Sydney who have not only subsidised the games considerably but also will enjoy few of the financial benefits the Olympics bring to Sydney.

The New South Wales Carr government recently announced its intention to indulge in a spending spree to avert any post Olympic Games economic slump. But the vast bulk of this money has been allocated to projects in Sydney and only the slightest fraction to the rest of the state. This is an indication of the scant impact that Country Labor has had in New South Wales. This announcement of a $12.3 billion building program in Sydney probably accounts for about five per cent of the landmass and 95 per cent of the funding. Only $0.5 billion, or about four per cent of this proposed spending, will happen in non-metropolitan New South Wales.

As I said, people to whom I speak do not begrudge the games. They realise that it is primarily a windfall for Sydney businesses and are happy to go without to see the games succeed. But we must consider the additional costs in non-metropolitan New South Wales. To be blunt, the loss of $6 million to a city of 38,000 people could mean the difference between viability and financial difficulty for many small businesses. As the major service centre for western New South Wales, Dubbo’s fortunes are closely tied to surrounding towns already engaged in a desperate struggle for survival. It is not a criticism of the Sydney Olympics or of the need to draw police numbers from stations in western New South Wales, but it is a call to recognise that the sacrifices made by the rest of New South Wales to help make the games a shining success and a source of great national pride run deeper than they appear on the surface. (Time expired)

Corroboree 2000

Mr Ripoll (Oxley)—Corroboree 2000 proved to be a very successful expression of people’s commitment to reconciliation. It was also the most significant sign to date that Prime Minister Howard’s indigenous policies and views are out of touch with ordinary people.
While there was a big focus on the Walk for Reconciliation across the Sydney Harbour Bridge, there were many similar commemorations throughout Australia.

I had the great privilege on Saturday, 3 June to participate in the Ipswich Reconciliation Week healing rites ceremony in D’Arcy Doyle Place. This ceremony was significant to the people of Oxley as it represents a group of people who, regardless of social, economic or racial differences, share a common commitment to reconciliation. It was a great honour for me to accept a petition on behalf of our community encouraging the parliament of Australia to take positive steps towards the achievement of reconciliation.

This petition requests that the House of Representatives should ensure that: a formal apology is made to the stolen generation of indigenous Australians; the recommendations of the Human Rights and Equal Opportunity Commission report *Bringing them home* are implemented in full; mandatory sentencing laws in the Northern Territory and Western Australia are overturned; and the concerns of the United Nations Committee for the Elimination of Racial Discrimination are responded to with a constructive review of Australia’s native title legislation.

The event in Ipswich, consisting of a march, healing rites ceremony and family day in the park, was a significant milestone for all of us, walking together for reconciliation. Such gatherings sometimes only happen once in a lifetime. I was deeply moved by the words and feelings expressed on that day. I also participated in the Brisbane march for reconciliation on Sunday, 4 June. It is estimated that about 50,000 people walked together and then met later in King George Square in Brisbane. Striding Towards Reconciliation was organised jointly by the Council for Aboriginal Reconciliation, Queensland, the Department of Aboriginal and Torres Strait Islander Policy and Development, and the Brisbane City Council.

The unity of the day was compelling. I shared this day with my family, as did many others. We celebrated with many strangers the diversity of our city as we made a symbolic gesture of goodwill towards the process of reconciliation and Aboriginal Australians. The day was signified by the number of children and ordinary mums and dads who walked hand in hand across the William Jolly Bridge. Perhaps the pertinent aspect of Striding Towards Reconciliation was that it was held outside of the designated Corroboree 2000 week.

On Sunday, 4 June 2000, 50,000 people proved to the Prime Minister that reconciliation is a part of Australia’s psyche. This government’s refusal to move beyond the ‘sorry’ debate was blown out of the water on Sunday. Fifty thousand people said sorry for things not one of them will ever be held responsible for. On 4 June 2000, 50,000 Australians embarked on a journey of healing that will stay with them forever. What a shame that the leader of this nation refused to share that experience with the rest of us.

**Cigarette Advertising and Young Women**

Ms GAMBARO (Petrie)—Today I also rise to speak on a very serious issue. Smoking is the single largest preventable cause of death and disease in Australia, killing some 18,000 people each year. While this is a very troubling statistic, it is even more concerning that young people continue to take up smoking at increasing rates. As a female, I am increasingly concerned that young women have taken to smoking more quickly than males over the last decade. This looks to be a continuing trend, with 18- to 25-year-old females the largest group concerned.

The images that are being thrust upon young women, portraying smoking as sexy, appealing, sophisticated and something that you do that is very cool, have been highlighted only recently in Australian magazines. Quite often we see these images of beautiful young women, dressed in bikinis or in sophisticated clothing, holding a cigarette in their hand or
smoking. The glossy magazines are particularly targeted at young people. While they do not necessarily carry cigarette advertisements, their fashion shoots always portray glamorous images of women smoking. I think a lot needs to be done to address this.

With the launch last week of a new round of antismoking advertisements by Dr Michael Wooldridge on World No Tobacco Day, it is important that we spread the message that smoking is far from glamorous. It is unhealthy and it is extremely harmful. Not only is it a cause of cancer but also I was pleased to see that the College of Ophthalmologists have spoken about the real danger of the increased chances of blindness. Study and research have shown that to be the case. So not only do we have a cancer risk but we also have a risk of early blindness.

One of the things I am undertaking on my ongoing visits to schools in my electorate of Petrie is a campaign against teenage smoking. I challenge the editors of all Australian women’s magazines to act responsibly on this issue, to ensure that they do think of the future of Australia’s young women and not to portray smoking as glamorous and target it towards young women. I think it is very important that our communities have good role models, and the media has a responsible role to play to make sure that the young people in our community have fit and healthy role models to emulate and to continue to emulate.

**Industrial Relations: Caterpillar**

Mr SERCOMBE (Maribyrnong)—When two disaster areas of this government’s policy approach come together—that is, the GST and industrial relations—there are bound to be significant problems. Regrettably, on the fringe of my electorate there are some 80 workers at Caterpillar who are on strike at the present time, having been on strike for a number of weeks essentially over the unwillingness of the management of Caterpillar to discuss a GST top-up clause in their enterprise agreement.

The workers note the comments of the Prime Minister in the context of the budget, where he talks about a 6.75 per cent ‘spike’ in prices as a consequence of the GST. Frankly, these workers are understandably looking for a suitable sort of arrangement or a similar sort of capacity to negotiate their industrial conditions in the light of the GST price experience. They note, for example, that in Minister Reith’s own department—in fact, in the Industrial Registry—there is a top-up clause associated with the GST. That is right in the heartland of Minister Reith’s industrial relations system. Understandably, these workers are interested in achieving a similar capacity to negotiate for themselves in the light of price rises associated with the GST. The difficulty here, as reported to me, is that the United States based management of the company has not given authority to the local management to negotiate with the workers on these issues. As a consequence, everyone concerned is suffering a significant loss, particularly the workers and their families. It really does seem to be a quite unsatisfactory situation when local management does not have the authority to handle important industrial relations issues, particularly in the context of price rises occurring from the GST.

What is particularly alarming about this situation is that this company is a tenderer, in conjunction with others, for a very important Commonwealth project, the Defence Integrated Distribution System, which is to provide logistic support for all three services. One would have to raise serious questions about the capacity of management in this situation to handle such an important contract when they are clearly unable to resolve, presumably for the reason that they do not have the delegation to negotiate, such a basic industrial relations issue. It is regrettable for all concerned, and I would certainly be urging the management of Caterpillar to come to the negotiating table with the 80 workers who are involved in a quite
unsatisfactory industrial situation and to reach a resolution to this matter in the interests of everyone.

Radioactive Waste

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs)—The current debate over the disposal of radioactive waste in South Australia concerns me for two reasons. Firstly, the debate has largely ignored the hard scientific facts, which is where the focus of any decision in relation to radioactive waste should be. Secondly, there has been much political point scoring and posturing by both major political parties in South Australia, largely at the expense of rational, sensible and scientific debate.

Let me say at the outset that I am very concerned about the environment and have a proven track record in ensuring the clean-up of one of South Australia’s worst contaminated sites. As someone who flew to Papeete at my own expense to protest against French nuclear testing, and as someone who has fought hard to get the former Australian National contaminated site at Islington in my electorate cleaned up, I feel that I am well qualified to speak fairly and reasonably about this issue. Only yesterday, I received a copy of a letter from the Housing Trust Tenants Association of South Australia in which my efforts were recognised. I quote from the letter:

Liberal MHR Trish Worth and Mr Watkins are unlikely allies, however they both deserve much praise for their unstinting efforts to decontaminate the ANR Islington site.

Let us talk about the hard scientific facts. First, it should be clearly understood that we are not talking about high-level waste, such as waste from nuclear power production and nuclear weapons. We are talking about intermediate waste and low-level waste. Low-level waste, which includes items such as lightly contaminated soil, laboratory equipment, laboratory clothing, watch faces, compasses and smoke detectors, can be dealt with safely by being buried in trenches at a repository.

Intermediate waste, which includes equipment from the production of radioisotopes, containers used to transport the radioisotopes and reprocessed spent fuel rods, needs to be housed in an above-ground store in a building similar to a concrete bunker. It is essential to understand that radioisotopes are used by doctors in hospitals for diagnosis and treatment. Millions of patients in Australia have benefited from their use in diagnosing medical conditions. In fact, 20,000 ill South Australians benefit each year from the production of radioisotopes at the Lucas Heights facility.

Currently, our stocks of low-level and intermediate waste are temporarily stored at 50 sites around Australia. In fact, there are sites already within South Australia—namely, at the Royal Adelaide Hospital, the University of Adelaide and Woomera. The Commonwealth government has recognised that a consolidation of these sites is necessary to ensure proper management of waste—specifically, that it is stored safely now and in the future. The government is searching for a site for a permanent central repository for low-level waste. Once that decision is made, the research must begin for suitable storage for intermediate level waste.

The location of these sites is the subject of exhaustive scientific and environmental consideration. It is essential that we find the best location for this material. Those in the South Australian government and the opposition—and, I note, joined by Senator Bolkus in today’s Advertiser—who argue that radioactive waste should be stored anywhere but South Australia are acting irresponsibly and not in the best interests of the wider community. Would it be okay to go a quarter of a kilometre over the border? Would South Australian state politicians be happy then? Would it be okay to leave it on North Terrace? We need good scientific advice, not mad political point scoring. (Time expired)
Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

PETROLEUM (SUBMERGED LANDS) LEGISLATION AMENDMENT BILL (No. 2) 2000

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

Mr MARTYN EVANS (Bonython) (9.58 a.m.)—This relatively short bill, the Petroleum (Submerged Lands) Legislation Amendment Bill (No. 2) 2000, seeks to authorise a collapse in the Commonwealth’s payment structure to Western Australia. Instead of over a period of a few years from now, the payments will all be made in one lump sum to Western Australia at the current net present value. This is a modest change to the existing arrangements which have been in place for some years—in fact, since the Western Australian domestic gas industry first commenced business in the last decade.

The opposition, of course, is more than happy to extend its support for this measure since it is one that clearly does not involve the Commonwealth in any substantial additional expenditure, but merely makes some payments that would have been made anyway on an earlier date. However, it does point to the importance of the gas industry, not only in Western Australia but in Australia as a whole. I think it is a timely reminder of the benefits which have flowed to this country from the development of our natural gas industry, initially in the North West Shelf and Bass Strait areas and, more recently, from other developments in the Timor Gap area and potentially by a pipeline from Papua New Guinea.

I would therefore like to turn my attention first to the way in which those gas markets have changed since the Commonwealth first offered this assistance to Western Australia. The reality is that in those days—which were not all that long ago—Australians barely recognised the potential of the mass of natural gas resources which exist mainly off our coast, although in the case of the Cooper Basin, of course, very much inland and not as great as those which are offshore. The reality is that in those days government was slow to understand the importance to industry and to domestic consumers and it took quite some time for this market to develop fully.

Without the Commonwealth government assistance at that time and, indeed, without the assistance of the then Western Australian state government, it would have been quite difficult to get those very massive projects off the ground and under way so that they could begin to reap the economic benefits of continued operation and thereby fund their own subsequent expansion, as has been the case. But with that assistance they were able to ensure that there was adequate funding for the initial domestic contracts, which gave the financial base to subsequently establish the very substantial export markets which the North West Shelf, for example, now enjoys. Indeed, their export record is almost second to none in this country in the context of exporting very large shipments of gas, entirely on time every time. I think, since they commenced operation. The undertaking is quite an enormous one, as any member of the parliament would know who has seen that activity on the North West Shelf itself.

Gas has subsequently grown in importance as an energy use in this country and now provides something of the order of 18 per cent of our national energy needs—a very significant contribution, but one which I would like to see grow, in the short- and medium-term future, quite substantially. We have used that with an expanded pipeline infrastructure to provide domestic gas in Perth, in Adelaide and in much of the eastern states, and gradually our infrastructure and pipeline infrastructure are growing in reach and allowing an expanded access for those markets. Not only has the economics of the gas industry in this country changed dramatically, to the point where the industry is now largely in private hands and quite
profitable as such, although there are massive costs involved, but the reality is that the pipeline infrastructure is now able to be accessed by other players in the market.

The principles of competition reform and open access which we are seeking to apply, from both sides of the political spectrum, across the infrastructure and supply areas of Australia are also coming to the gas industry. After all, providing you meet the specifications for the gas that goes into the pipeline, it makes little difference to the customer at the other end just exactly whose gas went into the pipeline a thousand kilometres away and whose gas comes out a thousand kilometres down the track in Perth. If the supply specifications are correct, then the reality is that gas is gas is gas. Competition principles can apply, should apply and must apply, despite the fact that some suppliers, some of those who have built this infrastructure, have strong views about the way in which this principle should apply to their projects—in some cases, justifiably so. But in the majority of cases access is an option, and where that is the case we should promote that open and competitive principle which we are seeking to spread throughout the rest of the economy as well.

If we look at what industry has sought to do with gas, it has very sensibly tried to bring some of Australia’s natural benefits together and work the synergies from those benefits. Australia is well endowed with energy in the form of gas, coal and other energy supplies, but principally gas and coal. We are also well endowed with many mineral deposits. Clearly, with the potential for value adding by bringing those energy supplies together with the minerals which can be found in Western Australia and Queensland principally, we are able to add substantial value to our mineral exports. Rather than simply processing raw ore and shipping that off at modest gains to the national economy and to the private sector, by combining that with the energy available in Australia we can produce refined metals and hopefully, in some cases, actual products—although that is more difficult, given the transport costs—so that substantial value adding is possible in the Australian context.

That does not always work as well as some companies might expect. The BHP HBI plant in the far north of Western Australia is one example; they are still working very hard to make that project successful. Substantial funds have been spent and a lot of effort has been put in by the company to make that work. Other companies are trying other alternative technologies. But the principle is certainly correct and it was a courageous decision by the company to put that investment into effect. I hope that in the long term it works for them. Many other industries are also able to take advantage of that and I will in a moment turn to some of those, particularly in Queensland.

We need to concentrate very much on the benefits of that natural gas industry because not only is it able to provide value adding in the mineral sector, but when used in the domestic and transport sectors, including for electricity generation, it is able to offer substantial benefits over alternative forms of energy generation such as coal, oil or petrol for that matter in transport. Natural gas burns without solid residue. It produces a substantially lower concentration of sulfur dioxide or of nitrous oxide, and it does not produce any particulate matter to add to the pollution in our major cities like Sydney, where that is already becoming a problem.

Gas in that context also, and very significantly, produces far less CO₂. In a greenhouse world where greenhouse issues are increasingly coming to dominate our policy planning area, the fact that natural gas is able to generate energy with substantially less production of CO₂ than, say, coal or oil, is a significant factor in its performance and one which we should certainly be taking into account when we look at natural gas projects and the way in which the government’s regulatory and fiscal policy treats those projects vis-a-vis any other attempt to gain energy from our natural resources.
That trend is very important when you take account of the major developments which can occur in the near future in the gas industry. We have the potential expansion of the North West Shelf, perhaps by two trains, which is a very significant gain. It would generate investment spending of around $6 billion, including their offshore facilities, and, because it is not just that initial investment which is so important, the longer-term gain to the economy is even more important. That two-train increase in their capacity would increase exports by around $1.7 billion a year and generate some 44,000 new long-term jobs across the economy when you take into the account the multiplier effects.

Government, of course, will be a substantial beneficiary from taxation of around $1.6 billion a year, and it would deliver very substantial reductions in global greenhouse emissions. It is important to remember that this is global reduction, because the overwhelming majority of the expansion would be for export. Other countries would gain the greenhouse benefits in the sense of reduced emissions from natural gas over other forms of energy generation. Even though under the Kyoto protocol Australia itself may well be targeted for the CO₂ cost of those emissions, we are in fact making a significant contribution to the reduction in global CO₂ by exporting our natural gas and making that available as a substitute fuel for other fuels which generate far more CO₂.

The efficiency with which this gas energy is converted into energy for final consumption—whether that is for electricity generation, home water heating, home space heating or transportation—is a very important measure of just how much benefit the community derives from this both in terms of the cost and in terms of the CO₂ generated. The energy efficiency has to be measured in particular ways to get a true picture here. The same is true of greenhouse gas emissions. Given the importance of these issues—energy efficiency and greenhouse gas—it is very much a critical issue for governments, industry, and indeed for consumers, to come to understand better how energy efficiency should be measured.

These days we need to take into account a whole of lifecycle approach and a total energy efficiency approach, whether we are looking at greenhouse or energy efficiency. In the case of greenhouse it is very important to measure the CO₂ output from when the commodity is first drawn from the ground, whether that is a natural gas reservoir under the ocean or a coal mine, to assess the transportation costs and the CO₂ expended in transporting the fuel, to look at the CO₂ generated when that fuel is in some way processed, refined or crushed, and then to look at the CO₂ emitted when that fuel is finally burnt to be converted into electrical or transportation energy.

That whole of lifecycle CO₂ emission is very critical. If you just take one part of that process you get a very misleading answer as to the CO₂ efficiency of a particular fuel. It is very important from a greenhouse policy perspective that we look totally at the greenhouse emissions for the whole of the lifecycle of that greenhouse generating energy source.

The same is true of energy efficiency. If you look at the energy efficiency of a simple hot-water heater in a home, that can actually be quite high as an electrical device if you measure it at the home. But if you look at the total conversion of energy from the moment the electricity is generated to the actual conversion into heat and compare that with, say, gas, which converts the energy of the gas into hot water at the very point of domestic consumption, then the energy efficiency is very much higher for gas. Again, that is the way to check the energy efficiency, not, as some would do, only at one point in the cycle. The same is true, very critically, with the generation of electricity because gas is obviously a more efficient way of generating electricity, and when it is in the context of a cogeneration facility the energy efficiency rises dramatically. That is going to be a very important consideration for those who are funding power plants in this country in the private sector and also for governments who are approving them and for governments who are deciding taxation questions.
I said I wanted to turn to some of the more direct implications of the gas industry. I recently had the opportunity to visit Gladstone in Queensland. It is a charming city and one which, despite the fact that it has a substantial industrial infrastructure, enjoys very good amenity and an excellent local environment. Indeed, the people who live there and their local government officials and the Queensland state government, more indirectly, are very enthusiastic to see this area expand as an industrial and infrastructure facility. The Gladstone port is, I think, the fourth largest by volume of exports in the country, and a number of very important minerals facilities are located there.

Gladstone is also the heart of what might be called the new light metals facility in Australia, where we are taking advantage of the very substantial deposits of aluminium ore and of magnesium ore, magnesite, which are available now for conversion to the light metals of aluminium and magnesium. They have a very important role to play, especially in a greenhouse world where energy efficiency is critical, in the construction of both aircraft and motor vehicles and of other industrial parts, so lowering the weight of those components and thereby improving their energy efficiency quite substantially. Aluminium has always been a big industry in this country, but magnesium is rapidly growing. Despite the fact that magnesium requires more energy for its conversion to the metallic form, it does have a number of advantages over aluminium, but it will only grow from its existing low base, even if that is by a fairly rapid rate. Aluminium will always remain the most substantial light metal for the foreseeable future.

Gladstone already has a substantial aluminium facility and it has a pilot magnesium plant, which we would hope to see expanded in the near future. There is also the talk of Comalco’s new investment. The Commonwealth government and the state government of Queensland have offered substantial funding to Comalco to encourage them to build the plant there. Comalco have already taken a decision that Queensland is a preferred site, perhaps vis-a-vis Malaysia, but they have yet to take the final decision to build the plant. I believe that this probably will go ahead, not from anything that Comalco have told me but simply by looking at the benefits of that site and the benefits that Australia and Queensland in particular can offer to the company. I am sure that they will reach the right conclusion and decide to build this very important production facility in Queensland. Of course, that will depend to some extent on the availability of the PNG pipeline which Chevron are contemplating from Papua New Guinea down the eastern seaboard and, hopefully, feeding into our natural gas infrastructure down the eastern seaboard itself.

This is a massive project and, along with the Comalco project, it is the beneficiary potentially of Commonwealth government and Queensland government assistance. That project is still some 18 months from a financial closure position, so Comalco and the community are not yet certain that that very important gas supply project will actually go ahead, but we have to operate under the assumption that it is a good possibility and we can work towards that end. The option also exists of Timor gas, which I think would have a number of benefits in a foreign policy context because the new nation of East Timor would benefit from that revenue, and the gas would come onshore at Darwin which would be a benefit to Australia as well. That could then feed into the grid, through Mount Isa and across to Brisbane, if that were a possibility with the investment in the connecting pipelines.

All of that puts a great future forward for those industries, and particularly for the Comalco investment, of which I am a very enthusiastic supporter. But, of course, they do need energy because aluminium has often been described as simply solidified electricity. It is a large brick of electricity that can be shipped around the world. There is substantial gain from changing the ore to the metal. The value added is enormous and we want to encourage that wherever we can.
That does require a very serious supply of energy to that plant and the most attractive form
for them is clearly the PNG pipeline with a gas-fired power plant generating the appropriate
amount of steam for their production facility. Because that is, as yet, uncertain and because
Comalco wish to commit sooner than that, they will probably have to take the option of
building a facility with both gas- and coal-fired operation, because there is substantial coal
nearby and that can be used to generate the necessary electricity. I am sure one or both of
those—either the PNG pipeline or the Timor gas from Darwin—will go ahead. But the
company needs some reassurance that, if neither goes ahead, it will have energy supplies. The
ccoal is available there and it can be used in the start-up period while we are waiting for the
construction of the PNG pipeline or the Timor alternative. Although one needs to be
concerned about the use of coal in the context of power generation, the reality is that this is a
short-term measure only. It would certainly have my support in that context.

It is very important that those development projects go ahead for the regions of Australia,
not only for Comalco, Gladstone and the Queensland region, but also for the regions of
Western Australia and other parts of the country. The Commonwealth government recently
made a number of policy changes in this area which are quite relevant—for example, in the
tax package. This was an aspect of it that the opposition supported. At the time, however, we
did draw attention to this very problem and that it will result in accelerated depreciation being
forfeited from 1 July this year in exchange for the lowered company tax rate.

In many cases industry and commerce are able to adjust to this change and it is quite
beneficial to them to have the lower corporate tax rate, even if they lose a concession like
accelerated depreciation. But that is not necessarily the case in the gas industry, because there
is a massive up-front investment required to exploit a natural gas field, a very substantial
investment, but the returns from that come over many years into the future and they are often
slow to arise. So the gas industry is very much concerned to ensure that the new facilitation
scheme works as well as the old accelerated depreciation. At this stage, that is not proving to
be the case.

The North West Shelf expansion, which I detailed earlier, is a very important project for
this country. But it has two major uncertainties hanging over it. There is a lack of accelerated
depreciation and the failure of the government to come to terms with a reasonable facilitation
package so far for that project. I know talks are under way. But the North West Shelf has been
in contemplation for a long period and the government has yet to come to any conclusion in
this area.

The other problem, of course, is greenhouse and the potential taxation which might flow
from greenhouse measures that the government may or may not adopt. The North West Shelf,
were it to be subject to any greenhouse taxation regime, would immediately become unviable
for the company. The reality is that many non-annexe B countries such as Malaysia, Indonesia
and Qatar are not subject to greenhouse taxation measures and they have substantial supplies
of gas. They would be much more attractive investment locations than Australia.

The same is true for the gas to liquids projects which are contemplated in Darwin. These
are very important massive investments, but because of the uncertainty that this government is
allowing to prevail in the industry, the industry is not sure that it will receive adequate
compensation for the loss of accelerated depreciation. The facilitation scheme is far from a
certainty. The international boards of these companies who make these decisions in countries
far away from Australia have very little regard for our long-term economic health or the
investment climate in Australia. They simply want the best return for their dollar and their
shareholders. This is an understandable objective, but it does not always coincide with
Australia’s national interest. The government must be alert to the fact that industry is
potentially going to walk from this country with these massive gas, gas to liquids projects, and projects like Comalco’s, if the facilitation projects are not available to deliver on time.

Comalco has a commitment from the government that appears to be satisfactory. But much bigger projects like the North West Shelf and Gorgon project off Western Australia are still waiting for their decision. The issue of the uncertainty over greenhouse, as well as over the facilitation, is of serious concern to them. It must be resolved because gas is a great fuel for a greenhouse threatened world. If we do not take steps to reinforce Australia as a major supplier of gas, it will be to the detriment not only of the Australian economy but also to the world’s environment as a whole, as gas is able to deliver energy much more efficiently than the other alternatives. Of course, the Australian coal industry will remain viable for many years yet because, despite the fact that gas will grow, energy demand will also grow quite substantially in the 21st century and coal will continue to meet much of that baseload.

Clearly, for the expansion of our energy demands throughout the world, gas is the transition fuel we should be promoting because of its reduced greenhouse load and increased energy efficiency. That is the case in electricity generation, transportation or domestic heating requirements. Together, those requirements make gas a fuel to which this government should pay very close attention and ensure that we do not fall into the trap of mindlessly following the Kyoto protocol, thereby destroying a very viable industry and one which could enhance the global environmental position.

I support the greenhouse reduction targets, but we must be very clear about how those are implemented. We must be very clear that we achieve the targets in the most economically efficient way. We must be very clear that we do target CO₂ reduction and not some proxy for that reduction and that, when we do target CO₂ reduction, we do it in the most energy efficient way. Science must prevail here and not emotion. The reality is that, in some cases, this will mean enhancing the roles of fossil fuels, even where the environment movement and all responsible and concerned citizens who acknowledge the impact of a greenhouse threatened global environment may see that as a concern. The reality is that it can sometimes be the most effective way of moving the global energy demand into a less CO₂ intensive mode than it is at the moment. Those issues are very important.

While this bill may reflect more on past than future Commonwealth support for the gas industry, it is that future Commonwealth support, whether that be in facilitation or greenhouse issues, that I want to commend to this House. In supporting the bill, I would draw attention to those very issues that are critical to the future development of the gas industry in Australia.

Mr IAN MACFARLANE (Groom) (10.22 a.m.)—I thank the member for Bonython for his support of the Petroleum (Submerged Lands) Legislation Amendment Bill (No. 2) 2000 and, in turn, support him in terms of his comments in relation to the importance of the recognition of natural gas as an efficient and important contributor to the reduction of CO₂ gases. His comments in relation to the greenhouse threatened world were very pertinent. We see some misleading statements about the efficiencies of various forms of heating. Gas is delivered to the point where it is most used. Let us all be grateful that gas is delivered to this House and that we do not have to be subjected to the freezing temperatures that abound outside. Having gas delivered to the point where the heating of water or the building takes place has an inherent efficiency. Therefore, I think the natural gas industry is an industry that we need to promote.

Its importance in terms of exports is also in need of mention. Last year I accompanied a youth federation trip to China led by the member for Pearce. Whilst in China that delegation went to great pains to explain to the Chinese the opportunities that were there for them in terms of accessing Australian natural gas. The Chinese were concerned about the fact that,
were they to start to rely on this natural gas, any sort of hiccup in the delivery of the gas would put them at jeopardy. We were able to reassure them very significantly that exports of natural gas from the North West Shelf of Western Australia have been going on for many years now without a single late delivery. In fact, the reliance of the Japanese consumers on North West Shelf gas is living proof that Australia cannot only produce this gas, package it, put it into bulk tankers and export it, but also deliver it reliably so that countries can continue to rely on it. I think that is important.

The point that the member for Bonython made about the indirect contribution to the world greenhouse gas effect and the CO₂ effect should not be understated. We need to understand that, when Australia exports an ‘environmentally friendly’ energy source such as natural gas, the benefit is for the world. Not consuming that gas here does not mean that we do not get the benefit here. People who have travelled to China—as I know you have, Mr Deputy Speaker—would be more than concerned about the level of pollution in the atmosphere there. It is important that we assist the Chinese, not only in terms of technology but also through the supply of natural gas, in reducing the level of atmospheric pollution they have.

The bill that we are discussing today deals with a move by the Western Australian government, which has requested a one-off prepayment for the remaining five years of the schedule. That schedule, which was initially put in place in 1985-86 and is due to run to 2004-05, governs the royalty sharing arrangements between the Commonwealth and Western Australia. Section 130 of the existing legislation does not allow for a one-off payment, but by amending this legislation we will facilitate the prepayment of the remaining amount, $79 million, to Western Australia.

In addition to winding up the present arrangement, the amendment will also create administrative efficiencies and simplification of the petroleum taxation revenue arrangements between the Commonwealth and Western Australia. We have many financial arrangements between the states and the Commonwealth. Perhaps the most pertinent at the moment is the tax sharing arrangements that we are currently putting in place, to come into effect on 1 July. Those tax sharing arrangements will see the states reap some $24 billion in income from the GST in the first year of operation, rising to some $27 billion in the second year. Those payments are of great benefit to the states.

I was very disappointed, however, to see that the Beattie government, in Queensland, was attempting to take advantage of some concern in the general populace about the introduction of the new tax system. The Premier grossly exceeded the bounds of justification of any state politician by coming out with a brochure which not only failed to acknowledge the federal government’s contribution to the First Home Owners Scheme but also criticised the introduction of the GST. I find it abhorrent that state governments, particularly Labor state governments, are currently criticising federal-state arrangements over the GST, when they are to be such great recipients of the resulting huge amount of money. It is disappointing to see a leader such as the Queensland Premier, Peter Beattie, being irresponsible in his approach to the greatest tax reform that Australia has ever seen. I can only say that he will be caught out in time. He is basically not being honest, not portraying the situation as it is—that the states are major beneficiaries of the introduction of the GST, they are major beneficiaries of tax reform and they will be freed of the charade of the Premiers Conference and the begging bowl mentality with which they go to the federal government every time they need money.

We see, as we have seen with this arrangement with Western Australia, the opportunity for a fruitful and successful relationship between the states and the federal government. It is important that, in all arrangements between the states and the Commonwealth, there is honesty and integrity from both sides. I think we need to see a little more honesty and integrity from some of the state leaders and politicians.
This bill involves the final stages of the agreement on natural gas. The payment to Western Australia will also allow Western Australia to facilitate good budgetary management as they go into the 2000-01 financial year. That will be important. We also need to encourage other arrangements which will enhance the production of natural gas so that natural gas is used more and more in the general community. It is an energy source which is highly transportable. We have seen the development of a huge network of pipelines. We have the potential now to bring natural gas from our near neighbours. It is an energy source which burns cleanly without residue and it can add greatly to reducing the level of particle pollution in capital cities around Australia.

This bill will repeal section 130 of the act and will allow for the prepayment of the remaining Commonwealth liability to Western Australia before the end of this financial year. In doing so, it will remove the statutory obligation to make continuing payments to Western Australia in accordance with the section. As the member for Bonython suggested, it was introduced to give some incentive to develop and produce natural gas in Western Australia, and it has been extremely successful. Overall, the Western Australian government should be more than happy with the outcome. I commend the legislation to the House.

Mr LIEBERMAN (Indi) (10.32 a.m.)—I support the Petroleum (Submerged Lands) Legislation Amendment Bill (No. 2) 2000. It is another example of the Howard government delivering on its election promise to review the taxation system and the administration of Commonwealth-state revenues. In this case, the bill repeals an ancient section which locked in an agreement by the Commonwealth to pay the state of Western Australia an amount under a schedule of payments in 1985 dollar terms. Remarkably, the legislation at that time did not permit any flexibility or payments to liquidate the Commonwealth debt to the state, as is now proposed by the government and welcomed, as I understand it, by the Western Australian government. In fact, the Commonwealth will make a single one-off payment of something like $80 million.

Mr Entsch—$79 million.

Mr LIEBERMAN—The parliamentary secretary confirms that it is $79 million. It is a value for money payment by the Commonwealth to Western Australia, and one that they welcome. It also enables the Commonwealth to obtain a discount for payment in advance and removes the administrative costs of having to make monthly payments for a number of years to come.

It is good to see that the North West Shelf is now a mature project. I never had any doubt that it would make it, having watched it develop over many years. I congratulate all of those people whose vision and courage have made it one of Australia’s great resource projects. It is a project in which there will be continuing exploration and discovery. Without getting carried away, it is a project that will last for decades in serving Australia, adding to our independence on energy production—in this case gas and some oil—and strengthening the future for our children. That is really what it is all about.

It is also a very positive project in the sense that environmentally there is a wide recognition that the use of gas is beneficial in reducing the use of fossil fuels and the pollution that flows from it. It is a matter about which I would like to congratulate John Howard and the Parliamentary Secretary, Warren Entsch, for achieving delivery of the government’s election promise on time. I look forward to more reviews and reforms between the Commonwealth and the states to assist both levels of government in Australia to serve their people better and more efficiently and to give more value for the taxpayer’s dollar.

I would like also to take the opportunity of again recognising that the government’s courageous tax reform package delivers to the states a $24 billion package in the form of all of the revenue from GST. My constituents still, when I point this out to them, express some
surprise that they did not realise that the GST revenue was going to be transferred to the states. If the nation continues to grow and prosper, as I believe with good management it will, it will give the states for the first time ever a real growth tax.

As a former minister in the state government, I can tell you that the annual treks by the Premiers and other ministers to the Commonwealth have always been pretty undignified. There was always the begging bowl syndrome. The public of Australia have always hated the dramatics that occurred, the wringing of hands, and with some justification. That occurred on some occasions with some Commonwealth governments, but not with the Howard government I might add. The Howard government has been the fairest and most progressive Commonwealth government seen by the states for many, many years.

There will be $24 billion of GST revenue provided to the states, a growth tax which will, as the years go by, enhance their ability to provide more police, more roads, more hospital services, more teachers, more education and more training. I heard this week the Prime Minister in the House expressing similar principles to that. I was contemplating, as a resident of the state of Victoria, what a significant thing it is to know that locked in now, not subject to the vagaries of different Commonwealth governments in the future, will be that growth tax. That revenue will continue unless, heaven forbid, Mr Beazley is ever elected Prime Minister and changes his policy. I understand his current policy is not to roll back the GST whereas before it was that he would roll back the GST. His policy is now not to change the GST, and I hope he does not change his mind.

It is good to see that these revenues that will go to Victoria, for example, will ensure that a Premier of any political colour, or a police minister of any political colour in the state of Victoria, can construct now into the development of emergency services such as police and emergency services a management and financial plan that will cope with the growth and needs of the state. So, too, in terms of public health, public hospitals. So, too, in respect of schooling and education, an investment that we all want to see enriched, as the Commonwealth government has done. It has increased allocations to education across Australia. The GST revenue is an add-on for the states now. I think that it is going to be of great benefit to the nation.

The fight has been worth while—and boy, has it been a fight. We have had three elections on tax reform in my short federal parliamentary career. We have been in the trenches fighting for it. We lost a lot of our good friends and colleagues in the battle and yet we got a mandate. Despite that we have had to fight for the last two years through the legislative process. We have had to fight the various delays and overcome the obstacles and, might I say, the untruths put forward by some political people to frighten and to muddy the water.

It has been a battle royal to achieve what soon will be transmitted into action on 1 July. And what a remarkable thing it is—if I might just muse a little bit—that there are people actually elected to the Commonwealth parliament, the place that represents the people of Australia, who, by their very words and behaviour, you can tell do not want the new tax reform package to work. You can tell from their behaviour and posturing, and, in some cases—thankfully, not in every case—from the way they manipulate and try and confuse and frighten people on the facts of our tax reform, that they, as members of Commonwealth parliament, obviously do not want the tax reform package from 1 July to work. They are trying to sabotage it. What a remarkable thing. It is fair enough for the opposition to say, ‘Howard is spending too much money on the education information program,’ on the tax reform—

Mr Sercombe—Do you agree with that?

Mr LIEBERMAN—Of course I don’t. I will tell you why: because it is the largest reform since Federation. No government in the Commonwealth’s history has had the guts and done as
much as John Howard to reform the tax system. As a former practising lawyer, particularly in commercial fields, I want to say this: consider if any government did what John Howard did and then did not make every effort to educate the community and to ensure that people in business, PAYE income earners who are not in business but are employed by business, and others associated with charities, churches and the like, all affected by Australia’s new taxation system, were not fully briefed and made aware of the changes. Let me give you one example: if John Howard did not take every effort to explain to people that, if you are doing business with a tradesman who produces an invoice to you without an ABN and the invoice is for more than $50, you are obliged to retain 48 per cent of the payment and remit it to the tax office.

You tell me what is wrong with the Prime Minister wanting small business in Australia to understand that that is the obligation, that that is why an ABN is needed. You tell me what is the evil of a Prime Minister spending taxpayers’ money to educate the community on that. The opposition says it is wrong to properly prepare the Australian community for the intricacies and complexities of Australia’s biggest tax reform package. What a remarkable intellectual thesis. You just break it open like an egg and say, ‘I want to understand what the opposition is about. I understand why they are going on about this.’ In fact, some of their members may not realise the lack—

Mr DEPUTY SPEAKER (Mr Andrews)—Order! The honourable member for Indi. Could I point out that whilst this debate is—

Mr LIEBERMAN—I should get back to the bill. I will.

Mr DEPUTY SPEAKER—Perhaps the member for Indi is moving somewhat beyond the parameters of this legislation.

Mr LIEBERMAN—I will conclude by saying that I wish the best to Western Australia. I want to make a private comment that my colleague the member for Kalgoorlie, Barry Haase, a Western Australian, has a great idea about tidal power. I hope that maybe the Western Australian government might see fit to use some of the $80 million to help get Barry Haase’s project off the ground—maybe a feasibility study. I think it is a great, imaginative project; I wish it well. And I thank the Parliamentary Secretary to the Minister for Industry, Science and Resources for his patience in allowing me to deviate a little bit from the bill.

Mr DEPUTY SPEAKER—Not to mention the chair’s!

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (10.44 a.m.)—in reply—I thank all the members for their contribution to this debate and for their valuable insights on the Petroleum (Submerged Lands) Legislation Amendment Bill (No. 2) 2000. Firstly, I thank the member for Bonython for his support for this bill and for his positive attitude towards LNG and the minerals industry in general. It is nice to get something bipartisan through from time to time; he certainly contributed very well. I particularly welcome the member for Bonython’s very positive comments on the Papua New Guinea gas pipeline project. As the member representing Far North Queensland, I certainly recognise the importance of this massive project to Australia and, in particular, to my own constituency. It is good to see it being supported again across a broader field.

The member for Groom was also a very strong vocal supporter of the resources industry, particularly in Queensland. Given from where he hails, there is little doubt that that would be the case. The member for Groom recognised quite rightly the benefits to both Australia and the wider community, particularly from an environmental perspective, of encouraging the production and exporting of natural gas to the rest of the world.

What can I say about the member for Indi’s magnificent contribution? As a longstanding and respected member of this House, he certainly recognises the importance of the North West Shelf and the LNG industry generally to resource production and both the economic and
environmental benefits to this country. I also thank him for his very positive comments on the importance of tax reform and for noting the benefits that this bill in particular will deliver with regard to cutting the red tape and simplifying the petroleum taxation arrangements.

This amendment bill repeals section 130 of the Petroleum (Submerged Lands) Act 1967 to allow the Commonwealth to pay out, in a one-off sum, our remaining financial obligation to the Western Australian government. This is not only a sensible outcome; it also meets the coalition’s election commitment to review and simplify the administration of petroleum taxation arrangements. The one-off payment of $79,118,990 was agreed to between the Commonwealth and the Western Australian government, and was based on agreed estimates of future obligations discounted to a current value using rates derived from the Commonwealth’s yields curve. The original schedule of annual payments was due to run through to the financial year of 2004-05. However, the original draft of section 130 of the act did not allow for payments in excess of the Commonwealth’s retained gas royalty share to be transferred to Western Australia.

The North West Shelf is a rich and valuable resource of natural resources for Australia, as was certainly highlighted by all of our speakers. Over the years it has grown and matured to a point where the Commonwealth royalty receipts from condensate, crude oil, domestic gas and LNG exceed the remaining share of royalty to be paid to Western Australia under section 130 of the act. This is an important and necessary amendment to the act. Once again, I thank all members for their magnificent contributions today.

Questions resolved in the affirmative.

Bill read a second time.

Ordered that the bill to be reported to the House without amendment.

FINANCIAL MANAGEMENT AND ACCOUNTABILITY AMENDMENT BILL 2000

Debate resumed from 10 May, on motion by Mr Slipper:

That the bill be now read a second time.

Mr TANNER (Melbourne) (10.50 a.m.)—The Financial Management and Accountability Amendment Bill 2000 amends the Financial Management and Accountability Act 1997. The need to do so arises from the government’s tax package, and particularly the implications of the GST upon the ordinary operations of the Commonwealth.

The legislation provides for a standing appropriation with an unspecified sum—which is something of a unique situation—in order to cover payments by the Commonwealth which are to pay GST on particular goods and services purchased by the Commonwealth where an input tax credit would arise. Of course, the GST does not apply to the activities of the Commonwealth or, indeed, its agencies, but it does apply to a variety of inputs that are purchased by the Commonwealth. Therefore, there is a GST component in the transactions of the Commonwealth that needs to be dealt with. In some situations the Commonwealth will be entitled to input tax credits. Ultimately, we are dealing with an entirely circular process here, because the GST proceeds do accrue to the Commonwealth, anyway, so it is a matter of the Commonwealth paying itself. Although the government has adopted a position that suggests that the GST is in fact a state tax, the Australian Bureau of Statistics and the federal statistician have expressed a contrary view that this is a rather dubious way of looking at the GST and that it creates an artificial perception as to what the percentage of GDP being taken by the Commonwealth actually is. Nonetheless, leaving aside that little piece of rather fraudulent accounting on the part of the Commonwealth and the Howard government, we are dealing with a situation where the GST transactions involved are essentially circular and it is ultimately a matter of the Commonwealth paying itself.
The reason why there is no standing appropriation that covers the GST component of the transaction as well as the substantive transaction is that accounting standards provide that the taxation component of the transaction should not be included in the expenditure of the Commonwealth. Unfortunately, there is a collision with section 83 of the Constitution, which provides that all expenditure by the Commonwealth government has to be the subject of an appropriation by the parliament—and quite correctly so. Therefore, we have a collision between accounting standards which are entirely appropriate and the requirements of section 83 of the Constitution. As a result, we have the proposed amendment, which, as I indicated, produces, to the best of my knowledge, a unique situation whereby there is a standing appropriation with respect to particular matters where there is no sum attached to that appropriation. To the best of my knowledge, no estimates have been provided as to what that figure may ultimately consist of.

However, it is important to note that the terms of the appropriation, as provided in the amending legislation that is before the Main Committee today, are quite strict and narrow, so that the legislation only provides for an appropriation to cover payments of GST liabilities that are attached to payments by the Commonwealth that are the subject of existing appropriations. In other words, there is a narrow definition of what this appropriation can apply to, which ensures that, as far as we can determine, it cannot be used in any way for creative purposes on the part of governments who may wish to avoid scrutiny by the parliament or to make purchases or expend money in ways that are not approved by the parliament.

On the face of it, the legislation appears unexceptional. It is a consequence of the GST tax package and is ultimately a bookkeeping device. It has been the subject of consultation with the Australian Bureau of Statistics, who appeared before a Senate estimates committee only last week, and I have also raised the matter with them. They have indicated that they do not have a problem with the legislation.

Members will be aware that the ABS have criticised the government’s refusal to include the GST proceeds as part of the revenue of the Commonwealth, because clearly it is the use of Commonwealth tax powers and the tax is initially accruing to the Commonwealth and the Commonwealth is then making the decision to forward the tax in replacement for financial assistance grants and various other forms of taxation or revenue to the states. The ABS has been critical of the Commonwealth for taking this position but, nonetheless, does not have a problem with this legislation.

In conclusion, it is worth noting that this is yet another complication, another complexity, arising from the implementation of what was going to be the world’s most simple tax. According to the government, nothing was simpler: we would get rid of the arcane, obscure, complex wholesale sales tax system and we would have this allegedly modern tax system which was simple and straightforward, with 10 per cent on pretty well everything; there would be no problems; it would be nice and easy to administer. About 2,000 amendments and six kilograms worth of legislation later, we are still going. No doubt after the implementation date we will get into a round of fixing up some of the fine details that nobody has thought of as yet. So we can await with some degree of trepidation for some of the amending legislation that will no doubt hit the parliament later this year as some of the mini and not so mini disasters that are going to emerge from the GST start to come to the fore.

This legislation is just one small instalment in this ever increasing flood of complexity arising from the implementation of this allegedly simple tax. In order to ensure that the tax can be implemented, amongst the vast array of other arrangements that are being made and legislation where you have such delightful terms as “for the purposes of this section an action that has been done will be deemed not to have been done” and other such magnificent
legislative instruments, we have an appropriation—possibly unique in the history of the Commonwealth, possibly unique in the history of Australia, maybe even unique in the history of the world; I do not know—where there is no dollar figure. The parliament is being forced to legislate to appropriate moneys for a particular purpose in the absence of knowledge as to how much money is involved, and the amounts will be pretty substantial.

Nonetheless, having said that, the opposition does not oppose the bill. We did fight tooth and nail to prevent the GST from coming into being—and we are still of the same view—but clearly it is of no benefit to the finances of the Commonwealth and the proper administration of the public accounts to oppose this piece of legislation. Given that the GST is now in legislation and is going to be implemented, this is an unavoidable change to the arrangements of the Commonwealth on the financial front and we therefore do not oppose the legislation.

Mr ST CLAIR (New England)  (10.58 a.m.)—As mentioned, the purpose of the Financial Management and Accountability Amendment Bill 2000 is to appropriate moneys to Commonwealth entities to meet certain payments arising from the introduction of the goods and services tax. The Commonwealth and Commonwealth entities will be liable to pay GST in respect of taxable supplies and taxable importations so that they will be treated in much the same way at that point as other GST taxpayers. They will not be exempt from GST passed on to them by their suppliers.

The accepted Australian guidance concerning the accounting treatment of GST in respect of expenses and assets is set out in the Urgent Issues Group Abstract 31, issued by the Australian Accounting and Research Foundation in January 2000. Consistent with this guidance, annual and special appropriations will be made on a GST exclusive basis.

The amounts of appropriation shown in the appropriation bills 200-01 do not include an allowance for recoverable GST. The figures represent the net amount that the parliament is asked to allocate for particular purposes. This approach is in line with the accepted accounting practice for the GST which specifies that revenues, expenses and assets are to be recognised net of the amount of recoverable GST.

Consequently, additional appropriation is required to cover those following payments that arise to recoverable GST: payments to suppliers to the extent of the GST embedded in the acquisition price and payments of GST on credible importations. Parliamentary control and scrutiny of expenditure will not be diminished as a result of the additional appropriation. The additional appropriation will have no recorded revenues, expenses and assets. It will not have any impact on the cash or fiscal budget balances. Some agencies may find it necessary to draw for a short time on bridging finance that is available under current banking arrangements in order to address the cash flow effects of the GST on departmental expenditures.

I conclude in support of the comments made by the member for Melbourne on the introduction of the GST. There are certainly going to be issues out there that need to come back to the House. We are all aware of that. When one looks at tax law in this country over the last 50 or 60 years, there always seem to be amendments coming through and things that need to be changed. I am sure that this is no different. I am a great supporter of the fact that we now have a broad based goods and services tax rather than a very narrow base of taxation that has been pushed onto manufacturers in particular in the way of hidden wholesale sales taxes. I support the bill.

Mr McCLELLAND (Barton)  (11.01 a.m.)—The Financial and Accountability Management Act which this Financial Management and Accountability Amendment Bill 2000 amends is a greatly undersung or underacknowledged piece of legislation. I think it is fair to say that, aside from the appropriations bills, this act is one of the most vital pieces of legislation to our system of government because it regulates the conduct by the executive and,
in particular, how they spend taxpayers’ money. The Parliamentary Secretary to the Minister for Finance and Administration in the second reading speech presenting this bill said:

It is a constitutional requirement that all payments by the Commonwealth be made under appropriation made by law.

That is, indeed, the case. Section 83 of the Constitution specifically states:

No money shall be drawn from the Treasury of the Commonwealth except under appropriation made by law.

That is a clear constitutional requirement. It is acknowledged in the explanatory memorandum to this bill why the amendment is necessary to ensure payments as a consequence of the introduction of the GST in instances where the Commonwealth is providing goods and services are properly accounted for. I note the parliamentary secretary has entered the main chamber. He also indicated in his second reading speech that these amendments are necessary to ensure parliamentary control over and scrutiny of expenditure. That is absolutely right. This Financial Management and Accountability Act is vitally important. In the context of the introduction of the GST specifically, these amendments are necessary.

I want to focus in my contribution not only on these specific amendments but also on those two points made by the parliamentary secretary in his second reading speech. I think they are vitally important for how we, as parliamentarians, operate and, in particular, how we operate in calling the executive arm of government to account for their expenditure of public moneys.

I note, for instance, that in the High Court case of Brown v. West in 1990, to pick up the impact of section 83 of the Constitution as noted by the Parliamentary Secretary, the High Court acknowledged the principle. The decision was:

... no money can be taken out of the consolidated fund to which the revenues of the state have been paid accepting under a distinct authorisation from Parliament itself.

The High Court held that that principle was entrenched in the Constitution by not only section 83, but also section 81 of the Constitution, and the court reaffirmed that any appropriation, whether annual or standing, must properly designate the purpose or purposes for which moneys appropriated might be expended. That is frequently overlooked by both the parliamentary arm of the government and by the executive arm of government, properly identifying the source of designation of an appropriation, that is, the legislative underpinning of a particular appropriation.

This bill is seeking to ensure that there is an appropriate trail of legislative underpinning for payments made by the government in respect of the GST. One area where they have not gone to such trouble in respect of the GST relates to the source of funding of their advertising program, which I understand is a total figure to date of about $431 million. But trying to track the source of appropriation for that funding is all but an impossible task.

I will just point out some facts here in terms of how this Financial Management and Accountability Act has not been applied in respect to this element of the GST. It appears from available research—and I have got to say it is like extracting teeth, when public servants should have this information at their fingertips—that $500 million was appropriated in the 1999-2000 budget, in Appropriation Bill (No. 1), to the Department of Workplace Relations and Small Business for the ‘GST Business Start-up Package.’ On 1 September 1999, this amount was a footnote in the Department of Employment, Workplace Relations and Small Business portfolio additional estimates statement 1999-2000. That footnote reads as follows:

An administrative arrangement order has transferred $500 million from the $502 million budget estimate for outcome 3 administered expenses to the Department of the Treasury.
That administrative arrangement order is necessary because of the operation of section 32 of
the Financial Management and Accountability Act. Subsection (2) provides that the Finance
Minister may:

(a) issue one or more directions to transfer from the old Agency to the new Agency some or all of an
amount that has been appropriated for the performance of that function by the old Agency; and,
(b) issue one or more directions to transfer from the new Agency back to the old Agency the whole or a
part of an amount ...

Subsection 2(a) is the relevant part, that is, transferring funds from an old agency to a new
agency.

The note, as I say, in the footnote to which I have referred, refers to an administrative
arrangement order transferring some $500 million. If I can put that in context, $500 million is
a very substantial amount of money. I heard on the news last night of an issue which affects
my electorate. About $260 million is being spent on building a new nuclear reactor at Lucas
Heights. We are talking about a figure of roughly twice that amount, equivalent to about two
nuclear reactors. That amount of money is being transferred, it says, by an administrative
arrangement order. But there is no evidence of any record of such an administrative
arrangement order, and I understand that, despite being requested to produce such an
administrative arrangement order, representatives of the Australian Taxation Office have
failed to do so. Perhaps it is with the Department of Finance and Administration, but wherever
it is, it had better be produced, and it had better be produced quickly.

We note also that there is no corresponding note in the Treasury papers for 1999-2000
recording that the $500 million windfall was ever received by either Treasury or the
Australian Taxation Office. Neither is there any mention of that transfer of these funds in the
second reading speech for Appropriation Bill (No. 3) for the 1999-2000 financial year.

All we have seen is that this $500 million, a massive amount of money, as I have said,
seems to have been administered by the ATO, but quite frankly we do not know how it got
there. There has been no appropriate designation or legislative underpinning for how that
money got there or how it is to be used. But it seems to be the source of funding for—again,
focusing on an issue in this amendment bill

On the basis of the information to date, there remains a significant question as to whether
the appropriation to fund the massive GST so-called information campaign has been properly
designated by the government in accordance with the High Court decision in Brown’s case to
which I have referred. If it has not been, then responsible ministers, and senior executives of
the Public Service in any of those departments, whether it is the Department of Employment,
Workplace Relations and Small Business, the Department of the Treasury, the Australian
Taxation Office or the Department of Finance and Administration, had better be getting some
legal advice pretty quickly, because there are very serious consequences of not complying
with legislative requirements in the expenditure of Commonwealth funds.

In particular, senior bureaucrats and ministers no doubt would be, or at least should be,
aware of the provisions of section 14 of the act, which provides that an official or minister
must not misapply public money, or improperly dispose of, or improperly use public money.
There is a maximum penalty prescribed in the act of seven years imprisonment for such
misuse or misapplication of public money. How a public servant can appear before an
estimates hearing and give evidence as to how money is being spent but not know the
legislative underpinning for that expenditure is beyond me. How could they have possibly
fulfilled their obligations under section 14 of the act if they have not even turned their mind to
it? They are very serious questions indeed.

In the absence of the production of an administrative arrangements order, which was
purportedly the basis of the transfer of the $500 million from the Department of Employment,
Workplace Relations and Small Business to Treasury and/or the Australian Taxation Office, there is still a significant question mark hanging over the heads of responsible ministers and senior public servants. I note also that expenditure made in the absence of such an administrative arrangements order or other legislative designation probably draws into question not only section 14 but also sections 26, 27 and probably 44 of the Financial Management and Accountability Act. I note that section 26 also provides for imprisonment for a period of two years.

While those sections to which I have referred relate to criminal proceedings, that is not the case regarding the general obligation of ministers of the Crown and senior public servants to the Australian people. Authorities make it quite clear that they are in the position of fiduciaries. They owe a fiduciary obligation to the Australian people, at common law, to ensure that moneys are properly expended. The test of whether they have breached that fiduciary obligation is not on a criminal onus but on a civil onus. In the absence of the public servants being able to trace the $500 million which has been the source of the propaganda campaign, I would suggest that there are a number of ministers and senior bureaucrats exposed to such an action. If they are victims of such an action, they could face the consequences of having to repay those moneys to the Australian people.

The Financial Management and Accountability Act is one of the most significant acts that our system of government operates under. It has not been treated seriously in respect of the appropriation for these government GST advertising campaigns, and the executive arm of government, specifically those ministers involved—the Minister for Finance and Administration, the Treasurer and the Minister for Employment, Workplace Relations and Small Business—has, quite frankly, compromised senior public servants. But senior public servants should have stood up to say, ‘Minister, I note your directions but we have obligations here. We have obligations to identify the source of the legislative underpinning for these expenditures. What are they? What are the purposes for which you want to spend the money? Give us the parameters of the program so that we can turn our mind to that.’

In that context I note that, in Brown’s case, the High Court referred to not only section 83 of the Constitution but also section 81, which held that an appropriation must be for the purposes of the Commonwealth. Again it must have been all but impossible for public servants to address their minds to what is the purpose of the Commonwealth in some of these GST in-chains commercials. The Ministerial Committee on Government Communications, which vets these advertisements, has not to my knowledge set any parameters for these advertisements: their intended audience, the intended effect, the information they are seeking to impart. There is no question that the in-chains advertisements that have been televised, in particular, are party political. There is not any information communicated as to the impact of the GST. There is not any reference to some other source which can describe how compliance obligations are satisfied. All there is is the imputation that, if you disagree with the government’s GST package, you are holding Australia back—a highly politically charged message.

I should say that this Ministerial Committee on Government Communications itself is not made up of those parliamentarians that exist on both sides that are concerned with propriety. It is made up of the former state branch secretaries of the Liberal Party. We have got the likes of Senator Minchin and the member for Kooyong, Mr Petro Georgiou, who are expert political campaigners and might be said to be experts in the art of political propaganda. They are the sort of people who constitute the Ministerial Committee on Government Communications, and, quite frankly, the senior bureaucrats have allowed themselves to be sold a pup by simply rolling over to the edicts of such a body. They have compromised the Australian Public Service to an extent to which it has not been compromised in history. Regrettably, the three
ministers to whom I have referred have brought shame on the Public Service. But, lest it be said that only ministers are in the gun here, the senior executives of those departments should have done more to ensure that they complied with their obligations under this vitally important Financial Management and Accountability Act.

I note, in the final point I wish to make in regard to the significance of this act and its application to the implementation of the GST, that section 44 of the act places a specific obligation on chief executives of government departments and agencies to ensure that they manage the affairs of their agency in a way that promotes proper use of Commonwealth resources. ‘Proper use’ is defined in section 3 to mean efficient, effective and ethical use.

I raise the question: how can it be ethical for the government to use its massive market power, based on $431 million worth of expenditure, to buy out time slots? It is about as moral as the activities of Austin Powers, the movie which was playing when the government bought out the slots. Not only did they buy them out; it seems that they entered into an arrangement with at least one television station so that, as a result of paying a premium—a premium with taxpayers’ moneys—they bought out any opposition to the government’s GST program by brewers which was also intended to be televised during a similar period. That raises a significant constitutional issue as to the right of free political speech, as the High Court found to exist in Lange’s case. We are getting into a very dangerous situation where senior public servants and ministers have ignored their obligations under the Financial Management and Accountability Act and have ridden roughshod over all principles to the point now of preventing political differences from being expressed with respect to the government’s programs. (Time expired)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.21 a.m.)—in reply—I take this opportunity to thank the honourable members for New England, Melbourne and Barton for their contributions to this debate. The Financial Management and Accountability Amendment Bill 2000, which enjoys the support of both sides of the chamber, maintains the integrity of the government’s new tax system reforms. In doing so, it reaffirms the government’s policy commitment of treating Commonwealth entities like other goods and services taxpayers.

Why is this bill necessary? Annual and special appropriations delivered in the budget will be made on a GST exclusive basis, that is, exclusive of GST that is recoverable through the input tax credit mechanism. This approach is in line with the accepted accounting practice for GST, which requires expenses and assets to be recognised net of recoverable GST. However, section 83 of the Australian Constitution requires that all payments be made under a legal appropriation. Consequently, to meet this requirement, an additional appropriation is necessary so that payments inclusive of recoverable GST can be made.

The honourable member for Melbourne conceded that this is an appropriate technical amendment bill. He also pointed out that the Australian Bureau of Statistics has assured him that it has no problem with the legislation. This occurred during the recent Senate estimates hearings. The member for Melbourne also pointed out to the chamber that, despite the Labor Party’s current opposition to the goods and services tax legislation, it is not in the financial interests of the Commonwealth to oppose this bill and its technical provisions. I would like to thank the opposition for their cooperation in having this bill debated in a timely manner. The honourable member for Melbourne also conceded that the goods and services tax transactions involved are essentially circular for the Commonwealth. The provisions of today’s legislation are, to quote the member for Melbourne ‘strict and narrow’, ensuring that the appropriation mechanism is limited. The honourable member is correct in this respect.
The honourable member for Barton sought to criticise the government for its public information campaign. The government has in other fora responded to the importance of this public information campaign. Indeed, even Labor luminaries have suggested that the government should keep people advised of the tax changes which are under way. The government is not going to apologise for its public information campaign because all we are doing is informing the people of Australia of what is the law of Australia as we approach 1 July, the date of implementation of Australia’s new tax system.

The honourable member for Barton was also a little self-indulgent as he travelled down alleyways, byways and pathways well removed from the scope of this legislation. I am regretful that, in contravention of standing order 76, he cast personal reflections on a number of senior ministers. He suggested that they acted inappropriately. The government of course rejects those suggestions.

This legislation provides a technical amendment which results from the way in which the goods and services tax will impact on Commonwealth transactions and the way in which annual and special appropriations are made. Parliamentary control over and scrutiny of expenditure will not be diminished as a result of the additional appropriation. The additional appropriation will not have any budgetary impact, as the part of the payment it represents will be recovered by the Commonwealth agency or department as an input tax credit. Accordingly, funding amounts in annual appropriation bills will continue to represent the cost to the budget that parliament is asked to allocate for particular purposes.

The Financial Management and Accountability Amendment Bill 2000 represents good public policy and responsible financial management. As I said before, we thank the opposition for its cooperation in enabling this debate to take place today. The bill reinforces the government’s commitment to implementing a fairer tax system for our nation. I commend the bill to the chamber.

Question resolved in the affirmative.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.
Ordered that the bill be reported to the House without amendment.

TRANSPORT LEGISLATION AMENDMENT BILL 2000
Second Reading

Debate resumed from 30 May, on motion by Mr Bruce Scott:

That the bill be now read a second time.

Mr MARTIN FERGUSON (Batman) (11.27 a.m.)—The Labor opposition supports the Transport Legislation Amendment Bill 2000. The bill essentially makes technical, but important, amendments to various legislation. In commenting on the nature of the bill, I intend to comment also on a range of other transport matters, including potential political interference in air safety operations by members of parliament, related to potential difficulties in South Australia at the moment. I will come to those comments in due course.

The first schedule addresses the obligation of Australia in relation to the international Madrid protocol. That important protocol relates to our obligations as a member of the world community in relation to marine environmental laws. For some time Australia has been in technical breach of that protocol and these amendments redress that situation. The breach has been a technical one and, importantly, has left our environment exposed. However, our international obligations must be treated seriously and we therefore support the correction of this technical breach.
The second schedule addresses an issue related to the wind-up of the national rail commission, AN. Schedule I of the bill amends the Transport and Communications Legislation Amendment Act (No. 2) 1992 to allow for the commencement of legislation implementing Australia’s obligations to prevent the discharge of sewage and disposal of garbage from ships in the Antarctic region. Schedule 2 contains provisions to facilitate the wind-up of the Australian National Railways Commission. This process has stalled on technical issues associated with the registration of land title in South Australia. Land has been transferred to the Australian Rail Track Corporation but the South Australian Attorney-General will not register title in the name of the ARTC unless certificates specifically identifying parcels of land under section 68AZJ of the AN Act are also provided. As the process of preparing the documentation for the issue of certificates will take some years, section 67AZJ of the AN Act must therefore remain operative.

The bill enables the remaining provisions of the sale act to be proclaimed, and the wind-up finalised, while retaining the authority to facilitate registration of the title by the South Australian Attorney-General. The bill also corrects citations of the Port August to Whyalla Railway Act 1970 in both the sale act and the Australian National Act. This bill essentially represents the non-contentious provisions of the transport and territories bill that has been delayed in the Senate, where differences exist between the government and the opposition.

This bill provides me with the opportunity, as I said as the outset, to talk on the issue of our Australian shipping industry, which is integral to the operation of a proper transport policy in Australia. I suggest to the Main Committee today that the coalition government have abandoned our shipping industry. They have, in essence, left it out in the cold. When you think about our recent involvement in East Timor, I think it is exceptionally important that we not only maintain a strong defence force in this country, but also ensure that we have an adequate coastal shipping industry to call upon, as required, for the safety and wellbeing of Australia as a nation.

Mr Sawford—Like every other sensible country.

Mr Hollis—I agree.

Mr MARTIN FERGUSON—Madam Deputy Speaker, I clearly agree with the interventions by other members in the Main Committee today. This is a national issue. Most forward looking nations are actually willing to support a strong coastal shipping industry, going hand in hand with a strong defence policy, which is about making sure that we have adequately resourced defence forces, be they navy, air force or army.

On that note, we all recall the anticipation of positive reforms for the industry in 1996 when the then minister for transport, Mr Sharp, announced the shipping reform group. In response to that report, there was further hope for the Australian shipping industry. The report proposed a solution to the continuous decline in the merchant shipping fleet. I might say that the language of the transport minister at the time was very positive. He said there was opportunity to restore and expand the industry. He said, in effect, ‘Despite that, I’m going to go for the easy issues because of difficulties within government and the hard issues will be left hanging there for future attention, such as a second register and the provision of fiscal support for the Australian shipping industry.’ The minister then set up another task force which prepared a second report on shipping reform. That shipping reform report is still sitting on the desk of the
current minister for transport and Deputy Prime Minister, Mr Anderson. But I note that, as with a lot of reports that have landed on the desk of the minister for transport, Mr Anderson, it has sat there gathering dust since April 1999. A pretty important report on shipping industry reform has sat on the minister’s office desk for 12 months.

In that context, when I was last in this chamber I responded to the minister’s response to four other transport reports that had also, unfortunately, sat on his desk for many months gathering dust. Those reports basically had been sitting there since 1997. Perhaps the minister will find some time to at least respond to this report on the shipping industry in the near future, because I think it is exceptionally important that the Australian community gets an expression of a point of view from the Howard government, and specifically from the minister for transport as to what his attitude is to that April 1999 report on shipping reform. I suppose one should not hold one’s breath, because the minister does not have a good record on attending to his transport responsibilities.

I go to the issue of shipping reform. Prior to his requirement to resign his portfolio responsibilities for other reasons, the then minister, Mr Sharp, deceived the Australian shipping industry and the people who rely on it for many purposes on a range of fronts. Despite that, I would say that the current minister, Mr Anderson, has done worse than deceive the shipping industry. He has blatantly and unashamedly cast adrift and failed to face up to his responsibilities.

I go to his address to the National Bulk Commodities Group annual dinner on 1 December 1999 when the minister made it very clear that our shipping industry is a sacrificial lamb. When you read the content of that speech, that was the message to the dinner. While he says he supports wanting to maintain the competitiveness of our export industries, he puts Australia in the category of a major user of shipping services and not as a major supplier or provider of shipping services. To ram the point home to the shipping industry, the minister said:

Australia’s national interest is advanced by strengthening our most competitive industries—our export industries. While it is true that the Balance of Payments would be adversely affected by a smaller national fleet than we currently have, the net impact on the economy from industry having access to alternative more competitive shipping services would be positive.

These are not the positive words of encouragement and cooperation expressed in 1996 by the Howard government.

This open slather approach by the current minister’s commitment to winding back cabotage and liberalising the coastal shipping arrangements clearly pushes this point home to those in the industry beyond any doubt. It is also reflected in the rapid increase in the number of single and continuing voyage permits issued over the last few years to the detriment of this industry and its capacity to service Australia, and to those who seek a livelihood from employment in this industry.

Let us go to 1995-96. There were 421 single-voyage permits and no continuing voyage permits. In the period from 1998-99, the figures rose to 704 single voyage permits and 41 continuing voyage permits. This represents an increase of over 40 per cent in the number of single voyage permits issued during the period. The continuing voyage permits increased from zero to 41 over the same period. I advance to the House that the transport minister and Deputy Prime Minister, Mr Anderson, is very deliberately subverting the intent of the Navigation Act 1912 by allowing the liberalisation of coastal shipping in this way by subterfuge.

I would remind the House that the intent of the Navigation Act 1912 is to require ships engaged in coastal trade to be licensed. The licence requires the ship operator to pay
Australian wages for the time that ship is on coastal trade. The act allows the minister to issue permits to unlicensed ships but only in certain and particular circumstances. I suggest to the House that the current policy of the government goes way beyond the intent of the act and way beyond what is in the best interests of Australia and of our defence requirements, such as the need for a decent and strong coastal shipping industry, a need we recently experienced during the East Timor difficulties.

I will go through the circumstances of this act. They are, firstly, that no licensed ship is available for the service and, secondly, that the service as carried out by the licensed ship or ships is inadequate to meet the needs of such port or ports. Further, the minister is satisfied that it is desirable in the public interests that the unlicensed ships be allowed to engage in that trade. The number of single-voyage permits and continuing voyage permits, combined with the minister’s statement at the dinner of December last year, clearly indicate that these provisions are being misused deliberately to pursue a different government agenda and to undermine the intent of this parliament by the Navigation Act 1912. It clearly reflects, yet again, the arrogance and contempt that the Howard government has for the national parliament and the bills and legislation of this parliament and our desire as a parliament to protect, promote and strengthen Australian industry.

I say ‘misused’ because inherent in the act is a predisposition to the use of licensed ships; inherent in the structure of the act is the policy of cabotage. The problem is that this government do not like cabotage. They have a policy, very clearly, to wind it back, but they do not have the courage to do it through a proper legislative process. Subterfuge, deception and deceit is the order of the day when it comes to the Navigation Act in Australia in the year 2000. That is because, deep down, they know that the implications of removing cabotage are very far reaching for Australia as a nation. It is because they know that any proper debate about the removal of cabotage based on facts and international comparisons will ask too many questions that are too difficult for this government to answer; it will raise too many questions that deliver answers that do not match the rhetoric of the Howard government about shipping reform.

What we are left with, unfortunately, is not reform but deform. It is a strategy of blindly pursuing lower costs in the Australian coastal trade at the expense of a range of important priorities for Australia. Let us go to some of those priorities. Firstly, it is at the expense of fair and reasonable pay and conditions for crew. Those crew have actually improved productivity dramatically in recent years as a result of the shipping industry reform agenda pursued by successive Labor governments from 1983 to 1996. There was an opportunity for the Howard government in 1996, when it initially responded positively, to further achieve improvements in our performance on the shipping front. But, alternatively, this government has gone out of its way to bomb shipping opportunities in Australia and, in doing so, to destroy employment opportunities for Australians.

Secondly, it is at the expense and risk of Australian marine and harbour environments. I underline that very important issue. I would have thought when I raise that issue that all of us in the Australian community would have thought that scares like that which occurred last year in Sydney Harbour would have rung the alarm bells in the ministerial wing of the national parliament—but apparently not. We are prepared to risk our coastal environment through this government seeking to completely undermine the intent and the importance of the Navigation Act 1912.

I also say it is at the expense of Australian jobs. Our seafarers are very decent people, committed to Australia as a nation and committed to their employers. But we have got a nation at the moment which, in the mind of the Howard government, runs second best to giving our coastal shipping opportunities and employment opportunities to overseas nations.
and to workers from overseas. I simply say our first priority as a nation ought to be for jobs for Australians.

I also say it is now very clear, as a result of questions we have been pursuing in the Senate, that not only are we endangering jobs in Australia in the coastal shipping industry; it is also at the expense of Australian security and at the expense of the Australian immigration laws. It is no longer a question of people arriving in illegal vessels. We have now got an increasing number of people entering Australia illegally through this government’s very deliberate policy of favouring foreign vessels through continuous and single-voyage permits. They are prepared to put at risk Australian security and the Australian immigration system for the purposes of trying to destroy a decent industry, trying to undermine the wages and conditions of decent Australians and, in essence, trying to export Australian seafarers’ jobs to foreign operators. This government is not prepared to stand up for Australia’s national interests.

I also believe it exposes our community to the horrors of Ships of shame. We all know about Ships of shame. In fact, the former Labor minister for transport Peter Morris is an expert recognised internationally on this front. He continues to remind the Australian community about the danger of undermining coastal shipping and about the danger of the current government policy favouring overseas operators, giving them favoured treatment with respect to continuous and single-voyage permits at the expense of the best interests of the Australian community.

I have raised today a range of issues which reflect the downside of the current government’s policy on the shipping industry. In doing so I remind the House of an article in Lloyd’s List DCN on 24 March 2000 where Mr Payne from the Australian Shipowners Association made the following comment in relation to the implication of removing cabotage. He said:

...the fact is that the government may be taking a can opener to a container of worms that would be difficult to control if let loose.

I simply say I agree with Mr Payne. Any fair-minded Australian interested in the best interests of Australia as a nation would also thoroughly agree with the comments of Mr Payne in March this year.

In this country under the Labor government I will simply say today that we had an open, fair and honest approach to shipping and maritime reform. Hard decisions were made, hard negotiations were held, and the results were delivered in concrete terms to assist the industry and the nation at large. The approach of the Howard government stands in stark contrast to that open, honest and fair approach aimed at trying to ensure that the Australian coastal shipping industry competed on an even playing field.

I also believe that the Howard government is not as committed as other governments—such as those in Britain, Denmark, the Netherlands, Norway and Germany—to the importance of the coastal shipping industry. That is a debate obviously that we will have as time goes on. In relation to the Australian fleet in international trading, we again have a clear example of where this government is not acting to address an unfair advantage in the market. The minister is perpetuating a situation where Australian flagged ships are being severely disadvantaged in tax terms. Australian flagged ships as a result of that policy are being driven out of business, not because of inefficient work practices or ineffective business operations, but because they can gain significant tax advantage by operating under a flag of convenience. They are also competing against countries that have major tax mitigation measures in place to support their industries.

The merits of these systems I cannot address in detail today. It is enough to say again that the government is not supporting Australian ships in the same way other countries are supporting their industry. The transport industry understands these problems, but the problem...
is that the Minister for Transport and Regional Services, despite being made aware of them, is unwilling to act. He is clearly aware that the playing field in shipping competition is not level, but he merely shakes his shoulders and says, ‘So what? I am not in a hurry to worry about those issues. The report has been on my desk since April of last year and as far as I am concerned it can stay there because I could not give a tuppence for the shipping industry, our security as a nation, or the livelihood of those workers.’ That in essence is the conclusion you draw from the minister’s lack of action on this important area of industry development in Australia. His simple message is, ‘I am going to leave the industry out there to dry.’

I go to the issue of the share of cargo carried by Australian flagged vessels into Australian ports. As a percentage of deadweight tonnes it fell from 9.98 per cent in 1995-96 to just 3.68 per cent in 1997-98. That figure was down further to 3.29 per cent in 1998. The only hope the minister offers is to herald the GST as being an opportunity to reduce costs in the industry. Then we become aware that foreign ships and operators are receiving concessions over and above Australian ships on that front as well. I suppose he will come up with another excuse after 1 July.

The do-nothing approach has also seen a collapse of investment in Australian shipping and the average age of the Australian shipping fleet has increased as a result. The average age of Australian vessels was stable at around eight to nine years for the decade of the 1980s and the early 1990s. We could rightly claim then that we had a modern, safe and efficient shipping fleet with highly skilled crews and crewing levels down to the OECD average. That average has slipped to 13 years now because of inaction by this government. I venture to suggest that this government is handing the job of carrying our exports and imports to a Third World shipping fleet with an average age of 18 years, some which are ships of shame. And we will pay around $1 billion in current account losses for that privilege.

The minister’s plans see our freight carried entirely by flag of convenience vessels with untrained crews, vessels on which even the most basic of safety standards are optional. To again quote the head of the Australian Shipowners Association in *Lloyd’s List DCN* in March of this year, he said:

Mr Anderson has rendered the Australian flag uncompetitive and has confirmed what shipowners were beginning to believe would be the case, that there is a positive disincentive to use the Australian flag.

I think we all agree that is a disgrace. The minister really does have it in for the Australian shipping industry and the contribution it makes to our economy.
On waterfront reform, I also remind the House that we saw the bludgeon approach—rottweilers and balaclavas—and, I might add, significant financial expense to the community. And what did we get as a result of that dispute and the use of rottweilers and balaclavas? I go to the latest figures which show that, in the December quarter 1999, ship berth availability was down to 88 per cent, well below the government target of 97 per cent. Even more telling are the container rates. In the December quarter, the container rates slid back to 19 per hour. On the eve of the 1998 waterfront dispute, that rate was 18.8 lifts per hour. The target set at the time by the Minister for Workplace Relations and the well-known owner of balaclavas and rottweilers, Mr Reith, to be achieved by April 1999, was 25 crane lifts per hour.

The waterfront assault by this government was a monumental waste of community resources. The government’s figures, revealed in Senate estimates, clearly prove that beyond any doubt. It is for that reason that I remind the House today of those figures. The open and honest approach to reform under Labor has been replaced by an underhanded, deceptive and dishonest approach to change. The inaction of the minister makes a mockery of his government’s purported commitment to defend Australian shipping and shipping jobs by placing the industry on a competitive footing for the future.

Labor supports the passage of the Transport Legislation Amendment Bill 2000 and calls on the minister for transport to attend to his transport responsibilities. I clearly argue today that on the shipping industry, as with other facets of the transport portfolio, the minister has been slow off the mark. I believe his form for sitting back and not engaging in the issues is clearly evident in the chamber from day to day. I also addressed on that front a range of road and rail issues in the Main Committee last week.

Whilst I have concentrated on the issue of shipping today, I want to raise another important mode, aviation, where I believe the minister’s performance is also under close scrutiny. Last week we had the tragic loss in the Spencer Gulf of friends and colleagues on the Whyalla Airlines flight. Our thoughts are with those affected by this tragic accident. A very personal friend of mine was one of those who went down in that airline accident.

Having said that, the gravity of such tragedies and their impact on our communities brings home to us all how important the role of our safety regulator is. The Australian public places great faith and trust in the regulator and all those providing aviation services—CASA, Airservices Australia, the airlines, individual pilots—and their responsibility is to ensure that they keep a focus on safety. That focus cannot be blurred by extraneous factors and, importantly, it cannot be distorted by different agendas.

The minister for transport must take that responsibility seriously. He must be fully accountable to the Australian public. I therefore refer to an article written by Laurie Oakes in today’s Bulletin magazine that makes claims about the minister’s manoeuvres in relation to public announcements made in relation to the tragic Aquatic Air incident. It is important that the minister heeds the warning of that article. That warning was that cover-ups, censoring, blocking or any other messing with the facts of problems or issues with the regulator or their surveillance role will surface eventually. Anyone who tries that will get caught out over time.

Today I have also released a letter from the member for Grey to the then CASA chairman, Dick Smith. I might say that another letter is referred to in today’s Canberra Times. I simply say that if there are other letters, they should be made public to the Australian community. I have also today called on the Minister for Transport and Regional Services to disclose details of all communication and correspondence between politicians and CASA in relation to the regulation of Whyalla Airlines. Last week the minister was quick to release letters to clear up other allegations—notably, an endeavour to undermine the standing of Mr Dick Smith in the eyes of the Australian travelling public. I make no comment on the content of those letters.
What I simply say to the minister is that if it is good enough to release some letters, if there are other letters relating to the operation of Whyalla Airlines then they should all be released for public discussion and consideration today. In an article in the Bulletin today, Mr Anderson is reported as saying to the CASA chairman, Dick Smith:

Dick, you can’t admit in a press release there are still problems with CASA.

This is about public accountability John Anderson style: good news only, chaps. That is not good enough and we are watching you, Mr Anderson, on a day-to-day basis when it comes to these issues.

In my public announcement last week, when I sent my condolences to the families, friends and communities affected by the tragic crash, I gave an assurance to those families and the local communities that I will make sure that questions about how and why this happened will be pursued vigorously. I simply say today that I am going to honour that undertaking to those families and to that community.

The obligation on the minister today, having released some letters relating to the performance of CASA and the then chairman, Mr Dick Smith, is to come clear on allegations in the media today that, in addition to a letter from the member for Grey, Mr Wakelin, there are other letters from politicians floating around. I do not know, but I, like the Australian public, am entitled to know if there are other letters and the content of those letters. We cannot have a continuation of question marks being held over the independence and the capacity of CASA to operate in a proper, accountable way as a regulator of air safety in Australia.

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—Order! The honourable member’s time has expired.

Mr MARTIN FERGUSON—I seek leave to table a letter from Mr Barry Wakelin concerning the operation of Whyalla Airlines.

Leave not granted.

Mr WAKELIN (Grey) (11.57 a.m.)—I understand that the Transport Legislation Amendment Bill 2000 enjoys the support of both sides of the parliament and that it deals with the Australian National Railways Commission Act and some technical issues around the Port Augusta to Whyalla Railway Act and the Australian National Railways Commission Sale Act 1997. It further deals with the Transport and Territories Legislation Amendment Bill 1999 and the Transport and Communications Legislation Amendment Bill (No. 2) 1992, which is to do with the amending act relating to definitions and provisions in the pollution act to incorporate definitions of the Antarctic area and Antarctic protocols. So the legislation here today is fairly straightforward.

Can I share with the member for Batman my absolute shock and total agreement with him over the tragedy of last week. I suppose I am still coming to terms with it. Many of those people were known to me as well. It is important that the issues that surround CASA are totally transparent. I have no issue with that whatsoever. I would say that, yes, I had some correspondence back 2½ years ago with the minister and brief discussions with Mr Smith. It is interesting to me that the actual legislation which set up CASA in 1995 made it an independent statutory authority. Whilst I did not endeavour to influence it in any way, I was trying to facilitate safety in the issue that I became involved in. But CASA, in its independence, actually did pursue its own course. In other words, CASA was not, to my knowledge, influenced by anything that anyone else may have said. I did my best to represent my constituents who had some problems, and I will await the outcome of the inquiry which has to be as vigorous and as stringent as any inquiry should be in these matters.

Mr HOLLIS (Throsby) (12.01 p.m.)—Parts of this legislation have been before the House before. Because of delays in the Senate, parts have been taken out and the legislation is now
back before the Main Committee. This gives one the opportunity to speak a second time on some of the issues raised. As the shadow minister and honourable member for Batman has said, the opposition supports the Transport Legislation Amendment Bill 2000. As he has also indicated, it makes technical but important amendments to various legislation.

The first schedule addresses the obligation of Australia in relation to the international Madrid protocol. That important protocol relates to our obligation as a member of the world community in relation to maritime environment laws. As was also indicated earlier—and it is an issue that has been debated before—Australia has for some time been in technical breach of that protocol. These amendments will redress that situation. As I said, the amendments are technical and have not left our environment exposed. But given our concerns about the environment—which I will highlight later—this is an important matter and we naturally support it. Schedules 1 and 2 address issues related to the wind-up of the National Rail Commission.

Madam Deputy Speaker, it probably will not come as any surprise to you or to my colleagues in the House that what I really want to talk about is the transport legislation as it relates to our Australian shipping industry. Because we are dealing with a protocol on the environment, albeit the Antarctic environment, I will be concentrating quite a lot on the threats to our environment. I have many good friends on the other side, but what I cannot understand about them is the determination they have to destroy the Australian shipping industry. They often talk about us on this side being captive of the trade union movement. Every so often they will quote how many members come from a trade union background. I have never been embarrassed about being strongly involved in the trade union movement all my life, and I do not know why they hold this up.

On the other side, we could equally say that they are captives of big business or of the farming community or of someone like that. Often with the attacks on the trade union movements, but more especially as they relate to shipping, one fears that the opposition are only mouthing the words of other people. The Australian shipping industry is more important to this country than it is to most other countries. We are an island continent. Most of the stuff that comes here comes by ship. Our major exports of bulk commodities—be they coal, wheat or other things—go out by ship. My own electorate, which covers Port Kembla, has a grain facility and a major coal loader, and these ships come in there and export Australia's commodities.

I cannot understand this mad determination by those on the other side to destroy the Australian shipping industry. It is small enough as it is. Successive governments have let it decline. I cannot understand this determination to do away with cabotage. You will not find this in the United States or in many other countries, where they actually support cabotage. But we have got this determination. The farming community have been active, as we saw with their involvement in the waterfront dispute a couple of years ago. They often talk about their commodities going out in shipping. If I were an exporter of a commodity, I would want it to go out on a decent ship which employed people who were paid a decent wage, so that I was assured that that commodity would reach its final destination.

I sometimes wonder whether, a few years ago, when ships were going down off the Western Australian coast—something like six in 18 months—people were getting more from the insurance of these commodities. Are we going back to the bad old Plimsoll days when unscrupulous exporters would overload ships, heavily insure them and they would go down? I am not saying that is happening today, but it raises the prospect that it could happen. So I think they are taking a very shortsighted view. Given the reforms of the Australian shipping industry over the years, the decrease in crew numbers, the multiskilling of the crew, Australian shipping today is among the best in the world with respect to crew. The crews are
well trained, well skilled and well paid. But that should give a guarantee to people who are exporting their goods that the goods will reach their final destination. Some of these ‘ships of shame’ come in with huge crews, all being paid a pittance. It seems to me it would be better to have a much smaller, well-trained crew, being paid a decent wage and having decent conditions.

The honourable member for Batman raised the issue of single-voyage permits. Single-voyage permits are a move by stealth to destroy the Australian shipping industry. I remember when I first came into this parliament that it was very rare that a single-voyage permit was issued. There was a whole process that you had to go through. You had to go to the minister to get approval. You had to prove that it was needed and that there was no Australian ship on the run that could do that work. I have figures going back to 1990-91, when there were 142 single-voyage permits issued. In 1991-92, the figure was 203; in 1992-93, 307; in 1993-94, 470; and so it goes on until 1997-98, when the figure was 779. You can see the increase each year in the number of single voyage permits.

I have had a look at some of these ships that have been issued a single-voyage permit. I remember going up to the Port of Gladstone about two years ago, having received a call to say that a ship there was in a deplorable condition. It had been issued with a single-voyage permit to transfer grain from Albany in Western Australia across to Gladstone. It was discharging there and then, from memory, it was going to Mackay to load sugar. That ship had something like 142 defects. It was an absolute disgrace. Some were minor defects but some were serious. I spoke to some of the crew. I briefly went on board, until I was ordered off. When we talk about single-voyage permits, these foreign flagged and foreign crewed vessels are often in a deplorable condition.

We are making much of the reality and the potential of the tourist industry in this country. I believe our greatest tourist attraction is the Great Barrier Reef. The majority of Australian shipping to and from goes on the inner passage of the Great Barrier Reef. There is a debate about whether you go on the outer or inner passage but it goes through the inner passage. All the coal from Port Kembla on rusty, disgraceful, old ships with poorly trained, poorly paid crews trundles up the inner passage of the Great Barrier Reef. It is just good luck, and not good management, that we have not had a major environmental disaster.

Picture the image that goes abroad of the Great Barrier Reef of people in brief bikinis—I guess all bikinis are brief—zooming around amongst the very colourful fish to say nothing of the beautiful multicoloured coral. Imagine all that awash with coal and sludge oil from ships. That is going to happen. Imagine the cost then when the exporters talk about how they want the best possible deal and the lowest possible price. Who is going to pay for the clean up of the Great Barrier Reef when it is awash with oil? What are we going to say about the detergents and what the oil does to the coral? They will put the starfish to shame as we try and remove the oil from that area. That will happen because we have permitted ships that are in a disgraceful condition and because this government has destroyed the Australian shipping industry.

One of the committees of this parliament that I am a member of—and which the honourable member for New England is a member of—gets what we call the ship detention list every month. We have a look at it. It is quite interesting. There are usually quite a few ships. It lists how long they were detained and why they were detained. It must be said that the number of ships in detention has not been as great as it was a few years ago, although I must say I was appalled by the budget when I saw that this government cut AMSA by 80 staff. Who is going to do the inspection now? I do not know. That is because the worst of the ships of shame no longer come here. They go somewhere else. Nevertheless, there are still a lot of ships coming through here that are in a disgraceful condition.
I know people always say I exaggerate. I well remember a couple of years back, when the then member for Hume, John Sharp, was leaving the chamber after I had made one of my speeches about destruction of the Great Barrier Reef, I overheard him say to someone, ‘There is Colin Hollis making the same speech he has been making in this parliament for the last 10 years.’ That may well be true. The topic is still there.

I have said to every member and every minister for transport, ‘If you think I exaggerate, come down to Port Kembla with me. Talk to the Missions of the Seamen of which I happen to be a board member. Come with me and have a look at the ships’. I will not make a political issue of it. Every time a ship is detained in Port Kembla, the union always telephones me. I go down there and have a look at the ship. We make a video of it because in the past people have said that we exaggerate and tell lies. I have asked every minister of transport to come down to Port Kembla, especially when there is a ship detained. I say to any member of the parliament, especially on the other side, to come down to Port Kembla. I will contact them when a ship is detained and we will have a look at that ship. We will talk to the crew if possible and have a look at the condition of the ship and crew.

I sometimes wonder when someone from the other side is going to come into this chamber and talk about and support the Australian shipping industry? We support many of the issues that they bring up. I am a strong supporter of, for instance, the trucking industry, as the honourable member for New England would know well. I am also a strong supporter of the rural community and things like that. I want someone from the other side to come in here and talk about the shipping industry and talk about what we are going to do.

We make much in this parliament of the so-called foreign takeover. We talk about it when so-called icons of the Australian ethos are sold off, be they Speedos or Arnott biscuits or something like that. What greater icon of Australia is there than our shipping industry? Why shouldn’t we have a good, well-trained and well-paid shipping work force? I make no secret of it that we in this place are well paid. Why shouldn’t those who go down to the sea in ships and those who go down the pits in the coal industry be well paid as well? Of course they should be well paid.

There is a great danger to Australia regarding some of the ships that are on the coastal runs. It is a tragedy in this country that we are allowing cabotage to go, we are allowing an increasing number of foreign vessels on our domestic trade, on our export trade, with poorly trained and poorly paid crews. Australia will pay a price for that, make no mistake about it. We have ignored this for short-term gains. The honourable member for Batman was talking about the defence implications. I would agree with him there, but there are environmental and all sorts of other implications.

There is also such a thing as decency. The conditions that many of the crews on these vessels operate under are appalling. I have met people who have been physically, sexually abused; they have been half starved, they have not been fed; they have not been paid their wages and when they are paid their wages in a port, when the International National Transport Federation comes in and intervenes, they sign documentation and that documentation is taken from them. There is murder on those ships. Often these seafarers are from Third World countries. If you are a national from a Third World country and if you perceive there is some problem in Port Kembla or Newcastle or Sydney and you are sailing to Brisbane, you can disappear over the side and no-one hears about it or cares about it. It seems to me that a really great tragedy is happening.

I very much support the idea that in Australia we have our own shipping industry. We need it for the national wellbeing of the country and for the economic good and the decency of the country. I agree with my colleague in supporting the measures contained in this legislation in the Main Committee.
Mr ST CLAIR (New England) (12.18 p.m.)—I must take up what the member for Throsby has said on the question of shipping. I would be delighted to come into this House and support what he has to say, because I think it is true. Having been involved in the timber industry for some 32 years, having utilised the ships that plied from Tasmania, particularly out of Burnie up into Far North Queensland in carriage of that timber and certainly having been involved in the chartering of ships around the world to bring product in from South-East Asia, the Philippines, Malaysia and other places, I would look forward to taking up his recommendation.

We are talking about the Transport and Territories Legislation Amendment Bill 1999, which is about rail. The bill incorporates amendments that relate to the Australian National Railways Commission and the Transport and Communications Legislation Amendment Act (No. 2) 1992.

These amendments are currently being considered as part of the Transport and Territories Legislation Amendment Bill 1999, on which I spoke in the House, and which is now before the Senate. While this House has passed the bill and the Australian National Railways Commission amendments were moved as government amendments in the Senate, it appears that provisions unrelated to those contained in this bill will delay its passage.

With Australia’s vast distances and strong regional industries, rail—which I know the member for Throsby also feels strongly about—is vital in the transport of goods and services and in the development of regional Australia across the whole of the nation, particularly in a nation with the same landmass, roughly, as the United States of America. It is of vital importance that both the Australian National Railways Commission and the maritime amendments are allowed to proceed in a timely fashion to enable the wind-up of the Australian National Railways Commission to be finalised by 30 June this year, and for Australia to meet its commitments under the 1998 Protocol on Environment Protection to the Antarctic Treaty.

I note that the opposition indicated that it would support these amendments when they were initially debated in the Senate as part of the Transport and Territories Legislation Amendment Bill 1999. In 1997, the sale of three businesses of the Australian National Railways Commission constituted a significant milestone on the government’s rail reform agenda. This government, the Howard-Anderson government, places a very high priority on achieving reform in this very important area. The sound performance of the former Australian National Railways Commission business in private ownership clearly supports the government’s view that the Commonwealth should not be involved in the operation of railway businesses. I have certainly said in this place before that I do not believe that governments should be involved in the running of any commercial businesses.

The passenger operator has extended the historic Ghan services between Adelaide and Alice Springs to Melbourne and Sydney as part of a strategy to target important international tourist markets. The two freight businesses have achieved profitability for the first time in many years and have attracted significant new business to them. As rail freight becomes a viable alternative through competitive prices and service quality, as well as the huge saving to the industry through the new tax system, which includes the abolition of the excise on diesel—and that is a great thing—the industry will facilitate and enhance the performance of other businesses. This impressive achievement will contribute to the security of long-term employment in the rail industry. Having the main northern line coming through Werris Creek, in my electorate, is very important for such an area. Werris Creek has traditionally been an area of high railway employment.

Two issues of a technical nature have been identified which need to addressed before the remaining provisions of the sale act can be proclaimed. The proposed amendments will
correct inaccurate citations of the Port Augusta to Whyalla Railway Act 1970. They will also enable the preservation of a technically robust process of registration of title for land already legally transferred from the Australian National Railways Commission to the Australian Rail Track Corporation. Even though the proposed amendment is of a technical nature, it is essential to enable the wind-up of the Australian National Railways Commission, therefore reducing the ongoing administrative cost to the Commonwealth.

Australian National now has a bright future, with the new owners committed to major capital investment and service upgrades and with an aggressive approach to expanding the rail industry. There is no question, as has been said before, particularly by the member for Farrer, that we will rue the day that we ripped up so much track in this country. Successes to date include a 13 per cent increase in passenger traffic on the Ghan; competition of the east-west freight market has decreased prices by 40 per cent; and Tasrail is profitable for the first time—and I notice the member for Bass is present—in 130 years, and it is to be congratulated.

We are well and truly committed to the rail industry through the commitment to the future of rail and a recognition of the vital role which rail will play in Australia’s development. The government has moved quickly to address rail’s lack of competitiveness. There is a recognition that reform had to be based on opening up the rail network to new operators, injecting private sector expertise and creating the environment in which rail could flourish.

I may just take the short time to recognise the work being done in the upper New England area where there are no further rail services at this time. They cease at Armidale about halfway through New England. But there are groups known as the New England Railway Group and Friends of the Railway doing astonishing things on sections of the unused rail north of Armidale from the station of Dumaresq right through to Wallangarra. In fact, there are some very exciting things being done at Wallangarra with the railway station and providing some tourist opportunities. As we go to all sorts of places around Australia, we do see some very exciting things happening in the tourist area for small railways. People are to be commended on the work they are doing.

I am sure that as we have a look at more access to the rail track in places like New England, which has a railway running right through the middle, we will benefit from this change of attitude and the fact that more interest is now being taken in our rail industries. This government has sought contributions to the rail policy agenda through vital parliamentary reports like Tracking Australia. Our chairman of the House of Representatives Standing Committee on Transport and the Arts and the member for Throsby, who is also a member of the committee, were very much part of bringing down that tremendous report Tracking Australia. There is the staging of a rail summit and the establishment of rail projects task force.

The establishment by this government of the Australian Rail Track Corporation, which has responsibility for managing the interstate rail network linking Brisbane, Sydney, Melbourne, Adelaide, Alice Springs and Perth, provides a one-stop shop for access to the interstate rail network to reduce the costs and facilitate competition. The ARTC has already consolidated management of the track between Kalgoorlie and the New South Wales border and, therefore, has been able to lower access prices. The formation of the ARTC is a major breakthrough in achieving genuine national reform in the rail industry. I have to say that that will be tremendous.

Having been involved in the timber industry for some time, as I mentioned earlier, I would just like to record how much things have changed. When I brought about 1,000 tonnes of timber by rail from Port Adelaide through to Punchbowl in Sydney, the rail trucks were loaded with timber with square edges. They forgot that all the railway tunnels were round. The result and mess at the end of that rail trip was quite extraordinary.
I am pleased to see that there have been substantial changes over the last 25 years. We have been able to achieve a national agreement with state transport ministers to improve safety, regulatory and operational standards across the national rail network. This will overcome the existing situation where train operators have to work under a myriad of different regulatory and environmental operation environments.

We have committed $165 million to the Alice Springs to Darwin rail project. This commitment is being matched by $165 million and $150 million contributions from coalition governments in the North Territory and South Australia respectively. The project alone will create about 7,000 jobs over its three-year construction and will certainly benefit regional Australia and open this country up. This is in contrast to the record of our colleagues on the other side claiming to support the project prior to coming to government and immediately scrapping the project once elected.

This government has certainly been able to lead the way in getting the Sydney to Canberra very high speed train process under way. We have been having briefings on that. The government is working with the ACT and New South Wales governments to determine the feasibility of this infrastructure development. It has established a high level parliamentary members' committee to facilitate development of the proposed Melbourne to Darwin inland rail. It has committed over $300,000 towards a pre-feasibility study of the Melbourne to Brisbane section of the railway, a very important section. It has enhanced the competitiveness of the rail industry through the removal of the diesel excise fuel with a substantial reduction of some 36c a litre to remove the excise altogether for the rail use. These arrangements form part of the new tax reforms. The effective tax rate on diesel will be reduced to zero. That is worth about $160 million a year to the rail industry.

The member for Throsby was talking about colleagues on this side. I want to draw to the attention of the Main Committee a number of the issues on which, when we talk about rail, members on the other side have no credibility. Their record has been massive job losses, massive taxpayer subsidies—which we still see going on—ill-conceived investment plans and the perpetuating of fragmented, state based operations. Under the opposition, over 7,000 rail jobs were lost, rail lines were closed, ripped up, and business opportunities were certainly lost. Each state pursued, in those days, fundamentally incompatible developments that have left the interstate rail system with 22 different safe working systems and 18 train radio systems. A crazy situation! Labor's investment in rail track was sporadic and lacked an overall plan to maximise benefits in the network. Ill-conceived plans also resulted in poor investment decisions that have seen slower track speeds on some of our interstate corridors than were achieved decades before that. Labor failed to address the issue of new high speed rail links for Australia's future, and made promises it had no intention of ever keeping.

To conclude, I will quote something that sums up the Labor Party's commitment to rail in Australia. It was said by a previous member of the House, former Prime Minister Bob Hawke, in 1983:

I promise you that only a Labor Government can be trusted to build the Alice Springs to Darwin line. We, if elected, will complete the Alice Springs/Darwin rail link.

Yet after 13 years Labor had achieved nothing.

Ms O'BYRNE (Bass) (12.32 p.m.)—I would like to take just a short time in the Main Committee, as other speakers have in discussing the Transport Legislation Amendment Bill 2000, to discuss the issue of shipping transport in Australia. I am sure there would be few in Australia who do not remember the pain that we went through as a nation to meet the view of the Minister for Employment, Workplace Relations and Small Business of how our ports should be. As the member for Braddon has already referred to, we would all remember the dogs, we would all remember the balaclavas and the attempt to divide our community. I say
that the minister for workplace relations ‘caused’ this because this was a strategic—and costly—plan of the government.

The minister, in his infamous waterfront strategy paper, set out to create a waterfront dispute. We would all remember the lines of that report. I would like to quote some of them:

In the meantime, we need to further develop plans to involve the MUA in a dispute, on an issue and at a time of our choosing. … a stevedoring issue could be used to sack stevedores. … Further work will need to be undertaken on possible triggers, in the meantime, no action should be taken that will neutralise any such possible triggers… In terms of timing it is important not to engage the MUA until both stevedoring firms are in a position to commence re-starting operations without the existing workforce.

The minister carefully orchestrated a dispute to create what he claimed would be a more effective port and would turn the community against those employed in the waterfront industry. We know he failed in attempting to demonise the waterfront workers, but how did he succeed in agenda for ports?

In April 1998, in his paper ‘Waterfront reform: seven benchmark objectives’, the minister announced the following benchmarks: a national five-port average of 25 crane movements per hour by April last year, 97 per cent of ships calls finding a berth within four hours of the scheduled time by April last year, industrial action per 1,000 employees no more than the national average by April last year and no more than 64 work related injuries per 1,000 employees and no fatalities by 1 January this year. These were very clear benchmarks set by this government and these were what we paid for with the very expensive waterfront dispute. But what do we have?

In order to determine this, you need to look at the data contained in the publication Waterline. I will refer to the March edition, which I think is the most recent edition available. Let us start off with the five-port average. In the September quarter last year, it was 19.6; it had fallen to 19 in the December quarter figures—far below the minister’s stated objective of 25. The minister targeted the berth availability indicator at 97 per cent last April; the December quarter is down to 88 per cent. The Waterline report also states that the average waiting time for ships unable to obtain a berth within four hours of the scheduled berthing time was 21 hours; that has also dropped from the previous quarter’s time of 22 hours. In the first two quarters of 1999, the waiting times were 11 hours and 14 hours. Dr Feeney, during Senate estimates considerations in May, could not provide the information on injuries and fatalities at that stage.

What an achievement for the Minister for Workplace Relations! All that planning and pain. And for what? To pursue an ideological outcome. I must however point out that the Burnie port in my home state of Tasmania have advertised that they think they will achieve record cargo outcomes. But let us put that in context. Even before the waterfront dispute they were moving record numbers, which made the attack on them just so blatantly about ideology rather than transport efficiency.

The Minister for Workplace Relations was not really interested in shipping, and neither is the Minister for Transport and Regional Services, obviously. We are still waiting for his response to the two shipping reports he has before him. The first is the Manser report commissioned by Minister Sharp in 1996 and handed to the minister in 1997. This Manser report identified a number of key recommendations designed to increase the international competitiveness of the Australian shipping industry. The second report was commissioned by this minister and handed to him in April of last year. The failure of the minister to do this jeopardises not only our shipping future but also all of those industries caught up in it—harbour management, marine insurance, navigation and regulatory services, ship broking and charter industries.
What has this government actually done for the shipping industry? We have increased the amount of foreign flag vessels getting single- and multi-voyage permits on our coasts. In 1990, the Australian fleet comprised 76 ships of which 45 were involved in coastal shipping. In 1999, the fleet comprised 58 ships of which 35 were involved in coastal shipping. In the early 1990s, as the member for Throsby said, around 200 single voyage permits were granted. By 1998-99 that had increased to over 700 permits for single or continuing voyage permits.

I have got grave concerns about the standard of non-Australian registered ships working our coast. We have already heard some discussion about the conditions of those ships from the member for Throsby. I remind members that I have already drawn their attention to the issue of the Nicholas Star, which was detained in a Tasmanian port just recently, not by the federal government but by the International Transport Federation due to human rights abuses of their crew.

The government has created an unfair playing field. Australian ships are being forced to compete with foreign ships with little regard for their crew welfare, for the integrity of our coastal environment or for the maintenance of their vessels. The minister has simply got to get his act together and respond to the needs of the industry and to the reports he has had before him, not for weeks, not for months, but for years.

Mr BRUCE SCOTT (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (12.37 p.m.)—in reply—In summing up for the Minister for Transport and Regional Services, the Deputy Prime Minister, I want to say it is a pleasure to do so on his behalf.

I thank all the speakers who have contributed to this bill, the Transport Legislation Amendment Bill 2000. Whilst it is a minor amendment, it is important that members have an opportunity to express their concerns or their ideas in relation to matters of transport. I think some of the comments from members on the other side of the House have certainly been wide ranging comments, though not always in keeping with the thrust of the bill. Nonetheless, they have had their opportunity during the debate on this Transport Legislation Amendment Bill.

This bill makes minor technical amendments to several acts. The effect of these amendments is to enable the wind-up of the Australian National Railways Commission, AN, and to allow for the commencement of legislation to allow Australia to meet its obligations under the Protocol on Environment Protection of the Antarctic Treaty. They are minor technical amendments which will ensure the cleaning up of some legislation which is no longer required. And I would like to thank the opposition for their cooperation in regard to the passage of this bill.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1) 2000

Second Reading

Debate resumed from 6 April, on motion by Mr McGauran:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (12.40 p.m.)—The International Tax Agreements Amendment Bill (No. 1) 2000 proposes to enact new double taxation agreements with Romania. In addition, it also proposes to enact the protocol, that is to say an amendment, to the existing double taxation agreement with Finland.

These double taxation agreements are generally consistent but do have some differing provisions because of the specific domestic tax arrangements of some jurisdictions. For
example, the maximum withholding tax that can be imposed on dividends paid of profits
under the Romanian double tax agreement by a firm operating in one country to residents of
the other country is five per cent, whereas this rate has been reduced to nil in the Finnish
protocol.

Double taxation agreements exist to clarify taxing rights between jurisdictions for income
derived in one jurisdiction by a resident of another jurisdiction. They attempt to ensure an
equitable distribution of taxing rights and to avoid double taxation so as to encourage trade
and investment between entities of the jurisdictions. Practical considerations mean that there
are minor differences in treatment of some items between nations, often reflecting the
domestic provisions of the foreign country’s tax legislation. Labor significantly expanded the
network of double taxation agreements to which Australia is a party. This approach has been
built upon by the current government. We support building on that approach and we do not
oppose this bill.

Let me add that our position in relation to this bears out Labor’s willingness to cooperate
with the government on taxation measures which we see as being in the public interest. We
have no desire to impact negatively on the taxation system of this country and have done
everything we possibly could to give us the best possible taxation arrangements. However,
when the government introduces taxation legislation such as legislation in the shape of the
goods and services tax, the new tax system, which we see as not being in the national interest,
then we have not hesitated to oppose that legislation. We believe that, as 1 July approaches,
more and more Australians are realising that our position on this was right. We can see, in the
case of pensioners and self-funded retirees, that the compensation which the government
proposes for them is manifestly inadequate. We can see that compliance costs for small
business are very severe. They greatly exceed the $200 which the government has put forward
as part of its GST start-up assistance package. In fact, the opposition regards it as scandalous
that the government can put forward a promotion package for the GST of the order of $400
million when small businesses who need start-up assistance get a miserly $200.

When I have talked to small businesses, some of those that are involved in the area of food
production, bakeries and the like, where some of their items are going to have the GST
applied to them while others are not, they tell me their compliance costs are of the order of
$30,000. Frankly, $200 simply is not going to cut it. With respect to the current advertising
campaign, the Prime Minister says the latest TV ads cost only $20 million; the whole
promotion campaign exceeds $400 million. This is a scandalous waste of taxpayers’ money
and Labor strongly opposes it.

We have had many instances of small businesses contacting us and saying, ‘We are unable
to get the information which we need to adequately comply with the GST.’ With respect to
businesses applying for their ABNs, there was a dreadful example provided to the House last
night by the member for Swan, concerning someone who had applied for an ABN, had not
heard anything back and could not get through to the tax office to find out what was going on.
At various times he was informed that he had received his ABN; therefore he could throw his
second application away. He was then told that they had no record of his first application, so
he needed to make a second application.

I have had correspondence on my desk this morning from a person who applied under the
reply in five service and after six weeks was still not able to get information out of the tax
office. Indeed, they sent him an email saying, ‘Reply to your GST query,’ and it was blank
underneath. And I might add that a lot of people in business have noted that the tax office’s
reply in five service says just that. It does not say anything about days, so it could be five
days, or five weeks, or five months. Unfortunately the tax office is manifestly failing to deal
with the workload that this government has imposed on it through the introduction of a
complicated new taxation system. So in the case of this legislation we are happy to support legislation that we see as being in the public interest, but in relation to tax changes which we think will give us a more complex and less satisfactory and less fair taxation system we will oppose and continue to oppose those measures.

Mr BAIRD (Cook) (12.45 p.m.)—I rise to support the International Tax Agreements Amendment Bill (No. 1) which makes additions to the International Tax Agreements Act 1953, formalising two agreements into legislation. Firstly, it inserts the text of a new double tax agreement between Australia and Romania. Secondly, it slightly amends the existing double tax agreement that we have in place with Finland.

Currently Australia has a network of 38 bilateral tax treaties which serve to facilitate trade and investment flow between signatory countries by clarifying taxation jurisdictions. The Romanian agreement will be a welcome addition to this network as Romania is currently Australia’s largest trading partner in Central Europe, and it is widely seen by many Australian companies that operate in the area as a possible hub for future operations in that region. The agreement, which I was able to look at more closely when it appeared before the Joint Standing Committee on Treaties, closely resembles the other comprehensive taxation agreements that Australia has with other countries.

The changes to the agreement we have with Finland are minor and are mostly concerned with excluding from dividend withholding tax dividends paid out of fully taxed company profits. In terms of the other aspects of the legislation, double taxation, put simply, is when a taxpayer is caught in an area of overlapping taxation jurisdiction between two countries and is thus taxed twice for any income derived while investing abroad. It is a situation that happens frequently as the world’s various taxation systems have developed independently of each other. However it is clearly a disincentive for investment and trade. This means that both sides miss out on the benefits of a healthy bilateral relationship.

Double taxation agreements accept that both countries have the ultimate right to tax their own residents under their own laws. They also mean that, generally speaking, income, profit or other gain is taxed in the country of its source. The rights to tax different sources of income are allocated between the two countries. In instances where income may be taxed in both countries, double taxation agreements mean that the country of residence is to allow double tax relief—if it is taxes—against its own tax equivalent to the tax imposed by the country of source. Double taxation agreements mean a clarification of the tax jurisdiction for any companies or individuals performing international transactions and a subsequent freeing up of the flow of capital between the two countries.

In relation to Romania, the agreement with Romania will cover tax on income derived by individuals, tax on profits, tax on salaries, tax on dividends, and tax on agricultural income. The derived withholding tax imposed by Australia and Romania will be limited to five per cent of the gross amount of dividends paid by a company which is a resident of one contracting state to a resident of the other contracting state who is entitled to those dividends if they are paid out of fully taxed profits and if the receiving company holds at least 10 per cent of the capital of the paying company. In any other case the rate will be 15 per cent. Also, the tax rate limit in the source country will be 10 per cent for interest and royalties.

As I have mentioned, Romania is Australia’s largest trading partner in Central Europe. At present the trading relationship is largely in our favour: exports and merchandise to Romania totalled around $75 million last year, while Romanian imports were around $8 million. Romania is becoming increasingly strategically integrated into Western Europe, pushing to become a member state of both the EU and NATO. It is therefore very much in Australia’s interests to form stronger relationships with Romania.
On the other hand, Romania has been in economic recession since 1997. The difficulties accompanying transition from a planned to a free economy, coupled with the loss of guaranteed markets in Eastern Europe, have resulted in several years of economic shrinkage. During 1999, for instance, the Romanian economy contracted by 4.8 per cent; the year before that it was by seven per cent. It will be noted by some of my honourable colleagues how unfavourably that compares with Australia’s performance of 3.8 per cent economic growth which shows the benefits of a very strong and very good government. The trend in Romania needs reversing. Increased investment from countries like Australia, assisted by the greater certainty coming from the double taxation agreement, may well prove to be an important stimulant. Clearly, there is much potential for both countries to benefit from a turnaround in fortunes.

The relationship between Australia and Romania has developed significantly in the last year or so. I am pleased to see that we have a new ambassador, Ms Manuela Vulpe, who took up her post in Canberra late last year. At the same time as Ms Vulpe was taking up her place in Australia, the Minister for Trade, Mark Vaile, was in Romania establishing a consulate-general under Mr Don Cairns. Romania also has a trade representative posted in Sydney and there is a significant community of around 14,000 expatriate Romanians living around Australia.

I note that a particular aim of our future trading relationship with Romania is to broaden the selection of goods that Australia exports to that country which is at present limited to iron ore and coal. It seems to me there is a great deal of potential for Australian exporters to sell to Romania, particularly in view of the aim to make it a hub for central Europe. I welcome the move to assist the continuing development of that relationship with this agreement. The double taxation agreement with Romania will commence on the first day of next year at the earliest.

The Finnish protocol simply updates the list of taxes to which our existing agreement with Finland should apply and ensures a reciprocal exemption arrangement for dividend withholding tax for fully franked dividends. Finland is another country with a great deal of potential for Australian exports. In contrast to Romania, Finland has enjoyed a healthy level of economic growth for some time now and it is expected to be in the region of five per cent. Economic growth, the fact that Finland enjoys a large trade surplus with us and its ongoing engagement of the Asia-Pacific region identify it as a market that is well worth Australian businesses exploring. At present our main exports to Finland include mineral ores, transport equipment and alcoholic beverages, while the most obvious imports would be paper and telephonic equipment in the form of Nokia mobile phones, et cetera, which have wide distribution in Australia.

Mr Neville—I hope we are sending Bundaberg rum.

Mr Baird—Yes. My colleague the Minister for Forestry and Conservation recently spent some time in Finland with a view to future enterprise involving the Australian forestry and Finnish paper industries. The Finnish protocol will have effect from 1 July next year at the earliest. I also note, in terms of our relationship with Finland, that the two IOC members from Finland were very supportive at the time that the vote was made as to whether Sydney should get the games. As we won by two votes, we have much to thank Finland for.

The purpose of this bill is to formalise as legislation the two agreements Australia has made with Romania and Finland. The benefits that this bill offers to Australians investing in either Romania or Finland are clear as there is greater security provided from the threat of double taxation. It is an important step forward. It is part of the widening of Australia’s taxation agreements with other countries. It is also about expanding our trade opportunities and our investment opportunities, as we have done in so many ways: by the expansion of the Export
Market Development Grant Scheme; by the widening of the services of Austrade and establishing new posts; and also, most importantly, by the assistance to exporters generally through the introduction of the GST and the removal of the wholesale sales tax. All exporters when they sell overseas will not have the GST or any tax, and that does put them in a very competitive position. It means that some $4.5 billion worth of taxes are taken off exporters from Australia. That will mean improvement in our balance of payments and is part of the significant move forward in terms of our balance of trade, our economic ties with other countries and the future long-term development of Australia’s economy. I commend this bill to the House.

Motion (by Mr Neville) agreed to:
That further proceedings on this bill be conducted in the House.

Sitting suspended from 12.55 p.m. to 4.30 p.m.

APPROPRIATION BILL (No. 1) 2000-2001
Second Reading

Debate resumed, 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

Mr CADMAN (Mitchell) (4.31 p.m.)—I want to recap some of the outstanding but not necessarily widely publicised decisions of the recent federal budget as set out in Appropriation Bill (No. 1) 2000-2001. In particular, I want to draw the House’s attention to the $20 million to divert juveniles from the criminal justice system in the Northern Territory. In addition to that, I want to draw attention to assistance given to rural areas for digital television.

People have been concerned about the defence of Australia, and in the budget there is an increase of $304 million to defence, which includes $20 million to Australia’s Reserves and $128 million for the upgrade of the two Collins class submarines. Other appropriations include: education expenses up by $383 million; $10.3 million for Jobs Pathways, an excellent program of transition for young people from school to work; $49 million over four years additional funding to detect, deter and prevent the entry of illegal immigrants; $3.5
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million over four years to promote renewable energy; $6 million to preserve Sydney Harbour defence sites, a very important project for the residents of Sydney; $47 million for early intervention parenting and relationship support to assist in the nurture of young children; $131 million to increase the youth allowance, particularly for farm families; $15.8 million to implement a national skills program for volunteers; $37.1 million over four years to help identify potential leaders, particularly in rural areas; $100 million over four years of aid to East Timor; $175 million new industrial research and development grants; and $344 million of venture capital for start-up businesses.

All of these, taken in toto, lead me to believe that the main themes of the government policies have been maintained in the budget, that is, jobs, low inflation, low interest rates and support for families. In addition to that, there are some enlightened initiatives.

Mr ZAHRA (McMillan) (4.33 p.m.)—I welcome the opportunity to speak on the Appropriation Bill (No. 1) 2000-2001. We have got some serious issues to confront in Gippsland, and this government is doing absolutely nothing to confront those issues. Sadly, I must report to the House that last week it was revealed in statistics that Gippsland has the second highest unemployment rate in Australia, and the small area labour market statistics for our region reveal some significant unemployment hot spots within that large all-Gippsland statistical region, which has been confirmed as having the second highest unemployment rate in Australia.

In the Latrobe Valley where I grew up and where I still live, the small area labour market statistics reveal the following: Moe has gone from 15.5 per cent unemployment to 16.4 per cent unemployment; Morwell has gone from 16.1 per cent unemployment to 17.3 per cent unemployment; and Traralgon has gone from 9.1 per cent unemployment to 9.4 per cent unemployment.

At the western end of my electorate, the situation is similarly grim. Baw Baw Shire, which incorporates the towns of Warragul, Drouin, Longwarry, Yarragon and the Neerim district, generally speaking, has an unemployment rate which is broken down into three small area labour market statistics. It has gone from 10 per cent to 10.4 per cent, 8.5 per cent to 8.8 per cent and 6.2 per cent to 6.7 per cent. So the trend is ever upward. The problem that we face in terms of our unemployment situation is significant and requires a significant response. However, in this budget, nothing was done to turn around the unemployment situation which we face in the Gippsland region.

I think it is worth mentioning that we are not just talking about my constituency in terms of high unemployment when we talk about the all-Gippsland statistical region. We are also talking about the constituency of my colleague the member for Gippsland, whose seat extends from the east of the Latrobe Valley right through to the border with New South Wales. It is a large area. It is worth noting that the unemployment rates in East Gippsland shire are also cause for concern. In Bairnsdale, the unemployment rate is 10.7 per cent. In Orbost, the unemployment rate is 11.9 per cent, and in the south-west of East Gippsland shire the unemployment rate is 8.7 per cent. I would suggest that Mr McGauran needs to start to do a whole lot more to represent the interests of his constituency and to make sure that those people who are living in those towns in his electorate which have very high levels of unemployment do get some action from the federal government. He should be ensuring that there is a serious and significant approach to turning around the unemployment situation which we face right across the Gippsland region.

It seems to me that this is a government that does not want to use the powers that it has to improve the lives of ordinary people. This is a government that does not want to do anything at all—even things that are easily within its scope and power—to make things better for the
people of the Gippsland region. I point to perhaps the most stark example of this. Morwell, in
the Latrobe Valley, which is a very important town in my electorate, is looking down the
barrel at the closure of its Telstra call centre. This call centre has experienced significant
reductions in terms of the number of people employed there over the last 2½ or three years. It
has gone from employing 110 people to now employing 65 people. Despite this significant job
decrease which our community has already had to bear, it seems that Telstra management are
intent upon closing this centre, even though, as I quoted earlier, Morwell has an
unemployment rate of 17.3 per cent. It is the highest unemployment rate in the Latrobe Valley,
the highest unemployment rate in the all-Gippsland statistical region and unquestionably one
of the highest unemployment rates in Australia. Despite this, Telstra management have given
indications that they are keen to see the closure of the Telstra call centre in Morwell.

Last time I checked, Mr Deputy Speaker, the majority shareholder of the Telstra
Corporation was the federal government. You would have to ask yourself what type of
government we have in Canberra, in charge of this nation’s destiny, which would allow, in a
town like Morwell, the closure of an important employer which would mean the loss of
another 65 jobs, in a town which has an unemployment rate of 17.3 per cent. It would indicate
very clearly a government that does not care and does not want to use the powers that it has to
do something to improve the lot of people in Morwell and in Gippsland more generally.

I noticed with a great deal of bitter irony that Telstra made an announcement this week
about how they are going to establish some type of regional presence in the Gippsland region.
They announced that they were going to open a regional office in Sale in the electorate of my
colleague Mr McGauran. When I saw that announcement I was particularly interested to see
how many jobs we were talking about. Under questioning from an ABC journalist, I
understand it was revealed that there would be in the order of five or six jobs created by the
announcement that there was going to be a regional service facilitator for Telstra, or
something like that, in the Gippsland region.

On the one hand, we, in Gippsland, have already lost 30 Telstra jobs as a result of their
downsizing in the region. We now know that there are another 65 jobs at risk at the Telstra
call centre in Morwell. We know that because they have told us there has already been a loss
of 60 jobs at that centre over the last few years. So what have we lost? We have lost 30 jobs,
we have lost 65 jobs and we stand to lose another 65 jobs. That sounds to me like about 160
jobs which we either have lost or are at risk of losing. And they announced six jobs, six jobs
to try to make us all feel better. It is not going to make us feel better. They should be doing
more in regional Australia and much more in regional Victoria to help offset the serious
unemployment problems which they have, in part, created in my electorate, in particular, in
the Latrobe Valley. This is an important issue for all people in the Latrobe Valley. I though I
would read a letter which I have in my possession which was presented to my colleague Peter
McGauran in relation to this issue. It says under the subheading ‘Telstra Morwell’:
The Latrobe Valley cannot afford to take any more job losses due to Government cut backs or planned
Privatisation of the Telstra Network. Morwell alone has lost 8000 jobs in the last 7 years mainly under
the Liberal State and Federal Government sell off of instrumentalities and relocation of services to other
centres. Telstra Morwell must remain as it is with no job losses.
I could not have put it better myself. This person, who I know is a long time Morwell resident,
has summed up the mood of the people in our community. More should be done, and the
government should be prepared to use the 51 per cent stake which it has in Telstra to lever
better advantage for the people who live in the Latrobe Valley and in other regions which rely
on employers such as Telstra to maintain quality of life for the people there.

But this is part of a much greater problem which we have with the federal government.
Whilst we tend to talk about Telstra as a key issue in regional service provision and regional
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jobs—and they are; they are important—there are also other issues which we confront in the regions which should be addressed by the federal government but which are not being addressed. I think it is worth mentioning in this debate the serious issue which we confront in the proposed postal deregulation which this government seems intent on pursuing. I hope and pray that that will be duly knocked off, because I do not think it would be a good thing for our nation and I do not think it would be a very good thing for the prospects of those Liberal Party and National Party members of parliament in marginal seats. Mind you, it might well end up being a good thing for the nation if those people are no longer around after the next poll.

Just to give you an idea of what we are talking about with the government’s proposed deregulation which threatens post offices right across Australia as well as the cost of postage right across Australia, they are saying—and this is in Australia Post’s submissions to the Senate inquiry into this—that if postal deregulation were to go ahead, as has been proposed by the federal government, $200 million would be written off the bottom line of Aussie Post just like that. Gone would be the $200 million of revenue which they depend on. For the interest of the Main Committee, Aussie Post are already losing in the order of $90 million just to absorb the cost of the GST. Whilst Aussie Post is a very successful organisation, a very well-run public organisation in Australia, I do not think any organisation can survive for too long after suffering those types of losses—losing $200 million in revenue and $90 million just in absorbing the GST.

I and my colleagues in the Labor Party who represent regional areas want to see this proposed deregulation of Aussie Post defeated. I had cause over last weekend to speak to a woman named Cathy King, who is the Labor candidate for the seat of Ballarat. We spoke about this issue and I know she feels very strongly about it. Like us, she wants to see the proposed postal deregulation bill defeated and she wants to see support for an improved service by Australia Post to people living in rural communities.

When we talk about services in regional Australia we must not forget to talk about the services which are important to the elderly who live in regional areas. I was alarmed to get information about a week ago in response to a question put on notice by Senator Chris Evans, the shadow minister for aged care. He received a response only a few days ago on how many nursing home beds and how many aged care hostel beds there are in certain areas. What was revealed in relation to the Gippsland region was that Gippsland had a deficit of about 160 nursing home beds and a deficit of about 170 aged care hostel beds. That is a total of about 330 aged care beds which we should have in our region, according to the government’s own targets, but which we do not have because the government has not seen fit to provide us with those resources.

To give people an idea of what that means, I have quite a few aged care hostels which have 25 or 30 beds and quite a few nursing homes which have 40 or 50 beds. So those statistics, that we have about 300 to 350 too few aged care beds in the Gippsland region, mean that we have—and this would be a generous estimate—about seven too few aged care hostels and nursing homes. This is a significant underresourcing of our region. It is something which the government needs to move quickly to rectify as we have, by all accounts, an ageing population in the Gippsland region. The government needs to act now whilst it is an identified problem and not a crisis. We need to move swiftly to make sure that this does not become a crisis. I would urge the minister to take this issue seriously and to deal with it as soon as possible.

In discussing the federal budget, it is worth while comparing the type of budget which you see from the Howard government versus the type of budget which we have seen from the Bracks Labor government, the newly elected Labor government in Victoria. I might just give a few examples of what we in my electorate have been fortunate to have got out of the state
There are a couple of very important items. Our region has received funding from the Bracks Labor government of $2 million for the development of an energy park in the Latrobe Valley—

A division having been called in the House of Representatives—

Sitting suspended from 4.49 p.m. to 5.01 p.m.

Mr ZAHRA—As I was saying, the commitments which the state Labor government in Victoria has made to the region that I represent have been significant: $2 million announced for the creation of an energy park in the Latrobe Valley; allowing us to enjoy our natural advantage when it comes to electricity pricing; $11 million announced for the creation of an education precinct around Monash University’s campus at Churchill, a fantastic idea and a great demonstration by the Bracks Labor government of its commitment to educating our people in the Latrobe Valley; $5 million for the building of a new police station in Moe—long overdue and very welcome—recently announced by the Labor Attorney-General, Rob Hulls; $4.9 million announced for the refurbishment of the campus of the Central Gippsland Institute of TAFE; $1½ million announced for the refurbishment of the Grey Street Primary School in Traralgon; and $3.9 million announced for the upgrading of Warragul Regional College. All these were announced by the Bracks Labor government in its first budget. So there is the contrast. On the one hand, you have a government with a commitment to a region. On the other hand, you have a government that fails to see the potential of a region and fails to invest in that potential, fails to do anything to help the lot of ordinary people living in that area, and washes its hands of any responsibility to help the people there to get ahead, get a start, get a job, get on with their lives, help their families create a future.

No assistance at all has been announced for the Gippsland region, despite the fact that this Howard government gave a reference to the Productivity Commission to inquire into the effects of national competition policy on rural and regional Australia. The inquiry report confirmed what we all knew in the Gippsland region—what we in the Latrobe Valley in particular had known for some years—that the hardest hit, worst affected region in Australia as a result of national competition policy was Gippsland. Throughout the report we see plenty of references to how well so many other regions have done as a result of NCP, while we in the Latrobe Valley have not done well but have suffered four times as much as any other region in Australia. It is important that the government recognises this information, which has been reported by an inquiry which it established, and does something about it.

Lots of money went from the federal government to the state government during the Kennett administration in Victoria, supposedly to help compensate the state for the effects of national competition policy. Not one cent, during those seven hard years when we had Jeff Kennett as the Premier of Victoria, found its way back to the Latrobe Valley. Not one cent, despite the findings of that report. I make that point because it is important to reflect on how little was done during those seven years by the Kennett government in the Latrobe Valley, versus the great work which is being done by the new Labor government in Victoria.

This budget has been an enormous disappointment to everyone. In particular, it is a massive disappointment to the people of the Latrobe Valley. We have suffered more than any other region, mostly as a result of decisions made by the federal Liberal government and by the state Liberal government under Jeff Kennett. In the same way that Bracks is committed to the Latrobe Valley, John Howard should commit to the Latrobe Valley and improve our lot.

Ms GAMBARO (Petrie) (5.05 p.m.)—I was quite amazed by the previous speech by the member for McMillan. I thought we were here today to speak about the appropriation bills and the federal budget, but he was rabbiting on about the Bracks state budget—how fantastic the Bracks state government is and what a fantastic budget the Bracks government has put together. I find it quite amazing that he did not speak much about the federal budget. Clearly,
one can assume that the federal budget is favourable, when he focused so much of the time that he had allocated to him for his speech on the Bracks government. He mentioned national competition policy, an initiative of the Keating government in 1995. He was quite correct that there was a review done in 1997. The main objectives emerging from that review, from my reading of the report, were that it be in the public interest. I think we should always go back to that.

I rise today, however, to speak on the legislation which we are here to speak about— Appropriation Bill (No. 1) 2000-2001 and the related bills before us. First, I would like to compliment the Treasurer and the ministers on the budget and the related packages that were presented this year. It is not easy to take a responsible approach to economic management. It is often very tempting to give in to sectional interests that, either rightly or wrongly, lobby the government for extra funding or sectional concessions. Unlike the Labor opposition, this government has always worked hard to govern in the national interest to produce good, economic outcomes for all. That is what it is all about—Australians. This year’s budget continues in that tradition. The budget further meets the Howard government’s financial goals of paying back $50 billion of Labor’s $80 billion worth of debt. One should never forget that—$80 billion worth of debt we were faced with.

That means that $3 billion can now be spent on practical projects that can improve the lives of everyday Australians. That is money that can be spent on Work for the Dole, money that can be spent on helping young people into worthwhile employment, money that can be spent on aged care, ensuring that Australians have the most affordable access to accredited high quality care, and money that can be spent on better quality highways and transport infrastructure.

I would like to speak briefly about some of the funding announced in this year’s budget that will benefit all Australians, and in particular the people I represent in Petrie. The budget provided some $2 billion over four years for the New Apprenticeships program, including $1.5 billion for incentives for employers to take on new apprentices. An amount of $342 million was made available for New Apprenticeship centres, and $65 million will be provided for information and strategic interventions to help young people get back into the work force. This program has been well supported by both young people and local businesses, and I know that nationally the number of apprenticeships and traineeships has risen from over 143,000 to 250,000 over the last four years. That is a very pleasing result. Coupled with the Job Network and the Work for the Dole program, New Apprenticeships has helped this government to reduce unemployment nationally to below seven per cent, with unemployment forecast to fall even lower, to 6.2 per cent, by June next year.

In Petrie, some four years ago when I became federal member there were areas that were very depressed, with the highest rates of unemployment, but those areas have now recorded reductions in unemployment of over five per cent. It is absolutely fantastic to see that. I was delighted to read two weeks ago in one of our local papers, the Redcliffe and Bayside Herald, the headline ‘Drop in Jobless—Unemployment in Redcliffe has plummeted to its lowest in a decade.’ Such headlines can reinforce the positive messages that the revitalisation of the area is sending.

The people of Redcliffe have decided to do a lot of things locally to make sure that the unemployment rate stays as low as it possibly can. They have engaged in a great investment program in the area; the local businesses have advertised through their own commercial; and they have attracted daytrippers. A great deal of investment has come to the area in the last year. Investment in the Redcliffe region has grown from $38 million to some $75 million in one year, so things are certainly roaring ahead.
Commonwealth Employment, Workplace Relations and Small Business figures show that unemployment in Redcliffe fell from 14.8 per cent in December 1998 to 9.5 per cent last December. This is an absolutely remarkable achievement and it has been a result of a lot of factors. I previously mentioned the involvement of the council and the incentives that they provided for local work projects. Also, national economic initiatives need to be praised for the great results in the Redcliffe region.

I recently had an opportunity to meet with some local young people who had taken part in a Work for the Dole project, and it was amazing to see these young people six weeks after I had first met them. When you meet these young people and they are starting off on a Work for the Dole project, they are very despondent, they have low self-esteem. However, when you see them six weeks later it is as if you are meeting new people, as demonstrated by their new attitude, their positiveness and their willingness to talk about getting into TAFE training courses and further training and employment prospects. In terms of their sense of self-worth and confidence, it is worth seeing the end results. It is just magnificent to see.

When I meet these young people after they have taken part in a project they are really eager to discuss the work they have done with pride, and they are extremely proud of their achievements. I think it has been a great success story. I know other members have had the pleasure of seeing this level of transformation in young people in their own electorates as a result of the Work for the Dole program. I look forward to seeing further Work for the Dole projects that have been announced by the Minister for Employment Services, Tony Abbott.

The bill also has significant benefits for our veterans by continuing to provide the most generous repatriation system that we have in the world. We have recorded record funding for the veteran community. The veteran community in the Petrie electorate is a very large one. There have been a number of studies that have produced some more funding for different groups and I would like to touch on some of those. Firstly, following the Vietnam veterans health study, this year’s budget extended a $32.3 million package of support for Vietnam veterans and their families. This particular study showed some very alarming results, but the most alarming was that children of Vietnam veterans were more likely to have adverse health problems than the general population. I am sure that this funding will help address those health issues. One that comes to mind is depression. There have been higher levels of depression recorded in the children of Vietnam veterans.

Benefits of $26.6 million have also been extended to more than 2,600 Australian Defence Force personnel who served in South-East Asia between 1955 and 1975. I would like to acknowledge the great work that is done by the South-East Asia Association in the Redcliffe region. It is a very dedicated association, a very dedicated group of people, and it fights hard for its members. I am sure that it will be very pleased by that particular level of funding extended to defence personnel.

The government has also responded to many other things that concern veterans, particularly when veterans have been denied equal recognition. We have moved to address anomalies in service entitlements by applying the more consistent standards used for modern ADF deployments.

Older veterans also benefit from a whole range of funding of home care services through the Department of Veterans’ Affairs. They will be able to have home care. They will be able to have people who visit regularly who will be able to provide them with household duties—with cleaning, with shopping assistance and with a whole range of home care services. That will make being at home a more attractive option. Let us face it, most of us prefer to be in our own homes for as long as possible. If there is a way of extending this community care, then it needs to be looked at above all else out there in the community, particularly when one looks at the fact that we are living longer and we are preferring to stay in our own homes.
The budget also provided $17.2 million to extend the highly successful Their Service Our Heritage Program for a further four years. I must say that it is always a source of great joy to me when I participate in these types of ceremonies and awards. I have, for example, Vietnam veterans come up to me and say, ‘I have never received any form of recognition and the first time that I have achieved this recognition is by your government awarding a certificate to me.’ Quite a lot of times they are very emotional and elated by the fact that they have received some sort of recognition. Those particular programs have been excellent and they have provided some wonderful funding in my electorate.

They have helped people like Bill Coussins from the Rats of Tobruk do his valuable work in speaking to the students of all the local schools in the Petrie area about the Rats of Tobruk. He is an incredible man. I would hate to guess his age but I would imagine he would be in his late eighties. He has incredible energy. I am just amazed at the level of energy commitment he has. He does a lot of this work where he speaks to students voluntarily. They are fond of him and hold him in high regard. Through our funding he has been able to donate books. He has also been able to compile a book of the history of the Rats of Tobruk. I applaud him for the magnificent research he has done on that booklet.

The budget has also provided funding for a number of programs. An example is Anzac memorials at one of my local high schools, Grace Lutheran College. They are to be commended for that. I know that more of these programs will continue on in my electorate and in other electorates and will contribute to the great success of our heritage commemorative program. This funding also ensures that the contribution of Australia’s servicemen and servicewomen is recognised during the Centenary of Federation next year.

The residential care development scheme will also be continued for another year for an additional $6.8 million in funding. There has been a capital injection of $18.3 million over four years to further develop a database to capture health related data and ensure that residential care facilities with veteran residents will meet accreditation standards. That is a really good measure because it enables us to plan for future health needs and also for the ageing population.

The budget will also assist the ability of the Department of Veterans’ Affairs to forecast future veteran needs and manage their health budget. It enables the department to better target health services which, ultimately, will ensure that the most needed targeted health programs are funded. The cost savings can be used to fund those programs most in need. It is the Howard government’s proactive approach to these issues that ensures that veterans receive the best possible health care wherever possible.

Another issue that is very important in my electorate is road funding, particularly road transport and highway funding. Construction funding for the Bruce Highway north of the Pine River has been increased to $35 million. If anyone has ever had to take that road from Dohles Rocks into the city, they would know it is the source of a constant stream of bottlenecks. This demonstrates the government’s continued commitment to improving the Bruce Highway. I am very pleased that four kilometres from the Gateway motorway to Dohles Rocks Road at Murrumba Downs will be widened to eight lanes.

That greater Brisbane area, the northern region that I represent, is one of the fastest growing in this country. One of the new suburbs in my electorate, Mango Hill, will be served by the widening of the Bruce Highway to six lanes from Dohles Rocks Road to Anzac Avenue. It is predicted that in 20 years time the Mango Hill area will have 30,000 people. It will have a high-tech city. There will be an intranet connecting all of the homes in that village and it will also have a high-tech industrial park. Not only will it be a residential estate but it will also be an area where people can work and live in harmony.
I would like to speak about the effect of road transport congestion and opportunities for a rail transport link. They are vital issues in my electorate. For over 100 years now, a railway has been promised for the Redcliffe Peninsula. I sincerely hope that the state government will do something about this railway and will take the matter very seriously, particularly having regard to the growth of the Mango Hill area in my electorate. They are major transport issues. I know that the Redcliffe City Council has spoken to the state member for Murrumba, Dean Wells, and is currently having discussions with the state member for Redcliffe, Ray Hollis. The state government must look at this matter very seriously. I recommend that the railway be extended from Petrie to Kippa-ring.

Sections of the Bruce Highway stretching to Cairns will also be upgraded. The budget, in all, delivers $343.83 million for Queensland roads. With Queensland’s population influx and the changing character of many of the communities, it is important that the federal government responds to the need to upgrade existing transport networks and services and develop new ones. The safety of our roads will continue to be addressed, with the allocation of $8.28 million under the innovative Black Spot Program. A number of black spot areas have been identified and remedied in my electorate, but there is more work to be done. I would like to see the Norris Road and Telegraph Road area addressed. There are particularly terrible spots in Bracken Ridge, such as the Kluver Street intersection, where, tragically, a young family was killed last year. More than $20 million is available to Queensland under the program to 2002.

Another issue of major importance to the people of my electorate is the level of funding for aged care facilities. The budget makes provision for $66 million to be spent on older Australians. These initiatives announced in the budget are in addition to the $3.8 billion that has already been spent on residential care by the federal government. One of the most important measures introduced by this government has been accreditation for aged care facilities. I would like to congratulate Wella Gardens in my electorate for their recent accreditation, and also the Kedron Nursing Home. I know that a number of other nursing homes are following their lead.

The budget provides $11.7 million for residential aged care accreditation and compliance. It gives additional support to the rapid response teams who monitor care standards. An amount of $10.9 million has been provided to simplify the income testing process, so that residents do not have to deal with the frequent variations in their care fees. Additionally, the federal government continues to assist the health care of older Australians by providing $460 million over four years for hearing services, to ensure that 300,000 adult Australians can access quality hearing services that otherwise might not be available.

These are only a few of the excellent initiatives introduced by the Howard government in this year’s budget. Small businesses are also looked after in the budget, with a range of measures to improve access to government services and ensure fair competition. The budget provides further ongoing funding for the business entry point in 2000-01 to extend the range of online transactions available to business. Small business owner-managers also receive the benefit of a cut in the company tax rate from 36 per cent to 30 per cent by July 2001. Additionally, owners receive capital gains tax exemptions for small businesses held for at least 15 years.

It is important that small business owner-managers have a chance to develop and enhance their skills. An amount of $5.1 million has been made available over three years through the Small Business Enterprise Culture Program. One of my favourite initiatives is the small business incubator program that gives support to new businesses in their early years so that they can become established and profitable. The incubator program is probably one of the most successful, because businesses have most of their problems in getting established, and
they require the mentoring services of well-established businesses. Under the budget, $5 million will be provided for the small business incubator program.

Following the work of the inquiry into competition in the retail sector, funding has been provided for the development of a voluntary code of conduct for the retail grocery sector, and the establishment of the retail grocery ombudsman scheme. All of these initiatives recognise the importance of our small business sector as the largest provider of new employment growth. As I talk to many local businesses in my electorate, I know they are always pleased to receive additional opportunities to grow.

I believe that facilitating this economic growth in the small business and other sectors, in conjunction with responsible social spending, is the role of our government. The budget for 2000-01 continues to build on the good economic management of this government, balancing responsible spending with sensible policy, and continuing to retire $80 billion of debt left by the previous government. With the budget in surplus for the fourth year in a row, at $2.8 billion, the government has delivered an additional bonus for the electorate by announcing that there will be no East Timor levy as at 1 July.

I am very pleased to say that, as we enter a new century, there will be 650,000 more Australians in jobs than there were four years ago. I mentioned previously that, by June next year, unemployment is forecast to fall to 6.25 per cent. I wish to congratulate the Treasurer on this excellent budget and I commend the Appropriation Bill (No. 1) 2000-2001 and its related bills to the House.

Mr LAURIE FERGUSON (Reid) (5.26 p.m.)—The main aspects of the budget that have been touched on by a large number of opposition speakers concern the reality of a structural deficit and the way in which this government has attempted to contrive a number of manipulations to hide that reality of a $2.1 billion deficit. It is interesting to note that, in regard to one aspect of this, the sale of spectrum for $2.6 billion, the current Treasurer, who described the minister for employment and industrial relations as very influenceable, seems to have been influenced himself by the reality of government, because on 2 May 1995 he noted:

I have very, very strong beliefs about phoney balances. A phoney way of arriving at a balance is through this practice of counting asset sales.

Another aspect that has been belaboured by many opposition members is the question of short-term tax reductions. The government cites the statistic that 80 per cent of taxpayers are on the 30 per cent rate, but the reality is that, within a year, they will be back to scratch and in the period after that, in reality, will be paying more tax.

The situation that I mainly want to highlight, however, is in the area of defence expenditure. There is extra funding of $68 million a year for the purchase of Defence Housing Authority services. This, however, relates to increased rental costs flowing from the coalition’s decision to place the DHA on a more commercial footing by requiring it to pay increased taxes and dividends. The measure is budget neutral.

The Defence Housing Authority is also being required to pay massive special dividends to the government on top of the taxes and ordinary dividends that it is required to pay. These special dividends mentioned in the budget total $650 million over a two-year period. They come at a time when a variety of government reports have highlighted the miserable state of single housing in the defence forces. In reality, despite all the hullabaloo and all the promises by the government, nothing has been done on that front.

There is a $20 million contingency fund for one year only for measures to rebuild the Army Reserve. Quite frankly, I think we are aware that issue has reached the stage of being tiresome, in some ways, because there have been so many indications of the dilapidated state of reserve recruitment and the problems that are facing it. The funding in this budget is
described as being to increase the operational availability of reservists and to provide support for employers of reservists. However, the government is unable to detail just what these measures will be. At the Senate estimates hearing of 29 May, Defence finance official Dr Ian Williams said:

... there have been a number of concepts developed within Defence for how we might improve the reserves. Those have not yet been put to government for agreement ... Prior to, probably, the white paper, I do not think there would be an indication from government as to what they intend to do.

Equally, we are still waiting for the government to introduce legislation to broaden the call-out provisions covering reserves and to protect civilian employment. One international reference is what occurred after the Gulf War, when 25 per cent of people who went to the Gulf lost their private employment. Despite all advice to the contrary, the government refuses to reintroduce defence leave as an allowable award condition.

In this regard it is worth recalling just how many times the coalition has promised to act on the reserves and has completely failed to do so. On Anzac Day last year, Minister Moore told Meet the Press that he had commissioned a plan to rebuild the reserves which was due in June 1999—a whole year ago. Then on 11 August, Minister Scott, not to be outdone, promised the parliament that he would ‘shortly’ release a discussion paper outlining ‘a clear and public plan for integration of reserves into our defence capability’. At the time the minister said that such a paper was ‘much overdue’. It was much overdue and he was shortly going to act. When was that? That was back in August of last year. In December Minister Moore then promised to introduce new call-out legislation for the reserves when the parliament was to resume in February—four months ago.

All of these undertakings have since been dishonoured by a government that has completely taken its eye off the ball as far as the reserves are concerned.

Mr Hawker—Just be patient.

Mr LAURIE FERGUSON—Just be patient, the member for Wannon says. In July, they were shortly going to do it. Then they were going to do it when parliament resumed in February.

Mr Hawker—It’s coming.

Mr LAURIE FERGUSON—It’s coming! In the meantime, the position of the Army Reserve continues to deteriorate. In 1998-99 the Army only managed to meet 51 per cent of its recruitment target for reservists. Indications are that the outcome for 1999-2000 will be even worse. Official figures show that the Army Reserve was 3,395 below strength in this financial year and that personnel numbers will fall by a further 583 next financial year.

The government could begin to redeem itself, if it cared about its public credibility, by supporting Labor’s private members bills to properly protect the civilian employment position of reservists and to restore defence leave as an allowable award matter. People interested in this area, people who give up their time to be on state and national committees, people who are actually trying to make sure the reserves exist and are valuable and fulfil the obviously increasing need in our defence forces—those kinds of people are trying to give that kind of advice to this government. Obviously, it is falling on deaf ears.

Since May 1997, the government has had access to a taxpayer funded consultancy report by New Focus Research Pty Ltd on the problems caused by its introduction of common induction training. Only now, three years later, is it considering modifying the system—once again, three years after a report.

I turn now to the question of the GST and local government. I do not usually use parliament’s time to debate local activity by my colleagues. However, I am interested in the decision of the member for Parramatta to refer alleged rate increases by the Parramatta City
Council, on the basis of a supposed connection with the GST, to the ACCC. The reality is that at no stage has the Parramatta City Council in any manner said that a proposed rate increase has any connection whatsoever with the GST. They have actually said it will be absorbed. That has not stopped the member for Parramatta attempting to make some cheap political capital by this reference. It started off with Senator Chapman on 30 May asking a question to Professor Fels and Dr Cousins about a purported council increase related to the GST. The reality is that the council has never in any way connected that increase to the GST.

The Parramatta City Council has said that the council has infrastructure requirements, that it has road requirements that need activity by the council and that there is a need to have a rate increase. That is not to deny the reality that the GST is going to have an impact in a very real sense on that council’s financial position. In a report to the council by the manager of finance, back in March of this year, there was detail of a significant number of increases related to the GST: a $315,000 impact in regard to parking fees, $35,000 in regard to swimming pools, $9,000 in regard to inspection and testing fees, nearly $11,000 for fees for use of public land, $74,500 for the golf course, with a total of nearly half a million dollars. The comment of the relevant officer of the council was that:

In some cases the GST cost will need to be absorbed by Council due to the rounding provisions contained within the GST legislation ...

He also mentioned that the waste services of the council were subject to the GST, but that most businesses were able to claim back the GST as an input tax credit.

That was a non-political, professional analysis of the GST impact on the Parramatta City Council. There was a statement made by the mayor—I do not have the date—in which he noted that swimming pools, school holiday programs and library fees were all going to be impacted upon. He talked about the cost of registering the new system, et cetera. Nowhere has anyone in the Parramatta City Council in any way stated that there is a connection between the GST and the proposed rate increase. Yet, just to grandstand, just to play a little bit of petty politics in the region, the member for Parramatta is getting Senator Chapman to ask questions to try to slag off about the Parramatta City Council and this rate increase.

If this member had any credibility, he would look at the voting record of the Parramatta City Council. He would note that, when this matter came before the council, there was a unanimous vote by the council. The three—there were four, but one defected to the Independents straight after the last election—sitting Liberal aldermen all voted for this increase. Is that to say that they voted for an increase that was being introduced because of the GST? Not at all. They voted for this increase because they were convinced of the need for it. They moved one minor amendment to a two-page resolution and they went down screaming on that. Two of the three Liberal aldermen actually voted for the original council resolution. At least one of them, you could say, voted for an amendment. But the reality is that all three Liberal aldermen on that council voted for this rate increase, convinced, as I am, as residents are, as council officers are, that it is fundamentally an attempt not to make any political capital out of the GST but to deal with real, fundamental problems.

As the member for Parramatta was so effective in being part of a purge of a variety of Independent aldermen before the last council elections—Alderman Gregory and Co.—I think it would be very disturbing if these people had found themselves being purged and dismissed from the council because they were not thorough, determined, loyal enough Liberals, and then found that they were replaced by people who agreed with the Labor Party about a rate increase and who were then attacked by the member for Parramatta for being allegedly part of the conspiracy to make political capital out of the GST.

This kind of contrived horror by the member for Parramatta about this rate increase flies in the face of the commitment of his own political colleagues in the Parramatta City Council
regarding the increase. I have not, in the past, been too worried about the way in which he has made his own bed—his statements in regard to Anzac Day and his attempt now to exploit family history to say he did not really mean it, that it was all a big mistake and that it was out of context. He said he was quoted out of context when he made those statements about Anzac Day, but it is interesting to notice, as one of his Liberal colleagues pointed out to me, that the actual statement in the article starts off with the comment, ‘I know it’s sacrilege.’ This is the statement about which he has now been misunderstood.

On the budget, the reality is that there have been very few funding initiatives. I have talked about those in the defence area. In regard to forestry, in which I am also involved, the sad reality is that the only thing that the minister can come up with is $80 million in the forest industry structural adjustment package. He failed to mention that that was, in reality, money left over from Labor’s allocation of funds in 1995. The money is only still available because of the minister’s suspension of funding to New South Wales and Western Australia, delays with the final RFAs in Victoria—and he has made a significant contribution towards those delays—and his refusal to negotiate an RFA with south-east Queensland.

The minister seems unwilling or unable to clearly explain just how much FISAP money is going to each state’s RFA region; the timeframe for completion of the program, given suggestions that all the money will not be spent until 2003; and just what he intends doing with the suspended FISAP money in New South Wales. At various times, he has promised that all the money will go to Eden or that the Commonwealth will go it alone and directly fund industry projects without matching state funding, or joint approvals. The department officers continue to insist that a joint program will be resumed across all three RFA regions in New South Wales as soon as the southern RFA is signed.

So, as I say, there is a degree of confusion as to exactly what the minister intends. Even today—or in the last day or so—we have had another outburst. Despite the fact that the Prime Minister of the country seems interested in trying to make some progress in respect of the Queensland agreement, the contribution by the Minister for Forestry and Conservation is to say that he is going to destroy or put in the garbage bin—or some such expression—all letters from the Queensland government. That is just typical of the non-constructive approach he has had in the portfolio. It is the reason why we have had so many delayed agreements in a variety of states. Many times he has carried on with a lot of histrionics about how dreadful New South Wales agreements are, and then a few months later you find that he has signed agreements that have been changed very little. They are essentially the same agreements that the state government has suggested.

I note the member for Gilmore claimed in the House yesterday that the New South Wales government’s position regarding the southern New South Wales RFA meant that ‘our share of $40 million of infrastructure funding to assist with industry changes has gone with the wind’. She must be aware—I would assume that she is aware—that on 26 May Minister Tuckey issued a media release headed ‘Commonwealth RFA money will flow in NSW’ in which he said:

Commonwealth industry development assistance to the NSW timber industry will still be made available.

I am not sure what motivated the member for Gilmore to make those comments in the House yesterday, given the commitments by the minister or these latest statements. I do not blame her; he is a bit unpredictable. One minute he is moving all the money from the North Coast down to Eden-Monaro and the next minute he is going to share it around the state. One minute the state government is the worst in the world and he is never going to sign agreements with it, and then a few months later you find that he has signed them. Regardless of the current difficulties with the southern RFA—and he made that comment—I can only
conclude that the member for Gilmore either does not believe Mr Tuckey’s word or is simply playing politics. Quite clearly, her statement yesterday that the money has disappeared from her region is totally contradictory to the latest comments by the minister.

I do not recall the member for Gilmore complaining when the Commonwealth suspended FISAP funding to New South Wales in November 1998. She was not on the public record then complaining about that decision by the federal government. I also note that the state government remains willing to negotiate an RFA for the southern region, despite the erratic behaviour of the minister.

The final point in regard to forestry is the question of the action agenda. Quite frankly, it has been typified by constant inaction. That agenda for the wood and paper industry has been delayed even further than the reserves activity, which the member for Wannon told me a while ago I have to wait for. I have been waiting since Anzac Day of last year for that. But the activity on this front really has not been any quicker. The latest incident is that that forestry action plan has been delayed until July this year. It was originally due to be completed in June 1999 and then in March of this year. It is thus a year overdue. The budget makes no provision for the action agenda or for the minister’s undertaking to raise the government’s funding to the relevant research and development corporation.

One could summarise the picture on the forestry front as being essentially that no money was obtained by the minister. One could summarise it as being, as I said earlier, erratic behaviour by the minister—trying to run around Queensland, for instance. We can recall what happened there with the agreement the state government had with state industry organisations. People can argue that it was not representative—we hear these arguments about all organisations—but a fact of life is that the Queensland timber industry negotiated with the Queensland state government and conservationists to reach an outcome. We might not like it, but they did. Then we had the situation of the minister for forestry writing to sawmillers and saying, ‘Please, give me reasons to criticise this agreement in Queensland. At the moment I do not have the material, I am unsure as to why I should oppose it, but please write to me and tell me what is wrong with it.’ We then had the spectacle of six or so coalition members in Queensland being dragooned to sign letters of complaint.

The reality in Queensland is that the vast majority of the sawmills, the industry council in that state and the broad participants in the industry are happy with the outcome. What they are unhappy with is the situation whereby they have become the meat in the sandwich for petty politics at the expense of the Queensland industry.

In conclusion, the budget had very few initiatives in regards to recovering the disappearance of Medicare offices around this country and increasing child-care fees for the residents of my electorate. One of the few initiatives in this budget was to take $24 million away from a program for hearing. This comes at the same time as the government is sitting on its hands about captioning of television for people with hearing impairments. Not only are they failing to stand up to the commercial television stations in regards to requiring captioning or driving it home, but they are also at the same time taking away a program for hearing—(Time expired)

Mr ST CLAIR (New England) (5.46 p.m.)—Listening to the member for Reid and his criticism of the forestry minister, Wilson Tuckey, I have to say that, after being involved in the timber industry for 30-odd years, I am pleased that the minister has proceeded with the RFAs he has been able to put in place in various states. I am also pleased that money has flown directly to the sawmilling industry. I have to say that well and truly with reservations over what the Labor Party has done in decimating the sawmilling industry of New South Wales, and particularly the native sawmilling industry.
I am sure the member for Reid remembers the statements made by Pam Allen about the mid-1970s when her stated object, on behalf of the Labor Party, was to close down the very small sawmills and native hardwood sawmills of New South Wales and get into some sort of arrangement with the timber workers union—as it was in those days before it got into the CFMEU—to set about with some of the large companies to destroy small independent sawmillers in New South Wales. There was quite some interesting debate in those times, as the member for Reid would well and truly remember. My sawmill as such was a crown mill with no allocation from the Crown. It was most interesting to receive documentation through my letterbox that was then designated only for crown sawmillers and not for private sawmillers. It made some very interesting reading.

I do congratulate the Minister for Forests, the Hon. Wilson Tuckey, on his initiative to get these RFAs now on the ground. If he is running into difficulties with some of the states, and particularly some other areas in New South Wales, it is very difficult. Over time we have seen the state forest reserves get shifted across to become national parks and the national parks get shifted across, as the member for Reid would know, to become wilderness areas.

They have turned into wilderness the eastern escarpment of my electorate, which is very steep country where you drop nearly 1,000 metres. It is an area for blackberries and noxious plants and weeds which has been designated by the so-called tree huggers or greenies or socialists, or whatever you want to call them, who are out there to try to ban us all from use of forests. I took them into country where they were able to see grazing and mining had been conducted for over 150 years and people have been able to farm and they then called it wilderness. I find that quite extraordinary.

I think that long term we will end up with bare patches of ground because I do not think there will be enough timber out there. Then those involved heavily in the preservation movement—because it is not a conservation movement—will say, ‘There you go; the forest industries cannot be managed.’ I think it is appalling. I know the member for Reid has been around long enough to have known what has happened in this industry. I have to congratulate the minister for forests for taking up the cudgels to provide a secure form of supply to what is left of the sawmills in my area and to the rest of Australia. The timber industry was one of the industries that built the towns right across the nation and provided opportunities for employment in small towns as well as those in large towns.

I had the honour of being involved in the MPI the day after this budget was delivered and there I congratulated the Prime Minister, the Treasurer and the Deputy Prime Minister, and I also singled out at that point for special mention the Minister for Health and Aged Care, the Hon. Michael Wooldridge. While I want to get on to some of the major rural initiatives that have been brought down in this budget, I just want to touch first on a couple of the issues at hand in this particular budget.

This budget, in my opinion, without doubt, delivers the down payment for regional Australia that John Anderson talked about at the rural summit he convened last year. There is no doubt in my mind, as everybody in this place will be aware, of the need to be able to deliver things for country Australia, for my electorate of New England, for the member for Indi’s electorate, and for many others around Australia that need the kind of support that is coming in this particular budget.

There is also no doubt that this package, this package within the budget itself, delivers for regional Australia about $1.8 billion, that is, $1,800 million, over four years. It really is the best sort of response to the nay sayers or those who want to pull everything down, as we heard from the member for Reid in his criticism of this budget. Most of them, of course, are Labor shadow ministers, and we know that, They have dismissed the regional summit as a sham and a charade. We who come from regional Australia know that that regional summit did deliver
some great outcomes. It did lay the foundations for expenditure, over many years, for the country and country areas.

But one of the most important factors of it was the fact that the ministers were able to deliver $560 million in a regional health package. It will put more doctors into rural and regional and remote Australia and deliver better health services. Since I have been in this place, from October 1998, I have had the pleasure to be involved on this side with the government and with the ministers. Since that time I have tried desperately to bring to the government’s attention and to the minister’s attention the plight of health delivery services in regional and rural Australia, in my electorate of New England and, in particular, health services to be delivered in some of our small towns and some of our small villages and smaller areas spread through the electorate.

I am referring here to towns like my own town of Guyra, where I live. I have great pleasure and pride in living there. It is a town of 2,000 people, set high in the mountains of the New England at nearly 5,000 feet, a town that enjoyed great snow this week which put good moisture into the ground, which augurs well for a great spring. Guyra is a small town that has a hostel, it has one doctor only, it has a very small hospital of about 23 beds, it has great staff and always has had great staff, and it is a great little community. But those community hospitals, those small hospitals, were certainly under threat. Many years ago I was involved with my shire council and a number of others in looking at ways of delivering better health services and better outcomes to our small communities, and I was involved in the initial stages of multipurpose services as a way of delivering this sort of health service and health delivery to our small towns.

One of the difficulties has been that within the hospital system in New South Wales there were always beds for nursing home type patients. I have spoken in this place on many occasions since I have been here on the plight of nursing home type patients. The small hospitals formed an integral part of the health delivery for our small towns because they kept our oldies in the towns with high care. It was part of a system; in fact, wings of some of the older hospitals were devoted to nursing home type patients. While it may not have been the most modern of accommodation, the medical and pastoral care that was available to those senior citizens in our electorates in our small hospitals was really great. In pushing very hard to come up with a system where the minister has understood the importance of keeping those people in our hospitals and in our small towns, I was absolutely delighted, as was my electorate, in the package that was announced by the minister, Michael Wooldridge, for rural Australia.

There was a booklet produced, which many of you have seen. I commend it for its content and I commend it for those in the House to send out. I have sent out between 200 and 300 of these booklets in my electorate to make sure that people are aware of the initiatives of this government and the initiatives of those in rural and regional Australia and in my electorate that have been enacted since 1996, when this government came to power, and that have been again reaffirmed and reconfirmed as the centrepiece of this budget with $560 million going into rural health.

I would like to go through a few of them because I think people in regional and rural Australia need to hear as much as see the actual results of what initiatives have been put in place. There is the increase of the Medicare Easyclaim facilities. We heard the member for Reid talk about the closure of Medicare places. These Easyclaim places—and I have one in my little village in Bearup’s Pharmacy, under the control of Jenny Jackson and Robert Bearup—are about delivering great services to our small country towns. The Easyclaim facilities that are now available throughout my electorate and in other parts of the country and the nation are tremendous. There are other initiatives: establishing seven university
departments of rural health, which is an enormous step forward, and establishing the John Flynn scholarships for GP students to allow rural placement during the vacation—it was in 1996 that those programs were put into place; increased funding to establish the national rural and remote health support program; and an increased number of multipurpose services.

One of the great impediments to the development and the rolling out of multipurpose services was in fact the area health services. We are very fortunate in New England to have a New England Area Health Service that has been undergoing change. It has received its fair share of criticism. At this stage we have a new CEO coming to the New England service and, from reputation, he will be a great leader and a great CEO of a health service that we know can deliver great things for our people. One of the great impediments of MPSs in our small country towns was that people within the health system in New South Wales and the Department of Health, particularly in New England, felt that they were being threatened by this involvement of the Commonwealth in deliveries of service. Then we had a very nasty decision made by the Department of Health in New South Wales that affected our small towns more than it ever affected our bigger ones, and that was that they decided there were no more nursing home type patient beds in our small hospitals, that the only things that hospitals have are acute beds. So if you do not fit into an acute bed you cannot stay in the hospital.

The quite extraordinary action was taken by the New England Area Health Service of starting to throw out our oldies, to shift them to nursing homes hundreds of kilometres away from their families, from their husbands or wives who had no form of public transport to be able to get to towns like Moree or Narrabri or even down to Tamworth. What we needed to do was to make people aware at a national level of the plight of our senior citizens within the small towns and to come up with a system—and if that is a multipurpose service where you can deliver aged care as well as acute care, and HACC services and many of those other services that come out of those operations, then that has been good.

It took a long time to get to this point for the small community at Emmaville about 60 kilometres north-west of Glen Innes in my electorate, I was at their public meeting the other night a month or so ago with the whole of the town of about 200 or 300 people there. There was a unanimous decision to accept the community’s work program, together with the New England Health Service, the state government and the Commonwealth government, to deliver a multipurpose service to Emmaville known as the Vegetable Creek Hospital. I am not sure where the Vegetable Creek came from but I am sure that when I delve into it I will find it out. I think that was a great success that is now going to be about the delivery of those health services.

There are general practice retention grants to provide further incentives to rural practice. We are already finding that we have doctors coming in. That is great. We have seen a relaxation of some of the state legislation to enable GPs to come in from other states and practise in my electorate. We have certainly welcomed those couple of doctors who have come in from Queensland to some of our more remote areas in New England. It is a great initiative.

The aged care initiatives, including major capital building funds, were all brought in during 1999. There has been the implementation in the year 2000 of the rural Australian medical undergraduate scholarship scheme for people in rural areas to remain in general practice and the establishment of a clinical school at Wagga Wagga. I know my colleague from Riverina is starting to see the benefits of those sorts of things. We are looking at clinical schools in Tamworth and Armidale in my electorate. There has been an increase in the year 2000 in the rural women’s GP service. I want to highlight the importance of more doctors coming into rural Australia and better services. I think that that is tremendous. I am sure that you, Madam Deputy Speaker Gash, coming from rural Australia yourself, are more than aware of that.
The other important point that comes out of this package put together by the Minister for Health and Aged Care is to provide a larger, stronger and more viable rural work force. We all know the employment opportunities. The member for Indi does in his area where the employment opportunities and strengths are in the hospitals and the health system. They are major employers within our region. There are more places to train our doctors and that is great.

There is a final recognition that a shortage of doctors is a key concern in rural and regional areas. In this budget, the government will provide $102.1 million over four years to increase access to GP services in regional Australia immediately. That is tremendous. We do need more nurses. We have a critical shortage. I know that is the case in my electorate of New England, as it is elsewhere. We have some problems in not being able to get enough clinical psychologists. Podiatrists are another of the health professionals. This federal budget delivers $49.5 million over four years to increase the range of allied health services, including nurses, psychologists and podiatrists, support doctors to care for their communities and more specialists.

In my electorate of New England, which is the fourth largest rural electorate in New South Wales, there is an important difficulty in attracting and flying specialists up to our major towns and regional cities. This budget that has been handed down provides $48.5 million so that rural and regional people can receive specialist service in their own communities rather than have to travel long distances. That is important. We have to be able to cut down some of the travel people have to do. There is a renal dialysis machine, for example, that has been shifted out of Inverell that we are trying to get placed back there. Our older people and those who need those sort of services have to travel all the way down to Tamworth and back again to get that service. That is a trip of about 430-odd kilometres. Wouldn’t it be nice to see those sorts of services and specialists being able to get involved in coming directly to our regional cities and towns?

Budget funding of $10.2 million over four years is to go towards the support for rural doctors in their regions, particularly those who are newly arrived. The divisions of general practice will be resourced to expand their role and to attract and help doctors. There will be more rural medical education and training for doctors, with $162 million going towards support for their training and educational needs as part of the aim to increase the number of doctors in rural Australia. A very exciting future for health in rural Australia has been delivered by this budget, and health is a key area.

I would like to commend this budget to the government. I am looking forward to next year, when they address the issues of rural roads, local roads and proper and appropriate funding to councils in local government areas to make sure that they have enough funding to maintain the assets on which we drive—and all of us do drive in those rural areas. (Time expired)

Mrs IRWIN (Fowler) (6.06 p.m.)—The second last Howard-Costello budget, the GST budget, the budget that is supposed to bring about the greatest tax reform in Australia’s history is, in fact, the greatest con job in fiscal history. People in the Fowler electorate in Sydney’s young and vibrant south-west have told me it is not a relaxed and comfortable budget. They do not have any plans to spend their so-called tax cuts. They do not see the new system as fairer. No pensioners can see how they will be better off. No wonder the government needs to spend $410 million or more of taxpayers’ money to try to sell its GST.

I would like to tell you what could be done with $400 million. With $400 million you could build around 110 new schools or pay for a very large quadrangle full of teachers for a lengthy tenure. Alternatively, around 150,000 extra hospital patients could be treated or 1,500 hospital beds could be maintained or twice as many nursing home beds could be provided for our oldies. You could fund 100,000 new apprenticeships, giving young Aussies a start in life, or
provide an extra 18,000 or so child-care places for the kids who need to have both parents working. Or you could spend it saving people from drug addiction and the crime it brings into our neighbourhoods.

The government’s recently announced National Drug Education Strategy has a price tag of $27.3 million, a project so important that the Prime Minister himself launched it last week. The GST information campaign had an initial price tag of $360 million and has a current price tag of $410 million, and it is still rising. It has gone up by as much as two national school drug education strategies without being launched by anyone of note, except perhaps a very unknowing Joe Cocker.

If you spend $400 million advertising dead cats for sale, you would probably sell a few. But not even P.T. Barnum could sell the GST. You cannot sell a tax that reaches into every pensioner’s purse, a tax that applies to everything from text books to tampons, a tax that applies to just about every service provided by small business and makes every cash register a tax collector, a tax that makes luxury yachts cheaper and bus fares dearer, a tax that makes lobster tails cheaper and baked beans dearer, a tax that is optional for the rich but unavoidable for the rest.

Just as a tax on tea brought down British rule in America, just as a tax on salt brought down the French monarchy, the GST will bring down the Howard government—and it will. Not even the best advertising talent, not even the biggest public advertising campaign ever put to air, not even the smoke and mirrors of the Treasurer’s budget presentation can save the Howard government.

Actually, the government’s advertising campaign reminds me of one of the most successful advertisements ever run in Australia. Madam Deputy Speaker, you might recall the 1960s and the battle between butter and margarine. At that time, margarine manufacturers were required by law to label their product as margarine. They were not allowed to call margarine ‘superspread,’ or something like that; they had to call it margarine. One manufacturer came up with an advertising campaign which simply said, ‘It doesn’t say margarine on the inside.’ That is exactly what the Treasurer has done with this budget: it does not say GST on the inside. It does not; there is no mention of the GST on the inside of the budget papers. There is hardly a mention of it. Here is the most significant change in fiscal policy in decades, and it hardly rates a mention in the budget papers.

The Treasurer’s instructions to the staff drawing up the budget papers must have sounded like Basil Fawlty. Instead of, ‘Don’t mention the war,’ his instructions were, ‘Don’t mention the GST.’ And the Treasurer himself is every bit as confused as Manuel. When it comes to changes to income tax rates, one minute they are tax cuts, the next minute they are compensation for the GST. This whole government is run like Fawlty Towers. When is a tax cut not a tax cut? When it’s compensation for the GST, but do not mention the GST.

Having championed the policy of a goods and services tax, the Treasurer now wants to run a mile from it. It is a dead cat, and a smelly one at that. But where does that leave the tax cuts? It has now been more than 10 years since income tax scales have been adjusted for bracket creep. This has provided a windfall for governments, especially this government, which has benefited from higher income tax receipts. Taxpayers are overdue for adjustments to the tax scales. They were, as the Treasurer often points out, promised adjustments back in 1993 as I-a-w law tax cuts. But what the Treasurer does not say is that this government has been pocketing the I-a-w law tax cuts for its own purposes since it came to government in 1996.

The Treasurer is quick to forget that back in 1994, on the advice of what seemed to be every economic expert in the country, the Keating government proposed to direct the tax cuts into a superannuation co-payment which would have boosted Australia’s national savings. This Treasurer scrapped those plans in 1996 and instead came up with a Mickey Mouse
savings scheme which lasted less than four months. So Australian taxpayers have gone without both the tax cuts and the boost to their retirement incomes. All they will get is a tax cut which will partly compensate them for the burden of paying the GST. And even that will be eroded in a few short years.

What of the boost to national savings? That is off the agenda altogether. At a time when the Australian dollar is in danger of being renamed the peso, this budget does absolutely nothing to boost national savings. Its phoney surplus simply swaps public debt for private debt. Australia’s reliance on overseas debt leaves our economy open to speculation and manipulation. But there is not one word of concern, not one policy to address the problem in this budget. The successful promotion of superannuation, a legacy of the Hawke and Keating governments, has given Australia a sound base of national savings. This local source of investment capital, less affected by overseas markets, has helped our economy to grow strongly. However, this government has done nothing to continue that work.

The GST is not the only new tax. In this budget year the Commonwealth has taken over the surcharge revenue raised on behalf of the states following the 1997 High Court ruling that collection by the states of these surcharges was invalid. Budget Paper No. 1 reminds us that the new tax system requires that revenue from excises and the wine equalisation tax will be classified as Commonwealth taxes. The Commonwealth is now the single collector of excise revenues for alcohol and tobacco products. The effect of this new Commonwealth tax represents an additional $4 billion in Commonwealth revenue, an increase of 144 per cent. While the bulk of this increase is a replacement of the revenue previously collected on behalf of the states, it should now be seen that the Commonwealth is effectively the single agency which levies a tax on these products. The Commonwealth is therefore solely responsible for the amount of tax raised on tobacco and alcohol. The Commonwealth, and not the states, is now the collector of these taxes and it now pockets the proceeds rather than passing them on to the states. The full excise on alcohol and tobacco products is now Commonwealth revenue.

Excise levied on tobacco and alcohol is estimated to contribute a total of $6.8 billion to revenue in 2000-01, plus a further $549 million in wine equalisation tax. This represents 5.1 per cent of total tax revenue. It is greater than the amount raised by the Medicare levy, at $4.6 billion, and the amount raised by customs duty, at $4.4 billion. It is more than half of the amount raised from excise duty on petroleum products. When you consider that at $5.1 billion 70 per cent of revenue from these excise duties comes from tobacco products, the impact of taxation measures on the section of the community that consume tobacco products becomes clear. Compare that with the $1.6 billion excise raised from tobacco products in 1995-96. To make another comparison, the amount of excise raised is more than half of the amount forgone in the budget from the abolition of wholesale sales tax.

The high level of excise taxes on cigarettes was made alarmingly clear to me on a recent trip to the external territory of Christmas Island with the Joint Committee on Migration. On Christmas Island you can expect to pay $5 for a lettuce and over $1 for a single apple, but a carton of cigarettes will cost you only $13.50. That is $40 per carton less than the price for the same cigarettes in Australia. That is the effect of the tobacco products excise. For an average smoker a carton of cigarettes lasts about a week so an average Australian smoker would pay $40 per week in tobacco excise. That is over $2,000 per year in extra tax regardless of whether you are a pensioner or a low income earner. These taxes – and I will call them taxes so that it is clear to everyone that that is what they are—place a large and growing burden on one section of the community. By what principle of fairness and equity can a government levy such a large tax on one section of the community?

We all know why these taxes are so efficient. Economists will refer to the demand curve for tobacco products to show that even a large increase in price will lead to only a small decrease
in demand. So governments can hike up taxes all they like and the poor smoker will continue to pay. Because tobacco is an addictive substance—something even cigarette companies now admit to—the consumer will continue to purchase the product at higher and higher prices. They have no choice. Until recently smokers were able to purchase cheaper bulk packs which were taxed on weight. Changes which now tax cigarettes on a per stick basis mean that smokers pay nearly 20c in tax every time they light up.

Mr Lloyd—Are you going to increase the price of tobacco?

Mrs IRWIN—Speak to the people in your electorate who might be smokers and they are very concerned. Now smokers have no choice. As the tax increases through indexation they have to pay up. Not surprisingly, trade in contraband tobacco products is rising. It may soon be the biggest illegal drug industry in this country. But you have to ask why we have such punitive rates of taxation on tobacco products. What is the justification for slugging a pensioner $2,000 a year in extra tax? Who pays the tax? How are tobacco consumers distributed in the community? If, as I suspect, tobacco consumption is greater in lower income areas, how can the government justify such a regressive tax? If there is a purpose to the tax it should have some stated outcome. We should be able to measure its effect. What government program worth $5 billion a year would have no accountability?

Adding in the impact of excise, Fowler is carrying more than its share of the tax load. The 1998-99 tax figures show Fowler to be higher than middle ranking in New South Wales for taxable individuals. The reason for that is that young families seriously outnumber retirees. Taxable income collectively is below the middle rank. The reason for that is that we have some well-off households and some far from well-off households. That is reflected in the fact that the average taxable income is in the bottom 10 of the 50 New South Wales electorates. We have a lot of young families doing it tough on low incomes, and the GST, unlike the progressive income tax scales, will make the imbalance worse. They will be paying the same amount of tax as the good people in Bradfield in north Sydney and in Wentworth—the top income earning electorates in New South Wales.

Excise is a particularly regressive tax on lower income earners who tend to spend a greater proportion of their income on goods attracting excises. Australia’s taxation arrangements have been built on customs and excise. They were, in fact, the Commonwealth’s only revenue source during the first decade of federation. Excises have also been useful in curbing consumption of harmful products. In its most successful example, the imposition of taxes on gin greatly reduced the social problems that stemmed from its abuse in mid-18th century London. But the impact of those taxes had the effect of raising the price to the extent that few could afford to buy it without resorting to crime—rather like the present situation with narcotics.

Prohibition, as a way of regulating social behaviour, has pushed the price up without reducing demand. This has hit Fowler particularly hard, and the Howard government is being shortsighted in not putting more resources into the problems of Cabramatta and the southwest, because that is a major trading and distribution centre for more widespread consumers. There is a good chance heroin being used in north Sydney, in Bradfield and Wentworth, has a link with Fowler. Like heroin, it is addictive, illegal tobacco, known as chop chop, that could well outflank narcotics as the biggest illegal drug industry in Australia.

The brewers are battling the chains, although the chains appear to have scored a significant win for air time on Channel 9 in the *Austin Powers* slot. If taxpayers’ money has been used to stifle free speech in this country, I think the taxpayers of my electorate, whether PAYE or excise contributors or both, have a right to know. It was a promise by John Howard that ordinary beer would not rise in price by more than two per cent. It will. The Prime Minister has broken that promise and he is lifting the excise from 18 per cent to 32 per cent, plus the
GST. For a product that costs less than its package and is taxed more than it is worth, I think Australian beer drinkers have a lot of good reasons to listen to the education campaign being run by the brewers.

There are two other budget areas that have a considerable impact on the Fowler electorate. They are in the transport and regional affairs portfolio and are the Badgerys Creek airport and the Western Sydney orbital. In the case of Badgerys Creek airport, the notable lack of funding suggests that the government is out to lunch when it comes to making a decision which affects tens of thousands of residents. People in Western Sydney have been in limbo since this government was elected back in 1996, not knowing what is going to happen with Badgerys Creek. Planning at all levels has stalled because no-one knows when the final decision will be made. We now have options dealing with Bankstown airport on the table and no clear idea about how Sydney’s future aviation needs will be met. The government has had more than enough time to make a decision on Badgerys Creek. It is time that it came clean on its preferences and let the people affected make plans for their future.

With regard to the Western Sydney orbital, the government is equally evasive, although the allocation of $10 million in this budget does give us a hint about the government’s preference. I have noted that the allocation is for the purpose of carrying out planning work only. It does not allow for the laying of even one metre of bitumen, not one dollar for land acquisition or work directly involved in the building of the road. Why? You will have to read between the lines, but the answer is pretty obvious: the federal government wants the Western Distributor built as a private toll road. Motorists would face a toll of more than $3 for the trip from Prestons to Seven Hills. The allocation of funds for design work would allow the calling of expressions of interest. *(Time expired)*

Mr LLOYD (Robertson) (6.26 p.m.)—I am pleased to rise today to support the *Appropriation Bill (No. 1) 2000-2001* and to support the government’s budget, the fifth Howard-Costello budget. As I listened to speaker after speaker from the Labor Party, with their feigned indignation and their so-called concern about the GST and tax reform, I thought it would be useful to remind the members opposite and the Australian community just what sort of economy we inherited in 1996 when we took government.

I have some figures here just to compare a few of the factors to show just how much the economy has improved under the coalition government. Inflation for the year in the September quarter of 1999 was 1.7 per cent, and it has continued to be very low since that time. In the comparable period in 1995, it was 5.1 per cent. Prior to that, in the recession that we had to have, we had inflation rates of 10 and 11 per cent which made it extremely difficult for people. I note that today in the main chamber the Labor Party were going on about inflation and the small inflation spike that the GST will cause eating into people’s savings. That was nothing compared with the inflation that we had in those times of 11 and 12 per cent. People’s savings that they had worked all their lives for were constantly eroded, and it was a constant battle just to keep pace.

Productivity grew by 2.4 per cent through the year to June 1999. Over the same period in 1995, productivity growth fell by 0.2 per cent. We could not even produce a growth factor in 1995. In the June quarter 1999, real wages grew by 3.7 per cent. Over the same period in 1995, real wages growth was zero. We have heard the Prime Minister and the Treasurer in the main chamber saying how the Labor Party ministers, when they were in government, thought it was a great achievement to actually cut the real wages of workers. We have made sure that the real wages of workers throughout Australia have grown through the time that we have been in government.

In the year to November 1995, the unemployment rate was 8.5 per cent. In the year to November 1999, the unemployment rate was 6.7 per cent and has continued to trend down.
Since the government has been elected, more than half a million extra jobs have been created in the Australian economy. In 1995 unemployment was 8.5 per cent. But if you go back a little earlier than that, to the late 1980s and early 1990s, we had an unemployment rate that peaked at over 11 per cent. They are just figures, but I recall that at that time I was trying to run a small business, my children were small and I had a mortgage—which I am still paying—and it was an absolute battle just to survive in that environment.

The home variable mortgage rate in 1995 was 10.5 per cent. In April 2000 the rate was 7.7 per cent, and these rates have been consistently at low levels. These are the lowest levels that we have had since 1973. It is very important to remember what a mess the economy was in in the early 1990s. It is important to remember how many lives and dreams were ruined by the combination of high interest rates, high inflation and high unemployment figures.

That was one of the main reasons I became involved in politics and why I wanted to make a stand, because I saw so many of my friends, acquaintances, and business associates being destroyed. Not only were their businesses being destroyed but their lives and their families were being destroyed. People were losing their homes constantly, and people who I knew wanted to work, people who were good employees, could not find a job. I thought to myself then that there had to be a better way to manage this country, which is a great country. That is why I took a stand and stood for parliament in 1996. I am very proud to be part of the Howard-Anderson coalition government.

I think it is very important that we continue to remind the Australian public and the Labor Party—because they like to reinvent history and do not want people to remember—just how bad things were before we came to office. They could not manage the economy. We had a deficit. We all remember Mr Beazley saying before the 1996 election that the budget was in surplus. When we came to government we found that the budget was not in surplus, not by a long shot. We had a huge $10 billion deficit. We were going backwards. We were borrowing money. We were going further into debt.

Everybody who runs a business or a household knows that if you keep putting money on the Bankcard you have to pay the interest on that. The amount of interest that we were paying was crippling this country and we could not go forward at all. So, it was important that we had to take some hard decisions to get the surplus that we have now to start repaying a huge amount of Labor’s debt. All of us know how easy it is to run up debt. Any of us can do that on our credit card or on our household budgets, but we all know how difficult it is to make the decisions that we have to make to pay back debt. That is what we have done as a coalition government over the last 4½ years, over the last five budgets. We have managed to maintain services, we have managed to expand in important areas, and at the same time we have managed to pay back a huge amount of the Labor Party debt. It is very important that we continue to manage the economy in a sensible way and in a financially responsible way.

I do not believe that the Australian community realises how important it was to have surplus budgets when the Asian economic crisis hit. If we had been running the type of deficit budgets that the Labor Party was running in the 1990s, the Australian economy would have been decimated when the Asian economic crisis hit. I believe that the Australian dollar would not have held up as well as it did. It would have made it very difficult for our economy to survive the Asian crisis.

I remember when it happened that the Labor Party people were quite gleeful about it. They seemed to be happy that something was going to happen that would damage the Australian economy. I guess they thought that in the short term it was going to improve their electoral chances. In fact, through the sound management of the coalition government and through the innovation of Australian exporters and manufacturers and business people in Australia, we hardly felt the Asian economic crisis. We continued to grow. We did not just continue to grow;
we continued to be one of the fastest growing economies in the world. I think it is a credit to the coalition government and to the Australian community that we were able to resist the turmoil that was created by the Asian economic downturn.

In this budget that has just been brought down by Peter Costello there are quite significant increases in some very important areas. If you listen to the Labor Party you would think that there was no increase in funding for important areas. One of the areas where the Labor Party seems to have run a totally untrue outrageous scare campaign on is education funding. There has been a 32.6 per cent increase in school funding for the years 2001 to 2004. The budget makes available $22.3 billion for school funding for the next funding quadrennium. That is a 32.6 per cent increase over the 1997 to 2000 quadrennium. It continues our heavy investment as a government, in both government and non-government schools, which the Howard government has made over the last four years.

It is important to emphasise that the Labor Party seems to have this thing that a non-government school is a wealthy, privileged private school. I have many non-government schools in my electorate and I can assure you that they are neither wealthy nor privileged. They are independent schools that give the parents and the community a choice of education. It is not a case of favouring one type of system over the other. I have an excellent government education system in my electorate on the Central Coast. I also have a very strong and vibrant non-government sector. Certainly, none of those schools in my electorate could be classed as wealthy and I think that is very important to emphasise.

Over the next four years, Commonwealth spending on government schools will increase by almost $1.4 billion above the previous four-year funding. The Labor Party are trying to say that we are not increasing funding for government schools. That is totally wrong. It represents an increase of 21 per cent. Funding for non-government schools over the same period will also increase in order to correct funding inequalities suffered by the low income schools and lower income families. We will provide $5.2 billion for Australian schools in 2000 and 2001. That is an increase of $339 million, or seven per cent, over the previous year.

There is funding for other sectors of the education area as well. The Australian Student Traineeship Foundation, the ASTF, is very active in my electorate. They will continue to receive money. There will be $83.3 million made available over the next four years to further support the ASTF, which is very important. There will be $25 million for the Enterprise Education Program to assist young people to develop an understanding of business enterprise and enterprise skills. There is an additional new funding of $10.3 million for the Jobs Pathway program, an excellent program that assists people to make the transition from school to work. It helps young people between 15 and 19 years of age who intend to leave school and look for a job in the next 12 months. It focuses on those young people who are most at risk of being unemployed and helps them get the skills and knowledge they need when they leave school and go into the work force.

There has been quite an outrageous campaign waged in New South Wales by the Labor government and others who are trying to make out that the Commonwealth is taking funding from government schools. It is very much a substantial campaign of misrepresentation over the EBA. Claims that the money for the EBA is taken from government schools and passed to non-government schools are totally incorrect. There has been a protracted industrial dispute by teachers in government schools in New South Wales—which thankfully has just been settled—and there seems to have been a campaign of denigrating government schools in New South Wales. The rate of change and decision making by parents choosing non-government schools over government schools in New South Wales is five times higher than in any other state in Australia. There has to be some reason for that. I believe the reason is very much this
campaign that has been run by the Labor state government in New South Wales to denigrate a very good system. I think it needs to stop.

The EBA is a system where, as the proportion of non-government schools increases and the state governments actually make a saving, the Commonwealth bears an increased significant cost. Because of this, by a longstanding agreement with the states and territories, the Commonwealth has principal responsibility for non-government school funding. Last year the New South Wales government made a saving of approximately $44 million, which they did not swing into government schools—they probably put it into the Olympics; everything seems to be disappearing into the Olympics at the moment—and it was important that the Commonwealth, through the EBA, claimed back $16.9 million of this saving and the New South Wales government retained the balance. So, in fact, the New South Wales government got $17 million in additional funding which they could use on whatever they liked—they could use it on state schools—and it is actually additional funding that they are being given through the EBA. It is important that we put those facts on the record.

Also in the budget there were some great initiatives for health, particularly in rural and regional areas. The $562 million country health package was the largest effort ever made by an Australian government to assist country hospitals and health services in rural and regional Australia. It builds on top of the $200 million package that the government delivered two years ago which has helped pay for doctors in the country areas of Australia. The three key sections of this package are the $210 million over four years for more health professionals, the $162 million package to further doctors’ and medical graduates’ training and educational needs, and $185.8 million to put more health services into rural and regional Australia. This includes $68.9 million to top up the Regional Health Service Program, $41.6 million to provide financial assistance to help pharmacies start up, and $14.2 million allocated to developing and implementing a chronic disease support package for small communities where people do not have access to the full range of health care services. That is an excellent package which builds on what we have been trying to do as a government.

You hear the Labor Party going on with their scare campaign about tax reform and the GST. Of course, we all know that they are so opposed to tax reform, they are so opposed to the GST, that if they were ever to be elected—and I shudder to think of the future of this country if the Labor Party ever were re-elected to federal government—they are going to keep the GST. There is no doubt about that. They want to criticise, they want to harp, they want to scare people; they have run an outrageous scare campaign about the GST but none of the benefits that come with tax reform. At least the coalition government has the courage and the vision to get out there and do something that is right for this country. It is not easy, I know it is not easy for people in my community. We are out there all the time trying to counter the Labor Party scare campaign.

What I found in my community is that, everywhere I go, people are saying, ‘Look, I’m not too sure about this, I don’t quite understand it, I hope I’m going to be better off, but I’m not really sure about that,’ but what they do say is, ‘We know it’s the right thing for this country, we know that you are doing the right thing, we know that our kids are now able to get jobs, we know that our young people are actually having dreams and hopes of being able to buy or build a house.’ They know that there are a lot of benefits that come out of tax reform. They know that we had to make some hard decisions to address the deficit, to get our financial position back in place. This budget continues to build on that.

The important thing to try and put people’s minds at ease, particularly older people in my electorate, is that I go through all the benefits, all the compensation that is being paid by the coalition government to ensure that no-one is worse off. I never saw the Labor Party—not once—give compensation to people when they lifted wholesale sales taxes and all the other
sneaky taxes that they lifted without telling anyone. There was never any talk about compensation when they were letting inflation run out of control to 11 and 12 per cent. There was never any talk about that. But now, down in the main chamber today, they are saying, ‘How are you going to compensate people for the inflation spike of the GST?’ which is nothing compared to the outrageous inflation that they let run.

For retired Australians, pensions will be increased by four per cent to ensure that they are always in front of any inflation. This will ensure, in the longer term, that pensions remain at least two per cent ahead regardless of any price effect. There will be a fairer income test for pensioners. Pensioners will be able to keep 60 cents of every dollar in income above the income free area, which is an increase of 10 cents in every dollar. That is a very significant and a very welcome change in my electorate.

Around 50,000 additional people will become eligible for part pensions and the pensioner concession card—the aged persons savings bonus, which is for people 60 years of age and over, up to $1,000, or the self-funded retirees supplementary bonus, which could be up to $2,000. Some people could actually be eligible for both. So a couple who are eligible for that could receive up to $6,000. That is a very significant boost to many people. There will be higher tax rebates for pensioners and low income aged persons. There will be refund of excess imputation credits. That is very important to a lot of retired people who have a few shares. Australia is now one of the largest share owning nations in the world. Many people who are retired rely on those imputation credits. Some of those excess ones were wasted. (Time expired)

Ms ELLIS (Canberra) (6.46 a.m.)—A few weeks ago, the Treasurer at the commencement of his budget speech stated:
This budget is right for the times.
The Treasurer went on to say:
A new tax system will fund and sustain our hopes and aspirations in health care, in education, in care for the old and care for the young.
These statements may give the Treasurer a feeling of self-assurance and confidence that the business end of town—the big end of town—will admire and applaud him and that the community believes him. Sadly, the Treasurer’s budget is an illusion for the nation and for himself. Millions of hardworking Australians will not buy the Treasurer’s hollow statements. They do not believe that this budget is, in fact, right for the times. In fact, there are already doubts within the business and social lobby groups about whether this budget can deliver the government’s promises for our youth, our families, the disadvantaged, the aged and the business sector as well.

For example, the day after the budget announcement, the Sydney Morning Herald reported the initial reactions of some of these groups involved. Take, for example, Mr Michael Raper, President of the Australian Council of Social Services. He stated:
This government promised to put social issues, social needs front and centre at the top of its agenda. Tonight we have a budget of wasted opportunity. After four years of really high economic growth, where is the budget for 2 million Australians that are living in poverty? Where are the increases in unemployment payments, the wage subsidy programs to help people get a job?

Even the business community reported reservations about the budget. Ms Katie Lahey, the Chief Executive of the New South Wales Chamber of Commerce stated:
There is not enough in this budget to sweeten the GST pill. This budget does little to reduce the stress levels for business, which is facing rising inflation and the implementation of the GST.
What does this budget mean for Canberra? It certainly does little in terms of compensating Canberra families struggling to meet the increased mortgage costs and increased education costs that will occur after the introduction of the GST. Nor does it allay concerns about employment opportunities, particularly in the public sector. Unfortunately this budget raises
false hopes for families, particularly for those people who believe in the so-called promised tax cuts. We believe this budget will make the average Australian family worse off in terms of paying off their mortgages. Moreover, the highly suspicious budget surplus is more likely to lead to increases in the interest rates and, consequently, the dream so often spoken of, of owning a home, will become that much more difficult.

The tax cuts—a sweetener for the GST—will last only one year but the GST will last forever. In fact, not only will the average taxpayer enjoy the tax cuts for only one year but after that they will be paying $600 more per year than they did in 1999-2000. Even the budget paper suggests that families will no longer be able to afford the luxury of having one parent at home. The second parent may be forced back into the work force. Budget Paper No. 1, pages 2-25 show that.

Australians across the board, particularly low and fixed income workers, pensioners and first home buyers, will be the hardest hit, having less money in their pockets and more to pay. This group of people are often vulnerable and economically and socially disadvantaged, a group of people who live on modest wages and incomes. This is a group of people who have been forgotten by this government. It is a shameful situation.

What does this budget mean for Canberra businesses? Yes, there are funds available: for Defence spending on Canberra facilities, $29.2 million; for the Barton Highway duplication, $12.3 million; for interpretive signs and new lighting on Anzac Parade, $2.9 million; and for works in the parliamentary zone, $3 million. I applaud those projects but it is not exactly what you could call an enormously high injection of funding and confidence in the national capital.

And what about job security for people living in my electorate, particularly those employed in the scientific and technological areas? Canberra’s future economic strengths are acknowledged as being in the tertiary sectors of developing intellectual property, information technology, and research and development. There are enormous opportunities and lucrative global markets for Canberra where we would could increase economic growth strengths if the right conditions prevailed.

Sadly, there is little encouragement in this budget for this to happen. In fact, the CSIRO will lose 133 jobs. The CSIRO buildings will be sold off, handing $107 million over the next three years to the Commonwealth, and the CSIRO will then have to rent back their own facilities. I am also concerned at what has happened to Australian Geological Survey Organisation, AGSO. I am aware that since the Howard government came to office, AGSO’s total appropriation has been reduced from $127.6 million to $82.975 million. This reduction clearly will have an impact on their scientific wealth and our gain. Between June 1999 and April 2000, AGSO has lost 60 more positions.

I noted with some interest the correspondence I received recently from the Parliamentary Secretary to the Minister for Industry, Science and Resources. The honourable member wrote: I am writing to set you straight on the subject of funding for the Australian Geological Survey Organisation for 2000-01.

Obviously, he had taken exception to my comments in relation to AGSO. Well, I am straight on understanding completely the government’s attitude to both the CSIRO and AGSO, and my community is too.

In the area of education the government is again neglectful about developing the inquiring and creative minds of our citizens to the best extent. Total new education spending in the 2000-01 budget is $62.1 million over four years. That is an additional 0.86c per person per year. Not even the public sector can dodge continued downsizing, a practice which is now leading to a massive loss of corporate memory, expertise and best practice in what was regarded as one of the best civil services in the world.

In my electorate of Canberra there are thousands of people employed in Defence, yet the government will again downsize this area to the tune of 540 civilian jobs and 89 permanent military officers. Clearly, the downsizing will adversely impact on Canberra and its local
economy, not to mention the social consequences. I will take the opportunity in all fairness to acknowledge and repeat my earlier statements which have welcomed the Joint Defence College project in Weston in my electorate. I am pleased to see that progressing, despite those cuts that I have talked about earlier.

The budget papers show that in its first four years the Howard government has slashed the Public Service by 31,057 positions, crippling the capacity of many departments to operate effectively. As I mentioned earlier, the business sector, particularly small business, is definitely uneasy about the impact of the GST. Influential economic reports by the OECD recently gave warnings about the GST and its inflationary effects. Even the media are likening the GST to a launch of an inflationary skyrocket. The Australian reported on 10 May: Australians will suffer more than four times as much inflation in the first three months of the GST than they have been used to over the past decade...

So much for the so-called compensation the government intends to provide.

I have received many calls from local business owners and operators in my electorate worried about rising interest rates and fears of a general economic downturn when the GST is implemented. I was interested to note in the May Yellow Pages survey that this reinforced my constituents’ concerns. The survey revealed that small businesses are less than impressed with the government’s implementation of the tax changes. More than half of those businesses surveyed said the government was doing a bad or a very bad job introducing the new tax system. Some 41 per cent of those surveyed believed government policies were working against them compared with 15 per cent saying they were working for them. What this all means is that the government is losing touch with small business, a constituency base that is important to the government’s hold on power, and an important barometer for gauging confidence in the economy.

Another major concern with the implementation of the GST is the inability of the ATO to adequately advise small business. I have received many complaints and comments from businesses within my area complaining that they cannot get a simple, efficient clarification when seeking assistance. I was not surprised to read in the Sydney Morning Herald on 31 May that:

The disquiet over the implementation came as it was revealed the tax office ‘replyin5’ tax inquiry service had asked users to wait at least 14 days before expecting an answer.

I thought that the idea behind the ATO service was to provide responses within five working days and not 14 or more in many cases. It has been reported that the ATO has yet to rule on 20,000 queries from business, state governments and community groups about particular situations.

This is an appalling situation. The GST is 22 days away from being introduced and yet many ordinary Australians still do not know where they stand or how they will deal with the GST. What makes it more worrying and disturbing is that the ATO was reported to admit that it does not know all of the details of how the new GST will operate. This situation is undermining business confidence and much needed investment, particularly at the small business end. We all know how important this is to our continuing economic development, particularly here in the ACT.

I do not believe that this budget is compassionate. It is harsh. This budget is not thoughtful; it is not good policy. I believe it is fraught with problems. This budget will not sustain our hopes and aspirations in health care, education, care for the aged and care for the young. This budget will only add to the worry, uncertainty, anxiety and desperation of many millions of ordinary Australians. Why are ordinary Australians feeling this state of powerlessness? I can tell you: because most Australians are fearful of the government’s new tax system, that dreaded GST, the government’s millennium gift to the nation. The Leader of the Opposition said in his budget address in reply:
... this is a budget of lost opportunities. This is because of what was not in it—no plan for the future, no vision for Australians, no ideas. It is a tragedy for this country that at such a time of change, with new communications transforming the workplace and innovations coming thick and fast, we have a government so backward looking. I have said many times in this place that the government shows little care for real people. What we need is a government that is absolutely passionate about caring for the frail, aged, disadvantaged, sick, lonely and less well-off. We deserve a committed government that will nurture and develop the creative and imaginative minds of our youth, believe in the investment in education and science and lay visionary signposts for us all to follow. What we want is a compassionate government that will attend to the welfare needs of individuals and families. We expect our government to provide strong leadership, instil unity and give confidence to everyone.

I do not believe this government wins on any of those points. We have a different view of the future. We believe in fairness for the weakest and most vulnerable in society, lifting the burden on small business, especially the administrative complexity, lifting the burden on education and health, and lessening the impact on jobs. I am really looking forward to taking our alternative vision for Australia to the voters. I seek leave to continue my remarks.

Leave granted: debate adjourned.

Main Committee adjourned at 6.59 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Tasmanian Regional Forest Agreements Private Land Reserve Program: Funding**

*(Question No. 1500)*

Mr Laurie Ferguson asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 9 May 2000:

(1) What has been the total Commonwealth funding provided to date for the Tasmanian Regional Forest Agreements Private Comprehensive, Adequate and Representative (CAR) Reserve Program.

(2) Under the Program how many hectares of land have been (a) purchased by the Tasmanian Government, (b) protected by a management agreement accompanied by a covenant on the land title and (c) covered by a management agreement without a covenant on the land title.

(3) Is adequate protection of CAR reserve values provided by management agreements without a covenant on the land title; if not, what changes will be made to the Program guidelines.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

As at 17 May 2000 $13,124,525 had been provided by the Commonwealth for the Tasmanian Regional Forest Agreements Private Land Reserve Program. This represents $10,000,000 transferred to the Program Trust Fund which is used for on-going management payments, program administration costs and projects approved by the State Minister. A further $3,124,525 has been paid to the Program from the Natural Heritage Trust for purchases, covenants and management agreements approved by the Commonwealth Minister for the Environment and Heritage. A further $75,400 has been approved for expenditure from the Natural Heritage Trust but payment has not yet been finalised.

The following answers relate to hectares that have been approved for expenditure using Natural Heritage Trust funds. The purchases and agreements are at various stages of finalisation with the relevant landholders.

(a) 3987.46 ha

(b) 3021 ha

(c) 300 ha

The Program will only use management agreements without a covenant on title in certain circumstances and only where he risk of non-compliance with the agreement is considered extremely low. There is no consideration paid for management agreements without a covenant (land secured by a covenant attracts payment of a consideration for protecting the values in perpetuity) and management payments are only made at the completion of works outlined in the management plan.

**United Nations Commission on Human Rights**

*(Question No. 1507)*

Mr McClelland asked the Minister for Foreign Affairs, upon notice, on 10 May 2000:

Further to the answers to questions No. 605 *(Hansard*, 23 June 1999, page 7345) and No. 639 *(Hansard*, 23 June 1999, page 7347), what (a) resolutions did Australia sponsor at the session of the UN Commission on Human Rights at Geneva in April 2000 and (b) what were the (i) positions and (ii) qualifications of the persons who represented Australia at the session.

Mr Downer—The answer to the honourable member’s question is as follows:

Australia was the principal sponsor of two resolutions – 2000/64, the Role of Good Governance in the Promotion of Human Rights and 2000/76, National Institutions for the Promotion and Protection of Human Rights. Australia also co-sponsored forty-nine other resolutions (Australia is currently not a member of the Commission on Human Rights and is therefore unable to vote on resolutions. However, under the rules of procedure it is able to sponsor and co-sponsor resolutions).

Australia co-sponsored the following resolutions:

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<td>Mr Peter Heyward&lt;br&gt;Director, Human Rights and Indigenous Issues Section, Department of Foreign Affairs and Trade, Canberra</td>
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<td>2000/61 Question of the Death Penalty</td>
<td>Mr Eric Van der Wal&lt;br&gt;First Secretary, Australian Permanent Mission to the Office of the United Nations, Geneva</td>
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<td>Rights of the Child on involvement of children in armed conflict and</td>
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<td>on the sale of children, child prostitution and child pornography</td>
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(b)(i) The Australian delegation to this year’s Commission on Human Rights comprised Department of Foreign Affairs and Trade officers based in Geneva, New York and Canberra. The delegation also had a representative from the Department of Immigration and Multicultural Affairs. Some delegation members did not attend the full six-week session, due to other work commitments.

(ii) The members of this delegation were qualified to represent Australia by virtue of their occupancy of their current positions in the Department of Foreign Affairs and Trade and the Department of Immigration and Multicultural Affairs.