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Mr SPEAKER (Mr Neil Andrew) took the chair at 4.30 p.m., and read prayers.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Rent

Mr BEAZLEY (4.31 p.m.)—My question is to the Prime Minister. Prime Minister, do you stand by the assessment contained in the Econtech report of the GST’s impact on general dwelling rents of 4.7 per cent? Isn’t it the case that the ANTS package you took to the last election contained a GST impact on rent of 2.3 per cent, less than half Econtech’s assessment? How do you explain this disparity? Can you confirm that the compensation measures contained in the ANTS package were based on your promise of only a 2.3 per cent increase in rents? Doesn’t Econtech’s assessment mean that Australians renting their accommodation will be worse off than you promised at the last election?

Mr HOWARD—No.

Rural and Regional Australia: Government Support

Mr ST CLAIR (4.32 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister advise the House of any new government initiatives that support rural, regional and remote communities who are taking action to improve their own future social and economic viability?

Mr ANDERSON—I thank the honourable member for his question. And, as it happens, I can inform you of yet another very solid building block in this government’s building, if you like, of a really sound approach to helping rural and regional Australia craft a new future for itself. Over the weekend we announced a $90 million grants program to be known as the Regional Solutions Fund. This very well put together program is designed to meet a specific need that was identified at last year’s regional Australia summit and by others, I have to say, both before and since. It centres on the fact that many, many communities in rural and regional Australia have identified, in times of great change when they face very real economic difficulties, opportunities for economic diversification and new jobs. They have identified new chances and they need a bit of help to snare them. It can range over everything from value adding through to tourist based industries, including ecotourism and so forth, through to multifunction training centres, through to some of the hi-tech opportunities that are now beginning to emerge. It is a very flexible program. Its objective is jobs, and it recognises that one size does not fit all; we have learnt that. We need to say clearly to people in rural and regional Australia that we have learnt that the view that Canberra knows best is not something that the coalition accepts is right.

We want to work in partnership with rural, regional and remote communities as they work to craft a new future. We know, of course, that that involves working alongside people with drive, vision and imagination. That is what made the bush great in the first place. We saw some of it in Moree last week, and it was a great privilege to have the Prime Minister and other frontbenchers and people with a real interest in this, including members from Sydney, looking at strong local leadership and communities taking themselves forward in partnership with the Commonwealth government in providing aid for things like Aboriginal employment. Two types of communities will be particularly targeted: those with high population growth but attendant high unemployment, such as in the south-east of Queensland, and the other will be rural communities where there is serious population decline and economic stagnation. There will be an independent advisory committee to assess applications against specific requirements. It dovetails very well with the other initiatives in place such as Networking the Nation, a billion dollar program, which was opposed, of course, by the ALP; the Stronger Families and Communities program, which is about community empowerment and building social capital; and the Foundation for Rural and Regional Renewal. It all contributes very significantly to the bag of tools that rural and regional Australians have at their disposal for crafting a future.
Goods and Services Tax: Rent

Mr SWAN (4.35 p.m.)—My question without notice is directed to the Minister for Community Services. Minister, can you explain to the House the disparity between the GST impact on boarding house rents reported in the media last night and the figures subsequently released by the Treasurer’s office last night? Minister, why did media reports refer to short-term impacts on these rents of 4.4 per cent when GST taxed and 3.7 per cent when input taxed, while last night the Treasurer’s office was saying four per cent and 3.6 per cent respectively? Minister, to explain these disparities, will you arrange today for the release of the full Econtech report in both its draft and final forms as well as the associated departmental briefing papers and other documents?

Mr SPEAKER—The Treasurer has the call.

Mr COSTELLO—Since the question was in relation to figures I released last night, I am only too happy to answer the question and to inform the House. Last night I released figures from an Econtech report, not a government report, which had been done on boarding houses and which compared the difference between input taxation—that is, the taxation which is given in relation to residential rents—and the alternative taxation where there is the half-GST and full input tax credits. That report showed that in the short term the difference between the two taxation treatments is minimal. If you used the concessional GST treatment, you would get a price impact of four per cent in the short term, and if you used the other alternative—namely, input taxation—you would get 3.6 per cent. That is, the difference was marginal—almost non-existent. It also showed, interestingly enough, that in the long term, if you took the concessional GST treatment, the price effect would be 1.5, whereas on a boarding house if you took the input tax treatment, it would be 3.1. In other words, if you took the option out of the legislation, in the long term you would be penalising people in boarding houses. The government has always said that the two treatments work out approximately the same. They do, in the short term. In the long term, it actually works out more beneficially if you take the concessional treatment. This was not government modelling; this was Econtech modelling. It was done by an independent modeller, which I would have thought puts the kybosh on all of the ALP claims—notwithstanding that very interesting photo in the Sydney Morning Herald of independent caravan park owners in the Tweed over the weekend.

Australian Bureau of Statistics: National Accounts

Mr ANDREWS (4.39 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the results of the March quarter national accounts released recently by the Australian Bureau of Statistics?

Mr COSTELLO—I thank the honourable member for Menzies for his question. I was with him on national accounts day at the Benito Club, where he had a wonderful meeting with friends, supporters and people in the Italian community. He would have heard me say on that day that the national accounts showed that, in the March quarter of 2000, GDP grew by 1.1 per cent to record through the year growth of 4.3 per cent. This was the 12th consecutive quarter in which the Australian economy grew in through the year terms by four per cent or more. Such an outcome has only once been previously recorded in Australia, and that was the period from June 1968 to March 1971. In other words, it is the equal longest, consistent growth above four per cent in Australian history. If the June quarter were to continue with growth at above four per cent, we would have the longest unbroken run of growth above four per cent in Australian recorded economic history.

I think all members of the House would agree that it is good news to see a strongly growing Australian economy creating more jobs for young people, reducing unemployment and, in particular, showing that not only has this been a consistently strongly growing economy but it has been a low inflation economy, with the inflation indicators in the national accounts showing through the year 1.2 per cent inflation.

The important thing about economic policy in this country is that we keep the economic cycle running. We can continue to
keep the Australian economy growing at four per cent or in the high threes, as we are forecasting, in 2000-01. We will continue to create jobs, unemployment will continue to fall and we will be creating better opportunities for our fellow Australians. But you will not get that by doing nothing. It is important that this government continue to work on all of those areas of economic policy which have shown results over the last couple of years—tax reform, of course, is the big one. But we need to keep going to ensure that we give our fellow Australians the opportunities which they deserve in a growing economy with more job creation.

DISTINGUISHED VISITORS

Mr SPEAKER (4.42 p.m.)—I inform the House that we have present in the gallery this afternoon the Hon. John Speller, Minister for Defence, of the House of Commons in the United Kingdom. On behalf of all members of the House of Representatives, I extend to our Westminster colleague a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Transport: Speedrail

Mr MARTIN FERGUSON (4.42 p.m.)—My question is to the Minister for Transport and Regional Services. In relation to Leighton’s Speedrail proposal, do you still stand by the government’s earlier commitment that it will be at no cost to the government or to the taxpayers?

Mr ANDERSON—As is so often the case, you have to go back and have a look at what we actually committed ourselves to. We indicated that there should be no net cost.

Opposition members interjecting—

Mr ANDERSON—There is nothing wrong with that; it is entirely appropriate. On that basis, I have to say that the answer to the question is no, we do not, because that is not the position that we adopted.

Eden-Monaro Electorate: Government Assistance

Mr NAIRN (4.43 p.m.)—My question is addressed to the Minister for Forestry and Conservation. Would the minister advise the House what action the government is taking to assist the people of the Eden and Bombala region following the closure of the Eden fish cannery and the downturn in the forestry industry caused by the New South Wales Carr government?

Mr TUCKEY—It is a fact that, whilst the Australian economy is growing so rapidly, there are segments of the Australian community that have not been so fortunate. But it is a tragedy when that situation is not brought on by normal economic events but by political decisions taken by, in this case, the Carr state government. The people of Eden have been driven into the ground by a policy perpetrated, introduced and practised by the Carr government in closing down to an unnecessary degree the forest industry upon which they rely. Unfortunately, their major employer in the Heinz fish cannery, employing about 130 people, has also closed, causing great concern to the community.

The response of the Howard government was not to let this situation continue and lay the blame without doing something about it. It is of great interest to me to hear the Deputy Prime Minister say that proposals of this nature that I will soon be mentioning are now to be extended to other similar areas throughout Australia.

This morning, in the company of Senator Ian Macdonald, the Minister for Regional Services, Territories and Local Government, and the member for Eden-Monaro, Mr Nairn, I went to Eden to announce the first stage of a project that we implemented using some of our forestry funds to get a rebuild of that area’s activities in business. This has been an interesting process because it has been implemented by the people of the region themselves. Instead of trying to apply a process from Canberra, on the member’s recommendation a committee has been formed there under the chairmanship of Mr John Aveyard, advertising was conducted and, as a result of that, a large number of applications were accepted.

We were looking for those that might come up with expenditures as high as $3.6 million. We have received applications for about $14 million and this morning were able to announce the first group at a cost to the
government of $1.355 million but which will result in local expenditure of $6 million, with 55 new jobs immediately and with the opportunity to extend out to 100 new jobs. The grants extended between $8,000 to over $400,000 for individual proposals and each is at least matched dollar for dollar, if not better. So it is not just the government doing things, it is other people doing so also. Included in those activities are forestry, fisheries, fish processing, aquaculture, tourism, light industry and horticultural industry activities. It is a wide spread and it is a great employment creating opportunity. In fact, it is a process of the Commonwealth government and the Prime Minister’s initiative, along with the local member, giving back what Bob Carr took away. Throughout New South Wales and other parts we have people running around calling themselves Country Labor. The media said to me this morning, ‘What should Mr Carr be doing?’ I said, ‘For God’s sake keep out of Eden. Every time he goes there he takes something off them. He never gives anything.’ Our response is to be positive, to go to the community, ask them how they think this matter should be dealt with—

Ms Kernot—Oh!
Mr TUCKEY—The member for Dickson laughs. She apparently works on the principle that she knows all. You trot off to London, find out what to do, come back here and then impose something—

 Opposition members interjecting—
Mr SPEAKER—The minister will return to the question.

Mr TUCKEY—She has been there to get advice on employment. The reality of this is that we have put together a program to assist people to assist themselves. That program has been of not substantial cost to the government but it certainly has had a very worthwhile effect, because the people of the region—

Mr Zahra—You did nothing for Swifts Creek.

Mr TUCKEY—My grandson interjects. He is a great help. I have got to say that this morning none of Country Labor turned up to get their photograph taken with the 12 successful applicants from the electorate but the local people were all very grateful to the local member. I want to congratulate him in closing because he has worked assiduously to make sure that people like me and the Prime Minister knew of the difficulties confronting his own people. It is amazing how, when you create jobs for people, those opposite giggle. They would rather have a situation where people were out of work and queuing up to get the dole. I think that is their view. The member for Eden-Monaro knows that the way to help people is to get them real jobs that last and get investment that will last, and this investment being matched there will create a large number of new jobs and I think will bring great benefit to that region. It is to be followed by a series of other activities when we are able to further investigate some of the larger projects, ensure their financial viability and probably double or treble those jobs.

Mr Zahra interjecting—

Mr SPEAKER—The member for McMillan is denying the member for Batman the call. I call the member for Batman.

Transport: Speedrail

Mr MARTIN FERGUSON (4.50 p.m.)—Just looking after Dad’s Army, Mr Speaker.

Mr SPEAKER—The member for Batman knows that he will in fact lose the call. He should come straight to his question.

Mr MARTIN FERGUSON—My question is addressed to the Minister for Transport and Regional Services. Minister, given your assertion that the Speedrail proposal will involve no net cost to government, will you rule out any cash or other subsidy to the project?

Mr ANDERSON—Here comes a question from a team who had such a great vision for transport infrastructure, for rail and transcontinental railways and so forth that every time they went out to reform or invest in something we went backwards. We repair a bit of railway and then the trains travel slower on it after the repair job than before. That was the way Labor went about these sorts of things. The background to this is that in 1997 the Commonwealth, New South Wales and ACT governments invited proposals for a high
speed train service between Sydney and Canberra. In August 1998 the Prime Minister announced that the three governments had agreed to proceed with a proving-up process with Speedrail. The purpose of the proving-up process was to give Speedrail an opportunity to demonstrate that its proposal is commercially viable and would have no net cost to government. It is no secret that quite a bit of work has now been completed by Speedrail. We are analysing that. I have to say it is incredibly complex. It is getting to the point where all three governments will be considering it formally, but all sorts of interesting propositions are put in terms of net cost and we will have to make careful evaluation of savings that might relate to areas such as expenditure on roads, outcomes involving environmental and greenhouse considerations, the final value to the asset at such point when it may return to the Commonwealth—

Mr Martin Ferguson—On a point of order as to relevance, Mr Speaker: the question was very specific. Is there any cash or other subsidy to the project in the pipeline?

Mr SPEAKER—The minister is being entirely relevant and I call him.

Mr ANDERSON—Mr Speaker, I think I am talking about a train, not a pipeline. Quite simply, in the end we will have to form a judgment about the value of the final proposition that is put before us. Obviously we will have to do that. That is what governments are elected to do. I cannot predetermine what values in net terms, if you want to put it that way, the cabinet may determine to put upon the proposal.

Mr Pyne—On a point of order, Mr Speaker: I understand that the standing orders rule out specifically the reading of newspapers in the parliament. I understand that the Labor Party’s tactics are less than edifying, but I am wondering whether the member for Franklin should be reading a novel on the front bench of the Labor Party in the middle of question time or whether that is also in breach of the standing orders—I meant to say the member for Denison.

Mr SPEAKER—There is no action that has been taken by the member for Denison—or the member for Franklin, for that matter—which I would deem to be unparliamentary at this stage in the debate.

Queensland: Fuel Subsidies

Mr SOMLYAY (4.54 p.m.)—My question is addressed to the Treasurer. Treasurer, have you seen recent media reports regarding fuel subsidies and fuel taxes in Queensland? What is the basis of the current fuel subsidy arrangement? What changes are being proposed to this arrangement and other subsidy schemes that benefit consumers?

Mr COSTELLO—I thank the honourable member for Fairfax for his question and for his interest in fuel arrangements in the state of Queensland. If I could go back a step, in 1997 the High Court invalidated business franchise fees that had been imposed by states. The states unanimously asked the Commonwealth to step in and, with uniform excise and wholesale sales tax, raise the money which the court had said the state could not raise for itself. The Commonwealth could impose those wholesale sales taxes and excises only at uniform rates. So it imposed them at the highest rate of any of the states, passed the money across to the states and said to those states that had lower rates, ‘You must use this money to resubsidise your product so that its price does not move.’ In Queensland there was no business franchise fee on petrol, so that, when the Commonwealth stepped in and raised the same amount per state and paid the money to Queensland, it was on the condition that the Queensland government subsidise its petrol 8c a litre so that the price did not rise. That arrangement has been put in place, through correspondence and agreement, since 1997.

Mr Speaker, you can imagine our surprise at the announcement by the Beattie Labor government in Queensland that it would be abolishing that subsidy arrangement, that it would be taking the money from the Commonwealth and, rather than passing it on to consumers, pocketing the money or otherwise applying it to a state tax under cover of the taxation changes of the Commonwealth, trying to shift the benefit and to blame the Commonwealth. I ask you this question: if Mr Beattie was genuinely concerned about that subsidy arrangement, why did he not...
cease it when he was first elected? Why did he not threaten to cease it at the end of last year? Why would he not threaten to cease it at the end of next year? Why was it that he chose the magical date of 1 July 2000 to try to abolish his subsidy? Because he was deviously trying to blame the Commonwealth when prices went up in Queensland. As a result of a lot of good work by a lot of people on this side of the parliament, he has been forced to back off that scheme—a thoroughly devious scheme.

I would have welcomed one ALP voice criticising the Beattie plan. The ALP will tell you that they are worried about the price of petrol, but when an 8c a litre straight out price impact was being threatened by the Beattie Labor government, the silence was absolutely deafening. I pay tribute to those members of the Liberal and National parties that stood up for Queenslanders and have ensured that Queenslanders were not being disadvantaged.

We are seeing an attempt to do the same thing in relation to alcohol. Again, when the Commonwealth had a uniform rate and paid the money to the states, those states which had previously not taxed light alcohol beer agreed to use the money to subsidise light alcohol beer for public health reasons. On 1 July, when taxes change in this country, Western Australia is going to keep its subsidy and South Australia is going to keep its subsidy on light alcohol beer. Even the Premier of Victoria, Mr Bracks, has now agreed to keep it. On 2 June 2000 on the Ross Warneke program, Mr Bracks said:

We’ve already made a decision on low alcohol beer, which had an $18 million subsidy to keep a differential price, and on good public policy grounds, that is, to ensure that we reduced the road toll.

So he is keeping his subsidy on light alcohol.

Mr Speaker—in ruling on the point of order I point out that the question was about the way in which subsidies to state governments were being dealt with by the federal parliament. For that reason, I will allow the answer to continue.

Mr Costello—Western Australia is not trying to cheat on that subsidy. South Australia is not trying to cheat on that subsidy. The Premier of Victoria has now come to the conclusion that he should not do that.

Mr Snowdon interjecting—

Mr Speaker—the member for the Northern Territory, for the last time!

Mr Costello—I raised this issue in the parliament some weeks ago in relation to Tasmania. I can inform the House that the Tasmanian government has reversed its position and has done the right thing. I pay tribute to the Treasurer of Tasmania, Dr David Crean, who, I think on the afternoon that I raised this in the parliament, put out a statement—and I will table it—dated 7 June saying, ‘Subsidies for cider and beer to stay’. I commend the Tasmanian government for its stand. But there is one state government in this country which is trying to deviously use the tax changes of 1 July 2000 to wipe out a subsidy on low alcohol: it is the Labor government of New South Wales. The Labor government of New South Wales expects to be paid the money for a subsidy which it intends not to pass on to consumers.

Mrs Crosio—Tell the truth.

Mr Costello—Labor members from New South Wales interject in defence of the Carr government taking away a subsidy on low alcohol. There is only one state. Why would it be that Western Australia, South Australia, Victoria and Tasmania have all adopted that position and New South Wales stands alone? It is because New South Wales thinks it can get away with this, that it can use the cover of 1 July 2000 to take out a subsidy and to try to put up the price of low alcohol beer. I call on the Labor Party to criticise the New South Wales Labor government and to demand that that subsidy be passed on. I say that, on this side of the parliament, we will be sticking up for the consumers of New South Wales. We will not see
them cheated by the Labor government of New South Wales.

**Job Network: Performance**

Ms KERNOT (5.02 p.m.)—Mr Speaker, my question is to the Minister for Employment Services. Minister, is it not the case that your department’s annual report shows that the Job Network is underperforming by 25 per cent when compared with the CES in 1995-96, the year you started running it down?

Mr ABBOTT—Mr Speaker, what the shadow minister for employment fails to understand is that the old CES figures needed to be adjusted in order to make a valid comparison because the old CES figures counted as jobs a whole lot of outcomes that we do not count as outcomes now. For instance, the old CES figures counted as an outcome a job that lasted for simply one hour.

Ms Kernot interjecting—

Mr Nairn—Cheryl, sit down and listen.

Mr SPEAKER—The member for Eden-Monaro will be dealt with.

Mr ABBOTT—They counted as outcomes placements in labour market programs that were funded by the Commonwealth government. If you adjust the figures as they should be adjusted in the relevant year—

Mr McMullan—Which year was that?

Mr ABBOTT—It was in 1995-96. When you guys were in charge and you thought the CES was running at full bore, in the relevant year the appropriate CES figure that has been provided to me by my department is 205,680, and in the last 12 months the Job Network has made 293,000 placements. So the Job Network is performing 50 per cent better than the CES at its height in 1995-96. If the CES is as good as the member for Dickson says, does she want to restore the CES? Is that what the member for Dickson wants to do? Does the member for Dickson want to restore the CES? Does the member for Dickson want to strip organisations like Mission Australia, the Salvation Army and Work Directions of their contracts and go back to the old days of the CES? Because that is precisely the import of the question you have asked. You ought to be ashamed of yourself for blackguarding the Job Network, a great organisation—

Mr SPEAKER—Order! The minister will resume his seat.

**Private Health Insurance: Membership**

Mr LINDSAY (5.07 p.m.)—Mr Speaker, my question is to the Minister for Health and Aged Care. Minister, is there any evidence to suggest that there has been a recent surge in the number of Australians with private health insurance? Does the entire health system benefit from this increase? What support exists in the community for the government’s private health insurance initiatives?

Dr WOOLDRIDGE—I thank the honourable member for his question. There is some good news in this area. On Sunday, the Australian Health Insurance Association released some figures that suggested that in April and May, 250,000 Australians had taken out private health cover. We would expect that figure to double by the end of this quarter. Since we introduced the 30 per cent rebate, there are now three-quarters of a million Australians who have private health cover who would not have had otherwise. If the trend that we faced when we came to government had continued, there would be two million fewer Australians with private health cover. This extra number of people is good news. It is good news for those who are already covered because it will take pressure off premiums next year. We have every reason to expect that premium rises next year will be even lower than the very low rise this year. If you believe people such as New South Wales Premier Bob Carr or Queensland Premier Peter Beattie, it will also help their hospital systems. We have given many Australians a significant choice that they have not had. This makes a significant contribution to health care in Australia as a whole.

Unfortunately, we still have the odd lone voice trying to talk down this change. It would not surprise you that the member for Jagajaga said on radio yesterday that people are furious about being blackmailed into private health insurance. If this is the case, I am puzzled why the opposition bothered to support the legislation in the first place. It is an
example of saying one thing to one group of people and another thing to another group of people and standing for nothing whatsoever. I checked to see whether my office was being inundated with such phone calls. We log calls coming into the electorate office. Since the beginning of June, we have had a total of 12 phone calls on this matter. Two of the callers would seem to have been reading from a prepared script. We put them in the same category as Chris of Waramanga and we ignored them. Of the other 10, two were supportive and eight had some difficulties. But 10 phone calls in three weeks is hardly an inundation. I would suggest that the member for Jagajaga listen to a former Labor health minister who, at the same time as she was being critical on Melbourne radio, was saying this on Sydney radio:

I actually think that these moves from Michael Wooldridge are very sensible. The truth is at the moment everyone who is in the funds is ageing and that blows out the cost for all time for everyone who is in the fund, so this can’t be a bad idea. He is dead right.

Job Network: Performance

Ms KERNOT (5.09 p.m.)—My question is to the Minister for Employment Services. Minister, are you aware that the lack of coordination between the Job Network and Centrelink is causing severe financial hardship to many job seekers, as they are being incorrectly breached? Are you aware of cases such as a young unemployed man in South Australia who was breached for failing to attend an interview with a Job Network provider when that provider had moved location without telling the client? Whose fault is that— the Job Network’s or the job seeker’s?

Mr ABBOTT—I assume that the shadow minister for employment accepts that people who do not do the right thing should be breached. On the basis that she accepts the basic principle that people should do as they are required by this government, I am sorry to hear that this particular job seeker has had some difficulties, and obviously that question will be looked at. If she would like to give me the details of the relevant situation, I will happily look at it and happily address the matter. The point I would make is that we are serious about trying to ensure that job seekers live up to their obligations. Thanks to the efforts that this government has put in, thanks to the reforms that we have made, thanks to the principle of mutual obligation that we have brought in and thanks to so many other things, unemployment has come down from the 11.2 per cent it was under members opposite to under 7 per cent now. So I think you have to say that whatever administrative and technical issues might still afflict our system it is a lot better than that of members opposite.

Ms Kerton—Mr Speaker, I raise a point of order on relevance. The minister has not addressed the obligations of the Job Network provider.

Mr SPEAKER—the minister’s answer was relevant to the question asked.

Industrial Relations: Award Simplification

Mrs MOYLAN (5.12 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister inform the House of the recent High Court decision on award simplification. What are the ramifications of this decision and how has this decision been received by the community?

Mr REITH—I thank the member for Pearce for her question. The High Court’s decision was a very important one. It was a big win for the government’s reform process which we introduced in 1996. It is a great win for the system as we try to modernise it. The upshot of that is that with a more modern system we will see a more vital business community. We will see more jobs created as a result. Under this government, over 466 individual awards have been simplified and over 1,200 obsolete awards have been removed. This produces a tangible benefit for workers. For example, as a result of simplifying the clerks award minimum rate increases have been up to $100 per week. This was because the award had not been properly maintained. Our process ensured that it was.

Secondly, we see more flexible working arrangements. That means that workers have more opportunities to work when they want to and under the circumstances they want. Also, this process has led to the removal of a number of restrictive and outdated work
practices, for example, the last on, first off rule, which was the subject of this matter in the High Court. Allan Woods put it so very well in the Australian after the decision came down when he said:

It was an attempt by the CFMEU to protect union rorts that sheltered the work-shy.

We are proud of the fact that this government’s reforms have led to more pay for workers, a more modern system and, ultimately, more jobs. This decision highlights how backward the Labor Party is on this issue. When Paul Keating was Prime Minister he said that we ought to simplify the award system. When this decision came down, the Labor Party’s position was that not only was it opposed to the simplification of awards but also it wanted to bring back all the complexity of the old system. Only this government can deliver a modern system which is good for workers, good for business and which will create jobs.

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

PERSONAL EXPLANATIONS

Mr ALLAN MORRIS (Newcastle) (5.16 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ALLAN MORRIS—Yes.

Mr SPEAKER—Please proceed.

Mr ALLAN MORRIS—The Newcastle Herald of Monday, 12 June, in an article by columnist Jeff Corbett, made a number of statements which referred to me concerning an application by 14 people for life membership of the Australian Labor Party. Mr Corbett, who has a long history of misrepresenting me, stated that normally I would have supported such applications and that my support was conspicuously absent. He went on to suggest that I was aligned to the party’s Left. The journalist, as I have said, has a long habit of misrepresentation.

Opposition members interjecting—

Mr ALLAN MORRIS—This man is beyond ethics. Had Mr Corbett or anybody else from the Herald checked with me, they would have found that I was neither made aware of the application being submitted nor invited to support it. Had I been advised in the normal manner, I would have supported those applications.

Mr SPEAKER—The member for Newcastle must indicate where he has been misrepresented.

Mr ALLAN MORRIS—The facts are that I supported the applicants but I was not able to formally support them through the party processes.

Mr ZAHRA (McMillan) (5.17 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ZAHRA—Appalling, Mr Speaker.

Mr SPEAKER—Please proceed.

Mr ZAHRA—Whilst I accept that there have been some substantial developments in biotechnology and genetic engineering since the last time I made a statement to the House in relation to—

Mr SPEAKER—The member for McMillan must come to where he has been misrepresented.

Mr ZAHRA—To the best of my knowledge, it is still impossible for me or any other member of the House to be related to the minister for—

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

QUESTIONS TO MR SPEAKER

Questions on Notice

Mr MURPHY (5.17 p.m.)—Mr Speaker, on 13 April 2000 question on notice No. 1440, addressed to the Minister for Transport and Regional Services and concerning the Australian advanced air traffic system and the precision runway monitor system in relation to the long-term operating plan for Sydney airport, first appeared on the Notice Paper in my name. As it is now 68 days since the question first appeared, I ask that, in accordance with standing order 150, you write to the minister concerned seeking reasons for the delay in answering my question.

Also on 13 April question on notice No. 1441, addressed to the minister for health,
first appeared on the Notice Paper in my name. As it is now 68 days since the question first appeared, I ask that, in accordance with standing order 150, you write to the minister concerned seeking reasons for the delay in answering my question.

Mr SPEAKER—Under standing order 150, I will follow up those matters on behalf of the member for Lowe.

Minister for Forestry and Conservation

Mr LEO McLEAY (5.19 p.m.)—I have a question for you, Mr Speaker. In future, will you ensure that the Minister for Forestry and Conservation refers to the member for McMillan by his title rather than attempting to impugn his honour by suggesting that he is in any way related—

Mr SPEAKER—The Chief Opposition Whip will resume his seat.

AUDITOR-GENERAL’S REPORTS


Mr SPEAKER—I present the Auditor-General’s Audit reports Nos 46 to 48 of 1999-2000 entitled No. 46—High Wealth Individuals Taskforce—Australian Taxation Office; No. 47—Survey of fraud control arrangements in APS agencies, and No. 48—Follow-up audit of Department of Education, Training and Youth Affairs (DETYA) International Services—Department of Education, Training and Youth Affairs.

Ordered that the reports be printed

PAPERS

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

MATTERS OF PUBLIC IMPORTANCE

Goods and Services Tax: Caravan Parks and Boarding Houses

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

The failure of the government to keep its promise that permanent residents of relocatable home parks and boarding houses would not be charged 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 ALBANESE (Grayndler) (5.20 p.m.)—Mr Speaker—

Opposition members—Where’s Larry?

Mr SPEAKER—I will deal very rapidly with members on my left unless they exercise the courtesy that all members believe ought to be exercised one to the other.

Mr ALBANESE—I am very pleased to propose this matter of public importance for discussion today because today is the day that we have seen the humiliation of the National Party of Australia. The National Party went to the last election promising the following—and this was in writing by the deputy leader, the member for Lyne:

I would like to assure you that residents who occupy accommodation in a caravan park or holiday village on a permanent basis will not have to pay GST on their site fees. This will be treated in the same way as rental of a house or unit, and is GST free.

That is in black and white. The National Party will be given the opportunity to uphold that promise because the Leader of the Australian Labor Party, Kim Beazley, has announced that we will be moving amendments in the Senate to do just that: to hold the government to its promise to remove the GST on site fees and on boarding houses.

We on this side of the House believe that, whether you rent a house in Kirribilli or Vaucluse for thousands of dollars a week or you are a battler living in a caravan park in Murraywillumbah, Townsville or Kalgoorlie, you should be treated equally. It is a fundamental Australian principle that we do not discriminate on the basis of wealth. That is at the heart of this issue. That is what the National Party rank and file know but the National Party leadership only pretend to know—when they are there telling those in the electorate one thing but in Canberra they are cowardly; they duck for cover.
The fact is that it was politically expedient at that time for the coalition to lie to residents. They told them that the GST would not apply to them. After the election we saw that the legislation had clauses, under section 87, stating that the GST would apply. We asked questions in this House. On 9 February 1999, the member for Lilley asked the then Minister for Family and Community Services, Warren Truss, why the GST would apply. And what did he say? He said:

What are caravan parks if they are not tourist accommodation?

This was from a minister who represents a seat on the Sunshine Coast of Queensland that has some 3,000 permanent residents of caravan parks. The government has consistently failed to understand that there are a significant number of Australians who live in caravan parks around this country, not out of choice—

Mr Neville—Mr Deputy Speaker, I rise on a point of order. In this part of the parliament we have trouble hearing, but today it is like a performance from Screaming Lord Sutch. Could we have the speakers turned down?

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! There is no point of order. The honourable member will resume his seat.

Mr ALBANESE—The National Party have been deaf to the concerns of the 160,000 residents of caravan parks, but they cannot be deaf here. They have to sit here and they have to listen even if some of the key people, such as the member for Richmond, have removed themselves from this House because they are embarrassed at their pathetic performance. The only reason the government have finally woken up on this issue is that there are so many of these residents in marginal seats. Of course, one of those seats is the electorate of Richmond where the National Party made the brilliant decision to hold its federal conference last weekend. I was there, along with the dairy farmers, the beer trucks and the caravan park residents—just about every group in their former constituency was up there last weekend. What Larry Anthony said defies explanation. He has taken every position on this issue. He has taken more positions on this issue than Peter Reith did on the republic. Every single time you turn around, the member for Richmond has a different position. On 12 October, the member for Richmond said:

As they well know, prior to the last election we were very open and transparent about the GST, particularly the relationship that it had to rent and particularly the relationship that it had to mobile home parks.

He changed that position and then said: ‘Site fees aren’t really the same as rent.’ Then he changed his position again and said at a meeting in his electorate:

But I do hope there can be change there ... And I hope I can come back to you shortly, and I will through your representatives, and hopefully there can be a change.

I have news for the member for Richmond: he has the opportunity to put up his hand for change in accordance with the unanimous decision of the state conference of the National Party. If the only people who cross the floor on this issue are the New South Wales Nationals, there will be a majority on this side of the House. There will be a majority if they agree with what every single one of their rank and file delegates told them at their conference.

The reason it is very important for them to take this position—of course, they do not have to listen to me; perhaps they can just listen to the member for Cowper—is that this is not just about the 161,000 residents of caravan parks around Australia; it is about what it says about this government’s failure to have a heart and its failure to have any compassion toward the most vulnerable in our community. Two weeks ago, the government released its national homelessness strategy. On page 14 of the discussion paper, there were groups identified as being at high risk of homelessness. And—guess what—two groups were mentioned: families living in caravans and hotels and people living in boarding houses. They were identified by the government’s own report. However, the government believe that it is okay to discriminate against these people. It is not surprising that there has been a backlash. The member for Cowper, the person who has been honoured by this House by being made the Deputy Speaker, had this to say to the National Party state conference:
As far as I’m concerned there is one issue and it affects me very, very personally ... But what affects me personally is that my integrity and honour is impugned, as is John Anderson and Larry’s and Mark Vaile and the rest of us. Everybody. Because we went to the people of Australia at the last election and we said there’d be no GST on residential rents.

It has an impact on John Howard’s integrity and honour, and that of the Liberal Party as well. How right he is. This was two days after Larry Anthony said on AM that, if there were a change, if the conference did carry a resolution, the parliamentary leadership would have to stand up and take notice and the party would have to make a decision, and so would he on a personal level. So all of the constituents of Richmond thought, ‘Oh well, the member for Richmond is finally going to find some courage. He’s going to put his ministerial car on the line over this issue.’ But what happened? They have not seen him since. He cannot even stay in this House for the debate which affects 6,649 of his constituents. He cannot even be bothered to sit here and listen to the debate. The fact is that his integrity and honour are shot to bits as are those of the entire National Party. Perhaps the most offensive comment came yesterday from the Liberal senator, Ross Lightfoot, who said:

“These people are lucky. They are no more special than anyone else. We agree that they are no more special than anyone else, which is why we want the discrimination removed. But he went on:

It might be an incentive for them to get houses.

To those people on the other side of the House, those few who are still here, I say: ‘Get used to that quote because you will be hearing it and you will be reading it in your electorates from now until the next federal election day.’ That is the sort of contempt that the people on the other side of the House have for the most vulnerable in our community.

The National Party leadership was given a clear direction by its rank and file to right the wrong on this issue. The result has been a spectacular failure. It is not surprising, because we all know that these residents will be worse off under the GST because the Econtech report commissioned by the government tells us so. It tells us that there will be a 4.4 per cent rise. But today it tells us something else. It tells us that, over the long term, private rentals will go up by 4.7 per cent — more than double the figure in the ANTS package. When the Prime Minister was asked the first question in question time today, what did he say? Nothing! He remained in his seat and mumbled into the microphone because he is embarrassed by this issue. The fact is that people living in boarding houses and caravan parks are the most disadvantaged in our community. We should be supporting them, not slugging them with extra living costs. But the government simply does not understand. If you do not live in a penthouse with harbour views, this government just does not understand. On AM on Monday morning the Prime Minister had a few words to say about caravan park residents, and one of the things he said was this:

...if you pay the half-GST the owner of the caravan park is then able to get a refund of all the input taxes he pays on things like carpets, airconditioning, heating and so forth.

He has never met one in his life. If he had bothered to go out of the parliament when residents had spent five hours coming here to meet with him, he would have known that the carpets are paid for by the people who own the vans. The airconditioning and electricity bills are paid for by the people who own the vans. The gardening is paid for by the people who own the vans. It is an outrage that this government, in spite of the profile this issue has had in the last week, still has not bothered to think about the lifestyle and the living standards of these 161,000 Australians. The Prime Minister has not made any effort whatsoever to get in touch with people.

The Democrats had a bit of a conversion on the road to Damascus today. The Democrats have decided that this package they have supported is unfair. They are now calling not for a concessional GST of half but for a concessional GST of half of half. They are now calling for a 2.7 per cent GST. We will not have a bar of that. We have said from day one that this tax is unfair. We have said that the government should be held to its prom-
ises. We have announced that we will be moving amendments in the Senate and we hope to get the support of the Democrats and we hope to get the support of the National Party, if they can find a bit of courage in the next two weeks, to come and vote for what they said would be implemented.

This issue is not just about economics. This is an issue of social policy. This is an issue of stigmatising one section of the community. It is discrimination, discrimination that must go. If the government had bothered to attend any of the meetings that have been held up and down the coast—meetings of 600 people in the electorate of the member for Robertson, 400 people in the electorate of the member for Lyne, 400 people in the electorate of the member for Richmond and meetings in the electorate of the member for Kalgoorlie, which I have been to—they would know that the residents’ position is very clear: they are not asking for special treatment; they are asking for equal treatment. They are asking that this discrimination be removed. It should be removed, and it should be removed with the consensus of this parliament. Whether it is the National Party rank and file or people at any of these public meetings, they know that the position is absolutely clear.

Mr Haase interjecting—

Mr ALBANESE—For the member opposite, who has 14,509 residents, I think, in his electorate—

Mrs Crosio—And they are all on the roll.

Mr ALBANESE—They are all getting on the roll and, come the next election, they will know who stood up for them. But you do not have to wait until then. You can stand up for them in the next 10 days and get rid of this discrimination prior to 1 July. (Time expired)

Opposition members interjecting—

Mr CAUSLEY (Page) (5.35 p.m.)—Well might they groan, because they are about to hear the truth. I notice that the Leader of the Opposition is getting out of the chamber fairly quickly because his words are going to come back to haunt him. I have never heard so much drivel in all my life as that from the honourable member who has just spoken. We have heard for a number of weeks now about this problem with the caravan park owners and mobile home owners up and down the coast.

Ms Hall—They counted on you, Ian.

Mr CAUSLEY—What was that?

Ms Hall—They counted on you to stand up for them.

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member will ignore the interjections, and the honourable member for Shortland will behave herself.

Mr CAUSLEY—We have heard that the honourable member has been moving around the countryside and holidaying on the North Coast. I think at the present time he has been up there about five times. I think his electorate would like to know that, at the South Tweed Bowls Club, he said:

It’s a wonderful place to live, I can understand why you live here, beats Marrickville, let me tell you.

In other words, he does not want to look after his constituents in Marrickville. He wants to come up to the North Coast and he wants to terrorise old people living in these retirement villages, trying to put the fear of God into them that in some way they are going to be disadvantaged.

It is absolutely disgraceful that the Labor Party should prey upon these people, because when you look at the facts of the matter there is no truth in it. This issue is not new; it has been around. We have raised this matter in the party room on a number of occasions, and the Prime Minister, to his credit, has said, ‘I will have a look to see whether there is a problem.’ And he came back and said, ‘As far as I am concerned, there are some problems, but it is fair. They are no worse off, if you look at the full impact of this, than if the GST were charged.’ That is the situation, yet members of the Labor Party continue to carry on, up and down the coast and around the countryside, trying to put the fear of God into these people. Yes, there was a convention at Tweed Heads, and yes, members of the Labor Party travelled to it. We were pleased to have them on the North Coast and to show them the North Coast.

The caravan park residents had a demonstration, and it is interesting to have a look at
the photograph that was taken there. Here was a lensful of people, angry people, shaking their fists in anger at this particular GST. If you have a close look at the personnel involved, who should be right in the front, waving her hand? The Labor MLC for Lismore, Janelle Saffin. Who else was right up in the front row? We had two Labor candidates in the front row, shaking their fists in anger! They do not live in caravan parks. Better still, if we look a bit further into the crowd, into this massive lensful of people, who do we see there? The member for Grayndler, Mr Albanese. And the member for Lilley is there as well.

I have found that when you have a look at the group who are so angry about this tax, they are either Labor members of parliament or rank and file members of the Labor Party. They are the ones who are out there demonstrating. And, quite frankly, they are not doing themselves the world of good, because there are a lot of people out there who are not arguing about this particular situation. They are not arguing about it; they are saying, ‘We are happy that we are getting a four per cent increase in our pension, and we are going to get help with rent assistance.’ They are not stupid. They do sit down and do their figures.

The member for Grayndler talked about the input costs that the caravan park owners might be able to claim. He said it was wrong that the Prime Minister should say that they can claim carpets, etcetera. He does not know much. He has been up there a fair few times, but he does not know much about what goes on in caravan parks and mobile home parks. Let me tell you about the mix that we have in these areas. In the caravan parks, we have the short-term holiday-makers, and we also have long-stay people who rent the whole caravan—with carpet, utensils and everything else. They rent the lot. Then we have the long-stay mobile home parks. Some people own their homes on the block and they pay rent only on the block of land.

Ms Hall—Most of them.

Mr CAUSLEY—Not most of them. Again the Labor Party do not know what they are talking about. They do not understand. There is a mix in that particular group. Some of them rent the whole home and some of them just have some of their own furniture and so on. There is a complete mix across the board, and that is where the complexity comes in. I will be very interested to see how the Labor Party address this particular mix, because the problem lies in how you can differentiate. The honourable member for Grayndler—

Government member—The caravan park king.

Mr CAUSLEY—The caravan park king, as my colleague says. Again up on the North Coast and again at the South Tweed Bowls Club, he said in a categorical way: But one promise we can make, in fact the only specific promise we have made with regard to roll back of the GST is to get rid of the GST on your site fees. And we have made that ...

Very interesting. Here is the member for Grayndler making policy on the run. Obviously he did not speak to his leader, because on Meet the Press the leader of the Labor Party in this place, the Hon. Kim Beazley, was asked very clearly, ‘Will you give a guarantee that you are going to roll back the GST?’ His answer? ‘No, but it is a high priority.’

We have heard about these high priorities before. In 1993 we heard the then Treasurer talk about tax cuts. What were they? L-a-w law. But they did not go to the Governor-General, did they? So we did not get any tax cuts. Now the Labor Party have a high priority on rolling back the GST on caravan park fees. It is very interesting to hear about the promises they can make in opposition.

But of course the caravan park residents are not fooled. One leader of the caravan park residents took the member for Grayndler at his word. He said on the media, ‘We’ve got this promise from the Labor Party. This is what they intend to do.’ But the leader of the Labor Party said, ‘No. I’ve got no intention
of doing that. It’s a high priority, but I’ve got no intention of rolling it back. Where do you stand on this particular issue? There is no doubt that these people are very concerned about this particular issue.

Mr Albanese—Mr Deputy Speaker, I rise on a point of order. Just as a point of order was moved against me, I seek leave to help the member by tabling a press release entitled ‘Labor to remove GST’.

Mr DEPUTY SPEAKER (Mr Jenkins)—The honourable member will resume his seat. There is no point of order.

Mr CAUSLEY—We are delighted to have the quote because it tells us clearly what we already knew. The methodology of the member for Grayndler is to run around the countryside stirring up trouble and frightening everyone he can frighten, but when it comes to some policy, ‘No, there is no policy. We’ll think about that later.’ Knowing what the Labor Party is like in government, the residents are well aware that they cannot trust that commitment, because they have heard it all before.

There is no doubt that these residents will be better off. If you look at the whole tax package—and it is most important that the whole tax package is looked at, which, of course, the opposition does not want to hear about—we will see how some of the costs will come down. Some of the costs that the honourable member for Grayndler was worrying about—some electrical goods, cars, and the cost of freight, et cetera—will come down. Of course, we will not hear this from the opposition because all it is interested in doing is knocking this tax—the tax that it wants. If we do the mathematics, how will the opposition roll back the GST on caravan parks and other things and guarantee the states’ income?

As the Treasurer rightly said in this place, ‘Only one way to pay for that—taxes,’ and that is the way that they will be paying for all these things, with more taxes. The opposition have never reduced taxes in their whole political careers. All they do is impose taxes. I say to the caravan park residents: be very careful of the snake-oil merchants who are trying to sell you the line that they will reduce the GST in these particular areas. Have a very close look at the figures. They do not quote the truth, and they do not quote the facts. They just try to put forward a story to frighten people. Most of these people are elderly, living out their retirement in these mobile home parks. They deserve better than to have the Labor Party coming around those parks and scaring them to death about something that is not going to happen. Quite frankly, it is a disgrace.

Mr Kerr—Do you remember the capital gains tax?

Mr DEPUTY SPEAKER—Order! The honourable member for Denison will cease interjecting.

Mr CAUSLEY—I am pleased that I am getting to him, because at least we are showing that they cannot really take it. The truth about what they are doing to these vulnerable people really gets to them. It is a scare campaign.

Mr Albanese—What is the National Party doing?

Mr CAUSLEY—The honourable member for Grayndler asked, ‘What is the National Party doing?’ I will tell the honourable member for Grayndler what the National Party did—not ‘is doing’, but did. The National Party gained a concession. There will be a watchdog to ensure that these people are not exploited. One of the things they put to me when they came to see me was a great fear of exploitation. They recognise that the policies are in place and that they do not have to be discriminated against. But they do not trust the park owners. There is a deep distrust. We have made sure that they will not be discriminated against. The National Party have addressed the fear that has been put into them by the member for Grayndler and all of his local Labor Party crowd, shown here in this lens full of people. We will make sure that they will not be discriminated against.

I can assure you that the caravan park owners and mobile home owners on the Tweed are very well represented by the member for Richmond. He has a very close association with them, and he cares very dearly for them. I know very well that he does, because I am the member next door.
can assure you that he will be doing everything he can. He stuck his nose out to show that he could represent them, and he did. If he takes some flack from that, then good luck to him, because he has gone out there to fight for those people whom he represents. I can assure you: he has gained a lot for them, and he has also gained peace of mind. We do not need the member for Grayndler stirring them up.

(Time expired)

Mr HORNE (Paterson) (5.50 p.m.)—I really do not believe it. I do not believe it because I was in Tweed Heads on Saturday. I had the transcript of what Gary Nehl had to say only the day before about how his integrity had been impugned, how he had appealed to that conference, how he had appealed to the Prime Minister and how he had appealed to his colleagues in the National Party to honour the promise, made before the last election, that there would be no GST on rent for 160,000 of the most vulnerable people in the whole of Australia. By coming in here today and accepting the Prime Minister’s position on this, the member for Page has just sold out all of those delegates who attended that conference, and who carried that motion to call on the Prime Minister to remove that tax unanimously at that conference.

You have sold them out. I am sorry about that, because all of those delegates expected the full support of the National Party. That is why I am pleased. Don’t talk about what happened on Meet the Press. I am quite happy for you to have a copy of this statement indicating that legislation will be introduced into the Senate to remove it, and you will be given the choice of supporting it or voting against it. Your conference called for you to support it. Where are you bound? Are you bound to the ideology of the National Party and the delegates from the conference?

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member will direct his remarks through the chair.

Mr HORNE—Are those representatives of the National Party bound to the will of the Prime Minister, of their coalition partner? It has been shown today that they are bound to the will of their coalition partner, the Prime Minister, because the Prime Minister says categorically it is not going to happen. But, as for the confusion that reigns over this, we have heard the member for Page continuing this argument by saying that people will be better off paying 5.5 per cent GST than if the GST were not imposed. We have all seen those slick advertising campaigns such as the get rich campaign—the more you spend the more you save—and that is what it sounds like to me. I also have another theory. Like the member for Page, I can remember the Fraser era. I can remember when the Deputy Prime Minister in those days was the Hon. Doug Anthony and I can also remember—and the member for Page would remember this—that there was often a picture story in a newspaper or a magazine about how our Deputy Prime Minister had a great job. He was running the country from his caravan that he had up there on one of those beautiful beaches on the Tweed coast, a beautiful area, paradise—and I would not blame him. The Anthony family used to go off down to the caravan park and all I can say is that young Larry, who would have only been a toddler in those days, must have had some very bad experiences in that caravan park because he certainly hates the people who live there and he is going to punish them and make them pay 5½ per cent GST.

But let us get to the serious side. I am going to make sure that this statement goes around the 3,000 people who elect to live in this environment in the electorate that I represent, because today Senator Ross Lightfoot said:

These people are lucky. They are no more special than anyone else.

And:

It might be an incentive for them to get houses.

Mrs Crosio—You’re joking!

Mr HORNE—That is what Senator Lightfoot said—‘It might be an incentive for them to get houses.’ The people that I know—and I have been in their homes—are houseproud. They live there because they want to live there. They live there in something that may be the only home that they have ever had. They are proud of it. It is new. It has all modern facilities. Right next door they have a neighbour that they will have a
good relationship with. I know the member for Page has got them in his own electorate. I would suggest that you go and just have a talk to these people—sit down and have a cup of tea with them and just find out what delightful places they are. They have a community hall and they often have playing fields—all those sorts of things. They know that if they are crook one day their neighbour may go down to the pharmacist and get their medication. If they are crook, someone may give them a cup of tea. It is their choice: it is the style of life that they want. But we have a government here that is going to not only tax them but deride them and say they are lucky, and it might help them get a house. They are living where they want to live!

It also says something else about this government. The amazing thing about this government is that when it makes a mistake it cannot say sorry. On the day that all coalition members enter into this parliament the word ‘sorry’ is struck from their brain and they are not allowed to utter it. The legislation was undoubtedly put in place because it referred to caravan parks. But we are not talking about caravans. We are talking about manufactured homes that come on the back of a couple of trucks, that are erected on concrete piers, that have verandas and that are fully plumbed. They have the telephone and they are airconditioned. They are a home, but they do not own the block of land. I will pose another question for you, because this one has been asked of me a number of times. It would appear there is no difference between these people and people who live in Canberra. People who live in Canberra do not own the block of land their house is on; they lease it. Has the government thought of the position of GST with respect to those people?

Have you thought of the position of GST with respect to the lease on that land? Are they paying it too? Are they paying the full 10 per cent? Are they paying 5½ per cent or are they paying none? That will be a very interesting point to look at. What is the difference between someone with a manufactured home on a leased piece of land in a managed estate and a resident of Canberra who has bought a home and owns the home but does not own the land, because you cannot own freehold land in the Australian Capital Territory? It will be interesting to see what happens in the Senate. I have no doubt that the Democrats will have to look at it seriously. They have offered to come along with a mickey mouse ‘let’s go halfway’. We know that is the Democrats—you can never go all the way.

Ms Kernot—Why did they do it wrong in the first place?

Mr HORNE—I do not know, but the member for Page will certainly have his opportunity to support wiping it out, as was called for at the National Party conference at the weekend. I would ask the member for Page and all of the National Party members in this House to consider very seriously their action. Make no mistake: on this side of the House we are perfectly happy if you think there is no issue. If you think there is no issue and you are prepared to support the position of the Prime Minister and say, ‘We’re going to do nothing,’ we are quite happy to go to the election on that as an issue. Believe me, the 160,000 people that you have moved against as a government will not forget that a promise was made that there would be no GST on rent. Half a GST on their rent does not make them better off. As the member for Grayndler said, over the next 10 days you will be given the opportunity to support legislation that gets rid of this inequity. It is an opportunity that people on low and fixed incomes deserve. It is an opportunity for you to honour a unanimous decision of the National Party conference that was held last weekend, and I urge you to pay close attention to it.

(Time expired)

Opposition members interjecting—

Mr LLOYD (Robertson) (6.00 p.m.)—I at least had the decency and courtesy to listen in quiet whilst the opposition gave a continuation of their scare campaign that has been taken around New South Wales. I am very angry about that scare campaign. I am very angry about the fact that Labor members have toured New South Wales stirring up fear and scaring members of the community, particularly elderly members of the community, with unsubstantiated facts, figures that are not true and misinformation. I sit here and I
look at members opposite laughing and joking and making political threats, saying, ‘You’ll never get re-elected in Robertson.’ This is not about cheap politics. This is not about worrying about your seat. This is about caring for people who may be disadvantaged and who are living in mobile home parks, and it is about giving the right information to these people so that they understand.

I have had dozens of phone calls to my office from people who are scared and worried, from elderly people who say that they are worried that they may not even be able to afford to eat. This is a result of the scare campaign that Labor has put out continuously over this. Every single time that I sit down with those people and I go through their facts and figures and their financial state with them, I can prove to them that they will be better off living in a mobile home park under this system. You have only got to go through the facts and figures; you have only to show them that in most cases they will get a seven per cent increase in their rental subsidy and they will get a four per cent increase in their pension. If they are earning income, they will get tax cuts that will help them. Labor do not worry about the facts at all. All they want to do is go out there and use members of their party to increase the crowd to try to make out that they care, but the reality is that they do not. Like all of us, the members opposite are on high incomes, but on that side they masquerade as friends of the battlers. They are not friends of the battlers. Any member of a party that will go throughout New South Wales and Australia deliberately scaring battlers and pensioners is not a friend of the battlers, I can assure you of that.

There has been a lot of misinformation not only from the Labor Party but also in the media. I want to go through an article that was in the Daily Telegraph yesterday which featured a constituent of mine. I want to show you how figures can be misused and how wrong figures can be used. This article claimed that a particular lady would be $2.44 a week worse off, but if you go through the figures there are some anomalies. Firstly, it quotes her pension as $169.05, but that is not the full amount of the pension. Either this lady has income which is not mentioned or the paper has misquoted the figure. The pension is normally $186 per week. The rent is listed as $91—that is correct for the park that she is living in at the moment—but the paper has put the rent up by a full 10 per cent, $9.10, to $100.10. I can inform the House today that I have written proof that this lady was advised on 1 May that her rent, including GST, will be $95 a week—not $100.10. That is $5 a week less than was quoted. It might not be much to the members opposite, but $5 a week to these people is a lot of money and it is very important to them. And that is the whole point of this argument. This article is totally wrong. Even if you accept the figures provided here, instead of this lady being $2.44 a week out of pocket, she will in fact be $2.66 better off. It just goes to show how misinformation can be used to scare people.

Labor say ‘No GST’, but the reason that this has been introduced is to enable the parks to keep their costs down. It gives them a mechanism to keep costs down for the residents of these parks. In my own electorate, I have worked closely with not only the residents but the park owners. In my electorate, the maximum increase in rent for any of the relocatable homes is four per cent; for many of them it is two or three per cent.

Mr Albanese—You will regret that statement.

Mrs Gash—Another threat.

Mr LLOYD—Another threat from the Labor Party, because they have no policies. All they want to do is to use threats and to try to say that they care about people. But they do not, and they have no policies. If their amendment were to go through, it would cause turmoil within the industry. It would increase costs. These people that they are supposed to care about would be worse off under any amendments that go through. It is very easy to play cheap politics on this. Every one of the members on the other side of the chamber at the moment is laughing their head off because they think this is an easy hit for them. It is cheap politics. That is what they want to play with. But it is not a matter of cheap politics; it is a matter of getting policy right. It is a matter of being part of a government that has got the guts to put the right things in place that help people. This
is what this tax reform is all about. This is what the compensation package is all about. I do not remember a Labor government ever offering any compensation to any battler or to any pensioner, ever. They just want to keep increasing wholesale sales taxes and taxes across the board. What about the promised tax cuts that were never delivered? There was never any compensation whatsoever from the Labor government. They sit there in opposition and say they are born again, that they care about people. It is untrue, and I can tell the people of Australia never to trust the Labor Party.

You cannot even trust them when they set up photos in the newspaper with half the people in the paper being Labor candidates or Labor members. They mentioned the meeting they had in my electorate. The first thing the chairman of the meeting got up to say was, ‘I would like to thank so many of you here. I know many of you have travelled a great distance to be here today.’ Fantastic. They had to bus them in to get a good crowd there. There were a lot of people from my electorate there. A lot of those people were from my electorate and a lot of them were very concerned and very scared. That was because of the misinformation from the Labor Party. We were able to give them the information that they wanted, to show them that they would not be worse off, and that is exactly what they wanted to hear. It was a good meeting and it was constructive for the people of my electorate.

Mr Albanese—They booed you.

Mr LLOYD—Just another example of how the Labor Party will use anyone to get in there. I was taking questions from the crowd. A gentleman stood up and said, ‘We’ve got to do something about this. Why don’t we picket Jim Lloyd’s office?’ I listened to this gentleman and then I got up and said, ‘I am sure you know where my office is,’ That gentleman was Frank Walker’s senior adviser, his electorate officer while Frank Walker was the member for Robertson, but he did not bother to identify himself to the crowd and did not bother to say that he was a Labor Party activist. That is exactly the type of action that you have and that is the sort of policy that they have of using rent-a-crowd.

This has been an outrageous campaign by the Labor Party. I can assure you, Mr Deputy Speaker, that once this tax reform policy is in place, once people get to experience it, once they see the benefits of it, they will support it. The Labor Party is a hollow party. It has hollow promises and it has no policies and no direction. I can assure you that as a government we will be supported by the people of Australia because we are doing what is right. We are doing what is tough. It is hard in government. We are making the right decisions. This country is going forward. We are looking after the people in this country, including the battlers and including the people who do live in mobile home parks, who live there by choice as a lifestyle or who are forced to live there because that is all the accommodation they can afford. We are looking after them. This policy provides compensation for them and is the right thing to do. (Time expired)

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

COMMITTEES

Selection Committee Report

Mr NEHL (Cowper)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members business on Monday, 26 June 2000. The report will be printed in today’s Hansard and the items accorded priority for debate will be published in the Notice Paper for the next sitting.

The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members’ business on Monday, 26 June 2000

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members’ business on Monday, 26 June 2000. The order of precedence and the allotments of time determined by the Committee are shown in the list.
COMMITTEE AND DELEGATION REPORTS

Presentation and statements

1 AUSTRALIAN PARLIAMENTARY DELEGATION TO TANZANIA AND AMMAN:
Report on Australian Parliamentary Delegation to Tanzania (22–27 April 2000) and the 103rd Inter-Parliamentary Conference in Amman (30 April–6 May 2000).

The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]


The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]


The Committee determined that statements on the report may be made — all statements to be made within a total time of 20 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 4 x 5 mins]

4 ECONOMICS, FINANCE AND PUBLIC ADMINISTRATION — STANDING COMMITTEE:

The Committee determined that statements on the report may be made — all statements to be made within a total time of 20 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 4 x 5 mins]


The Committee determined that statements on the report may be made — all statements to conclude by 1.45 p.m.

Speech time limits —
Each Members — 5 minutes each.

[Proposed Members speaking = 2 x 5 mins]


The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]


The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]


The Committee determined that statements on the report may be made — all statements to be made within a total time of 10 minutes.

Speech time limits —
Each Member — 5 minutes.

[Proposed Members speaking = 2 x 5 mins]
PRIVATE MEMBERS’ BUSINESS
Order of precedence
Notices
1 Mr Beazley to present a bill for an act to require government advertising to meet minimum standards with respect to objectivity, fairness and accountability, and to prohibit the expenditure of taxpayers’ money on advertising which promotes party political interests. (Government Advertising (Objectivity, Fairness and Accountability) Bill 2000).

Presenter may speak for a period not exceeding 15 minutes — pursuant to sessional order 104A.

2 Mr Beazley to present a bill for an act to amend the Workplace Relations Act 1996. (Workplace Relations Amendment Bill 2000).

Presenter may speak for a period not exceeding 15 minutes — pursuant to sessional order 104A.

National Crime Authority Committee
Membership
Mr DEPUTY SPEAKER (Mr Jenkins)—Mr Speaker has received a message from the Senate acquainting the House that Senator Stott Despoja has been discharged from the Parliamentary Joint Committee on the National Crime Authority and Senator Greig has been appointed a member of the committee.

BILLS RETURNED FROM THE SENATE
The following bills were returned from the Senate without amendment or request:
Local Government (Financial Assistance) Amendment Bill 2000
Family and Community Services Legislation Amendment Bill 2000

HEALTH LEGISLATION AMENDMENT (GAP COVER SCHEMES) BILL 2000
Consideration of Senate Message
Message received from the Senate returning the bill and acquainting the House that the Senate has agreed to the amendment made by the House to Senate amendment No. 3.

DIESEL AND ALTERNATIVE FUELS GRANTS SCHEME AMENDMENT BILL 2000
Second Reading
Debate resumed from 1 June, on motion by Mr Slipper:
That the bill be now read a second time.
Mr MARTIN FERGUSON (Batman) (6.12 p.m.)—The Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 proposes significant amendments to the administration and compliance regime for the Diesel and Alternative Fuels Grants Scheme. I might say in passing that it is almost as if the government is in disarray when it comes to the implementation of its GST package. Only a matter of about 10 minutes ago we were handed yet another amendment to clean up the mess that the government has created in relation to the development and implementation of the GST and its association with the alternative fuels grants scheme. In raising these issues, I suggest that this bill is in actual fact the second legislative attempt to get these arrangements in a manageable state, and despite that we are still getting amendments on the run, handed to me virtually on the way into the chamber this afternoon, in an endeavour to get the implementation of the new arrangements in place from 1 July this year.

I suggest that the amendments not only deal with drafting errors but also contain a significant policy change to the parameters and application of the tax package. The significant policy change is the extension of the grant provisions to all businesses engaged in primary production regardless of location. It extends the grant provisions for the use of alternative fuel to businesses using buses on public roads. Further, the grant provisions are extended to emergency vehicles regardless of location.

The opposition supports the bill but, in doing so, will move a second reading amendment which raises concerns with respect to the development of the bill and its implementation. For that reason, our support is couched in strong criticism of the Treasurer and the Minister for Transport and Regional Services with respect to their handling
of this issue. It has caused, I believe, no end of confusion and grief to those on the edge of eligibility, especially given the magnitude of changes still being made today—just two weeks out from the GST commencement date.

While the bill is in the Treasury portfolio, it is fair to say that it is the Deputy Prime Minister, as Minister for Transport and Regional Services—generally regarded as a pushover for the Treasurer when it comes to discussions in cabinet—who basically has had responsibility for development of the scheme. Last weekend proved yet again with the sell-out of people living in caravan parks that, when the crunch comes, the Minister for Transport and Regional Services just cannot deliver to the battlers in regional Australia. For that reason, it is probably best to say that it is the Minister for Transport and Regional Services’s scheme rather than the Treasurer’s—yet another dump for the Minister for Transport and Regional Services.

The criticisms on the bill reflect broader concerns which the opposition has with the Deputy Prime Minister and his handling or lack of handling of his portfolio responsibilities. The number of changes required in this and previous bills relating to the administration of the scheme clearly show the flaws inherent in this compromise deal with the Democrats. It shows the consequences of flawed policy making processes, decisions on the run and the damage from rushed deals made without broad consultation and listening to the community—so much part and parcel of the Howard government.

Labor did not oppose the Diesel and Alternative Fuel Grants Scheme because it constituted a way to help the transport and primary production industries to mitigate the impact of the GST. I also note that there was a clear endeavour to mislead the Australian public in the recent budget when the Deputy Prime Minister and Minister for Transport and Regional Services suggested that the cost of implementing this scheme represented a gift to regional Australia. In fact, it was not a gift; it was an endeavour to clean up a mess created by the implementation of the GST, a deliberate endeavour to confuse and mislead regional Australia with respect to the government’s so-called commitment to regional Australia.

I believe that the GST is, frankly, the tax we did not need and the tax that the majority of Australians did not want. However, in supporting the bill that modifies the grants scheme today, we remind the community that the opposition has been active right throughout this bill. Throughout the permutations, computations and conurbations of this ramshackle policy development epic, we have continued to foreshadow the inevitable anomalies as a result of drawing boundaries. The government stands condemned for the complexity of the whole Diesel and Alternative Fuels Grants Scheme and the anomalies inherent in the design of the scheme. The anomalies in this scheme were always going to be inevitable and inherent because of what the government has done in its endeavour to draw artificial boundaries around benefits.

The government has carved out on the map those who will receive the grants and those who will not. If you are on one side of the line, you get it. If you are on the other side of John Anderson, the Deputy Prime Minister’s line, you miss out yet again. Close to this House, the boundaries advantage Queanbeyan over the operations in Fyshwick—just down the road from each other. It imposes a significant competitive advantage for a group of operators down the road, and for what rationale? We have seen the same problem in the communities on the Tweed and on the Gold Coast. Because of the boundaries, the Gold Coast misses out and has a competitive disadvantage. I am sure there are other industries that would appreciate similar assistance, but such proposals are not before this House.

I also cite the example of the dozer driver operating out of Lightning Ridge who has been told that his dozer is not eligible for the grant scheme. I should point out that the large proportion of Mr Haverhoek’s business is working for local government, repairing and maintaining the shoddy roads that this government has neglected—another major issue in regional Australia. In a letter from the Minister for Transport and Regional Services, Mr Haverhoek was told:
The transport costs associated with the work you engage in for Local Government will need to be negotiated with the relevant Shire Council. It is important to note that the DAFGS was not intended for work of this nature and therefore the Diesel and Alternative Fuel Grants you are able to claim when working solely for farmers need to be recognised as distinct from your work for Local Government.

Yet another artificial line, I suggest to the House. This was set out in a letter signed directly by the Minister for Transport and Regional Services, dated 12 May 2000, to Mr James Haverhoek at Lightning Ridge. What the minister said to this constituent is that it is obvious that if you have a direct contract for work inside the farm gate then you get the grants, but for work paid for by the shire council go off with your tail between your legs and talk to the council about problems you have with transport costs associated with that work, in the full knowledge that because of this government’s failure to look after local roads in shires around Australia you have no hope of getting any assistance from the local council with respect to the costs associated with your work.

I wonder whether the farmer inside the gate would agree with the implicit assumption in the minister’s letter that fixing the shire’s roads leading to their properties is seen by them as not working for them. The work of Mr Haverhoek in his dozer is critical to farm operations and businesses. It is critical to their costs and access to markets. The tax information line has told him he is not eligible because his dozer is not carrying goods or passengers. The same letter says:

... the policy concept that lies behind the modified package is to preserve most of the lower cost benefits of the ANTS diesel credits for rural and regional Australia while addressing concerns relating to the environmental impact of diesel use in large cities.

As a result of this, Mr Haverhoek has been left confused. He is wondering why his operation in Lightning Ridge—you cannot get more regional or rural than that—is not benefiting from the policy concept which the Minister for Transport and Regional Services, the person who is supposed to be concerned about regional Australia, has described to him in a personal letter. Yet again, the government has created more divisions in communities. In the amendments today, the government has also carved out competitive advantages for businesses in metropolitan areas engaged in primary production compared to those businesses involved in other industries. This is always a dangerous avenue to travel from a policy perspective in a competitive environment.

The amendment that I propose to move this evening to the motion for the second reading condemns the government for introducing significant new amendments with less than two weeks to go before the new tax is in place. The government, I believe, cannot deny a failure in this regard. I have actually ventured to look back at the second reading speech for the predecessor to this amendment bill. That was the Diesel and Alternative Fuels Grants Scheme Amendment Bill 1999. In that speech, the government minister said that the government was seeking passage of that bill to:

... enable industry to develop record keeping arrangements and plan with confidence for the introduction of the grants scheme on 1 July 2000.

How time has passed, and we are still cleaning up the mess created by the minister. As I have indicated, that second reading speech boldly and regrettably promised that that bill would meet the commitment. What a joke that has turned out to be. The government was clearly aware of the need for certainty and the possibility of confusion but, as usual, the Minister for Transport and Regional Services had his eye off the ball because of his lack of regard for his own portfolio responsibilities, which are so important because they are the lifeblood of our development economically and socially as a nation. So the arrangements were clearly botched up.

We now have a new Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000. If we went past 1 July we could even end up with one for 2001 because of the lack of attention of the Minister for Transport and Regional Services to his transport responsibilities. These amendments have been introduced less than two weeks before 1 July—another policy failing of the Deputy Prime Minister. Whilst I have been in the transport portfolio for only a short period of time, the
failure of the minister does not come as a surprise to me. When you look at the history of this whole grant scheme, it is another tale of policy making on the hop by this minister. Just in the last week of sittings in the House, we saw the other policy botch by this minister. He let his own policy lapse without even bringing to the House for discussion or debate a proposal going to second-hand diesel engines. That policy regulation, which was to effectively ban the importation of second-hand diesel engines, was basically let through to the keeper. It was more policy making on the hop with the Democrats. It was the first time in 20 years that a minister had let his own policy lapse in that way in the House of Representatives. I hope that the government have learned from these deals that keep getting them into trouble and that we do not venture down this course in the future. Dirty little deals on the way through actually create havoc and uncertainties for people in the general community.

The actual amendments in this bill add provisions to insert additional entitlements to: firstly, extend eligibility to primary production businesses, and to contractors carrying passengers or goods on behalf of primary production businesses, operating within the metropolitan areas; secondly, extend eligibility to buses using alternative fuels operating in metropolitan areas; and, thirdly, extend eligibility to emergency vehicles of over 4.5 tonnes gross vehicle mass operating on public roads in both metropolitan and non-metropolitan areas. These extra provisions will add another $17 million in the 2000-01 financial year to the cost of operating this scheme. Presumably, this cost will increase over time. The minister may wish to address this issue in his reply. These are, therefore, significant changes to the scheme as we knew it in the last amendment bill of 1999.

The amendment relating to the eligibility of buses using alternative fuels in metropolitan areas is a good measure to see. I say this because we are all aware of the severe problems associated with urban congestion and the need to reduce emissions in our cities. Any measures towards that end deserve noting. The minister might even investigate the tax disadvantage to employers actually supporting employees using public transport as against private vehicles. Having raised that, I say to the transport minister that he can go a lot further than he has on that issue. We have a situation where motor vehicles and car parking receive favourable treatment with respect to fringe benefits tax arrangements. If he is actually concerned about the environment and the issue of greenhouse, then there is more to be done on this front. I believe it is a ludicrous situation, given our irrefutable urban congestion issues, that public transport is disadvantaged in respect of tax compared with private vehicle usage.

I also say to the minister that he needs to be alert to the operation of this scheme with respect to the new inclusion of alternative fuels. The administrative aspects of this add a further administrative complication—a complication that needs to be monitored. In addition to policy changes, significant amendments are made to many provisions to correct errors and anomalies, including to: firstly, extend the entitlement to vehicles that satisfy the entitlement criteria for some part of the grant period although the vehicle is not registered with the scheme at the time of the claim being made; secondly, accept registration of additional vehicles at the same time a claim is made in respect of those or other vehicles; thirdly, ensure clients who seek to correct a mistake or omission for a previous claim do not lose their entitlements for both claims; fourthly, provide for the payment of interest to clients on the underpaid amount of fuel grants which are paid or applied against debts as a result of an objection against a fuel grant assessment; fifthly, clarify that journeys between metropolitan areas and non-metropolitan areas are eligible in both directions; and, finally, repeal part 8 of the 1999 act dealing with recovery of scheme debts and insert a new section dealing with recovery by set-off.

These are largely issues of trying to refine and mitigate the administrative nightmare created by this scheme. None of these complications, or the need for the tax office ‘dipstick police’ enforcement measures, were advised to the electorate when the ANTS package was foreshadowed. This is another point of criticism that I have included in my
second reading amendment. The changes in the bill today, and those previously produced, illustrate that this scheme is going to be open to error, oversight, misinterpretation and some abuse. It is a complex scheme that has not been made simple by this bill or its predecessors. In this respect, it is quite like the GST on food and its damage to the Treasurer’s claim that the GST was going to be a simple tax. I suggest that transport operators and businesses in rural Australia do not need extra administrative burdens.

Again, the minister has lost opportunities through his poor administration of this portfolio. This bill purports to help regional Australia. I believe the minister showed in his speech to his party conference on the weekend that he is still not really listening to regional Australia. His Regional Solutions Program offers little more than a few crumbs. The $20 million a year package to be shared among 295 areas with double-digit unemployment and the many hundreds of communities that have experienced population decline is clearly inadequate. These measures are a vain attempt to play catch-up politics by a federal government that has withdrawn regional services, abandoned regional development and stopped listening to people in the country.

Skills technology and the encouragement of new ideas are critical to the future of regional Australia, yet these were not mentioned at all in Mr Anderson’s speech at the National Party conference. It may be that this minister is listening but cannot deliver as usual when it comes to tough decisions in the cabinet. He has totally botched the handling of the crisis in his party over the GST on caravan park fees and boarding house rents. He also botched the handling of the second-hand diesel engine importation ban I have referred to today. He has botched the achievement of the deal on mass limits. He has also botched the Diesel and Alternative Fuels Grant Scheme with complexity and anomalies that leave it open to abuse. He was rolled by the Democrats on second-hand diesel fuel engines. He was rolled by the Democrats on the ANTS diesel package. He is being rolled by everyone on caravans—his own party, the Prime Minister and the Treasurer.

He was rolled by the Treasurer on road funding. He has been stomped on over shipping reform. He has been rolled by the Treasurer on help for rural Australia. He has been rolled by the Treasurer on all transport GST issues.

The minister, Deputy Prime Minister and Leader of the National Party has too much on his plate. Policy is suffering. People in regional Australia are suffering. Australia as a nation is suffering. His party is suffering and the future of good government and policy accountability is suffering. I therefore propose to move an amendment to the motion for the second reading to in essence bring to a head the government’s lack of accountability with respect to the development of this bill— the fact that it represents policy making on the run and the fact that, frankly, we have in this portfolio a minister who is not equal to the task. I therefore move:

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

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

(1) the uncertainty generated in the transport industry through the introduction of significant new amendments to the Diesel and Alternative Fuel Grants Scheme with less than two weeks to go before the commencement of the new Scheme;
(2) not disclosing the powers for the Commissioner of Taxation to stop, detain and search vehicles prior to the last election; and
(3) imposing a complex new layer of administration on transport operators in connection with the Scheme, in addition to the new compliance burden associated with the GST”.

I simply say in conclusion that, yes, we support the bill, but we condemn the government and especially the Deputy Prime Minister for taking his eye off the ball yet again when it comes to his portfolio responsibilities. Perhaps one day in the future he will not get rolled in cabinet and the Treasurer will not have his way.

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

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

Sitting suspended from 6.33 p.m. to 8.00 p.m.
Mr BAIRD (Cook) (8.00 p.m.)—It is my pleasure to rise to speak on this Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 and to support the government’s initiative in this area. It was particularly interesting to follow the member for Batman and his various comments on the bill. It is interesting to note that he read every single word. It was clear that he had not written one word himself. It was prepared by one of his staff who sat up the back and went through it as he read it. So much for being across his portfolio, with his rather lame attempts to criticise the Minister for Transport and Regional Services. I must say that the Minister for Transport and Regional Services does not rely on his staffers to produce every word he says in this chamber. I thought this was one of the worst efforts I have seen from the member for Batman in a long while. His attacks on the Minister for Transport and Regional Services were quite amazing when you look at some of the transport reforms that have been introduced by this government and this minister.

It was Prime Minister Bob Hawke who said, regarding the Alice Springs to Darwin railway, that it would take a Labor government to introduce such a railway. They had 13 years to make it a reality but nothing was done. It took this minister and this government to introduce these types of reforms into Australia and to look forward to something that has been promised and has been on the agenda since 1903. Congratulations to the minister. It was a great first and shows what an outstanding minister he is, a minister who has great concern about regional Australia and puts a high priority on that. Roads funding continues to increase. The Black Spot program is widespread. For the first time, this government has cut the costs for motorists in rural areas. It has also reduced costs for those driving large trucks in country areas.

This bill in particular makes some amendments which I believe are very important and will be well received by the recipients of these changes. The first is that grants are payable to primary producers with vehicles over 4.5 tonnes within the metropolitan area. That is something that we would all agree with. There should be equity in the receipt of these conditions and concessions for those who operate primary production vehicles whether they be in the metropolitan area or in the country, so the eligibility has been extended on that basis. Secondly, the eligibility has been extended to buses operating in the metropolitan area using alternative fuels such as LPG or ethanol for travel from metropolitan areas. Thirdly, emergency vehicles over 4.5 tonnes using diesel receive assistance.

The application to the bus industry operating in the metropolitan area is a great initiative on several scores. The first is in terms of equity. These bus operators provide a very significant assistance to school children right across Australia. It is a very important function. Any parent knows how significant the assistance provided is. I believe the private bus operators around Australia do a first-class job. It is an industry with which I have had some association in my previous role as transport minister in New South Wales. This is a group that performs very well, has a strong social responsibility and is out there in the marketplace performing very effectively. This bill provides an incentive for those who operate diesel buses to get into alternative fuel, whether it be gas, ethanol or whatever. There have been many trials around Australia using gas powered buses, and this is going to provide a real incentive. For example, a number of buses in the State Transit Authority would receive this exemption. This is very much an environmentally friendly change, to care for the environment in terms of less pollutants in the air. It is seen as a model for other countries. For example, Toronto introduced similar initiatives in terms of alternative sources of fuel and gas powered buses. They modelled it on what was happening in Australia. This is a further incentive provided by the federal government. I think it is a great thing. I would like to congratulate the people in the private bus sector in Australia for what they have achieved to date. I spoke to some tonight who had a reception in this parliament building. They are delighted with these changes. I am very pleased to see these changes being introduced to the parliament.

Emergency vehicles over 4.5 tonnes using diesel receive assistance. I am sure that we
would all agree with this proposal that emergency vehicles should receive this level of assistance. This is in addition to the previously announced and previously debated bill brought into this House and passed. Under the Diesel and Alternative Fuels Grants Scheme, grants will be paid from 1 July 2000 for business related on-road use of diesel and like fuels to all vehicles over 20 tonnes gross vehicle mass and transport vehicles weighing between 4.5 and 20 tonnes GVM that operate in regional areas. Registration for the scheme is made through applications for an Australian business number. On 12 October last year, in speaking on legislation I indicated that the main components were that the applicant must be registered for the scheme, the applicant must have bought the fuel and the applicant must have used the fuel in operating a vehicle for the purpose of carrying on an enterprise. The Australian Taxation Office is going to be responsible for administering the scheme.

I was particularly interested in the comments of the member for Batman that this is all so complicated in terms of food. He went through the GST and said, ‘We have been part of this debate. We have added to the debate.’ I cannot—and I am sure you cannot either, Mr Acting Deputy Speaker—remember a time when the Australian Labor Party in this House contributed anything constructive to the debate. In fact, if they had agreed from the start that this government has a mandate to introduce the GST, they could have become part of the solution and brought forward alternatives. Instead, they simply criticised every point. Nothing constructive came out of them. If they did not like the variations that occurred in terms of the GST provisions on food, they could have joined with us early in the piece to agree what should be the situation.

The same situation applies with the diesel fuel rebate—if the Labor Party were serious about it. We know that, regardless of what happens, they are going to keep the GST. They had an opportunity to take part in the discussions, so there is no point in criticising us now and saying, ‘You should have done this’ or ‘You should have done that.’ The Democrats agreed with these provisions. Had Labor wanted it otherwise, they could have been part of the equation. They simply did not do that. We noticed the close attention to detail by the member for Batman. He showed no real knowledge of the bill; rather, he read a prepared speech. Therefore, it is not surprising that we have such an outcome. I am very pleased that the amendments have been announced today. The gross vehicle weights have been increased and it is all very meaningful in terms of the formula being used. I have spoken with members of the Bus Industry Confederation today and it is clear that they warmly welcome the amendments. Labor have no credibility in their claims that our amendments would add too heavy a burden on the users in terms of their understanding of the scheme.

These exemptions have been brought in by a government that is concerned about rural and regional Australia. It is a government that is reducing the costs for operators in bringing the product to market. It is a significant change. The provisions that are included in the amendments to the bill are very much welcomed by primary producers in both country areas and the metropolitan areas that they will now apply to. The bus industry warmly applaud the changes, as do those who have involvement with emergency services vehicles. The legislation is a great plus for road industry transport across Australia. The minister has his finger on the pulse in terms of the reforms that he is driving. He is a very capable and able minister. He is the Deputy Prime Minister and he is also responsible for transport. I, for one, think he is an outstanding transport minister. When I was in New South Wales I saw many who came to the portfolio and went without any trace, any reform, any legislative changes, anything they could point to at all.

This minister can point to great achievements. The privatisation of the railways in Tasmania alone has, for the first time, led to an operating profit by the railways. There have been significant reforms by the National Rail Corporation, introduced by this government and followed through by this minister. It was this minister who was responsible for the Alice Springs-Darwin railway announcement. For all the bravado on the other
side of the House, it was the current minister for transport, John Anderson, who brought in the announcement, who convinced his colleagues of the proposals. I see the member for Eden-Monaro entering the chamber. Minister Anderson is also actively looking at proposals for a fast train between Sydney and Canberra. This shows a minister with vision. This shows a minister with capacity. It has been a long time since this House has seen a minister with the capacity and the vision of the current minister for transport. I congratulate him on these changes. I am sure that we all support the changes included in the bill.

Mr SNOWDON (Northern Territory) (8.11 p.m.)—I was interested in the contribution by the member for Cook. I just wonder who is paying him. Presumably he will whip around to John Anderson’s office and pick up the cheque. The Labor Party has moved an amendment which highlights the uncertainty generated in the transport industry through the introduction of the significant new amendments to the Diesel and Alternative Fuels Grants Scheme, with less than two weeks to go before the commencement of the scheme. This is very important.

I want to pick up on a couple of comments made by the previous speaker, the member for Cook, in terms of the impact that this grants scheme and the amendments will have on regional Australia. As the member for the Northern Territory, I think it is fair to say that the Northern Territory community, in an unprecedented way, is reliant upon road transport and heavy vehicles, triple-bogie road trains in particular. Whilst the government promotes the idea that somehow or other the costs borne by people who live in places like the Northern Territory will be diminished as a result of these changes to the scheme, the fact is that that is nowhere near certain. In fact, in the Northern Territory—as I have had cause to say in this House previously—at least one major transport company has been informing its customers that it will be unable to guarantee a drop in prices because it is unclear as to the impact of the new tax system on fuel prices. The company told its customers that it did not expect the prices to drop, and it explained the commercial realities of the road transport industry.

Frankly, I do not think this government understands the commercial realities of the road transport industry, or the infrastructure which is used in remote areas of Australia. I have spoken previously in this place about the costs borne by that industry in terms of maintaining infrastructure on rural roads and the impact that has on the wear and tear of their capital equipment and the costs that are therefore borne and have to be passed on to the consumer. These changes will not have a dramatic impact on their cost structure. Let that be very clear. The impact on the price of goods on shelves in remote communities in the Northern Territory and indeed in Darwin will, if anything, be minuscule, and in some cases the price is likely to rise. Regarding the points that have been made by my friend who has just spoken about the government’s concern, the government may mouth concern but it has no understanding. As I have had reason to mention in this place before, it has no understanding of remote Australia. It certainly has no understanding of the needs of the community which I serve.

I make the point that we already know that people who live in the Northern Territory make a disproportionate tax contribution, and they will make a higher contribution than other Australians to the tax system as a result of the GST because they already pay higher prices than anyone else. In many remote communities, the prices are extraordinary. I have made this point on a number of occasions in this place. Of course, the people who live in these remote communities are the most impoverished of all Australians yet, as individuals and as communities, they will pay more tax on their goods and services than people who live in communities such as those on the North Shore of Sydney. For the government to say in this place that somehow or other those people are going to substantially benefit from these changes to this legislation is, I think, far from the truth.

I am mindful that the government have proclaimed that they are going to bring in a scheme to address the issue of fuel prices generally. I am sure that the government would be calculating that somewhere along the way the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 will
somehow or other assist in bringing fuel prices down. After all, in the case of the Northern Territory, people who bring in fuel from South Australia carry it by road train—if they do not piggyback it on the Ghan to Alice Springs and then road freight it up the highway. If they bring it in from Singapore or elsewhere, it is freighted down the highway. Road trains, road transport infrastructure and diesel fuel are very important components of the transport system. You would expect that there would be some concern by the government that what they are alleging will happen will not happen.

I noted this afternoon in question time that the Treasurer attacked the Queensland Premier for the proposal, which the Premier has since reviewed, to remove an 8c a litre fuel subsidy. I find that interesting because in the case of the Northern Territory, as I tried to point out during question time, the Territory government announced in its budget the removal of its own 1.1c per litre fuel subsidy. There was no outrage from the Treasurer, no outrage from the Prime Minister and no outrage from the minister responsible for this bill that what was happening in the Northern Territory was exactly what he alleged would happen in Queensland should that state proceed with Premier Beattie’s initial proposal, which he subsequently withdrew. So the people in the Northern Territory can feel confident that tomorrow the Treasurer will come into this place and respond to a Dorothy dixer about the Northern Territory’s own fuel subsidy and lambaste the CLP government in the Northern Territory in the way he attempted to lambaste Premier Beattie’s administration in Queensland. I think not.

We all know what this is about. I am concerned that we get some truth into the arguments in this place. What is clear is that a number of allegations have been made and indeed a number of promises have been made about the impact of this government’s policies on remote and rural Australia. We will be watching very carefully after 1 July what the impact of these policies will be. We will be looking extremely closely at the impact of the fuel grants scheme on these communities and what it will mean for them in reality. I note, and this may not be in the forefront of the government’s mind, that in many remote parts of Northern Australia you cannot buy petrol. You cannot buy petrol in some of these communities for a very good reason: they have chosen to use only diesel fuel so that petrol cannot be accessed by petrol sniffers—people with an addiction to petrol, who abuse petrol as a drug. You would think that a government that mouths compassion and says that it is sincere about all Australians would actually have had this brought to its attention—not least by its CLP counterparts in the Northern Territory—so that it might in fact say to these communities that they also can benefit from this scheme. But I hear nothing from the government; I hear nothing from the CLP in the Northern Territory. That means of course that these communities, whilst they might get their diesel freighted in on road trains, which will allegedly benefit from this scheme—but I say not—will pay full tote odds. Is that fair and reasonable? Of course the answer is no.

It is all very well—and I acknowledge the importance of primary industry—but one also needs to understand that in the vast areas of remote Australia the majority of the population do not work in rural industries. They live in dispersed Aboriginal population centres. In the case of the Northern Territory, we are talking about tens of thousands of people who are not being thought of. I want to say that if this government were fair dinkum, if all the words in relation to rural Australia coming out of the mouths of the Prime Minister, the Deputy Prime Minister and the minister responsible for this bill were worth a bumper, then we would see from them some proactive policies to address the needs of the people, which I have raised in this House on more than one occasion.

On behalf of those people who operate in the transport industry in Northern Australia I invite the Minister for Transport and Regional Services and Deputy Prime Minister, the Treasurer or, indeed, the Prime Minister to hop in the cab of a road train and drive along the Tanami Road—a very important road in the Northern Territory; it leads you to the gold province—and ask the road train operators what this bill does to the cost of running their vehicles across that road. They
will tell them that the cost and the wear and tear on their vehicles about doubles. It is very important that we acknowledge these things. I say to the government: ‘If you are sincere, you will address their needs.’ Their needs are not only about fuel but also about roads. I note in passing, knowing that it is not the subject of this bill, that we have seen precious little from this government about assisting transport operators in remote communities in terms of improving the infrastructure on which they travel.

Mr NAIRN (Eden-Monaro) (8.22 p.m.)—I rise to support this Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 because at its introduction on 1 July this year the Diesel and Alternative Fuels Grants Scheme will provide a great boost to primary producers, businesses and emergency services in Australia, particularly in rural and regional areas such as my electorate of Eden-Monaro. The bill further enhances the qualities of this scheme by three things: firstly, it extends the fuel grant to primary production businesses and their contractors located within metropolitan areas. I know there are many areas on the fringes of metropolitan areas—within metropolitan areas but still carrying on primary production—that will be very pleased to see that particular aspect of this bill. Secondly, it extends the fuel grant to buses operating in metropolitan areas and using alternative fuels. Thirdly, and one thing that I think is just a terrific aspect of this bill, it removes an anomaly that would have excluded emergency services vehicles from accessing the grant. That will go down superbly well throughout my electorate, where we have volunteer bushfire brigades and those sorts of things in the mountains and along the coast. They do a terrific job, and to be able to get this sort of reduction in their fuel costs means there will be a lot fewer chook raffles and other things that these groups have to do to raise funds. One aspect that I have been making representations on, and will be making more, to the minister responsible is in relation to emergency vessels. In the coastal part of my electorate we have the Royal Volunteer Coastal Patrol at Batemans Bay, Narooma, Merimbula, Eden, et cetera, and I think that those sorts of vessels, run by volunteers, should also have access to the scheme, so I will be making some further representations on that.

This scheme is a vital part of the federal government’s commitment to cut fuel costs, especially for rural and regional Australia. I wonder what sort of speech the member for the Northern Territory would have made if his road transport operators were not getting a rebate of something like 24c a litre. I found the whinge that he seemed to have just fascinating. It would be substantially worse if this sort of scheme were not there. Although fuel prices have gone up substantially in the last year—and that is unavoidable because of the nature of the market globally—this rebate will be of huge assistance to those operators right throughout the rural and regional areas and the remote areas that he talked about. So I could not see why he would complain about the big reduction that they are going to get. Only last week the Minister for Agriculture, Fisheries and Forestry, Warren Truss, and I met with primary producers in homes around the Monaro. One of the issues raised in our discussions was the recent rises in fuel prices and the disparity in prices between metropolitan and rural Australia. This scheme and the new tax system will push transport costs in the opposite direction, and these benefits will also flow through to consumers and exporters. For me, having a rural electorate and relying very much on exports in many parts, that is a very pertinent point.

In determining those eligible for the scheme the government drew up boundaries separating regional and metropolitan Australia. The capital cities and other large urban centres are deemed metropolitan and 99 per cent of the Australian landmass is deemed regional. Eden-Monaro in its entirety is considered a regional area; therefore, all trips originating in Eden-Monaro by primary producers’ transport vehicles over 4.5 tonnes and trips by emergency services vehicles over 4.5 tonnes are eligible for the grant. I was at a budget breakfast in Canberra the day after the budget was brought down—it was not long before that these maps as to what was metropolitan and what was regional came out. The Australian Capital Territory Labor opposition leader, Jon Stanhope, was at that breakfast and spoke. The thing that he com-
plained about was the fact that the transport people in Canberra were not going to be able to get access to this particular rebate. He said that this was a dreadful thing from the federal government. I just could not believe that he would stand up and say such a thing when the people from his own party voted in the Senate not to allow this diesel rebate right across the board. That is what we wanted in our original policy. It was the compromise that we had to make for the Democrats that took it out of these urban areas. His party had the opportunity to join with the coalition government and have that rebate for everybody and there he was, standing up complaining about it and saying, ‘You’ve got it over in Queanbeyan but we don’t have it here in Canberra.’ He said this was dreadful from the federal government. He obviously had absolutely no idea of the history of it, which is quite amazing.

This bill is dependent on being passed by both houses. Under the scheme at present an anomaly exists that excludes emergency services vehicles over 4.5 tonnes from accessing the grant. With the dry grasslands, coastal rainforest and rugged Snowy Mountains in Eden-Monaro, residents of the electorate greatly value our SES and fire services. They are called upon to provide the most vital of services at all times throughout the year—that being, saving lives, homes and livelihoods. Because of the vast size of the Snowy Mountains and surrounds, these emergency vehicles need to travel substantial distances. This bill allows for funds currently used on fuel to be saved and redirected to other areas where they are needed more.

Upon ratification of this bill, I look forward to spreading this good news to my State Emergency Service workers throughout Eden-Monaro. The Diesel and Alternative Fuels Grants Scheme will provide my local operators with a grant of around 16c or 17c a litre. This is on top of the GST input tax credit of around 7c or 8c a litre. This represents a total reduction of around 23c or 24c a litre in the cost of using diesel—quite a significant saving. When these benefits are combined with the grants of around 36c a litre for rail transport, the reduced costs of bulk freighting items such as livestock and grain will be substantial. For the grains industry, for example, it will be more than $20 million a year. I know it will provide a great relief to my primary producers.

It is estimated that approximately 210,000 businesses will be eligible for this scheme. This represents more than 300,000 vehicles. The Department of Transport and Regional Services estimate that 81 per cent of fuel used in vehicles over 4.5 tonnes will be eligible for a grant. This scheme has been praised throughout Eden-Monaro and supported by many sectors of the rural and regional community. Geoff Rudd, part-owner and director of Queanbeyan’s G.V. Rudd Transport, a regional and long-distance carrier, and other transporters in my area have indicated to me their support for this initiative. They say that with fuel prices having risen in the last year this will be a welcome relief.

The President of the New South Wales Farmers Association, John Cobb, said they were delighted the government had listened to the concerns of farmers and had found a way to deliver one of the significant elements of the new tax system for rural and regional Australia. The President of the National Farmers Federation, Ian Donges, said:

This latest decision will provide a measurable benefit for around 210,000 businesses, and is an important component in the package of fuel excise reductions delivered by the Government as part of its tax reforms.

The Australian Trucking Association said, ‘This is a win-win situation for the industry and Australia.’ Along with so many others, I welcome the support this scheme will provide for Eden-Monaro’s primary producers, businesses and, very importantly, emergency services. I therefore urge all members to support this bill.

Mrs MOYLAN (Pearce) (8.32 p.m.)—The tyranny of distance is a theme that is very familiar to rural Australians, and it was familiar long before the phrase was made popular by the author Geoffrey Blainey in his book of the same title. For those living in rural and remote areas of Australia, these distances add considerably to the cost of getting their products to market, and it certainly adds to the cost of the products they need for business and domestic purposes. Farmers and
businesses that rely on the wellbeing of on-farm business—and there are many in the rural and remote areas—have always been subject to the vagaries of the weather, commodity prices, interest rate rises, insect plagues, and a whole host of other variables that constantly challenge them.

Over the past decade, we have seen the global market/free trade issue impact on farmers. They were among the first enterprises to weather the tariff storms and, while there have been some enormous gains, there has also been considerable pain for that group of Australians. Some urban dwellers, and certainly the younger urban dwelling generations, have forgotten—or, in the case of the latter group, they have no living memory of it—the very significant nation building role that was undertaken by men and women on the land and in other rural enterprises in the early, and fairly recent, history of this country. This often involved backbreaking work in the most extreme conditions, in very great isolation.

I remember, because when I was a young girl my uncle and auntie farmed at Merredin, and we used to think Moorine Rock was the end of the earth. We had no electricity, and it was pretty tough in the early days. My uncle was a conditional purchase farmer who came back after the war. He did it tough, but he made a go of it and he was successful—but not without a lot of backbreaking work. I spent my formative years in the wheat belt town of Narrogin, and I was aware of the good and the bad times that farmers had in that small country town in the middle of the wheat belt. Today, when the memory has dimmed or it ceases to exist because it is outside the experience of a new generation, we sometimes hear people complain, ‘Why should we subsidise the bush?’ For those who do not have an appreciation of the history of this country, it is probably a reasonable comment, and it is made whenever any special treatment is announced for people living in rural areas.

I have to say that I personally welcome the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 because I think it is time we took stock of what rural Australia has done and can do. It is not a matter of living in the past; it is a matter of acknowledging our history and moving into another era. But it is time that we reinvested in our country if we are to come through what has been a period of major economic upheaval. Australia has a great future as a major provider of clean food. Farmers have demonstrated their commitment to improving efficiency of farm businesses, and we have seen some of the spectacular success stories in recent years across a range of produce.

When I dwell momentarily on what our nation builders have done, I often look around at just what rural Australia did for the rest of Australia. In those years when wool prices were high, the markets were sure and the produce was plentiful, many of our beautiful city edifices and much of our suburban and city infrastructure were developed. We are the beneficiaries of that today. We would not have had that if it had not been for this contribution, so I do not think it is unreasonable for Australians to pause and think about that investment and how important it is that we continue to invest in the development of rural Australia. It is an investment in our future. Investing in rural based business is good business for all Australians, and this bill supports the effort made by the rural sector to become competitive and efficient in an increasingly competitive environment. This bill is welcomed by eligible businesses in rural Australia as it allows them to claim a grant for diesel and certain alternative fuels they purchase and use for eligible on-road purposes. This bill is welcomed not only by those who live in rural Australia, particularly farmers and pastoralists, but it is also welcomed by my colleagues, many of whom have the responsibility of looking after people in rural and remote areas of Australia. All of us are very strong supporters of measures that would ensure that people living in rural and regional areas of Australia are not treated any worse than any other Australian in respect of fuel costs. Indeed, they do very well under the terms of this bill.

Under certain circumstances, the diesel fuel rebate will be claimable for some businesses for eligible off-road activities as well as for eligible on-road purposes. The rate is expected to be in the order of 16c or 17c per
litre for diesel. One of the very positive measures in this bill is the provision to extend the Diesel and Alternative Fuels Grants Scheme Act to make transport operations for primary producer businesses eligible, which will mean that primary producers will be eligible for the grant when operating an eligible vehicle for primary production business activities on a public road within the metropolitan area. The transportation of goods by a contractor, freight company or agent on behalf of a primary producer will also be eligible. I think that is an important part of this bill. The kilometres travelled by a contractor-agent will be eligible only where the operation of the vehicle is for the benefit of the primary producer. As my colleagues before me have said, the bill will also extend to buses in the metropolitan area. They will get the grant in respect of alternative fuels, and that is very welcome, as has already been pointed out in this place tonight.

In my electorate there are a lot of people who work very hard. My electorate of Pearce is an area where there is a lot of rural activity. Most of the electorate is on the fringe of urban area, and the emergency and fire services are an absolutely vital part of those communities. Almost every year we have a major outbreak of fire, which creates a lot of devastation and heartache for a lot of people, and those services are very important. I know that this bill will be particularly welcomed by those people operating the fire brigades and emergency services within the electorate of Pearce. As I have said, many of these services operate on the fringe of urban areas as well as in the rural areas, and they will definitely benefit from this particular scheme. It is good news for farmers in Pearce, and in fact all rural based enterprise, because we know that anywhere there is farming there is a whole satellite of businesses that service the farms, and they will also benefit from these measures.

At the last election the government announced in its policy document, *Tax reform: not a new tax but a new tax system*, that it would reduce the excise on petrol and diesel on the introduction of the goods and services tax. Under the Australian Constitution, the rate of excise must be set at a uniform rate. The excise must be reduced before applying the GST. Based on the metropolitan price, the price to the consumer need not rise. To ensure that petrol prices need not rise for the consumer in regional and remote areas, who pay higher prices than the metropolitan price, the government saw fit to introduce a new grants system, targeted to consumers in non-metropolitan and remote areas. The scheme allows a tiered system of grants to be paid for sales to consumers in non-metropolitan areas, with a higher rate of grant provided for sales in remote area.

As a consequence of this grants scheme for consumers in regional and remote Australia, fuel prices need not rise as a consequence of the GST. I think that is a very important point to be made in this debate. A person will be eligible to claim a fuel grant for eligible purposes from 1 July. Businesses will nominate their own claim period, which will be either monthly, quarterly or annually. The scheme covers approximately 210,000 businesses and this represents more than 300,000 vehicles. I think my colleague just mentioned this but it bears repeating that the Department of Transport and Regional Services estimates that 81 per cent of fuel used in vehicles of more than 4.5 tonnes will be eligible for a grant. It is important to point out to the House that transport activities across 99 per cent of Australia’s landmass will be eligible for this grant. This represents something in the order of a $500 million investment over a four-year period, and it has major benefits to the users of petrol and diesel in remote and non-metropolitan areas in Australia. I will finish by repeating once again that these measures will be very welcome in the electorate of Pearce.

Mr BARTLETT (Macquarie) (8.44 p.m.)—It is a pleasure to speak on the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000. This bill corrects a number of anomalies in the original legislation to allow it to better fulfil its original intention. That intention was to provide much needed relief to users of diesel fuel. The Diesel and Alternative Fuels Grants Scheme provides a grant for onroad transport users reliant on diesel fuel. Its aim is to reduce the cost of road transport, bringing with it a very
significant benefit to many businesses, including primary producers and exporters, because of the cuts in their costs of production. Overall, it is estimated that several billion dollars all up, because of the changes in the new tax system, will be cut from the cost of doing business in this country and will be cut in this country from the cost of exporting—a great boost to our businesses, a great boost to our rural producers and a great boost of course to our exporters who need every edge they can get to compete on world markets.

The 1999 act which introduced the grant for diesel and alternative fuels introduced those grants for vehicles over 20 tonnes and for vehicles between 4.5 and 20 tonnes conducting journeys in non-metropolitan areas. Inadvertently, that legislation omitted some users who certainly would have benefited from the diesel fuel grant. This bill is good news because it now brings into the scheme of benefits some of those people who had previously missed out. I am staggered to hear the two speakers on the opposition side make no recognition of the good news. They were not interested in the benefits this will bring for some of our producers, not interested in the benefits this will bring for our emergency services and not interested in the benefits this will bring for passengers on some of our buses. They were interested only in trying to focus on the negative and were carping, whingeing and trying to score political points, and they were not a bit interested in the good news that this legislation brings. I was very disappointed with the contribution, for want of a better word, of the two speakers on the opposite side.

The three groups now brought into the scheme of benefits under this amendment are primary producers located within metropolitan areas and transporters carrying goods on behalf of primary producers—that is, transporters with vehicles between 4½ and 20 tonnes who previously missed out. This is now consistent with the aims of the original act to provide relief in the cost of diesel fuel for those transporters. Second are buses between 4½ and 20 tonnes using alternative fuels, even if their use is metropolitan areas. The third group is emergency vehicles between 4½ and 20 tonnes using diesel fuel or alternative fuels. These vehicles were previously excluded as they were not designed to carry goods or passengers.

It is this third group of emergency vehicles on which I want to concentrate my remarks. As one of a small group of coalition members who had argued for a number of years for the extension of the diesel fuel rebate system and now the diesel fuel grant scheme to emergency vehicles, I am absolutely delighted that the coalition government has seen fit to extend this benefit to emergency vehicles. As all would know, our emergency services provide an extremely valuable service to our community. They deserve all the assistance that we can give them. Our rural fire service, our SES and our fire brigades are largely manned by volunteers. Many of them frequently risk life and limb to provide protection and assistance to our community in times of crisis, and sadly—tragically—we hear too frequently of loss of life by these volunteers and the suffering that their families have to endure. The reason they so willingly sign up to be part of these volunteer emergency services is their commitment to our community. Not only in times of crisis but throughout the whole year they put in an incredibly large number of hours, unseen and unsung, in preparation and training. Just last Friday night I was at the annual general meeting of the Faulconbridge Bushfire Brigade—in the middle of winter, no fires raging, but there they were—and the hall was almost full with volunteers coming along because they were interested in their organisation and interested to see that organisation flourish and prosper in what it could deliver for the community.

Mr Lloyd—And their local member was there to support them.

Mr BARTLETT—I was there because I am very keen to encourage them in whatever way I can. The next day after that meeting they were out there in a burn-off in the Springwood-Faulconbridge area again to make sure that the risk in the coming summer season was minimised. This is a commitment that we see week in and week out throughout the year from our emergency services and our bushfire brigades. They give valuable and
much needed assistance to our community in times of crisis and they provide that sense of security that our community so much needs. Yet, sadly, these emergency services had to spend additional time in fundraising to try to gain the necessary support to increase their funds to enable them to carry on their services. The diesel fuel grants scheme now provides considerable assistance to our emergency vehicles. They should have had access to the diesel fuel rebate years ago, right through the last 20 years and the 13 years of Labor in which nothing was ever done to extend the diesel fuel rebate to our emergency vehicles. Now I am delighted that the coalition government has seen fit to provide this benefit to our emergency operators. This diesel fuel grants scheme provides initially a grant of 16c to 17c a litre for our emergency vehicles over 4½ tonnes, a very substantial saving in their fuel costs. If they are in fact registered for GST—as most of them are auspiced through their local council, they will be—it is a further 7c a litre. So in all there is probably a saving of 23c to 24c a litre on the costs of diesel fuel—a very substantial and considerable saving, which of course means that their funds can then be ploughed back into better equipment to better enable them to do their job.

I was particularly pleased for our volunteers and our emergency services in my electorate of Macquarie—those volunteers in the Hawkesbury and the Blue Mountains region who put in so much of their time and risk so much for the security of their community. The State Emergency Service do not have a large number of vehicles, but they do an extremely valuable job. In the Blue Mountains two rescue vehicles will qualify for this rebate. We have 102 volunteers working in the Blue Mountains in the State Emergency Service. Last year they said they had 60 call-outs. It was a quiet year. The previous year they had 960 call-outs. There is quite a fuel cost in that, and now we can provide to them a rebate, a relief, in the cost of fuel.

The Hawkesbury branch of the State Emergency Service has two vehicles that will qualify because they are over 4½ tonnes. The 50 volunteers in this branch have dealt with around 120 call-outs so far this year. It is estimated that they will have a saving of several thousand dollars per year on their diesel fuel costs under this legislation. Because of the nature of my electorate, there is also a great degree of dependence on the Rural Fire Service or what used to be called the Volunteer Bushfire Brigade. Much of my electorate is native bushland and it is very beautiful. It incorporates the Blue Mountains and much of the Hawkesbury, and many people choose to live right on the edge of the bush and in the bush. With that beauty, with the scenic attraction of living in the Blue Mountains and the Hawkesbury, comes the risk of bushfires in summer and a dependency on our emergency services. In the Blue Mountains Rural Fire Service there are 24 firefighting brigades, with 1,541 volunteers. They have 34 vehicles over 4½ tonnes that will now qualify for this diesel fuel grant. This fire service has several hundred call-outs a season, depending on the weather conditions, the level of fuel build-up, et cetera. So there is a large number of vehicles, volunteers and branches of the Rural Fire Service in the Blue Mountains. It is a similar story with the Hawkesbury Rural Fire Service. There are 21 firefighting brigades in the Hawkesbury part of my community, with 1,100 volunteers who are willing to put in their time, energy and effort and to risk their lives for the sake of our community. It is a fantastic commitment, and they provide so much security to our local community. In that area, there are 30 vehicles over 4½ tonnes that will qualify. Firefighters there estimate that their annual cost for diesel fuel is $15,000 to $20,000 a year, so they will get a saving of several thousand dollars a year that can be ploughed into other equipment.

In my electorate overall, there are some 2,600 volunteers in the Rural Fire Service and there are another 150 in the SES, so there are close to 3,000 volunteers in emergency services who will benefit from the extension of the diesel fuel grants scheme to emergency vehicles. If you multiply this story throughout the state and throughout the country, you will have the story of a large number of people who provide so much and who we are now able to assist in this small way. If you multiply figures like this throughout the state, you have 30 SES rescue vehicles with 7,900
volunteers. The Rural Fire Service has 3,417 vehicles in New South Wales and over 69,000 volunteers in 2,328 brigades. I am delighted that this legislation brings to these people partial relief from the cost of their fuel bills—relief that will allow them to get better value for the dollar from their funding. Not only will the legislation bring financial relief to them but it is a means for us as a federal government, as a coalition, to say, 'We value the work that you do for our community, and we are delighted in some small way to be able to help you with the work that you do.' There are many benefits from the new tax system, including the abolition of wholesales sales tax and many other taxes and the widespread and significant reduction in income taxes, but one of the benefits that I am particularly delighted about—and that this amendment brings into action—is the extension of a rebate on diesel fuel and a reduction in costs to our emergency vehicles. I strongly support this legislation, and I acknowledge the work of the government in bringing this benefit to our emergency services.

Mr ST CLAIR (New England) (8.57 p.m.)—What a fine speech the member for Macquarie made. The great initiatives of this government that are in the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 will deliver benefits to all volunteers—not only to the volunteers of Macquarie but to all those volunteers in New England and everywhere else that are out there, that drive these vehicles and that are going to be the direct beneficiaries of this. Having always been a bit of an old truckie, up to my elbows in diesel, I take every opportunity to take good news like this to the public. The good news in this House, the good news from the government, is what is happening with diesel, diesel rebates and the fuel grants scheme.

I certainly support the amendments to the Diesel and Alternative Fuel Grants Scheme Act 1999. This bill introduces a grant, as we have heard tonight—and we have heard some good, positive things on this side of the House about what is going to happen with road transport and with this benefit. This legislation is vital for the people living in regional and rural Australia. We heard that from the member for Pearce and from many others who understand the importance of this legislation to regional and rural Australia. Under the legislation, agreed to by the government and the Democrats, there will be large and enduring benefits to regional Australia and to transport operators on the road, in the rail sector and in the marine sector, which we must not forget. The wide variety of Australian businesses that provide transport services to country areas will certainly benefit. These services include interstate and city–country road transport and the transport of all goods from Australia’s rural regions and processing centres to their markets in the city and from exporters to destinations offshore. Goods include essential inputs transferred from the ports to factories in the city and back to the bush, and every bit of bread and butter—indeed all of the goods consumed by people living in country areas across this vast nation. As agreed, the grant for diesel used in prescribed vehicles and in prescribed areas will be set so as to provide a cumulative reduction in the cost of diesel by 23c a litre. Currently the diesel fuel excise is 43c a litre for road users and around 35c a litre for rail.

The grant will be potentially available for all road transport vehicles over 4.5 tonnes. However, fuel used in vehicles 4.5 tonnes to 20 tonnes gross vehicle mass will qualify only in the following circumstances: if the vehicle is engaged in transporting goods or passengers within regional Australia between a metropolitan area and a regional point and vice versa, or between metropolitan areas on an interstate journey. We have got to remember, of course, that it was the Australian Labor Party which denied all those people who run those eight-tonne and six-tonne trucks in our cities such as Toowoomba, Brisbane, Melbourne, Adelaide and all those capital cities the ability to receive this massive benefit of 23c a litre. This amendment ensures that fuel used to operate equipment while the vehicle is stationary, for example, a mobile crane—and we all have those, thank goodness, working in our districts, operating on a construction site or elsewhere—is deducted from the total quantity of fuel before applying the statutory formula. The deduction will be necessary only where the quantity of fuel used in such circumstances is more than 20
These amendments have one vital component for rural and regional Australia. The fuel grants will be extended to all emergency vehicles. We heard the member for Macquarie describing very comprehensively the importance of being able to extend this grant system to those emergency vehicles out there between the 4.5 and 20 tonnes gross vehicle mass using diesel or alternative fuels. This amendment removes an anomaly whereby these vehicles would otherwise be excluded, as they are considered to be special purpose vehicles not designed to carry goods or indeed carry passengers. At the same time, amendments are also proposed to amend the registration requirements to ensure that claimants do not forfeit entitlements due to technicalities surrounding registration of vehicles for the scheme. They clarify that journeys between metropolitan areas and non-metropolitan areas are eligible in both directions. They amend the entitlement provisions to ensure that clients who seek to correct a mistake or omission from a previous claim do not lose their entitlements for both the original and the amended claim. That needs to be repeated: the entitlement provisions will ensure that claimants who seek to correct a mistake or omission from a previous claim do not lose their entitlements for both the original and the amended claim. That needs to be repeated: the entitlement provisions will ensure that claimants who seek to correct a mistake or omission from a previous claim do not lose their entitlements for both the original and the amended claim. That needs to be repeated: the entitlement provisions will ensure that claimants who seek to correct a mistake or omission from a previous claim do not lose their entitlements for both the original and the amended claim. That needs to be repeated: the entitlement provisions will ensure that claimants who seek to correct a mistake or omission from a previous claim do not lose their entitlements for both the original and the amended claim.

I have a great personal interest in the trucking industry, as many in this House know. I have spent many years driving trucks and still cannot bring myself to sell my prime mover, which seems to sit in the shed and call to me every time I am back home. This government without question has introduced policies that have slashed the cost of transport. The Liberal and National parties introduced legislation last year that cut road transport costs by around $1,000 million a year, while rail transport costs have been slashed by almost $160 million a year.

Regional Australia relies heavily on the transport industry, as you well know, Mr Deputy Speaker, and New England is a main part of that regional Australia. We need to transport the products that we grow and manufacture to the market. We need to bring out to the country those inputs that help business become more competitive and therefore more profitable. The transport industry has been hit hard over the years in the taxes it pays. It pays something like 2½ times the tax paid by other industries. As I have stated in this House before but will do so again to remind honourable members, diesel excise has gone from 3c a litre in 1983 to 34.7c a litre, plus a further 8.3c a litre which is collected on behalf of the states. Every rise of 1c a litre in the price of diesel, as everybody in this place knows, adds about $115 million a year to the cost of road transport in this nation. In fact, the rate of diesel excise rose by 16c a litre in the 10 years between 1987 and 1997.

The trucking industry is the lifeblood of the nation, contributing over six per cent of Australia’s GDP and providing 4.5 per cent of our nation’s employment, with truck drivers representing the largest full-time occupation for Australian males in this country. In regard to the veins and the arteries through which our economic lifeblood in rural and regional Australia flows, the Labor Party has done nothing in the past to keep that life-blood flowing. In fact, all they seem to do is to block those veins and arteries.

Mr Lawler—Like cholesterol.

Mr ST CLAIR—My colleague the member for Parkes has heard me say before that the ALP is like the cholesterol of those veins and arteries, preventing that industry from functioning properly. These amendments will lead to economic growth, which equals jobs, and we need jobs, as everybody knows, in regional and rural Australia.

Before I close tonight, I will mention one group of people who have slipped through the net because the Labor Party does not un-
understand rural and regional industries. In my electorate of New England I have a foundry that employs 21 people. It is 30-odd kilometres west of Uralla and is on rural power. It needs large generators to produce the power to operate the foundry. It has one Cat motor of V12 size and another six-cylinder 3406 Cat. The gentleman who owns this business together with his wife consumes 20,000 litres of diesel a month, and we are unable to help them by one cent.

I am sure in other electorates around this nation there are others out there toiling away for Australia, providing golden opportunities for people, providing employment opportunities, producing products not only for consumption in Australia but for export, and at this point there does not seem to be a thing we can do. In the case of G & C Foundry and Geoff Swilks and his partner who are out there working their hearts out, we will continue to attempt to find out how we can help these people get some benefit that will be going to other Australians through these fuel grants. Contrary to the thinking of the Australian Democrats, these people cannot suddenly hook on; they have 1,000 kVA generators and they need some support.

I close tonight by saying that the Howard-Anderson government is putting policies in place that are helping regional and rural Australia to grow and move forward. What a pity the federal Labor Party has fought hard and long, every step of the way, against these vital policies. When the caped crusaders, the members for Batman and Hotham, came into my electorate to speak, they reminded me of something I have said before in the House. The Labor Party is out of touch, out of date, out of policies and—thank goodness—out of government.

MrIAN MACFARLANE(Groom)(9.09 p.m.)—There should be no speakers against the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 in this House. I am surprised that there are any. I am surprised that we are spending time debating it. I thought this bill would have been legislation for the Main Committee. I cannot see—and you know only too well, Mr Deputy Speaker—how any regional representative on either side of this House would be opposing cuts to fuel prices. Mr Deputy Speaker Adams, you are from a regional area. I have enjoyed your hospitality and your region, and I am sure your constituents think highly of you, but they must be wondering why the Labor Party is opposing the complete across-the-board reduction in fuel excise to business. While the member for New England identified one area where we have not been able to extend it, I can just as easily identify another. It is a great shame that the quarrying industry, which is fundamental to construction and road building in Australia, has not also been able to gain access to these wonderful rebates of 23c and 24c a litre which will see a significant drop in the cost of transport, in the cost of moving people about and in the cost of protecting our homes and properties against fire. It is a shame that all industries have not been given the exemptions.

It was the original intention of the Howard-led coalition to ensure that industry was given the relief of diesel excise rebates and fuel grants. It was the intention to include quarrying. If I take the case of a very large quarry operation in my electorate, in fact one of the largest deposits of blue metal in the Southern Hemisphere, owned by the Wagner family, that company has no choice but to pass on to business—the people who are building the buildings in Toowoomba and Pittsworth and the new Millmerran power station, all those businesses that rely on aggregate, on blue metal base for concrete—the tax contained in fuel excise. The same company has to pass on to local government, with no way of the local government claiming it back, the cost of the blue metal used in the roads which the member for New England described as the arteries and vessels of our nation. It makes no sense at all to me, Mr Deputy Speaker, that your party, the party that sits opposite, would oppose the removal of taxes from business in Australia. There are 11 days to go. I know there are some who sit opposite who talk about people waiting out there with baseball bats. I can tell you that out in regional Australia they are waiting with baseball bats for the Labor Party, wanting to know why the Labor Party opposed the complete removal of the excise on this fuel, why the Labor Party opposed making every
business eligible for diesel fuel rebates and for fuel grants.

This is a very positive bill which attempts to give those vehicles that have slipped through our previous legislation the opportunity to gain the rebate. As previous speakers have said, it particularly relates to three basic categories. It relates to primary production in metropolitan areas. As one who has been involved in primary production, primary production knows no boundaries. It does not allow itself to be restricted by lines on maps. It is made up of men and women who are innovative and courageous and just want to be given a go. So, by broadening out the legislation through the introduction of this amendment, we will ensure that those people who are just out there to have a go and try to make a living for themselves are able to gain access to this grant. The second category of vehicles that will be able to gain access to this grant is buses using alternative fuel. The member for Macquarie spoke about the importance of this, particularly as we look at fuels which may either gain a sufficiency or lessen our pollutants. Again, it perplexes me why anyone would oppose this legislation when that is our goal.

The third group—and one I am particularly fond of—which will benefit from this measure is emergency vehicles, in particular some of the regional and bushfire brigades. I am not sure how many in this House would have belonged to a bushfire brigade, but I have. It is both an interesting and fulfilling experience. Fortunately, I was never subjected to the immense dangers that some of our brave firefighters are subjected to but, in terms of the camaraderie and the time that we committed to protecting the life and property of those in the district I grew up in, it was just the same an important role.

We spent many a night on the back of a four-wheel drive truck, winding down narrow bush tracks, trying to contain fires that threatened to engulf pastures of beef cattle, that threatened our workshops and that, on very rare occasions but occasionally, threatened our homes. One such fire brigade has just taken delivery of a new engine. It was of great pleasure to me that I read in the Toowoomba Chronicle on Monday of this week that the Nobby fire brigade has taken delivery of a medium-attack firefighting unit. Of course, the subeditors always have their piece and the caption reads:

All Fired Up: Clifton Rural Fire Brigade third officer and training officer Rod Woods from atop the new Nobby medium-attack firefighting unit keeps an eye on Nobby Brigade members (from left) Stephen Frahm, Bob Collins, Russell Fuhlbohm, Vincent Grogan and Steve Glasheen at the official opening of Nobby fire station at the weekend.

These people who are volunteers, who give their time, now know that they will spend a little less time trying to raise the funds to keep that engine on the road and a little less time making sure that they can afford to pay for the fuel in the tank because the federal government has taken this very responsible action. We have taken the action to ensure that voluntary emergency organisations like the Nobby fire brigade are able to get their fuel, as the member for Macquarie said, perhaps at as much as 23c a litre off but certainly at 16c to 17c a litre off. These people are the salt of the earth. As I said, we and they give up their nights at home in front of the telly and their spare time to do training, which they see as part of their civic duty.

It is a disappointment that, through the passage of this legislation and other legislation relating to fuel, we have seen such sustained opposition from the opposition. It makes no sense to me at all, none whatsoever. Given the tyranny of distance that we face in this country and the need to bring our people and our industry together and our producers closer to our markets, the reduction of costs would seem to me to be a national priority. It would seem to me that no responsible person would oppose this legislation. Yet, as I said, we have had to fight every inch of the way. We have had to try to do deals to get even the most basic of legislation through. Here we are tonight talking about supplying voluntary firefighters with cheaper fuel. Mr Deputy Speaker Adams, I would have thought you would have been one of the first to speak in favour of this legislation.

Be that as it may, 11 days from now Australia will awaken to a new tax system, a fairer tax system, a tax system which gives
business a go, not just in the area of fuel exercise but right across the board. It lifts the shackles of years and years of indirect taxation. It provides the opportunity for business to get onto a new footing. It reduces capital gains tax, it reduces company tax, it reduces personal income tax, it increases pensions and it increases the family allowance—the list just goes on and on. Business will respond to this and the country will benefit from it. This small part of that legislation is important because it is the part of the legislation that recognises those people who, prior to this night, have been left behind. I think it is important that when we reform the tax system we try to do it for all Australians. This legislation gets us that little bit closer. I commend the amendments to the House.

Ms GAMBARO (Petrie) (9.19 p.m.)—I would also like to add to the very fine words of the member for Groom and the member for Macquarie on the benefits of this legislation that we have here before us tonight, the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000. The amendments before us tonight will ensure that Australia’s primary producers receive the benefits of the federal government’s fuels grant, regardless of their location. The Petrie electorate that I represent is located on the fringe of the metropolitan hub and is mostly residential or light commercial settlement. While primary production is certainly not one of the most common commercial activities in the electorate, there are a few hundred people within the electorate who have enterprises in the agricultural, forestry and fishing sectors. This bill extends the fuels grant to primary producers located within areas like Petrie and will be welcomed by primary producers in metropolitan areas across the country. This legislation is further recognition of the important contribution that primary producers have made to the Australian economy. A number of the earlier speakers also alluded to those comments. This legislation is very important and should not be underestimated.

Unlike the Labor opposition, especially Peter Beattie’s Queensland government, the coalition has worked hard to lift the burden of hefty transport costs from rural producers. It has done that by making our farmers much more competitive. We have improved our national export income. This growth is an essential element of the Australian economy, representing 20 per cent of the national economic output. Australia exports 80 per cent of its agricultural produce and exports four times more agricultural produce than it imports. The citrus industry exports nearly $150 million worth of citrus products, mainly to markets in the United States, Japan, Hong Kong and Malaysia. The pork industry, another successful industry, has experienced better export results in the last two years, with $130 million worth of pork exported from July 1999 to April 2000 compared to $71 million in 1998-99. Beef exports totalled some $3 billion last year and are expected to reach at least that level this year. From July 1999 to April 2000, Australia exported some $173 million worth of tuna, primarily to Japan. This is just a small sample of the export dollars that our primary producers are earning each year.

Excellent export outcomes have flow-on benefits for all of us—better employment prospects, particularly in the primary production sector. Since 1992-93, agricultural jobs have climbed from 377,000 to 422,000 in 1998-99. Agriculture is one of the country’s biggest employment sectors, producing 10,000 new jobs a year for the past three years. This incredible export growth needs to continue to be recognised, and that is what this new tax system is all about. At the end of this month on 1 July there will be some $4.5 billion worth of production cost savings for Australian export industries.

Mr Slipper—How much?

Ms GAMBARO—The member for Fisher might well ask. It is $4.5 billion. For the first time, Australia’s exporters will be competing on an even basis with international exporters. That is something that is really great to look forward to. Exporters will save by claiming input tax credits on the supplies needed to provide exported goods or services. This means that inputs for exported goods will be effectively GST free. In addition to the input tax credits, Australia’s exporters will also receive the benefit of the Diesel Fuel Rebate Scheme and the Diesel and Alternative Fuels Grants Scheme and its amendments before us.
tonight. They will be of great benefit to Australia’s primary producers and the related transport industry. I commend the Howard government for this legislation.

The actions of the coalition government stand in stark contrast to the rort that was almost imposed on the Queensland people by Premier Peter Beattie last week. In a moment of absolute political opportunism, the Queensland Labor government decided to scrap the 8.3c a litre subsidy on fuel and was trying to shift the blame for inevitable 8c rises in petrol prices to the federal government by timing the change for 1 July. What absolute hypocrisy. The story gets even better. The subsidy was to be replaced by a rebate on registration that was not available to motorists registering before 1 July. Therefore anyone who paid their registration before 1 July or was due to pay it in the next two weeks would have been slapped with the petrol price hike without receiving the registration rebate.

Mr Slipper—What a con.

Ms GAMBARO—This is not a responsible approach, as the member might well comment. It is not responsible at all by a government which is out there trying to say that it is assisting Queensland transporters and motorists. The enormous backlash caused the Beattie government to back down over the weekend, after a relatively short time. I have a page from the Courier-Mail here describing the backdown that occurred and the history of it from when it was introduced. The saga started from 28 May, with the RACQ and the MTAQ raising concerns about petrol prices not reflecting the subsidy, prompting the state government to call for an investigation. On 29 May Premier Beattie signalled the move to scrap the fuel subsidy in exchange for the $150 registration rebate and said that there was no evidence that the subsidy was being passed on. According to the Courier-Mail, the RACQ then backed away from criticism of oil companies, saying new figures show the subsidy is being passed on. Mr Beattie vowed to investigate further. Who is right and who is wrong? What ended up happening was that the rebate in place of the subsidy was brought in, an enormous backlash occurred, and on 17 June Mr Beattie backed down from the plan, promising to retain the subsidy but pay the money instead to the service station owners instead of the oil companies. It has been absolutely crazy ever since.

Mr Slipper—People were outraged.

Ms GAMBARO—People were more than outraged. It was an absolute disaster, and Premier Beattie realised that very quickly.

Mr Slipper—He will be swept from office.

Ms GAMBARO—He will be swept from office, indeed, if he continues on with the type of irresponsible petrol pricing policy that he tried to introduce. This policy was not only irresponsible but it caused an enormous backlash. It caused an enormous backlash from transporters and from a number of people across the industry.

I am very pleased to be speaking tonight to something that provides some positive benefits. As the legislation currently stands, vehicles between 4.5 and 20 tonnes gross mass operating solely within the metropolitan area are ineligible for the grant, thus excluding some rural producers located within the metropolitan area. The proposed legislation extends the eligibility for the grant to primary producers regardless of their location and, as I mentioned earlier, producers in areas like Petrie will benefit from this bill. The fuel grant is also extended to buses operating solely within the metropolitan area which are using alternative fuels. That is a very good thing. Emergency vehicles between 4.5 and 20 tonnes using diesel and alternative fuels will receive the diesel grant, removing an anomaly where emergency vehicles were considered specially designed purpose vehicles not designed to carry goods or passengers.

All in all, these provisions will deal with a number of areas. They will ensure the recovery of scheme debts will be replaced with the standardised collection and recovery provi-
sions that apply to other acts administered by the Commissioner of Taxation. Provisions will also be available under the legislation for the payment of interest to claimants on the underpaid amount of fuel grants which are paid or applied against debts as a result of an objection against a fuel grant assessment. It is important that the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000 applies in the most fair and equitable manner possible. With regard to primary producers in metropolitan areas, I commend all of these measures and other amendments which are contained in the legislation before the House tonight.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.29 p.m.)—I thank honourable members for their participation in this rather enthusiastic debate on the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000.

Mr Martin Ferguson interjecting—

Mr SLIPPER—I certainly have. It has been a very interesting debate on a very important change being made by this government which will benefit the nation. The bill further extends the Diesel and Alternative Fuels Grants Scheme, which will reduce fuel costs for heavy transport right across Australia. Mr Deputy Speaker Adams, you would be aware that this scheme is a central plank in the Howard government’s reform of the taxation system, reducing the effective rate of taxation on diesel, particularly for the benefit of rural and regional Australia.

Under the scheme, eligible recipients will receive a fuel cost reduction of around 24c per litre. The bill before the House extends eligibility in three key areas. Firstly, it extends eligibility to primary producers, irrespective of their location. This is a very important extension, providing farmers with the benefit of the scheme even if they are located within the metropolitan area. The honourable member for Petrie, in her contribution, alluded to this important element of the bill before the chamber. In addition, the bill extends eligibility to buses operating within the metropolitan area using alternative fuels, principally CNG or LPG. This move will provide a boost for public transport and it reflects environmental concerns about the use of diesel raised in particular by the Australian Democrats.

The bill also extends eligibility to emergency vehicles over 4.5 tonnes. This will provide a benefit to many volunteer fire brigades in rural areas and on the urban fringe, a benefit which they have never had in the past. The honourable member for Macquarie mentioned that he was delighted by the extension of this benefit for emergency services. I must say, on behalf of the government, that I am particularly pleased that this amendment will provide additional support to our emergency services, especially for firefighting. I believe it is appropriate to place on record in this chamber our thanks to the honourable member for Macquarie for his tireless work in promoting this change.

The bill also makes a range of minor administrative changes to the scheme, all of which relate to the benefit of claimants under the scheme. Unlike the Australian Labor Party—now thankfully out of office—which consistently raised excise during its term in government, the Howard government is serious about reducing transport costs. In those final dark days and years of Keating, the excise rate on petrol and diesel was raised 5c per litre, all due to discretionary budget measures and not merely indexation. By contrast, the coalition government is reducing transport costs in a number of ways, including by giving business the ability to claim input tax credits on the fuel purchased in the course of business activities; by extending the Diesel Fuel Rebate Scheme to cover marine transport and rail transport; and through this scheme, the Diesel and Alternative Fuels Grants Scheme, which provides an effective cost reduction of 24c per litre for on-road transport by heavy vehicles.

You would expect that honourable members opposite would have been prepared to enthusiastically embrace this very important change to the law—a beneficial change being introduced to the parliament by the government. We all regret—and I suppose the honourable member for Batman opposite would regret—the fact that the honourable member for Batman has moved this pious amendment which seeks to criticise the government, in
fact even condemn the government, for a number of items. The government does reject this amendment. The member for Batman will not be surprised and would certainly appreciate that the amendments will not generate uncertainty. Industry is well aware of changes to eligibility through consultation between the Australian Taxation Office and industry associations.

The primary producer extension was announced in April and has been widely publicised and, may I say, praised. I draw the attention of the House to a media release issued by the National Farmers Federation dated 12 April 2000. I quote:

The National Farmers’ Federation today hailed the Government’s decision to extend its new diesel fuel and alternative fuels grants scheme to all primary production, even within metropolitan areas, as another significant boost for agriculture.

On the same day, the Queensland Farmers Federation issued a media release. I quote from that media release:

Queensland Farmers’ Federation President Richard Armstrong today strongly welcomed the decision by the government to ensure that metropolitan farmers were not put at a disadvantage by the GST fuel price arrangements.

The administrative amendments are intended to remove some of the existing requirements that could cause uncertainty over the entitlement of people.

I turn to the amendment moved by the member for Batman. He claimed that the new bill proposed a complex layer of administration in addition to the new compliance burden of the GST. I would like to outline the facts to the chamber. The Australian Taxation Office has been working with industry to establish the administrative requirements. After initial registration, claimants will only need to report on distance travelled and fuel purchases each claim period—monthly, quarterly or annually. Claims will be based on self-assessment, but records will need to be kept to substantiate claims. In most cases these records will already be part of good business practice. For vehicles between 4.5 and 20 tonnes, some additional records may be required if they operate partly in the cities. So the government very clearly rejects the amendment moved by the honourable member for Batman. The amendment has no substance and it has no value. I am confident the House will also reject it very shortly.

The member for Batman also claimed that the metropolitan boundaries will cause anomalies with businesses on one side of the line getting the grant and those on the other side missing out. I want to point out that the address of a business is not the determining factor in assessing eligibility for the grant. Eligibility is based on the nature of the journey undertaken, specifically when it starts or finishes in a non-metropolitan area. It also ought to be noted that, if the Australian Labor Party had accepted the mandate given to the government by the Australian people, it would not have been necessary for the government to sit down with the Australian Democrats and come to these arrangements.

The member for the Northern Territory tried to suggest in his speech that freight prices may not fall. There are a variety of costs which flow through into fuel costs, and fuel is estimated to represent about a third of total costs. The diesel and alternative fuels grant combined with the GST input tax credits will reduce fuel costs for transport by around 24c a litre. The member for the Northern Territory also acknowledged in his speech that diesel was an important component of the transport system in the Northern Territory—and well he should. The whole of the Northern Territory will qualify for the grants scheme. Therefore, all transport vehicles over 4.5 tonnes will qualify for an on-road grant and, together with the input credit under the GST, this will provide a reduction in transport costs by cutting fuel costs by around 24c a litre.

The member for Eden-Monaro quite appropriately pointed out that the legislation would provide a great boost to primary producers in his electorate. The member for New England referred to some local businesses that might not get the benefit of the diesel fuel rebate scheme. The reason that situation has occurred was the Australian Labor Party’s blanket opposition to tax reform. Under the coalition’s tax package, which was taken to the 1998 election, the diesel fuel rebate was to be extended to cover a broad range of off-road uses. It was Labor’s oppo-
This is very important legislation. The government stands very firmly by it. I believe that it shows just how out of touch the Australian Labor Party are with the Australian people—particularly those people in rural and regional Australia—when they fail to support the very real, important and meaningful reforms being introduced to the law of Australia by the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.41 p.m.)—by leave—I move government amendments (1) and (2):

(1) Schedule 1, page 6 (after line 7), after item 7, insert:

    7A After subsection 10B(2)
    Insert:
    Special rule for stationary vehicles
    (2A) If
    (a) more than 20% (or such higher percentage as is prescribed) of the fuel used in a vehicle during a grant period was used while the vehicle was stationary;
    then:
    (b) in applying the formula in subsection (1) or (2), the total quantity of fuel is reduced by so much of the total quantity of fuel as was used while the vehicle was stationary.

(2) Schedule 2, item 1, page 10 (line 5), omit “205-10(2)”, substitute “250-10(2) in Schedule I”.

These amendments restore the original policy intent of the amendments going to the statutory formula for calculating the amount of fuel. I clearly note that on this occasion, rather than being stationary as usual, he is actually mobile in explaining this detailed statutory formula. I seek to raise a number of other issues in passing and to clearly establish that the opposition are supporting the bill before the House—unlike a suggestion made by a number of coalition members, including those representing National Party seats, who are now in the position where they just jump when the Liberal Party says, ‘Jump.’ It is very clear that in a coalition government in this day and age—unlike in the day and age when people like Black Jack McEwen represented rural Australia—representatives of the National Party in the coalition government are rolled time and time again, as was clearly proved by a number of resolutions carried at the National Party conference in the Northern Rivers region of New South Wales last weekend. I suppose that for that reason a number of speakers in the debate—supposedly in support of the bill on the other side of the House—this evening actually raised their concerns about the anomalies that exist in the bill and the fact that it creates a lot of unanswered questions and dissatisfaction, especially in rural Australia.
I go, for example, to the point raised by the member for Eden-Monaro, who said that he actually believes that the bill is inadequate because it fails to cover emergency vessels. He also indicated that he will be making further representations to have emergency vessels on the coast covered by this provision. I believe the government should very clearly clarify this evening whether or not the representations by the member for Eden-Monaro will be favourably considered, or will it again turn its back on the concerns raised by regional representatives in the coalition government? Perhaps, in passing, it might also be appropriate for the government’s representative, the parliamentary secretary, to consider the request I made earlier in the debate today to properly explain for the record why Mr Haverhoek, whom I referred to in my speech, an operator of a dozer and other heavy equipment providing a valuable service to primary producers in rural Australia in looking after their rural roads, is not eligible for the scheme.

But there are also other concerns raised by members on the other side of the House, for example, the member for New England—who I might say this evening used, in a shameless manner, the public purse in the House of Representatives to actually publicly advertise the sale of his prime mover. Mr Deputy Speaker, he clearly advertised the fact that he has been unable to sell his prime mover, using the House of Representatives and the public purse to make it very clear to the Australian public that he has a prime mover for sale. But, more importantly, I suppose, this has become part and parcel of the government. Not only do we have prime movers now advertised for sale in the House of Representatives, we even have the Prime Minister’s daughter transported at public expense around France, as was recently disclosed to the Australian public. I tell you what: mateship is being extended a long way by the coalition government in this day and age.

It was interesting to note that the member for New England raised yet another concern—that is, whether or not powerhouses would be eligible for assistance under the scheme. I think the member for New England is entitled to know, as is the member for Eden Monaro, as he represents a regional seat in Australia, whether or not the government is prepared to favourably consider his proposal that the operation of the scheme be extended to the operation of powerhouses in his regional seat. I might say that I welcomed the opportunity to visit his regional seat, as I have, and I will continue to do so because I am getting very clear feedback that, across the broad spectrum of his electorate, there is now concern about his lack of representation and understanding of the needs and aspirations of people living in regional Australia.

I will now go to the member for Groom, a person often belittled by members of the National Party, the junior coalition partner. He raised the question of the quarrying industry and whether or not the application of the scheme would be extended to those working in that industry. (Extension of time granted) Like the members for Eden-Monaro and New England, I think the member for Groom is entitled to an answer. I think he is entitled to know this evening, as the government intends concluding debate on this bill this evening, whether or not the ramshackle way in which it considered the Diesel Fuels and Alternative Grants Scheme will now be revisited and whether or not people working in the quarrying industry, as is clearly the desire in the regional seat of Groom, which I have also visited—during the course of which I discovered widespread concern in the seat of Groom about the lack of quality representation by the member—are going to be covered by the application of the Diesel Fuels and Alternative Grants Scheme.

I think it is exceptionally important that, as these concerns have been raised by members of the government supposedly speaking in support of the Diesel and Alternative Fuels Grants Scheme Amendment Bill 2000, the government’s representative clearly establishes beyond doubt this evening whether or not the government is prepared to actually consider in a meaningful way the extension of the grants scheme in relation to the concerns of the member for Eden-Monaro about emergency vessels, my own request about Mr Haverhoek in relation to the road industry, the question of the member for New England about powerhouses and the question of the
member for Groom with respect to quarrying, or whether we are wasting our breath in seeking to raise our concerns to meet the needs and aspirations of our constituents. If not, I think it will clearly prove that this government has let down the constituents of New England, Groom and Eden-Monaro yet again.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Leave granted for third reading to be moved forthwith.

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

NEW BUSINESS TAX SYSTEM (MISCELLANEOUS) BILL (No. 2) 2000

Second Reading

Debate resumed from 13 April, on motion by Mr Costello:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (9.51 p.m.)—Back in August 1998 the Labor Party released its tax policy entitled ‘A fairer tax system with no GST’. Its most controversial proposal was to abolish the capital gains tax exemption of assets acquired before 20 September 1985. The Labor policy said that all gains made up until 1 January 1999 will be exempt from tax, all pre capital gains tax assets must be valued as at 1 January 1999 and that all real gains made from valuation date will be subject to capital gains tax.

During the 1998 election campaign, Prime Minister Howard attacked this proposal, in particular its retrospectivity and its impact on self-funded retirees. I would like to refer to a few brief quotes from the Prime Minister on this matter. He said:

And he (Beazley) might in his indignation to the elderly explain to them why he’s retrospectively imposing a capital gains tax on the assets of many retired people that in good faith they believed 13 years ago they could deal with free-of capital gains tax. I mean the elderly of Australia have a right to be indignant about that ...

He also said:

Now this is going to strike at the heart of the retirement security of many older Australians.

Further, he said:

... it is now being retrospectively lumped in and the tax man with his grubby hands is going to reach back and include all these assets in the reach of capital gains tax.

The Prime Minister described the impact of Labor’s capital gains tax measure on self-funded retirees as ‘very bad’, ‘fundamentally quite wrong’ and even ‘un-Australian’. The issue featured prominently in Liberal Party campaigning. I guess you would be entitled to assume that the Liberal Party were against this and that they were against anything resembling retrospective capital gains tax. You would be wrong. On 13 April this year, this bill was introduced into the House. This bill, in particular proposed sections 273H and 281A of the Income Tax Assessment Act, will effectively create a new capital gains tax on superannuation funds based on assets built up over the years, including pre-1985 assets involving self-managed superannuation funds used by hundreds of thousands of Australians to fund their retirement.

Despite the government’s attempts to lump this in with a series of Ralph, or business tax, initiatives, this measure was not specifically mentioned in either section 14 of the Review of Business Taxation report of July last year or attachment N of the Treasurer’s 21 September 1999 response to the Ralph recommendations. The measure requires, as of 1 July this year, that all complying superannuation funds, including self-managed super funds, must segregate assets that are being used to support the payment of a pension. That would include an allocated pension paid by a self-managed fund.

When an asset is transferred to or from the pension paying segment, that effectively triggers a capital gains tax event. As such, any and all capital gains—including pre-1985 gains—made on that asset during the accumulation phase are crystallised when the asset is transferred to the pension paying segment. The capital gain becomes part of the assessable income of the fund, and liable for capital gains tax, when the asset is actually disposed of. This will change the current regime where an asset can be disposed of, capital gains tax free, by a super fund paying a pension. This concession is pretty important for self-managed superannuation funds,
which often have lumpy assets, such as property, that have to be disposed of in order to pay a pension.

How does the government’s initiative compare with Labor’s 1998 proposal? In a number of ways they are similar, but it appears that the government’s proposal is more retrospective, directly harms those intending to self-fund their retirement, and captures family homes in the bush in the retrospective capital gains tax net. One of the major criticisms of the 1998 Labor proposal was that it applied capital gains tax to assets previously considered exempt, that is, assets acquired before 20 September 1985. But the government’s proposal similarly captures assets that were considered exempt, namely assets held in a superannuation fund that were to be disposed of during the pension paying phase. Both proposals require a valuation of assets. Mr Deputy Speaker, you and others will recall that the government made much, during the 1998 election campaign, of this problem that retired people would be forced to value all their assets for capital gains tax purposes.

This new proposal also requires additional valuation of assets. Indeed, it is more retrospective than the 1998 Labor proposal. Labor intended to require pre-20 September 1985 assets to be valued as of 1 July 1999 and capital gains tax to be captured for all gains made going forward. As currently drafted, the government proposal for super funds is significantly more retrospective. If a pension is begun on or after 1 July 2000, all of the capital gains made on the asset, which could stretch back 15 to 20 years, would be subject to capital gains tax.

This government proposal imposes a new and unexpected capital gains tax on Australians intending to self-fund their retirement. It is a measure which will affect thousands of Australians who were expecting to dispose of assets, capital gains tax free, after commencing an allocated pension. They will be subject to a capital gains tax where previously there was none.

Let me also make a point about family homes in the bush. Under Labor’s proposal, a family home held by an individual was to remain exempt from capital gains tax. But the government’s proposed retrospective capital gains tax applies it to a family home located on a property used in primary production, where that is held in a small superannuation fund. As part of the changes brought about by the government under the Superannuation Legislation Amendment Act (No. 4) 1999, which we debated last year, since 12 May 1998 a small superannuation fund can freely hold certain classes of property including a family home located on a farm. That is pursuant to section 66(6) of the Superannuation Industry (Supervision) Act. Any capital gains made on the family home while in the super fund will now be subject to the retrospective capital gains tax.

The Liberal government shed lots of crocodile tears during the 1998 election campaign concerning the issue of capital gains tax on self-funded retirees, but since the election they have introduced their own proposals for capital gains tax on self-funded retirees. These proposals need to be thoroughly examined by the Senate. The government cannot expect opposition support for measures such as these without proper investigation and consideration. We do not intend to oppose this bill here, but we will certainly not support complex bills like this in the Senate, with last-minute amendments being railroaded through the parliament without proper opportunity for opposition and community scrutiny.

It is not simply me who is expressing these concerns. I hope that all honourable members will have received a letter from the Small Industry Superannuation Funds Association. The chief executive officer of SISFA has written to us, saying:

... this bill contains a new deemed CGT event for superannuation funds at the commencement of a pension. This proposal will further increase costs, and add complexity to the administering of super funds, including Self Managed funds.

He further states:

This is contrary to “A New Tax System Redesigned” recommendations.

His letter goes on to say:

This is a NEW TAX, and this is in direct contravention to the Government’s pre-election statement ...

He then quotes the Treasurer:
The new tax system would not change the tax treatment of allocated pensions or annuity payments made by superannuation funds or life insurers.

The CEO of SISFA then said:

This is a clear departure from recommendations in A New Tax System Redesigned.

He pointed out:

The Bill to be introduced will conflict with the changes brought about in the recently passed SLAA 4, which allows for self managed super funds to invest up to 100 per cent of its assets in business real property.

He asks the question: how do you segment a single asset? He points out that indeed the bill will not allow the segregation of a proportion of such assets. The letter goes on to say:

The Government ... is not only eroding the confidence and financial security of self managed superannuation funds, but will be increasing the burden on the Australian taxpayer.

After giving examples of this, he points out that one of his members had written to his service provider and director of SISFA’s board, saying:

This is a capital gains tax on the conversion of the fund to an allocated pension ... is this genuine? My first reaction was one of total disbelief, but when you look at the record of this government in respect of taxing DIY funds, it is easily possible.

SISFA’s chief executive officer goes on to say:

Members of small independent funds are trying to provide for their own retirement income. They look to their government to support them in this with a defined strategy. Instead, the government is bombarding them with uncertainty brought about by the constant and haphazard change of the legislation.

This is fostering a growing level of disenchantment, particularly in regional and rural Australia.

Mr Deputy Speaker, you might be forgiven for thinking that perhaps the Small Industry Superannuation Funds Association is some kind of Labor front, writing these things at our behest. In fact, I have to inform the House that the chief executive officer is Mr Graeme McDougall, who might be known to some members of the House. He was the member for Griffith in the last parliament—the former Liberal member for Griffith—and he writes things like, ‘The government is bombarding the small superannuation funds with uncertainty brought about by constant and haphazard change of the legislation, fostering a growing level of disenchantment, particularly in regional and rural Australia.’ That from the former Liberal member for Griffith.

It is not just a matter of capital gains tax concerns arising from this legislation. There is even the issue of death duties. The proposals do not appear to allow the payment of lump sum death benefits directly from the segregated pension assets which this legislation will set up. For this reason, these payments would require a transfer back to the main part of the funds. This transfer may result in a 15 per cent tax payable on the amount transferred out. That would result in a tax on death benefits that would seem unintended—it certainly does not seem to have been contemplated by any announced measures—but nevertheless appears to be part of the legislation.

There is a raft of further concerns about this bill which have been expressed to me. Firstly, it will impact on industry funds and other not-for-profit superannuation funds. Secondly, the legislation—indeed, like the government’s choice of superannuation fund proposals—fails to distinguish between those trying to make a profit out of superannuation and those who provide a benefit or a service to their members mutually and altruistically on a non-commercial basis. I have received a number of representations suggesting that, in their present form, these measures will have substantial negative implications for the superannuation industry, seriously impairing existing competition and erecting unfair barriers to entry for new providers of pension products. These representations claim that solutions exist for the competition and barriers to entry issues which involve no cost to revenue and would be simpler than that which is in the legislation. The representations identify a series of problems with the bill in its present form. I have already referred to the capital gains tax and death duties issues, but I am also referring to issues of
complexity and lack of understanding. It is said that commentators, and even professional advisers, are incorrectly interpreting timing rules regarding capital gains tax liability.

There are also issues for self-managed funds concerning the application of and integration with reasonable benefit limits. There are issues to do with trust deeds, and there are issues to do with member investment choice. Labor has endeavoured to promote and encourage member investment choice, which we see as being superior to the government’s choice of superannuation fund model; but, as has been pointed out here, it is very hard to replicate member investment choice for the smaller subfunds that would be set up under this legislation—you would end up with higher costs and more administrative burden. It has also been suggested that there are potential solutions to these problems by allowing funds to continue to use section 283 for all non-public offer funds or, in the alternative, allowing section 283 to be used by all stand-alone funds—that is to say, all funds operated where there is no shareholder fund capable of accessing any of the profits.

Concerns have been expressed on the issue of complete segregation on the basis that it is difficult, if not impossible, to reconcile with typical unitisation methodologies, that comprehensive amendment and cost issues arise here. There are also serious administrative and cost problems for large funds with relatively few pensioners in percentage terms—that is to say corporate, industry, public sector funds. It is suggested that these proposals might be all right for large pension funds but that the proposals represent barriers to entry for corporate, industry and public sector funds and provide a competitive advantage to large public offer funds.

It is also suggested that the measures run counter to encouraging the use of pensions compared with lump sums. If that turns out to be the case, that is very unfortunate, because one of the things that I think is important in the area of superannuation and retirement incomes is to encourage people away from lump sums and towards the direction of pensions and annuities. Stephen Harrison from the ICAA has said that these provisions have crept in, that they are complex, have increased costs and that they add complexity to the taxation treatment of superannuation. So these are serious issues and matters of real concern to us which we want to have considered by the Senate Economics Committee where there will be the opportunity to consider in more detail what is very complex legislation. The bill is very long; it is some 329 pages. I understand it is the intention of the government to move more amendments this evening. That gives us in opposition no opportunity to adequately assess them and consider them as a collective party, to say nothing of the broader electorate who get no opportunity to consider the amendments and decide whether they are going to support them or not.

In the couple of minutes available to me given the time constraints this evening, I will briefly mention that, besides the issues that I have referred to, there is a series of business tax initiatives in this legislation. They cover a wide variety of measures: for example, correcting the capital gains tax scrip for scrip rollover relief provisions to make them more workable in practice. There are significant changes to the taxation of life insurance companies, which I have referred to. There are changes to the losses provisions, especially concerning anti-avoidance measures. There is a number of amendments to the dividend imputation system. There are various technical capital gains tax measures and a number of so-called integrity measures. These are very substantial changes. The electorate at large and the parliament have not been given a great opportunity to consider them and reflect on them, and we will certainly resist having this bill railroaded through the Senate by the government simply making amendments on the run. We do not intend to oppose it at this point, but we think that its measures ought to be the subject of detailed consideration where those who have expressed concern about the bill can come to the Senate and put their case and where, equally, the government indeed has every opportunity to put its case and the reasons why it believes these measures ought to be supported.
Mr BAIRD (Cook) (10.10 p.m.)—I rise to support the New Business Tax System (Miscellaneous) Bill (No. 2) 2000, which makes changes in a number of broad areas. I have noted the comments by the member for Wills. It is obvious that he has spent some time reviewing the legislation, but I think he is in fact wrong in the provisions of the bill as they relate to superannuation companies. The provision was promised by Mr Keating when he was Prime Minister. He promised that there would be fairness in the way in which insurance companies were to be taxed. It sounded as though the member for Wills wanted this inequity to continue. It is his former leader who promised that it was going to be changed—but did nothing of course—as part of the l-a-w type promises. Here is the government, acting under the Ralph report, implementing its recommendations to provide fairness and equity—and the member for Wills proposes to change it. If you are in favour of fairness and equity, which of course is the appropriate base on which you judge any taxation system, then you have got to be consistent across the board. This is what the Ralph report has recommended for insurance companies, and I would suggest that the member for Wills looks again at the provisions and talks to those who put together the Ralph report recommendations. Each interest group will tell him that they have special needs and requirements, as they try to maximise their position—but if he believes in fairness and equity he will certainly look again at these provisions. It is not some underhand trick to maximise revenue. It is a question of whether you are going to treat insurance companies like any other corporation is treated and that they pay their equitable amount of tax and that, where appropriate, capital gains tax is paid consistent with the treatment in other areas. So it is the consistency of treatment that needs to be considered. Do not pull out one part and say you are going to put capital gains tax on this. The situation is that which applies in other areas of the tax act and that which applies in other superannuation schemes to get that equity.

Having said that, it is appropriate to look at the main provisions. The first is the scrip for scrip relief for takeovers, particularly for schemes of arrangement and downstream acquisitions. The second relates to life insurance companies, as I mentioned previously, which are taxed on their profits at the company tax rate like all other companies. The third provision is a number of measures to protect the integrity of the tax system with respect to the duplication and multiplication of losses by various companies where they are simply multiplying out. Where a company is taken over by another, not only do they take it off the losses of the company who incurred the loss but the parent company takes it off as well, so it is multiplied throughout the takeover provision and the companies involved. Clearly, that is not equitable either, and it should be taken off only once, and this bill addresses that inequity.

The scrip for scrip rollover relief relates to the takeover of companies by others and how that is to be treated. Of course, capital gains tax applies and can be applied immediately. A prime example is the takeover by the Commonwealth Bank of the Colonial Bank which is going on at the moment. The Commonwealth Bank offered Colonial shareholders seven CBA shares in exchange for 20 Colonial shares. Many Colonial shareholders would have had their scrip from the time Colonial was demutualised three years ago. The issue price at that time was $2.60 per share. However, CBA’s seven for 20 offer valued the shares at $8.75. So there is an immediate capital gain, and if this is treated as due for capital gains tax immediately then that presents those who sell with an immediate tax bill whereas it should be considered for rollover provisions where it is invested back in the company.

The main problem with immediate taxation is that it does not provide an incentive to take over other companies. In our modern corporate world, this leads to inefficiency, and you do not get the necessary base of large corporations. With the many dot.com companies that are out there in the marketplace, removing these provisions and allowing rollover into the new share base is obviously going to be attractive to those who hold shares and do not want to be immediately hit with capital gains tax. It is a very worthwhile provision, and it also reflects the type of
global economy that we currently live in. This aspect of the bill relates to schemes of arrangement, where the scheme is binding on all people with interests in the target company and the vote is made overall, and to downstream company acquisitions. The removal of the impediment to takeover is very important, as it will lead to the rationalising of a lot of companies in the marketplace.

I have already dealt with the issue of life insurance companies. In the 1995-96 budget, the Keating government announced that it was going to ensure equity in the way in which insurance companies were taxed, but this did not eventuate. Under our legislation, life insurance companies and friendly societies will now be treated on a similar basis to similar entities. The existing taxation arrangements for these organisations are unreasonably complex and inequitable—for instance, life insurers are not taxed on all their profit. The Ralph report recommended the broadening of the tax base for them. This provides fairness in terms of the capital gains tax treatment of small self-administered superannuation funds. In the past, do-it-yourself superannuation funds were able to convert accumulated assets into pension assets without incurring capital gains tax. This situation was an unintended result of the original legislation. It was unfair to members of other funds, and clearly it could not continue. So it is a question of equity and fairness; it is about making sure that people will not be disadvantaged by these provisions.

This afternoon the Assistant Treasurer announced the amendment, and it will be moved tonight by my colleague the member for Fisher. It is important that people are not disadvantaged. Meanwhile, the benefits that will be passed on to those in do-it-yourself superannuation funds are many. They are, as has been announced, income tax cuts, refundable imputation credits and increases in pensions and other allowances. On top of this, DIY funds will, under reforms made by the government, now pay 10 per cent capital gains tax at the most, compared to 15 per cent under the previous taxation regime, and I think that is pretty significant. This is what the government promised, and we are delivering on that promise. It is a fiscally responsible approach, and it contrasts so clearly with the approaches proposed by those opposite and their broken l-a-w tax cut promises.

Another notable aspect of the bill is its approach to company losses and bad debts where the losses are multiplied. An example is a takeover where the company taken over writes off its losses and the company taking it over multiplies the claims. There should be no double claims, which is an appropriate amendment. This approach will result in revenue savings of about $15 million in the coming financial year, going out to $25 million two years from now. So it is well worth while in returning taxation to the community. This bill also allows the creation of franking debits and credits for the PAYG system, and it allows for the conversion of franking account balances. The thresholds for franking and credit trading rules are also included.

I know that the member for Mitchell is keen to contribute to the debate, so I will conclude my comments. This is a significant step forward in the reform of the taxation system. It provides for the equitable treatment of insurance companies. It allows for rollover relief for scrip for scrip takeovers, for which it provides real incentive. Also, it protects the integrity of the taxation system to ensure that we do not have double claims and the multiplication of the write-off of bad debts. I certainly think it is excellent legislation, and I commend it to the House.

Mr CADMAN (Mitchell) (10.19 p.m.)—Measures within the New Business Tax System (Miscellaneous) Bill (No. 2) 2000 contain references to do-it-yourself superannuation. There has been a large growth in do-it-yourself superannuation because institutions have not yielded to their members the returns that many members expected. I remember that during the period that the Australian Labor Party were in government there was a massive exodus of people from superannuation funds into do-it-yourself superannuation, through business, companies or private interest in preparing for retirement. Individuals grew sick of the institutions which were charging huge administration fees and not returning in times of high interest an adequate return for the investment. People felt that they were losing some of their retirement
savings, and the popularity of do-it-yourself superannuation came about.

I believe that this is a process that ought to be encouraged in Australia—that is, people preparing for their own retirement. They should not be relying upon large institutions. The processes should be simple enough for them to comprehend, for them to participate in and for them to take an interest in. The remote arms-length process of choosing a large institution with some significant overheads should not be encouraged. Choosing a well-managed fund that results in an allocated pension at the end of the day is a most desirable process. It takes into account the fact that people’s lifestyles and working habits change, so the contribution may be variable both in size and in source. This flexibility and preservation of earnings offered by DIY should be a desirable objective for any government.

So I am pleased to find that changes to tax legislation that appeared to disadvantage members of do-it-yourself superannuation funds have been rectified. Those changes are not huge but they are very significant to the people involved. It does remove a retrospective factor that could be seen there by some. It does moderate the level of capital gains tax which was imposed. These are processes of a government that is listening to the people and is served by those who can draft legislation and make the appropriate changes to meet the aspirations of the Australian people without destroying the goals of preparing for retirement and without allowing people inadvertently to make an undue return for themselves from the process. In other words, people should be able to prepare for their retirement without feeling that there is some sort of lurk or some sort of tax avoidance process at hand for them to use.

Part of the government’s decision to make these changes to do-it-yourself superannuation can be traced to the views of many organisations and individuals, but I would like to quote for the House from one of the media releases of the Association of Superannuation Funds of Australia, an organisation which comprises both large and small funds and which I understand some significant members of the Australian Labor Party have an association with. Susan Ryan is one name that comes to mind. Philippa Smith, the current CEO of ASFA, made a suggestion in a media release of 4 May in regard to the capital gains tax for the pre 1 July 2000 capital gain of an asset that was held directly by an SMSF or a small APRA fund on 13 April 2000 where the following conditions were met. So they are setting up a continuity, not just a new fund but a fund that had been held for some time, under the following conditions: that the asset is held in a fund that is converted from an accumulation fund to a pension fund prior to 1 July 2005; and that the fund has a valuation for the asset showing its value on 1 July 2000.

Those conditions are basically the ones the government has put in place. A press release today by the Assistant Treasurer, Senator the Hon. Rod Kemp, illustrates, I would have to say, in pretty turgid and almost incomprehensible language exactly what the government has decided to do. I think you have to mentally put brackets around pieces and put in commas, and gradually tease out precisely what the press release says. But I can assure members that it does fulfil the government’s objective. It is, with multiple readings, very clear and with every reading becomes clearer. The press release from the Assistant Treasurer talks about changes to section 115-245 of the legislation clearly gaining the objectives that the government intended. I will not read that proposal. Suffice to say that there is a financial impact on this tax reform measure, but it is an impact that is beneficial. I wish to quote a couple of observers. A person whom I regard as an authority, Daryl Dixon, would be well known to members on both sides of the House as a person who is a strong commentator on retirement benefits, superannuation and pensions. Daryl Dixon said on 16 May:

Yet the reality is that this additional tax bill is a very small price to pay for DIY and other funds to gain access to the new allocated pension tax regime. ... For the average retiree unlikely ever to receive an annual income of $50,000 or more in retirement, the allocated pension will now be the most tax-effective retirement vehicle. ... While retirees have every reason to be suspicious of the motives of any government generosity, the ex-
tremely favourable treatment of allocated pensions is a tax bonanza for retirees.

That is Daryl Dixon assessing the government’s decisions for DIY and tax reform. I am very pleased that these decisions of the government build on the government’s care for those approaching retirement and those in retirement. In addition, Tim Wedd of Reward Management has stated:

The fact that you have been able, as self managed arrangements now allow, to move assets from a taxed superannuation environment to a tax-exempt pension environment has clearly been seen as an anomaly.

So the process of that change has been welcomed broadly and the prospective benefits that will flow for people who have contributed to DIY super over a period of time have now been consolidated by the amendments from the government.

I commend the legislation to the House. The DIY factors are only a small part but probably the most significant part of this legislation. The other measures of integrity and seeking to ensure that the government’s intention is not diverted by people seeking to use methods and techniques which are not strictly legal need commending to the House as well. But the encouragement of do-it-yourself superannuation, preparing for one’s own retirement by careful investment and the capacity to move capital investment to an allocated pension, is something for which the government should be commended.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.29 p.m.)—Because of time constraints, I will necessarily be brief. The New Business Tax System (Miscellaneous) Bill (No. 2) 2000 builds on earlier legislation implementing measures which are predominantly based on the recommendations of the Ralph Review of Business Taxation. That review undertook extensive consultation with the business community. Since the government announced its response to those recommendations, it has continued to consult extensively with business on the implementation details.

The measures in this bill include important reforms to scrip for scrip rollover relief, other capital gains tax measures, the taxation of life insurers, measures dealing with losses, measures dealing with the imputation system and integrity measures. Also, the government’s capital gains tax reforms will benefit super funds, particularly the do-it-yourself funds. Under provisions the government has already legislated, super funds will have to pay capital gains tax on only two-thirds of any capital gain.

Debate interrupted; adjournment proposed and negatived.

Mr SLIPPER—I thank the House. In concluding, I would like to comment on two matters mentioned by the honourable member for Wills. Firstly, he claimed that the legislation is excessively retrospective. I want to place on the record the fact that this legislation simply applies the capital gains tax provisions that already apply to super funds, provisions that were in fact brought in by the Labor government in 1988. The legislation only taxes gains that were accrued during the accumulation phase. The current position is recognised as being an anomaly in the law which this bill seeks to correct. The honourable member for Wills also claimed the bill includes measures that in effect constitute a tax on death benefits. I am advised that there is no basis at all for such a suggestion. I am pleased to commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.32 p.m.)—by leave—I move government amendments 1 to 77:

(1) Schedule 1, item 3, page 4 (lines 17 to 23), omit paragraph (7)(b), substitute:

(b) the company has information from which it would be reasonable to conclude that less than 50% of the * tax loss has been reflected in deductions, capital losses, or reduced assessable income, that occurred, or could occur in future, because of the happening of any * CGT event in relation to any direct or indirect equity interests in the company during the * ownership test period.
(2) Schedule 1, item 3, page 4 (lines 24 to 29), omit subsection (8), substitute:

*Time of happening of CGT event*

(8) The happening of a *CGT event in relation to a direct or indirect equity interest in the company that results in the failure of the company to satisfy a condition in subsection (2), (3) or (4) is taken, for the purposes of paragraph (7)(b), to have occurred during the *ownership test period.*

(3) Schedule 1, item 5, page 5 (lines 18 to 25), omit paragraph (4)(b), substitute:

(b) the company has information from which it would be reasonable to conclude that less than 50% of the *notional loss for the *ownership test period has been reflected in deductions, capital losses, or reduced assessable income, that occurred, or could occur in future, because of the happening of any *CGT event in relation to any direct or indirect equity interests in the company during that period.*

(4) Schedule 1, item 5, page 5 (lines 26 to 30), omit subsection (5), substitute:

*Time of happening of CGT event*

(5) The happening of a *CGT event in relation to a direct or indirect equity interest in the company that results in the failure of the company to satisfy a condition in subsection (1) is taken, for the purposes of paragraph (4)(b), to have occurred during the *ownership test period.*

(5) Schedule 1, item 8, page 8 (lines 7 to 18), omit subsection (1D), substitute:

*Trading stock loss*

(1D) A company is taken to have made a *trading stock loss* in respect of an asset that is an item of *trading stock if,* and only if:

(a) one of the following applies:

(i) the company *disposes of the item;*

(ii) the item stops being trading stock (within the meaning of section 70-80); *and*

(iii) the item is revalued under Division 70; *and*

(b) if subparagraph (a)(i) or (ii) applies—*the item’s market value at the time when it is disposed of or stops being trading stock is less than:*

(i) in respect of an item that has been valued under Division 70—*its latest value under the Division; or*

(ii) otherwise—*its cost at that time; and*

(c) if subparagraph (a)(iii) applies—the *item’s value under the revaluation is less than:*

(i) in respect of an item that has previously been valued under Division 70—*its latest value under that Division before the revaluation; or*

(ii) otherwise—*its cost at the time of the revaluation.*

The difference worked out under paragraph (b) or (c), as the case may be, constitutes the amount of the *trading stock loss.*

(6) Schedule 1, item 15, page 13 (lines 5 to 12), omit paragraph (4)(b), substitute:

(b) the company has information from which it would be reasonable to conclude that less than 50% of the company’s unrealised net loss at the test time has been reflected in deductions, capital losses, or reduced assessable income, that occurred, or could occur in future, because of the happening of any *CGT event in relation to any direct or indirect equity interests in the company during the period from the reference time to the test time.*

(7) Schedule 1, item 15, page 13 (lines 13 to 17), omit subsection (5), substitute:

(5) The happening of any *CGT event in relation to a direct or indirect equity interest in the company that results in the time of the happening of the event being a changeover time in respect of the company is taken, for the purposes of paragraph (4)(b), to have occurred during the period referred to in that paragraph.*

(8) Schedule 1, item 20, page 47 (lines 15 to 20), omit paragraph (7)(b), substitute:

(b) the company has information from which it would be reasonable to conclude that less than 50% of the debt or of the part of a debt has been reflected in deductions, capital losses, or reduced assessable income, that
occurred, or could occur in future, because of the happening of any CGT event in relation to any direct or indirect equity interests in the company during the ownership test period.

(9) Schedule 1, item 20, page 47 (lines 21 to 26), omit subsection (8), substitute:

**Time of happening of CGT event**

(8) The happening of any CGT event in relation to a direct or indirect equity interest in the company that results in the failure of the company to satisfy a condition in subsection (2), (3) or (4) is taken, for the purposes of paragraph (7)(b), to have occurred during the ownership test period.

(10) Schedule 1, item 34, page 58 (lines 28 and 29), omit “the holding company”, substitute “the same persons”.

(11) Schedule 1, item 34, page 61 (lines 3 to 9), omit all the words after subparagraph (8)(b)(iv), substitute:

as the case requires, has been reflected in deductions, capital losses, or reduced assessable income, that occurred, or could occur in future, because of the happening of any CGT event in relation to any direct or indirect equity interests held by the holding company in the subsidiary during the test period.

(12) Schedule 1, item 34, page 61 (lines 16 to 20), omit subsection (10), substitute:

**Time of happening of CGT event**

(10) The happening of any CGT event in relation to a direct or indirect equity interest in the subsidiary that results in the failure of the subsidiary to satisfy a condition in section 166-145 is taken, for the purposes of paragraph (8)(b), to have occurred during the test period.

(13) Schedule 1, item 48, page 64 (lines 5 to 7), omit paragraph (ab).

(14) Schedule 1, item 62, page 66 (line 18), omit “(C)”, substitute “(E)”.

(15) Schedule 1, item 65, page 68 (line 9), omit “(D)”, substitute “(E)”.

(16) Schedule 1, page 68 (after line 29), after item 65, insert:

**65A Subsection 170-280(3)**

Omit “new event”, substitute “further event”.

(17) Schedule 1, item 68, page 70 (lines 13 to 15), omit subitem (4), substitute:

(4) The amendments made by items 37, 39 and 46 to 50, paragraph (aa) inserted by item 43 and paragraph (aa) inserted by item 54, apply where the agreement transferring the relevant tax loss or net capital loss was made on or after 22 February 1999.

(4A) Paragraph (ab) inserted by item 43 and paragraph (ab) inserted by item 54 apply where the agreement transferring the relevant tax loss or net capital loss was made on or after 13 April 2000.

(18) Schedule 2, item 24, page 77 (lines 1 and 2), omit “life assurance”.

(19) Schedule 2, item 43, page 80 (after line 15), after subsection (1), insert:

(1A) Except as provided by section 273J, an asset is taken not to be included in the segregated assets under this Division unless the whole of the asset is included among the segregated assets.

(20) Schedule 2, item 43, page 80 (lines 20 to 23), omit subsection (3), substitute:

(3) The assets segregated must have, at the time of the segregation, a total transfer value that does not exceed the sum of:

(a) the current pension liabilities of the fund or the exempt superannuation liabilities of the PST, as the case may be, at that time; and

(b) any reasonable provision made by the trustee of the fund or PST at that time in the accounts of the fund or PST, as the case may be, for liability for tax on unrealised gains in respect of the assets segregated.

(21) Schedule 2, item 43, page 80 (line 26), after “1 October 2000”, insert “or such later date as the Commissioner approves”.

(22) Schedule 2, item 43, page 81 (lines 30 and 31), omit “60 days”, substitute “90 days (or such greater number of days as the Commissioner approves)”.

(23) Schedule 2, item 43, page 81 (line 33) to page 82 (line 13), omit subsections (1) and (2), substitute:

(1) If the total transfer value of the segregated current pension assets of a complying superannuation fund, or the segregated exempt superannuation assets
of a PST, at a valuation time exceeds the sum of:

(a) the current pension liabilities of the fund or the exempt superannuation liabilities of the PST, as the case may be, at that time; and

(b) any reasonable provision made by the trustee of the fund or PST at that time in the accounts of the fund or PST, as the case may be, for liability for tax on unrealised gains in respect of the assets segregated;

the trustee of the fund or PST must, within 30 days after the day on which the valuations of the transfer values of those assets are made, transfer, from the segregated assets, assets of any kind having a total transfer value equal to the excess.

(2) If the total transfer value of the segregated current pension assets of a complying superannuation fund, or the segregated exempt superannuation assets of a PST, at a valuation time is less than the sum of:

(a) the current pension liabilities of the fund or the exempt superannuation liabilities of the PST, as the case may be, at that time; and

(b) any reasonable provision made by the trustee of the fund or PST at that time in the accounts of the fund or PST, as the case may be, for liability for tax on unrealised gains in respect of the assets segregated;

the trustee of the fund or PST can transfer, to the segregated assets, assets of any kind having a total transfer value not exceeding the difference.

(24) Schedule 2, item 43, page 82 (lines 24 to 31), omit subsection (1), substitute:

(1) If the trustee of a complying superannuation fund or of a PST determines, at a time other than a valuation time, that the total transfer value of the segregated current pension assets of the fund, or the total transfer value of the segregated exempt superannuation assets of the PST, as the case may be, is less than the sum of:

(a) the current pension liabilities of the fund or the exempt superannuation liabilities of the PST, as the case may be; and

(b) any reasonable provision made by the trustee of the fund or PST in the accounts of the fund or PST, as the case may be, for liability for tax on unrealised gains in respect of the segregated assets;

the trustee of the fund or PST can transfer, to the segregated assets, assets of any kind having a total transfer value not exceeding the difference.

(25) Schedule 2, item 43, page 82 (line 32), to page 83 (line 11), omit subsections 273D(2) and (3), substitute:

(2) If:

(a) a current pension begins to be paid to a member of a complying superannuation fund otherwise than because of the roll-over of an eligible termination payment; and

(b) the trustee of the fund elects to discharge the liability for the pension out of the fund’s segregated current pension assets;

the trustee must, at the time of the election, transfer, to the segregated current pension assets of the fund, assets of any kind having a total transfer value equal to the current pension liabilities of the fund attributable to the current pension.

(3) If:

(a) a unit in a PST that is held by a complying superannuation fund becomes an exempt unit because of subsection (2) or a unit in a PST that is held by a life assurance company becomes an exempt unit because of subsection 320-195(1) of the Income Tax Assessment Act 1997; and

(b) the trustee of the PST elects to discharge the liability for the pension payable by the fund, or the liability of the company under the life assurance policy, in respect of which the unit is held, out of the segregated exempt superannuation assets of the PST;

the trustee must, at the time of the election, transfer, to the segregated exempt superannuation assets of the PST, assets of any kind having a total transfer value equal to the value of the unit.
(26) Schedule 2, item 43, page 83 (lines 18 to 27), omit subsection (5), substitute:

(5) When an eligible termination payment is paid to a complying superannuation fund for the purchase of a current pension, the trustee of the fund must transfer assets having a total transfer value equal to the amount of the payment to the fund’s segregated current pension assets.

(27) Schedule 2, item 43, page 84 (line 23), after “PST’s”, insert “segregated”.

(28) Schedule 2, item 43, page 85 (lines 27 to 32), omit paragraph 273G(2)(c), substitute:

(c) determines, at a time other than a valuation time, that the total transfer value of the segregated current pension assets of the fund, or the total transfer value of the segregated exempt superannuation assets of the PST, as the case may be, exceeds the sum of:

(i) the current pension liabilities of the fund or the exempt superannuation liabilities of the PST, as the case may be; and

(ii) any reasonable provision made by the trustee of the fund or PST in the accounts of the fund or PST, as the case may be, for liability for tax on realised gains in respect of the segregated assets;

(29) Schedule 2, item 43, page 86 (after line 12), at the end of section 273G add:

(4) The trustee of a complying superannuation fund or of a PST can pay from the segregated current pension assets of the fund or from the segregated exempt superannuation assets of the PST, as the case may be, any liability for tax on realised gains in respect of assets transferred to those segregated assets under subsection 273D(2) or (3).

(30) Schedule 2, item 43, page 90 (line 6), omit “life insurance company”, substitute “trustee of the fund or of the PST”.

(31) Schedule 2, item 49, page 92 (line 18), omit “because of section 273H”.

(32) Schedule 2, item 49, page 92 (after line 35), at the end of section 281A, add:

(4) If:

(a) a complying superannuation fund had fewer than 5 members at 1 July 2000; and

(b) an asset (other than money) (the relevant asset) that was acquired by the fund before that date is transferred to the segregated current pension assets of the fund under subsection 273D(2) after that date and before 1 July 2005; neither subsection (2) nor (3) applies in respect of the disposal of the relevant asset by the fund or the transfer of the relevant asset from those segregated assets under subsection 273C(1) or 273G(1) or (2).

(5) However, if:

(a) subsection (4) has effect; and

(b) an amount would have been included in the assessable income of the fund if section 273H had applied to the relevant asset at the time of the transfer of that asset to the segregated current pension assets of the fund; and

(c) that amount exceeds the amount (if any) that would have been included in the assessable income of the fund if the relevant asset had been transferred to those segregated assets on 1 July 2000 and section 273H had applied to that asset on that date; the assessable income of the fund of the year of income in which the disposal of the relevant asset, or the transfer of that asset from the segregated current pension assets of the fund, occurred includes an amount equal to the excess.

(33) Schedule 2, item 49, page 93 (lines 11 and 12), omit “because of section 273H”.

(34) Schedule 2, item 49, page 93 (after line 26), at the end of section 281AA, add:

(3) If:

(a) a complying superannuation fund had fewer than 5 members at 1 July 2000; and

(b) an asset (other than money) (the relevant asset) that was acquired by the fund before that date is transferred to the segregated current pension assets of the fund under subsection 273D(2) before 1 July 2005; neither subsection (1) nor (2) applies in respect of the disposal of the relevant asset by the fund or the transfer of the relevant asset from those seg-
regated assets under subsection 273C(1) or 273G(1) or (2).

(4) However, if:
(a) subsection (3) has effect; and
(b) an amount would have been included in the assessable income of the fund if the relevant asset had been transferred to the segregated current pension assets of the fund on 1 July 2000 and section 273H had applied to that asset on that date; and
(c) that amount exceeds the amount (if any) that would have been included in the assessable income of the fund if section 273H had applied to the relevant asset at the time of the transfer of that asset to those segregated assets;
the fund can, for the year of income in which the disposal of the relevant asset, or the transfer of that asset from the segregated current pension assets of the fund, occurred, deduct an amount equal to the excess.

(35) Schedule 2, page 93 (after line 36), after item 49, insert:

49A After section 282B

Insert:

282C Exemption of proportion of normal assessable income

(1) This section applies to a defined benefit superannuation scheme (within the meaning of the Superannuation Guarantee (Administration) Act 1992) in respect of a year of income if:
(a) the scheme is a complying superannuation fund for the year of income; and
(b) at the end of the year of income the current pension liabilities of the scheme are less than 1% of the total liabilities of the scheme; and
(c) no persons can be admitted to membership of the scheme after 30 June 2000; and
(d) the trustee of the scheme has not, before or during the year of income, segregated assets of the scheme under Division 1A.

(2) The part of the normal assessable income of the scheme for the year of income that is worked out using the following formula is exempt from income tax:

\[
\text{Normal assessable income} \times \frac{\text{Average current pension liabilities}}{\text{Average total liabilities}}
\]

where:

- **average current pension liabilities** means the average value during the year of income of the current pension liabilities of the scheme.
- **average total liabilities** means the average value during the year of income of all the liabilities of the scheme.
- **normal assessable income** means the normal assessable income of the scheme for the year of income.

(36) Schedule 2, item 50, page 94 (line 7), omit “Division I”, substitute “Division 1A”.

(37) Schedule 2, item 50, page 94 (line 24), omit “Division I”, substitute “Division 1A”.

(38) Schedule 2, item 50, page 95 (after line 3), at the end of section 283, add:

(4) An amount that is exempt from income tax under this section is taken to be assessable income of the complying superannuation fund for the purposes of section 8-1 of the *Income Tax Assessment Act 1997*.

(39) Schedule 2, item 51, page 95 (line 27), omit “because of section 273H”.

(40) Schedule 2, item 51, page 96 (lines 19 and 20), omit “because of section 273H”.

(41) Schedule 2, item 52, page 97 (line 21), omit “Division I”, substitute “Division 1A”.

(42) Schedule 2, item 52, page 98 (line 9), omit “Division I”, substitute “Division 1A”.

(43) Schedule 2, item 52, page 98 (after line 19), at the end of section 297BA, add:

(4) An amount that is exempt from income tax under this section is taken to be assessable income of the PST for the purposes of section 8-1 of the *Income Tax Assessment Act 1997*.

(44) Schedule 2, item 69, page 101 (line 21), after “business”, insert “(other than business relating to the issuing of *income bonds, funeral policies or scholarship plans*)”.

(45) Schedule 2, item 71, page 102 (line 4), omit “virtual CGT”, substitute “virtual PST”.

(46) Schedule 2, item 78, page 104 (line 17), omit “virtual CGT”, substitute “virtual PST”.

(47) Schedule 2, page 105 (after line 11), after item 79, insert:
79A Subsection 118-300(1) (table items 3, 4 and 5)
Omit "‘life insurance policy’, substitute ‘policy of insurance on the life of an individual’.

79B Subsection 118-300(1) (example 2)
Omit "‘life insurance policy’, substitute ‘policy of insurance on the life of an individual’.

(48) Schedule 2, item 80, page 105 (after line 14), omit "‘life insurance policy or an annuity’, substitute ‘policy of insurance on the life of an individual or an ‘annuity’.

(49) Schedule 2, page 106 (after line 13), after item 83, insert:

83A Subparagraph 152-20(2)(b)(v)
Repeal the subparagraph, substitute:
(v) a policy of insurance on the life of an individual.

(50) Schedule 2, item 84, page 113 (line 1), after “amounts”, insert “of ordinary income and statutory income”.

(51) Schedule 2, item 84, page 115 (after line 25), at the end of section 320-40, add:
(8) An amount that is exempt from income tax under this section is taken to be assessable income of the ‘life insurance company for the purposes of section 8-1.

(52) Schedule 2, item 84, page 121 (after line 3), after section 320-85, insert:

320-87 Deduction for assets transferred from or to virtual PST
If an asset (other than money) is transferred from a virtual PST under subsection 320-180(1) or 320-195(2) or (3), or is transferred to a virtual PST under subsection 320-180(2) or section 320-185, the ‘life insurance company can deduct the amount (if any) that it can deduct because of section 320-200.

(53) Schedule 2, item 84, page 127 (after line 29), after subsection (1), insert:

(1A) Except as provided by section 320-170 of the Income Tax (Transitional Provisions) Act 1997, an asset is taken not to be included in the segregated assets under this Subdivision unless the whole of the asset is included among those assets.

(54) Schedule 2, item 84, page 131 (line 31), omit “not exceed the company’s liabilities in respect of the policy”, substitute:

not exceed the sum of:
(c) the company’s liabilities in respect of the policy; and
(d) any reasonable provision made by the company at that time in its accounts for liability for tax on unrealised gains in respect of the assets transferred under this subsection.

(55) Schedule 2, item 84, page 132 (lines 32 to 35), omit paragraph (4)(c), substitute:
(c) there are any unpaid ‘PAYG instalments relating to the ‘virtual PST component of the ‘complying superannuation class of a life insurance company’s taxable income for the income year;

(56) Schedule 2, item 84, page 133 (line 24), after “subsection”, insert “and section 320-55”.

(57) Schedule 2, item 84, page 134 (line 33), omit “130-185(3)”, substitute “320-185(3)”.

(58) Schedule 2, item 84, page 135 (after line 9), after paragraph (c), insert:
(ca) if an asset (other than money) is transferred from a virtual PST under subsection 320-180(1) or 320-195(2) or (3)—the amount (if any) that the company can deduct because of section 320-87; and

(59) Schedule 2, item 84, page 135 (lines 14 to 16), omit paragraph (e), substitute:
(e) the proportion of the amount that the company can deduct under subsection 115-215(6) for the income year that is attributable to capital gains that the company is taken to have under subsection 115-215(3) in respect of virtual PST assets that are interests in trust estates; and

(60) Schedule 2, item 84, page 137 (after line 8), after subsection (1), insert:

(1A) Except as provided by section 320-225 of the Income Tax (Transitional Provisions) Act 1997, an asset is taken not to be included in the segregated assets under this Subdivision unless the whole of the asset is included among the segregated assets.

(61) Schedule 2, item 84, page 137 (lines 16 to 18), omit subsection (3), substitute:
(3) The assets segregated must have, at the time of the segregation, a total ‘transfer value that does not exceed the sum of:
(a) the company’s * exempt life insurance policy liabilities at that time; and

(b) any reasonable provision made by the company at that time in its accounts for liability for tax on unrealised gains in respect of assets transferred to its * segregated exempt assets under subsection 320-195(1).

(62) Schedule 2, item 84, page 138 (lines 16 to 26), omit subsections 320-235(1) and (2), substitute:

(1) If the total * transfer value of the company’s * segregated exempt assets at a valuation time exceeds the sum of:

(a) the company’s * exempt life insurance policy liabilities at that time; and

(b) any reasonable provision made by the company at that time in its accounts for liability for tax on unrealised gains in respect of assets transferred to its segregated exempt assets under subsection 320-195(1);

the company must, within 30 days after the day on which the valuations of the transfer values of those assets are made, transfer, from the segregated exempt assets, assets of any kind having a total transfer value equal to the excess.

(2) If the total * transfer value of the company’s * segregated exempt assets at a valuation time is less than the sum of:

(a) the company’s * exempt life insurance policy liabilities at that time; and

(b) any reasonable provision made by the company at that time in its accounts for liability for tax on unrealised gains in respect of assets transferred to its segregated exempt assets under subsection 320-195(1);

the company can transfer, to the segregated exempt assets, assets of any kind having a total transfer value not exceeding the difference.

(64) Schedule 2, item 84, page 141 (lines 1 to 3), omit paragraph (c), substitute:

(c) determines, at a time other than a valuation time, that the total * transfer value of the segregated exempt assets exceeds the sum of:

(i) the company’s * exempt life insurance policy liabilities; and

(ii) any reasonable provision made by the company at that time in its accounts for liability for tax on unrealised gains in respect of assets transferred to its segregated exempt assets under subsection 320-195(1).

(65) Schedule 2, item 84, page 141 (after line 16), at the end of section 320-250, add:

(4) A * life insurance company can pay from its * segregated exempt assets any liability for tax on realised gains in respect of assets transferred to the segregated exempt assets under subsection 320-195(1).

(66) Schedule 2, item 87, page 147 (after line 32), at the end of section 320-85, add:

(2) In working out the amount that a life insurance company can deduct, in respect of life insurance policies (other than policies to which subsection (1) applies) under subsection 320-85(1) of the Income Tax Assessment Act 1997 for the income year in which 1 July 2000 occurs, the value of the company’s liabilities under the net risk components of the policies at the end of the previous income year is taken to be the value of the company’s liabilities as at the end of 30 June 2000 under the net risk components relating to those policies as calculated under subsection 320-85(4) of that Act.

(67) Schedule 2, item 87, page 148 (line 22), omit the heading to section 320-175, substitute:
320-175 Transfers of assets to virtual PST

(68) Schedule 2, item 87, page 148 (after line 30), at the end of section 320-175, add:

(2) If a life insurance company that is a friendly society establishes a virtual PST in the 2000-01 income year, the calculation of the transfer values of the company's virtual PST assets as at the end of that income year is to be made not later than 90 days after the end of that income year.

(69) Schedule 2, item 87, page 149 (lines 23 and 24), omit the heading to section 320-230, substitute:

320-230 Transfers of assets to segregated exempt assets

(70) Schedule 2, item 87, page 150 (after line 2), at the end of section 320-230, add:

(2) If a life insurance company that is a friendly society segregates any of its assets in accordance with section 320-225 of the Income Tax Assessment Act 1997 in the 2000-01 income year, the calculation of the transfer values of the company's segregated exempt assets as at the end of that income year is to be made not later than 90 days after the end of that income year.

(71) Schedule 3, item 78, page 205 (line 6), omit “paragraph 320-15(1)(b) and subparagraph 320-35(1)(b) and subparagraph 320-35(1)(f)(i)”, substitute “paragraph 320-35(1)(b) and subparagraph 320-35(1)(f)(ii)”.  

(72) Schedule 3, item 79, page 205 (line 14), omit “paragraph 320-15(1)(b) and subparagraph 320-15(1)(f)(ii)”, substitute “paragraph 320-35(1)(b) and subparagraph 320-35(1)(f)(ii)”.  

(73) Schedule 3, item 80, page 205 (line 21), omit “paragraph 320-15(1)(b) and subparagraph 320-15(1)(f)(ii)”, substitute “paragraph 320-35(1)(b) and subparagraph 320-35(1)(f)(ii)”.  

(74) Schedule 3, item 81, page 205 (lines 30 and 31), omit “paragraph 320-15(1)(b) and subparagraph 320-15(1)(f)(ii)”, substitute “paragraph 320-35(1)(b) and subparagraph 320-35(1)(f)(ii)”.  

(75) Schedule 3, item 82, page 206 (lines 7 and 8), omit “paragraph 320-15(1)(b) and subparagraph 320-15(1)(f)(ii)”, substitute “paragraph 320-35(1)(b) and subparagraph 320-35(1)(f)(ii)”.  

(76) Schedule 9, item 11, page 252 (lines 24 to 29), omit the definition of continuous disability policy, substitute:

continuous disability policy has the meaning given by section 9A of the Life Insurance Act 1995.

(77) Schedule 9, item 72, page 264 (lines 9 to 11), omit paragraph (b), substitute:

(b) is held by an individual and:

(i) provides for a deferred annuity that was purchased out of an eligible termination payment; or

(ii) is so held in the benefit fund of a friendly society, being a fund that is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993; or

These amendments to the New Business Tax System (Miscellaneous) Bill (No. 2) 2000 are concerned with Ralph measures relating to the carry-forward of company losses and life insurance companies. The measures in the bill relating to the carry-forward of company losses are aimed at eliminating duplicate tax losses which can be obtained by selling shares in a company which has tax losses. In some instances, by setting up a chain of companies, the same losses could be duplicated many times. The amendments to this bill arise out of consultations with industry which had identified technical problems and areas which require clarification. The continuity of ownership test which applies to company losses will be amended. These amendments are favourable to taxpayers. The unrealised loss measures will be amended to apply the same business test in certain circumstances to a trading stock loss that may arise when an item is revalued under division 70.

The amendments to this bill arose out of consultations with industry. One of the amendments provides transitional relief for small superannuation funds to reduce the capital gains tax impact arising on the commencement of a pension where a member of a fund commences a pension between 1 July 2000 and 30 June 2005. The other amendments correct technical problems, remove some unintended consequences and clarify aspects of the bill in response to concerns raised by industry. I commend the amend-
ments and present the supplementary explanatory memorandum.

Mr KELVIN THOMSON (Wills) (10.34 p.m.)—Tempted and all as I am to claim credit for the government moving amendments in response to my speech this evening in the second reading debate on the New Business Tax System (Miscellaneous) Bill (No. 2) 2000, the fact that there are 77 amendments printed makes this a difficult call, so I will not make it. But I am concerned that we have here legislation on the run. I have talked about the 329 pages of legislation and here we have dumped on us a further 77 amendments. It makes it very difficult for the opposition and absolutely impossible for the broader electorate and community to respond to complex tax changes of this kind. We will not be opposing this legislation or these amendments here, but we do intend that they be the subject of detailed scrutiny and consideration in the Senate.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

ADJOURNMENT

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

Stirling Electorate: Tuart Hill Amateur Swimming Club

Ms JANN McFARLANE (Stirling) (10.36 p.m.)—I rise to tell the House about one of the dedicated and hardworking sporting associations in the Stirling electorate and the support and nurturing that the club gives to children in the area. I am talking about the Tuart Hill Amateur Swimming Club. The club is the second oldest in Western Australia. It has a strong tradition of working with young children to develop their skills in such a way as to ensure that the children develop into well-rounded and responsible young people. In working with the children, the club ensures that they develop a range of skills, including swimming, athletics, organising, teamwork, a sense of humour and a strong sense of community spirit. As well, they work to ensure that the children have balance in their lives with a mix of work and fun.

The club has a history of being strong, with large numbers. It is currently one of the smaller city clubs affiliated with the Western Australian Swimming Club, as Tuart Hill is an older area with few young families. Being a small club has not diminished the enthusiasm, commitment or energy of the club board or its members. They are aware that the area is changing and that many young couples and families are moving into the area because of the benefits it offers: good schools, sports facilities, parks, close proximity to the city and the lovely beaches of the Stirling electorate. As the young families have children, the club has the potential to grow again as it has in the past. It has a lot to offer these children as they look for sport and fun with their friends in the local community.

As the club patron, earlier this year I had the privilege of attending the club’s annual award and presentation barbecue. Recently I had the pleasure of attending the club AGM. I want to commend the children for being such a great bunch of kids—active, energetic, tuned in and fun. I want to commend the club board for their dedication and commitment to the children and their local community. I want to congratulate the 2000-01 board for continuing the club tradition and thank them for being so community minded and caring: president Lionel Warhurst, vice-presidents Jim Bradley and Jim Tomas, secretary Annette Harvey, treasurer Julie Anderson, registrar Jan Warhurst and auditor Pat Bratton. It takes a great many people to organise the club’s training and swimming activities, and praise must also go to Jenny Thomas, Robert, Norma Brookes, Gordana Pelemis, Nancy Cotterill, Edith Dixon, Denis Bratton and Keith Coppin. Special mention must be made of the dedication and hard work of the coaches, Rowan and Stacey.

I have been pleased to have been working with the club and with Bob Kucera, the Labor Party candidate for the state seat of Yokine, to obtain the resources to improve the range of equipment available for training the young swimmers and to improve the pool as a facility. One of the issues for the club is that the pool is not heated, so it can only be used for
six months of the year. For many years, the club has had a goal that one day it will be able to obtain the resources or funding to heat the pool. It is a goal that is measurable, it is achievable and it is obtainable, and with the club’s energy and commitment I am sure that over time it will meet that goal. I hope to be able to help it to meet this goal. The club deserves commendation and praise for contributing to the community by ensuring that the club remains viable from year to year for the generations who will pass through the club to become young people, then adults. They will, in turn, continue the tradition of participating in the local community.

One of the activities the club does to raise funds for the community is to deliver the local telephone directory. The club recently had a problem with trying to understand the implications for it of a GST. To its credit, the club has been able to grapple with its status, with the paperwork it must do to obtain an ABN and with the paperwork it must submit, when it gets an ABN, after 1 July to keep the club in line with the requirements of the tax office guidelines—this on top of club members raising children, working in jobs and often caring for other family members. Many of the club members are also involved in a great range of community activities. So the club deserves commendation. I am very proud of it and that is why I brought it to the attention of the House tonight.

Kalgoorlie Electorate: Tourism Awards

Mr HAASE (Kalgoorlie) (10.41 p.m.)—I rise this evening to bring to the attention of the House the outstanding performance of tourism operators in the Kalgoorlie electorate. Last Friday, 16 June, a total of 11 institutions and operators based in the electorate of Kalgoorlie were awarded Western Australian tourism awards. In what should be a welcome boost for hospitality and tourism in the Western Australian goldfields, a first-time entrant and winner at the awards was the Kalgoorlie-Boulder Tourist Bureau. The bureau has been diligently coordinating the promotion and marketing of Kalgoorlie-Boulder as a tourist destination for a number of years. This award is due recognition for the particularly high standard of service the bureau has been providing to visitors to the area and to the local community.

As of October next year, we will see opened in Kalgoorlie the Australian Prospectors and Miners Hall of Fame. Many in the House would be aware of the already outstanding performance and attraction of the Stockmen’s Hall of Fame in Longreach in Queensland. That has proven to be absolutely outstanding and has become almost an icon for Australian tourism.

Mr Lindsay—And it has the best meat pies in Queensland.

Mr HAASE—That is apart from having the best meat pies in Queensland. I am very pleased to say that the planning and design, coordination, fundraising and all aspects associated with the Prospectors and Miners Hall of Fame to be located in Kalgoorlie indicate that it will outshine the Stockmen’s Hall of Fame.

It would be good for Australians and visitors to Australia after October next year if we were successful in finding some funding to develop further the outback highway which will eventually link the goldfields with Winton in Queensland. Already we have funds promised by the Queensland government for their section of the highway and funds promised by the Western Australian government for their section of the highway. Patrick Hill, who heads up the board responsible for promotion of the outback highway, would be very pleased to receive some federal funding. For a mere $27 million we can see the completion of this important diagonal artery across this wonderful continent of ours. It would allow visitors to go from the Stockmen’s Hall of Fame to the Prospectors and Miners Hall of Fame, and it would be an excellent attribute to tourism in Australia.

The electorate’s 10 other award winners are all based in the Kimberley in the far north of Western Australia, further emphasising the region’s reputation as one of the nation’s most exciting and prosperous tourist destinations. The Kooljaman at Cape Leveque resort was introduced into Western Australia’s
tourism hall of fame in recognition of its continued excellence in the area of indigenous tourism. Indigenous tourism has been recognised as a growth industry with a potential annual value of $300 million.

The prestigious Sir David Brand Award was won by the El Questro Wilderness Park for the third time since 1995. Kimberley tour operator Trevor Tough won the Sir David Brand Medal. Mr Tough received the medal in recognition of his lifetime achievements and contribution to tourism in the region as an individual. The other winners were Eco Beach Wilderness Retreat, East Kimberley Tours, North Star Charters, Broome’s Kimberley Klub, Seashells Resort, and Kimberley Wilderness Adventures and Pearl Luggers, both of Broome. The Western Australian category winners will represent the state at the Australian Tourism Awards, which will be announced in Canberra in December. I wish all national finalists from Western Australia the very best of luck.

**Australian Space Industry**

Mr RIPOLL (Oxley) (10.45 p.m.)—I want to take a few minutes tonight to speak about a fledgling industry in Australia, one that has great potential. I am talking about the Australian space industry. There is enormous potential in Australia not only for that industry but also for the spin-offs that might come from it if we were to get serious about that industry. A range of commercially viable launch sites is just starting to take off in Australia. It is time that we seriously looked at Australia entering the space race and ultimately entering a new wave of industry which has a great potential for this country.

Australians are pretty well regarded around the world for their innovation and their ability to think outside the square. But over the years, we have had a huge brain drain from our shores to other countries which have been more able to accommodate what we produce here. We need to be the competitive player and join in the new age in the 21st century. Why would Australia, particularly, be good at doing this? There are a number of key reasons why we would be good at it but there are also a number of key reasons why we actually need it. It would be great for communications, for satellite launches obviously, and potentially great for a number of things such as space exploration, remote sensing of the earth’s interaction, weather forecasting and even perhaps, in the very distant future, space tourism or the prospect of some other space travel, no matter how far away that is.

Australia’s use of satellites has been growing over the past 30 years, albeit very slowly. In 1975 there was one satellite used by Australia, and that has grown to over 15 in use by 1995. But those have come at a very high cost because we have had to use overseas facilities and monitoring facilities to keep an eye on our satellites. In the long term, involvement in these programs both in the world and in Australia has grown. It is growing at an exponential rate and will grow markedly in the future. The industry is growing but it is focusing on much lower cost projects and lower cost launches. There is a new availability of satellites that are recycled missiles from Russia. These run off a solid fuel cell rather than a liquid or gas type fuel cell, are much more environmentally friendly, are much cheaper and much easier to launch, and require a lot less infrastructure. These are the ones currently being proposed for use in Australia. The government has a role in the cooperative research centre to maintain and create a link for this industry between different participants in the private sector and between government, universities and other areas.

You might ask: why would it be good for us? It would be great for a number of reasons. It would particularly be good for local economy. For example, Woomera, an area that has been proposed as a launch site, is screaming for some investment, screaming for a new industry. I think this one would be very well placed there. The infrastructure already exists. Woomera, as most people would know, would be perfectly placed for this. The South Australian government has shown quite a lot of interest. There are a number of other sites in Australia that would be very well suited, for example Darwin. I am sure the north could do with a boost to the economy. Christmas Island might be a bit far away, but it is still within Australian terri-
Gladstone in particular has also been highlighted as a potential launch site. I think this is something that Queensland should eagerly seek; it would have potential to boost the ever-growing and very good Queensland economy—very well managed, might I say, by the Beattie Labor government.

The issue of competitors would be raised. Our competitors would be in the Asian region. They would certainly include China, and perhaps Indonesia, India, Japan and a few others. We have one great advantage over all those other countries: we have one of the best and most stable political democracies in the world. That would be a great boost to anybody seeking to use our country as a launching site. We need the government to get into a comprehensive national program and get serious about the space industry. It was in Ben Chifley’s day that Australia took its first steps into space, but there was a long drought after that—some 30 years. But the timing now is right. Australia is a place of great innovation. We really could use the boost to the economy from this new industry.

(Time expired)

**Herbert Electorate: Townsville Nickel Refinery**

Mr LINDSAY (Herbert) (10.50 p.m.)—I would like to spend a few minutes tonight talking about one sector of the economy of Townsville, the mineral processing sector. We are very fortunate in Townsville-Thuringowa to have three major mineral processing refineries: the copper refinery, which services the output of Mount Isa Mines, the nickel refinery and the Sun Metals refinery, which is Korea’s largest investment in Australia. So Townsville is very important in relation to minerals processing in this country. I would like to focus particularly on the nickel refinery and the group that runs the nickel refinery and some of the issues for government that we need to look at in making sure that we are in fact world competitive. The Yabulu nickel refinery is run by the QNI group and behind that is Billiton, a major international company. QNI has its headquarters in Brisbane but it has interests throughout the world. Billiton has a $1.9 billion investment in Australia and QNI is one of those investments.

The vision of QNI is to be among the three foremost nickel producers in the world, rated by volume, cost and quality. That is a marvellous vision. Certainly, this is a company that is very much heading down the track of ensuring that it meets that vision. Currently, the nickel refinery in Townsville produces about six per cent of the world’s consumption of nickel. Unfortunately, the resource that fed the nickel refinery, which was at Greenvale, about 140 kilometres to the northwest of Townsville, has been exhausted. Further feedstock is needed for this particular refinery. That can come from within Australia or outside of Australia. Currently, virtually all of the feedstock comes from New Caledonia, Indonesia and the Philippines. It is fascinating to note that the cost of bringing that material from the Philippines to the port of Townsville is less than it costs to rail the product from the port of Townsville the 15 or 20 kilometres to the refinery.

I think that points to a particular issue that governments need to consider. For refineries to be world competitive, transport charges have to be world competitive. That the Queensland government—I am not particularly picking on the Queensland government—through its rail charge freight system would charge as much to freight that product 20 kilometres as the company is charged to bring the raw materials from the Philippines to the port of Townsville highlights how uncompetitive you can be. Similarly, there is another deposit in Western Australia that the company is looking at sourcing material from. That is near Esperance. The cost to ship from Esperance, or from the vicinity of Esperance, to Townsville is considerably more than to bring feedstock from Cuba to Townsville. How could that be? The rules relating to cabotage are highlighted in this example.

It is very important for the future capital development of these projects in Australia, the investment that companies are going to make, that governments make sure that their charges are world competitive, that the product of the refineries can compete on world markets and that it can compete efficiently and effectively. I certainly hope that the investment that QNI wants to make in Austra-
lia, particularly in Townsville, will not be prejudiced by these issues of governments not understanding that we need to be world competitive. I call on the Queensland government to consider this matter.

**Liberal Party of Australia: Tasmania**

**Mr KERR (Denison) (10.55 p.m.)—**Only a short month or so ago, the Liberal member for Denison in the House of Assembly in Tasmania hit out against some of his Liberal colleagues, accusing them of being gutless and devious. He accused the Liberal Party of stupidity in allowing former president Tony Hocking to quit. He made the point that the party was going nowhere. Why is this so? It is all about an attempt within the Liberal Party to run Senator Watson out of the party, out of the parliament. Senator Watson has served in this parliament and has probably been the one person who has been able to give a strong and effective voice for those who are not sycophants of the Prime Minister—the one voice that stands out in this parliament. He is to be run out of town on a corrupt scheme organised by his political opponents.

Why do I say it is a corrupt scheme? I say it is a corrupt scheme because the Liberal Party itself has acknowledged that there was no basis for the way in which he is being treated. It has engaged in branch stacking and two of his principal opponents are the very people who have been deeply engaged in that stack. How did the stack start? It started with a man called Blomeley. Blomeley used to work for Senator Abetz. He organised a stack which involved the creation of a false branch. He falsified documents. Office-bearers were elected with a power to preselect Liberal candidates for state and federal elections. The whole aim was to run Senator Watson out of town. This plotting was happening while he was overseas representing the trade interests of Australia with my colleague the member for Reid. So while he was out of the country, behind his back, deviously, a secret and corrupt activity was occurring—branch stacking, where some 24 names were put forward. As the *Mercury* stated:

The secret behind the Liberal branch stacking allegations can be revealed—a $5 membership and a six-pack of Boags.

For that there was a creation of a bogus branch. What happened when this became knowledge within the Liberal Party? They decided to have an investigation, and who investigated this? A man called David Bushby. Where does Mr Bushby work? Bushby works for Senator Calvert. And who is Senator Watson’s principal opponent? There we are—Senator Calvert! What happened then? Where did we find the man who was involved in the stack, Mr Blomeley, ending up? Working for Senator Calvert! So here we have this wonderful situation where you have a corrupt branch being formed, the man involved in setting up the phoney branch working for Senator Calvert and the man investigating the setting up of the phoney branch working for Senator Calvert.

The Liberal Party then started to investigate this because there are some decent and honest people in the Liberal Party—people who are very concerned about it, like Bob Cheek and others. When asked, ‘Do actions like this constitute a criminal act?’ the President of the Tasmanian Liberal Party said this: Well I think they can be, yes. ... I think if you sign something to say that something happened when it didn’t happen, that seems to me to be going close to fraud, yes.

So there was supposed to be an investigation, but who lost their heads? The President of the Liberal Party lost his head. An article headed ‘Libs lose their heads’ states:

The Liberal Party was in disarray ... after the resignation of president Tony Hocking and Young Liberals president John Kennett.

Mr Hocking said that the party was in poor shape: ... is not united. There is just a monumental distraction in the party—too much infighting and power plays with different people having different agendas ... When asked who was behind it, he said:

Ask Senator Abetz.

There we have it—insiders—Senator Calvert setting up a deal for his own interests against the interests of his other party colleagues.

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

House adjourned at 11.00 p.m.
NOTICES

The following notices were given:

Dr Kemp to present a bill for an act to amend the Higher Education Funding Act 1988, and for related purposes.

Dr Kemp to present a bill for an act to amend the Vocational Education and Training Funding Act 1992.

Mr Anthony to present a bill for an act to amend the law relating to the recovery of debts due to the Commonwealth by social security and family assistance recipients and veterans, and for related purposes.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 5.21 p.m.

APPROPRIATION BILL (No. 1) 2000-2001

Second Reading

Debate resumed from 19 June, on motion by Mr Costello:

That the bill be now read a second time.

upon which Mr Tanner moved by way of amendment:

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

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

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

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

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

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

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

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

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

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

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.21 p.m.)—I rise to support the government’s Appropriation Bill (No. 1) 2000-2001. It is, of course, another strong, fiscally responsible budget that has been delivered. It is one that in particular delivers a major boost for rural and regional Australians—the sort of people that I represent in my electorate of Murray. We have in Murray some areas of high growth. In particular, our fruit industry has enjoyed quite significant additional public and private investment in recent times. But the electorate of Murray also suffers from very low rainfall in parts that are not irrigated, so there is some drought induced poverty especially in the west of the electorate.

This budget is for those parts of regional and rural Australia which look to additional infrastructure and support where their regional development depends on that infrastructure, but it is also a budget that delivers to families in great need. For example, our youth allowance family assets limits are now assisting more rural families so that they can afford to have their children go into higher education and stay in schools. That is the most sensible, humane and equitable way for us to progress our expenditure.

Right across rural and regional Australia we have major problems with health service professional shortages. This budget makes sure that we are overcoming and will continue to overcome the shortages. Efforts began with the 1996 strategies of our Minister for Health and
Aged Care. But this year in particular we welcome the nine new clinical schools that were announced—$117 million has been committed to those. Along with the departments of rural health that have been established, they will go to help overcome the very real difficulties of getting mostly urban born and bred health service practitioners out into rural areas where they can train and hopefully enjoy and understand that moving themselves and their families to a rural or remote community is not such a big deal; that, in fact, it can improve their quality of life and certainly their professional opportunities. So we welcome that initiative very particularly.

I would like to concentrate for a minute on roads and bridges—the old hoary chestnut of most local governments in Australia. A lot of metropolitan people do not understand why country people seem to obsess about roads and bridges. Perhaps they have not understood the frustration of living on a dirt road when it rains and trying to get your kids to school; or trying to produce a crop of tomatoes destined for export and your B-double transport cannot get up that road because it rains and the vehicle is bogged; or the dust generation that causes a crop to be washed a few more times and brings disease to the crop. Those sorts of frustrations are very real, although the issue of roads and bridges is probably centuries old in Australia.

What we have done in this budget is really focus significantly on the issue of road infrastructure. More than $1.3 billion is in this budget’s allocation for roads for 2000-01. Of that, $858.9 million is to be spent directly by the federal government in recognition of transport infrastructure for regional and rural Australia. Ninety per cent of the federal government’s direct spending on roads for 2000-01 is allocated to non-urban roads. That shows a very significant understanding of the way all parts of Australia need to have infrastructure if opportunities for all Australians are going to be realised.

A further $406 million is to be provided to councils or local government authorities throughout Australia for local roads, and $41 million towards road safety black spot programs that are not necessarily directed towards Commonwealth roads but may be for local or state roads. You can imagine my surprise this morning when I heard on ABC radio the Municipal Association of Victoria, the MAV, come out and, as they say, ‘mount a political campaign’ condemning the federal government for their funding of roads for Victoria. I want to put on the record today how extraordinary that is, given that the federal government has some $44 million sitting on the plate waiting for the states of New South Wales and Victoria to pick up to attach to the construction of the Echuca, Moama, Robinvale and Corowa bridges.

That $44 million was committed through the Federation grant. We thought it was most appropriate, because along the Murray River was the cradle of Federation back in the late 1890s. That area, in particular, suffers from neglect from both state governments of Victoria and New South Wales because it is on the edge of their jurisdictions. They have ignored those river crossings for the last 100 years. The federal government put $44 million on the table to help those two state governments pay for state owned bridges they are responsible for—horse and buggy era bridges. That $44 million continues to sit on the table and construction has not commenced at Echuca, Moama or Robinvale. There is a bit of movement at the station for Corowa because we are putting 100 per cent funding into that bridge.

It is appalling that the state governments turn their backs on that $44 million because it requires some additional contribution from them and at the same time sit back while the Municipal Association of Victoria unashamedly claimed this morning—for political reasons—that they will target marginal Victorian coalition seats in a shameless propaganda effort stating that Victoria is missing out on federal road funding. I find that absolutely extraordinary.

I want to talk about other parts of this budget. In particular, I would like to focus on the Bureau of Meteorology. Perhaps a lot of us take the bureau for granted because every day of
our lives we listen to radio or watch television and see the Bureau of Meteorology forecasts come up with the symbol like the eye of the storm. The Bureau of Meteorology is an extraordinary organisation. I am proud, as Parliamentary Secretary for Environment and Heritage, to be responsible for that organisation.

Let me give you a little background on this bureau. It was established in 1906. In 1908 the separate colonial meteorological services were consolidated into the new Commonwealth service. Section 51 of the Constitution actually refers to the powers of the federal government to make laws in relation to meteorological observations. That was very sensible, but we did not at that same time understand the need for the Commonwealth to make laws in relation to other natural resources like water and vegetation. That was left to the states and territories. Certainly, we understood that climate does not respect jurisdictional borders, just as other natural resources do not respect jurisdictional borders.

The Bureau of Meteorology contributes to Australia’s social, economic and cultural goals through providing national meteorological services, in particular to the Defence Force, for navigation, shipping and civil aviation and to assist primary production, industry, trade and commerce. Climate and weather forecasting has been the subject of international scientific collaboration for more than a century. In the last couple of decades, we have understood the human impact on emissions into the atmosphere and climate change. The greenhouse debate has now prompted more international cooperation. Some of the most recent changes in weather patterns are now being attributed to human activities. This has prompted the Bureau of Meteorology to increasingly offer more sophisticated and technologically precise services aimed at improving monitoring changes in our climate, increasing understanding of the causes and patterns of natural variability and introducing new systems that allow more reliable methods of predicting climate change over seasons.

This budget delivered $202 million to the bureau, an increase of 2.5 per cent over the 1999-2000 figure. The bureau have a number of cost recovery programs as well as those they provide for the public good. One of the particular objectives of the bureau at this time that perhaps is not understood by all Australians is their contribution to the Olympic Games. A lot of people will probably realise, when they reflect upon it, that actual daily weather conditions are going to have a significant effect on some sports like rowing and yachting.

The bureau’s engagement in the Olympic Games bid goes back some eight years to the bidding process. Then climatic information was provided to assist the bid’s organisers to determine if the Olympic site in Sydney was appropriate and what time of the year would be optimal for the best possible weather conditions. While the climatic conditions were not the sole determining factor in Sydney’s successful bid for the 2000 Olympics, our being able to assure the international Olympic community that we could guarantee pretty good and substantially cooler weather than was experienced in Atlanta no doubt was part of the successful bidding process.

The Bureau of Meteorology is committed to providing daily and more frequent, precise and regular information on weather conditions to a number of athletes and their coaches and to the public who will be attending the games. That will be a significant part of their contribution. They have invested over the last eight years to make sure they are fully equipped to be able to handle that task. That included some of their specialists going to the Atlanta 1996 Olympics to understand how they coped with the requirements of forecasting and predictions during the games period.

I would like to talk for a minute about one of the most eminent persons in terms of meteorological science in the world today. We often talk about our sporting heroes and our great arts and craftspeople but it is important that we also acknowledge our world-class scientists and researchers. In particular, I would like to acknowledge and draw the attention of
those in the chamber to the Director of the Bureau of Meteorology, Dr John Zillman. He was elected President of the World Meteorological Organisation in 1995. This is a most prestigious position and reflects not only Dr Zillman’s expertise in meteorological science but also the fine reputation that the Australian Bureau of Meteorology has earned and retained over a very long period of time. Dr Zillman was re-elected for an additional four-year term as President of the World Meteorological Organisation at its 13th world congress in May 1999. I think it is very important that we acknowledge Dr Zillman’s leadership of the bureau and his eminence in the international sphere.

Let me say finally that it is extraordinary that, while the Bureau of Meteorology has more than 1,000 very highly professional and dedicated employees, it also depends on a network of some 6,000 volunteers right across Australia who do daily weather observations. In some cases those volunteers have been doing observations in the same family for more than three generations. They are the unsung heroes perhaps. They are the quiet achievers behind a lot of the climate change data that will be useful for our agriculture and our businesses of the future. I put on record a special recognition of these extraordinarily dedicated volunteers, scattered throughout Australia, some in the most remote locations. They make these careful obligations on a daily basis and they do it with no greater reward than the sense that they are doing a very good job for the cause of the common good of all Australians. I believe it is an extraordinarily well-crafted budget, one that is going to serve Australia very well over the next year. I strongly commend it to the House.

Ms MACKLIN (Jagajaga) (5.35 p.m.)—Unfortunately, this is a budget of lost opportunities, particularly when we look at our public hospitals. It confirms our worst fears about the direction in which this government is taking our health system—that we are on the road to an American style of health care rather than one committed to Medicare. Australia can afford a modern health system. These are times of economic growth. So why, when things are supposed to be going so well, isn’t this government properly funding our public hospitals?

The Commonwealth has the money to adequately fund our hospitals. This budget fails to commit the resources our public hospitals desperately need to put them back on track—to reduce waiting lists, improve access to emergency departments and ensure that all the dedicated people who work in our hospitals are not working long hours. This budget provides no guarantees that Australians will get the quality health care they need and it further confirms that the longer we have this Prime Minister in charge, the more our public hospitals will deteriorate.

Under the Australian health care agreements, the states are entitled to increased funding for population growth, increased demand that arises from the cost of ageing and increased utilisation of hospitals. The Commonwealth was only willing to give the states a 1½ per cent increase in funding to compensate for these increased costs and demands. This compares with a significant recommendation made by an independent inquiry. That recommendation said that the Commonwealth increase for hospital funding should have been of the order of 2.25 per cent. These small differences in percentages translate into huge amounts of money across the health system and make the difference between clean, safe hospitals able to meet demand and overcrowded, run-down facilities failing to cope. The states will be left $655 million short over the next three years because this budget has failed to address the Commonwealth shortfall in public hospital funding.

While the budget completely ignores public hospitals, it does, as other speakers have recognised, provide additional funding for rural health programs. Unfortunately, I am not confident the programs will be implemented—and certainly not on time. To date, this government has a dismal record of delivering to rural Australia after making very big promises. I will give you a few examples. In 1999, the government promised 200 rural
medical scholarships for this academic year. We have now discovered that they have only just
got around to printing the application forms and that the first scholarships will not be awarded
until at least July 2000. Students who commenced a medical degree believing they were
eligible for the promised scholarships have been forced to survive without them. Not
surprisingly, they are sceptical about whether the promised 400 scholarships for next year will
in fact materialise.

Similarly, the government promised that 30 new rural health centres would be established
in this calendar year. So far, only two have opened and the best the government is predicting
is that a further eight will be approved before the end of June. By the middle of next year, the
government intend having approvals for only 10 of the 85 new rural health centres they
promised this year and another 15 from last year. Incredibly, after two years, they will still be
far from delivering what they promised in 1999. The minister has made repeated claims that
the doctor shortage in rural Australia is close to being fixed. Unfortunately, the statistics do
not back him up.

The number of full-time equivalent doctors in rural areas has increased only marginally in
the last two years. 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 1,200 who have completed their postgraduate GP training in the last three years.
It is time that the many promises that have been made to rural people were kept in full and on
time. Rural areas have suffered for long enough and this government’s incapacity to deliver
its promises needs to come to an end.

The budget also includes $64½ million over four years for the better medication
management system. This money has been provided for the Health Insurance Commission to
establish an electronic system for patient medication records that can be accessed by doctors
and pharmacists. The opposition supports the development of electronic records that improve
the quality of health care. However, like so many programs that we have seen from this
Minister for Health, we have once again got the cart before the horse. Before the program is
implemented the minister needs to answer a number of questions, including: why has the
implementation of the program been handed to the Health Insurance Commission? Why is the
centralised database preferred over a distributed database system? How much consent will
patients have to give? Who owns the record? Who has control of the data? Who manages the
process? Will patients be able to suppress information in their own records? These questions
should have been answered before the system was announced and they must be answered
before the start-up date of July 2001.

The Better Medication Management Program should be an important step forward for
Australia’s health system, but the model adopted—a centralised database developed and
administered by the Health Insurance Commission—leaves us with many concerns. Consumer
and professional groups have not been consulted and therefore this new announcement may
fail because it is seen to be more as a mechanism to control doctors and pharmacists rather
than improve the quality of health services. It is very important that we get this policy right
because the model of electronic medication records could well become the template for
electronic medical records.

There are legitimate concerns that the main purpose of this budget measure is not to
improve the quality of health services but rather to deliver savings to the Treasury. The budget
papers indicate that the Better Medication Management Program aims to make considerable
savings in the out years. In years 3 and 4 the budget papers show savings of $9.6 million and
$15.8 million respectively. One would have to ask: is this why the Health Insurance
Commission has been tasked with establishing the system because it is more about compliance and cost saving than about improving the better management of medications? While we agree that the rollout of information technology in health will lead to savings, the whole system should not be established and driven, however, to produce savings. It is supposed to be about improving the quality of health services and when savings are made they should be channelled back into further quality improvements and not returned to consolidated revenue, as is the case with this measure.

Of greatest concern with this particular budgetary measure is that we still do not have strong health privacy provisions to accompany these changes. This is a serious concern because without proper privacy provisions there is no guarantee that this government will not seek to have the Health Insurance Commission data used in an inappropriate manner. This government, after all, were prepared to invade all of our privacy by using the electoral roll data to post out their GST kit. Without proper health privacy provisions there are no guarantees that they will not do the same with our health data. The implications for health are very real, especially considering how useful the data would be for mass marketing agencies and pharmaceutical companies.

There are some other significant developments in the health budget that, for some reason or another— one would think it might have to do with not wanting to have any attention drawn to it—were not included in the budget papers, such as a $46 million cut to the medical benefits schedule for specialists services and a $36 million cut to the pharmaceutical benefits schedule. These measures will mean that patients will be forced to pay higher specialist gap charges and pharmaceutical bills. Specialists and pharmaceutical companies will not be able to make up the cutbacks through savings from the removal of the wholesale sales tax. The government has completely ignored the increased compliance costs of the GST that these individual specialists and pharmacists will have to meet. The cuts are an additional burden that specialists will either have to absorb or, most likely, pass on to consumers. The government has failed to guarantee that the increased costs will not be passed on or that bulk-billing will not be reduced. This secret measure therefore represents a transfer of costs from the government to health consumers.

Most significantly, the budget also badly hurts the hundreds of thousands of Australian health care cardholders and pensioners who suffer from asthma, hay fever and allergies by removing nasal sprays from the Pharmaceutical Benefits Scheme. Health care cardholders and the elderly will be slugged hardest by this measure. The cost of their nasal sprays will be going up from $3.30—that, of course, is the subsidised price under the PBS—to between $13 and $31, depending on which nasal spray they buy. Pensioners will be paying most of the $61 million in extra costs over the next four years. The money will come out of the pockets of pensioners who need to buy these nasal sprays. Nasal sprays that will in the future be available over the counter will, of course, no longer be subject to the cost constraints imposed by the Pharmaceutical Benefits Scheme. That means these sprays will now be open to unrestricted price rises, so who knows what the cost will be in a year’s time.

According to the government, the chronic illnesses that these products prevent and treat are no longer serious enough to warrant being subsidised. This seems to neglect the fact that hay fever—with symptoms that I am sure we are all very familiar with: uncontrollable bouts of sneezing, itchy eyes, coughing, blocked ears and noses—is a debilitating condition, which often goes along with those who have asthma, who I understand use these medications to prevent allergies from triggering further attacks.

A good government is prepared to invest in essential services, particularly our public hospitals and those other health services that Australians need, and a good government
delivers on the promises that it has made. So despite the dire state of our public hospitals, this budget does not have the Commonwealth meeting its obligations under the Australian health care agreements. Funding has once again failed to keep up with inflation, population growth, and the growing cost of health technology.

At the next election, Labor will give Australians a clear choice on health between a government that funds our public hospitals and a government—the Howard government—that has pushed them into private health insurance. Under Labor we will have a government that is prepared to invest in our public hospitals and enhance Medicare so that Australians do not need to fear the costs of health care into the future.

Mr NEHL (Cowper) (5.48 p.m.)—I think there are two sorts of people in this wonderful world we live in: there are those who look at the half glass of water that I have at the moment and say it is half empty, and others, like me, who are more positive and say it is half full. Regrettably, I feel very sorry for the member for Jagajaga because she is obviously one of those people who sees the glass as being half empty.

She spoke in a very practised and a very professional way but all she has done is find negative after negative. There may be some negatives in the budget, I have to be fair, but the number of good things, the number of benefits for every Australian are absolutely outstanding. I say to you, Mr Deputy Speaker, that we have 10 days to go—10 days to go until the total abolition of all of Labor’s archaic wholesale sales taxes, 10 days to go to the most massive income tax cuts this country has ever seen, and also 10 days to go to the introduction of the tax reform introducing the GST tax which will benefit the economy and make Australia much more efficient and fiscally responsible.

This budget has introduced a budget surplus. It is our fourth budget and it has a surplus of $2.8 billion for the year 2000-01. Every cent of that surplus will be used to pay off the debt accumulated by Labor. In this country, everybody knows you cannot trust Labor with money. We hear it in every speech that the opposition have made in this budget debate. They are so irresponsible in their approach. This is why they increased the debt of the Commonwealth by something like $80 billion in their last five years in government. We will have paid off $50 billion of Labor’s $80 billion debt by 2000-01.

I know there have been a few small rises in interest rates in the last several weeks. The reality is that, since March 1996 when the Howard-Fischer government was elected, interest rates have fallen dramatically compared with the interest rates that had previously been paid by small business, farmers and home owners. After I was first elected on 1 December 1984, we still had our small business. I was paying 22.75 per cent interest. Absolutely frightful! Everybody should remember that even though there have been a few one-quarter per cent increases from the Reserve Bank, the reality is that interest rates are still many percentage points lower than when the coalition came into government.

In this time, we have created more than 650,000 new jobs through strong economic growth. As a result of that economic growth and fiscal responsibility, we were able to deliver a great many practical benefits to the people of Australia. If you stop and think about it, what are people really concerned about first and foremost? They are concerned about their health. In this budget we are delivering a healthy Australia. The member for Bradfield has a great deal of history and experience in health. He is here and he agrees with what I am saying. We are working very hard to have a strong and viable public and private health system. We support Medicare and bulk-billing. The lifetime health cover project, by locking in lower premiums, encourages people to take out private health cover early in life. In April and May, this has
caused an increase of 240,000 people newly joining private health insurance. This is very pleasing indeed.

Some 7½ million Australians have had very direct and specific benefits from the 30 per cent rebate on private health insurance. Since we introduced that 30 per cent rebate, a total of 750,000 Australians have taken out private health cover. You might say, ‘That is fine for them. What is the benefit for the rest of Australia?’ That is 750,000 Australians and their families who are not going to be dependent on Medicare. That means that the public health system is going to be more available for those people who are in desperate need of it. That is the way we have to go.

This budget has allocated a total of $750 million for a range of health and safety programs. We are going to provide more doctors and better services in rural and regional areas. The whole thrust of this year’s budget in terms of health is to improve health services to rural and regional Australia. In the government, we make no apology for that. It is long overdue. We are providing the money to make sure that happens. I am particularly pleased that we are going to not only strengthen the pharmaceutical system and improve childhood health facilities but also, in the regional context, provide $49 million for practice nurses, psychologists, physiotherapists, podiatrists and in helping to bring in specialists to regional areas.

Let us move on to employment, education and more apprenticeships. We are providing $2 billion over four years for the New Apprenticeships program. Everybody knows that over the 13 years of Labor government the number of new apprentices just fell by the wayside. If you are going to have a viable manufacturing industry, a viable building industry and anything else that is going to be productive, you need apprentices. You need people to be trained and become qualified tradesmen. I believe it is absolutely wonderful that we have $2 billion over four years for the New Apprenticeships program and it includes $1½ billion for incentives for employers to take on new apprentices. Already, before this budget, we have seen in the last 12 months that the number of apprenticeships have increased and that is benefiting the nation already.

It is important that people can be made ready to take a job if you have a lot of people who are unemployed, as we unfortunately do, but not as many as they had. In fact, the percentage of unemployed people has come down dramatically. I must say that in some areas—I speak specifically about my electorate of Cowper and the major centres of Coffs Harbour, the Nambucca Valley, the Bellinger Valley, Kempsey and the Macleay Valley—the percentage is still too high. But we have had a trend of declining unemployment ever since March 1996. In the year from March 1999 to March 2000 there has been a very dramatic decrease in unemployment and in the Hunter and North Coast regions a 9.3 per cent growth in employment. All too often everybody gets concerned—and rightly so—about the amount of unemployment. We tend to ignore the new jobs being created and the increase in employment. I am delighted to be able to put on the record that in the Hunter and North Coast regions of New South Wales, in just one year, there has been nearly a 10 per cent increase in jobs and I think that is absolutely fantastic.

I am also very pleased that this budget provides additional support for stronger families and communities. We have $240 million over four years to establish a partnership between government, family and communities. There is going to be a choice in child care so that families can fill both work and family responsibilities because we are improving the flexibility. What we are going to see as well is significant benefits for small business. One of those benefits is going to be the lower diesel cost—a fall of 24c per litre for heavy transport and medium transport outside metropolitan areas. Whether you live in Coober Pedy or in Coffs Harbour, the reality is that everything on the shelves of our supermarkets comes in by
road or rail and diesel is the fuel. We are reducing the cost of diesel and thereby reducing the cost of freight by rail and by road. This is going to have a major impact on keeping to a minimum the price increases that will come in some cases because of the imposition of the GST. I must emphasise that some prices will stay the same, some prices will go up and some prices will come down. We have to realise that the tax cuts for small business are going to be very significant. In fact, by June 2001, company tax will have fallen to 30 per cent and capital gains tax will fall to a maximum of 24.25 per cent. I think that is a tremendously important step forward for business in Australia.

I am also very pleased that this budget is placing some emphasis on older Australians and our war veterans. We are increasing pensions. For a start, quite apart from the GST tax top-up, we have linked pensions not only to CPI but to 25 per cent of average male weekly earnings. As well as the GST top-up of four per cent, there is a guarantee that in terms of any other CPI increase the pension rate will be a minimum of two per cent higher. While we believe that the four per cent rise that comes in in 10 days time will be adequate and sufficient, this will be watched very closely. If it is not adequate, there will be an adjustment and the pension rate will be a minimum of two per cent higher than the CPI, so that that buffer will be there all the time.

Dr Nelson—Simon Crean would agree with that!

Mr NEHL—Simon Crean and all of his colleagues have been flogging a dead horse for the last several months. In fact, that poor horse that they have been flogging is nothing more than a skeleton at the moment because, in 10 days time, they are going to have to change their minds. Despite being critical of the GST in the past they have said all along, ‘We’re not going to change it. We’re not going to abolish it.’ They hate the GST so much that if they ever get elected again they are going to keep it!

I am particularly pleased that the particular needs of the Vietnam veterans have been recognised. I have a very close relationship with Vietnam veterans in my electorate of Cowper, particularly in Coffs Harbour. They are a great bunch of people and I am really thrilled that we are providing additional support for them.

One of the things that I take particular pride in in terms of the 15½ years I have spent as the member for Cowper is the new Pacific Highway because, in the 1984 election campaign, I campaigned for a new Pacific Highway—a four-lane, dual-carriageway, divided highway all the way from Hexham to the Queensland border. At that time I was told by many people that I was a bit of an idiot, that I was talking about something which would never happen. But, Mr Deputy Speaker Hollis, you knew at that time, as I did, that it would happen because you have a very close family relationship with Cowper with your family living in the Macleay Valley.

Since the change of government in 1996 we have seen a complete thrust to renew the Pacific Highway. We are into the fifth year of the two five-year sections. I can assure everybody that the Howard-Anderson government is still committed to renewing the Pacific Highway. It must be said that the funding for the Pacific Highway will go ahead. And I am very pleased to say that the federal government has adopted, as the two major priorities of the next five-year work plan, the bridges at Kempsey and Macksville. They are absolutely far too narrow and they create very dangerous roadblocks during the school holiday periods. Those bridges will have priority.

Australia is indeed the lucky country. If you see your half glass of water and you know that it is half full and not half empty, you know that you are on the right track. We are on the right track because we have got the people of Australia contributing so much. I am talking about all those volunteers in the churches, the charities, the people who go out and man the surf
beaches, and the many others who help the less fortunate. We are very lucky that we have so many people in Australia who are prepared to do what they can to assist.

When Labor was in government it neglected the area of aged care in the North Coast of New South Wales, except for the two seats it held briefly—they poured lots of facilities in there—and the seat of Cowper experienced a huge drought. Fairness and equity has returned to the North Coast of New South Wales with this federal government and the amount of aged care facilities being provided has increased enormously. We still need more—

**Mr Adams**—Such pork-barrelling!

**Mr NEHL**—The member for Lyons talks about pork-barrelling. He should know. He was part of the government that was there for 13 years which actually deprived many coalition seats of their fair share. But equity is back, justice is back, and I know that the people of the North Coast of New South Wales, and indeed of the whole of Australia, can look forward to a far better future thanks to the coalition government.

The final point I want to make is that while a lot of people have been concerned, have been worried—unnecessarily, I believe—about what the situation will be after 1 July, I firmly believe that in a year’s time, in 12 months from now, everybody who was concerned and upset and worried and a bit jittery will stop, will pause, they will literally scratch their head and say, ‘What on earth were we worried about?’ That is why I am firmly committed to the belief that this Howard-Anderson government, this coalition government, will be re-elected at the end of next year because Australia will be so much better off from the new tax system.

**Mr ADAMS (Lyons)** (6.05 p.m.)—The member for Bradfield contributed greatly to the member for Cowper’s speech. I know that the member for Bradfield is on greatness and I know that he is very tense about that and looking forward to taking his position where he feels he rightfully should be within this government in its dying months, as this coalition of unfair, unjust people falls out of favour with the Australian people.

The member for Cowper talked about Labor neglecting some seats. We saw the nonsense that went on at his party’s conference at the weekend, with $90 million being rebadged and thrown out as some sort of regional package because the leader and the members are under a lot of pressure, but there is nothing in that $90 million. It is not going to affect or help anybody in regional Australia. It is just a rebadging, a redoing over. That is because this government is tired, it has lost its emphasis, it has lost its way. It has got no new policy concept. It is going to try and put a few new people on the front bench to try to renew itself in that way, but I do not think that is going to work; that is going to fail.

On the tax system itself, let us deal with the GST, the goods and services tax, a tax that we have to have because nearly everybody else has. The United States of America does not have a federal goods and services tax at all. Some of the states there do, but the United States, the biggest economy in the world, has no GST. A lot of things were quoted for the introduction of this tax. This tax is an unfair tax. When I think about where it has come from, it has to be from those who are going to benefit the most. I think it has come from business, the push is that way, and those on the other end are going to lose. That has been the Labor Party’s position and I believe that is true. I believe the people on the downside, on the bottom end of the scale, are the ones that are going to lose. The people that do not pay any tax are not going to get any tax breaks because they have paid all the tax they are going to pay in their life. So the people on fixed incomes, the people on very modest superannuation benefits, will miss out; they will not have the same quality of life as they had before the GST or just after.
I will continue to deal with this tax because we have got ads on the GST featuring ‘Unchain my art’—my heart: I must say heart. I have always had that little impediment because they tried to make me pronounce my aitches in primary school. Evidently I did not do it very well, and I still do not do it very well.

I have looked at these Unchain my Heart ads and I have thought, ‘What is the message?’ The message is that you have got to have this new tax. We are not actually telling Australia what the tax is; we are telling them that they have to have this tax. This is a selling thing—$400 million. This is not a small amount; $400 million is going to propaganda to try to recharge the government as they go towards their end. This money is a part of the propaganda paid for by the taxpayer to try to prop the government up and then they will tip all this money they have into their little tax havens—or that body from Melbourne the Liberal Party uses to put its funds in so that it does not have to go through the Electoral Commission. It is a terrible indictment of this government that they have tonnes of money and they will try to pour that money in. But that will not save this government. I can feel it within myself and I see it in the House—I see this government going down. Their ministers are tired and cannot really get on top of the issues. There are party conferences in disarray with people shouting. This coalition government have real problems.

Of course, people out there in punter land are talking about the waste of this money. They are talking about $400 million and they are saying that it is too much. You might have got away with $50 million, but $400 million? The punters are starting to say, ‘$400 million—you have to be joking.’ They can see $400 million really doing something for roads, for infrastructure, for schools and for health. They can see where $400 million can be spent so that they gain some benefit from it. This waste of money is going to come back on you.

Dr Nelson—David Crean signed up for it, didn’t he?

Mr ADAMS—He has no choice. It is taking away the taxes—

Mr DEPUTY SPEAKER (Mr Hollis)—Just ignore the interjection. The honourable member should not interject.

Mr ADAMS—Thank you for your guidance, Mr Deputy Speaker. We know that this member is going towards greatness and has the capacity to give out much more as he builds new policy for the coalition so it can come back in 10 or 20 years time. That is probably the future for the honourable member for Bradfield in this parliament.

The community is pretty angry with this government and where it is coming from. This government has had plenty of opportunities but the problems with the GST are starting to come through from different groups. This week it is well written up in the Hobart Mercury. On Monday the Housing Industry Association was lamenting the problems it has in the building industry and the issues it faces in Hobart and it called for a moratorium on the introduction of GST in that city. It has estimated that the GST will add eight per cent, or $13,000, to a $150,000 house and land package. Of course, as the member for Bradfield would know, you can still get a reasonable house for $150,000 in Tasmania. It is a great place to live because the rates stay at a reasonable level. Our economy is just starting to emerge under the great leadership of Jim Bacon and Treasurer David Crean. This is one of the brothers Crean whose father was a great Treasurer here, and you can see the other Crean taking over the reins and going forward as well.

The contractors are hard-pressed with the GST in the housing industry in Tasmania and they really would like to see a moratorium on residential buildings and renovations so that they can get over the difficult situation where people have undertaken contracts that are not going to be fulfilled and that will run over and they will cop a GST on top of it. It is going to be a big issue.
The member for Cowper, who has now left the chamber, was saying that this is all going to
be sorted out and that it will all be happy and merry, but some of these issues are not going to
be merry after 1 July. Some of these issues are going to come back and haunt him. He also
mentioned unemployment. I wanted to mention one thing that came up in question time today
about this wonderful new system we have for getting people into employment. I mentioned a
couple here the other day. One was the young person in my electorate who got a job and was
working very well. He had undertaken a bond for a flat. He was living an independent life. He
had a car on hire purchase. But technology caught up with him and, along with 17 of his
fellow workers, he was stood down. Some of the guys with families were offered work in
Hobart.

This guy had been working in Launceston and now he was basically out of a job. He was a
good worker and had done well. He had a good reference from that job, but there was just no
work there. He went off to pick up some benefits to get him through, but he still had three
months to go before he turned 18. What was he told? ‘Go home to mum and dad.’ That is
what this government is doing out there. Here was a guy who was almost 18. I started work
when I was 15 and paid my rent and lived an independent life. You are forcing people back to
mum and dad. How do you think they feel about that? That is a silly policy, a stupid policy
and one of the policies that has come out of your unemployment policy.

I had a young fellow in my office the other day who has to go from Launceston to
Devonport. The member for Bradfield knows how far that is. They said, ‘Go down there for
an interview on Monday.’ He has a bond in Launceston on his flat. What is he supposed to
do? Is he supposed to live under the bridge in Devonport? There are some silly policies and
the silly Minister for Employment Services needs to be pulled into line. When it starts to get
down to the detail—as it did today in question time and as I am sure it will in the future—we
will start to break him open over some of his silliness and the statistics he has been pouring
out as the great things that his party has done. There are a hell of a lot of employment issues
out there.

A lot of effort went into the report Time running out: shaping regional Australia’s future.
A lot of the recommendations in there could have been picked up. Some could have been
picked up in this budget. There is a great need in this country to start looking at water
infrastructure. The Murray-Darling Basin is going to go through some changes and some
other regions need to have some water to help this country continue to feed itself. It is going
to take private money as well as government money to assist that. There are some
recommendations in here on how we could go down that path and start looking at ways to
establish that.

In the report of the House of Representatives Standing Committee on Environment,
Recreation and the Arts on funding community, sporting and recreation facilities we
recommended that the education issue should be picked up. That was a prime example that
could have helped out in voter land. There are some vocational education opportunities going
on out there, but we have to put some more money into that area for regional Australia. That
would have been a major initiative but we did not get that. We got this bloke, David Kemp,
the Minister for Education, Training and Youth Affairs, sitting on the front bench hopelessly
finished, totally burnt-out, with no concept at all of where education policy is going. I do not
think he had very much input at all into this budget. In recommendation 79 of this report, the
committee recommended that the Commonwealth take greater account of the contribution to
regional universities and TAFE colleges because we found that disadvantages were suffered
by universities with regional campuses. There is a need to deal with that issue, but there was
nothing going on there in this budget.
Online centres were referred to in recommendation 48. The committee recommended that the Commonwealth government work with the states and industry to expand online access programs for industries in regional areas with a view to making them available through community access centres. This was something that could have been done for not a lot of money. But, as I said, this government failed to do anything.

I want to touch on the disgusting way this government dealt with the Kosovars in Tasmania. They were treated very badly. The Mayor of Brighton, Mr Tony Foster, went to Kosovo over the last few weeks and returned just before last weekend to Tasmania after having seen what the Kosovars, who had been in our safe haven at Brighton, have gone back to. The conditions that many of them were living under were appalling; there is nothing there. The Mercury gave him very good coverage but we are still waiting for some answers from Minister Ruddock.

I am disgusted with the attitude of Liberal Senator Abetz towards these people who came to us for help. He said that they should go and visit Rwanda, Ethiopia or other refugee places which he thinks are worse. That is not the point and we are not arguing that point. The Kosovars were asked here and they should have been given much better opportunities and should have been treated better.

This is a very poor budget for regional Australia and for Australians generally. Nothing was done that should have been done—missed major opportunities for the country. This government in its last few months will fade away to being a very poor government. There is very little initiative from its Prime Minister.

Sitting suspended from 6.22 p.m. to 8.00 p.m.

Mr GEORGIOU (Kooyong) (8.00 p.m.)—The first Commonwealth budget of a new century maintains the coalition’s commitment to sound economic management. It delivers the fourth cash surplus in a row. It continues repaying Labor’s debt, and by June next year $50 billion of the $80 billion debt run up by Labor will have been repaid. The budget ushers in the long overdue reform of Australia’s tax system and the biggest personal income tax cut in Australia’s history—$12 billion from 1 July. The budget highlights the creation of 660,000 jobs since the coalition took office in March 1996 and predicts a fall in the unemployment rate to a quarter-century low of 6.25 per cent in the coming year. The budget provides for important new initiatives, including more doctors and better health services for regional Australia, more money for families and child care, additional resources for defence and an increase in foreign aid.

The economic achievements of this government are real and they are substantial, and this government’s economic success is internationally recognised. The OECD economic outlook for Australia released in June underscores our sustained economic activity and growth at an annual rate of four per cent; strongly improved export market growth, particularly after the slump induced by the Asian crises; high levels of agricultural production; and unemployment falling below seven per cent, despite a growing labour force participation rate. This is a very positive endorsement from the OECD. The OECD concludes:

... given the projected robust economic expansion, unemployment should decline even further.

While noting that consumer price inflation may rise in the second half of this year, the OECD believes that this is unlikely to become embedded into core inflation and that ‘income tax cuts and the increases in welfare benefits are designed to more than compensate for the cost of living effects of the GST’. On a comparative basis, economic growth in Australia continues to outstrip most of the OECD, the European Union, and the international community as a whole.

And it has to be said that economic data released since the budget further affirms our strength. There has been a further decline in unemployment since the budget. The latest ABS
labour force figures show that 300,000 additional jobs have been created over the last 12 months and that, in total, 712,000 jobs have been created since March 1996.

The March quarter national accounts show that the Australian economy has grown by over four per cent for 12 consecutive quarters—the strongest and most consistent growth our economy has registered for over 30 years. Yet, for all these achievements, given the rhetoric coming from the other side of the House, one could be forgiven for believing that the sky is about to fall in entirely.

The attempt by the opposition to try and reinvent themselves, to distort their own past and the government’s achievements is one of the primordial facts of politics. One of the key occasions on which the ritual is played out is during the Leader of the Opposition’s reply to the budget. This is in part why these replies are worth listening to. The problem, of course, is that reinvention is a quite difficult act, particularly when an opposition has a recent history in government that contradicts its pretensions. Reality can be a pretty thorough damper on rhetoric. But politics is a long game which many in the opposition have been playing for a very long time, and will no doubt continue to do so. History has not always been kind to them.

The Leader of the Opposition in his response to the budget opened his address with an appeal to those Australians who, despite several years of economic growth, are still doing it tough. This is the leader of the same party that five years earlier subscribed to the view of the then Prime Minister, at a time when unemployment was running at around nine per cent, that ‘this is as good as it gets’. And this is the Leader of the Opposition who just a couple of years ago, in another reply to the government’s budget, recalled, with nostalgia, surpluses of the sort that Labor delivered ‘surpluses built on jobs and growth’.

The problem—and the opposition does go into complete denial on this—is that the last Labor surplus so fondly remembered as being built on jobs and growth, in reality saw unemployment skyrocket, employment go into reverse, a decline in jobs of 200,000 and, of course, in those infamous words, the recession ‘we had to have’. The consequences of all this are still with us and, as a former Keating adviser Professor Brian Chapman has very recently pointed out, the burden falls most heavily on those most vulnerable in our society, particularly the long-term unemployed.

The fact is that, despite Labor’s professed concern about those who are doing it tough, when in government they oversaw major damage to the social fabric of our society. Their policies saw average household incomes fall in real terms amongst the least affluent neighbourhoods and a proportional reduction in access to higher education for the poor. Their policies saw earnings for the lowest paid fall in real terms to 10-year lows, whilst earnings for highest paid workers soared by almost 20 per cent. That was the inheritance that this government found when it came to office in 1996—a society with an emerging picture of groups not only out of work but with little hope of ever returning to work, the spectre of generational unemployment and entrenched disadvantage.

The Leader of the Opposition bemoans the reduction in the size of the government surplus, but in fact it was Labor—

Mr Neville—That’s a rich point, isn’t it?

Mr GEORGIOU—Yes, very rich, because it was Labor that, after the 1996 budget, criticised the government for its emphasis, its so-called obsession, on achieving a surplus. The Leader of the Opposition waxes eloquent about the $2.8 billion surplus being ‘conjured up literally out of thin air through the sale of the mobile phone spectrum’. Yet it was Labor that, through successive budgets after the 1993 election, tried to conjure up surpluses through asset sales. If you want thin air, look back at those budget papers and you will find the proceeds from the sale of the second half of Qantas boosting the bottom line in not one, not two, not three, not four, but in five budgets. Indeed, prior to the 1996 election, it was the opposition
that claimed the budget was in surplus when in underlying terms it was in deficit to the tune of $10 billion.

In his reply the Leader of the Opposition declared:

No government I lead will sell Telstra. This is not ideology. This is commonsense. We need Telstra.

When I heard those ringing words, I had a flashback—and one has these every so often—to the late 1980s when Bob Hawke, in no less ringing words, in his 1987 Chifley Lecture said, and I quote because they are great words:

What in the name of reason is the justification for breaking up and selling off the great and efficient national assets, like the Commonwealth Bank, Telecom, TAA and Qantas? The fact is that this recipe for disaster represents the height of economic irrationality ... It is based on a blind and mindless commitment to a narrow, dogmatic and discredited ideology.

Winston Churchill once said that ‘anyone can rat ... but it takes a certain amount of ingenuity to re-rat’. The ALP has demonstrated spectacular ingenuity on the issue of privatisation. The Labor Party ratted. It re-ratted, and it re-ratted again. Let us have a look at what happened to Labor’s ‘great and efficient national assets’. Let us look at Qantas and Australian Airlines. In 1984, the then Minister for Aviation, who happens to be the current Leader of the Opposition, said:

It is the stated policy of this government that TAA will remain wholly owned by the Commonwealth—and—

It is not intended that there be any change in the present situation whereby Qantas, as the nation’s international flag carrier, is wholly owned by the Australian community.

What happened to Qantas and TAA? They were both sold by the Labor Party. And who was the major privatisation proponent for these sales? None other than the Minister for Transport and Communications in the then government, Mr Beazley. But let us not stop with communications; let us look at the Commonwealth Bank.

The Commonwealth Bank was Labor’s great historic icon. It was built out of the conflicts over bank nationalisation and it was something that was held very sacred by the Labor Party. Labor sold the Commonwealth Bank—and the cock did not crow once, it crowed three times. In 1990 Labor sold the first 30 per cent; in 1993-94, a further 19 per cent, and it absolutely committed itself to the fact that there would be no further diminution in the government’s holdings. Ninety minutes before the 1995 budget was brought down, the ALP announced to the cabinet the sale of the remainder of the Commonwealth Bank—it had announced it to caucus 30 minutes before. The only one of the ‘great and efficient national assets’ which Labor did not sell was Telecom—and that was not for want of trying: if you go back over the records you will see how desperate some people were.

The other point is that broken commitments on privatisation are only one side of Labor’s privatisation story. The other side is that not one cent of the proceeds raised by the sale of these Labor icons went to paying off government debt. The ‘great and efficient national assets’ were sold off to fund quite irresponsible spending sprees by the Keating Labor government after the 1993 election. The Reserve Bank has indicated that the sales of the airlines and the Commonwealth Bank raised around $10 billion. In the same years that those sales took place, Labor ran up budget deficits totalling $54 billion.

Of course, it was not just the ‘icons’ that Labor sold. Between 1987 and 1995 Labor announced its intention to sell no less than 38 major public assets. Between 1987 and 1995 Labor sold or proposed to sell: Aerospace Technologies of Australia, Chifley Square in Sydney, Cockatoo Island, the Commonwealth Accommodation and Catering Services, the Commonwealth Government Centre in Melbourne, the Commonwealth phosphate rock stockpile, the Defence Service Homes Corporation, the Australian Embassy site in Tokyo,
leases for Australia’s federal airports, the Government Aircraft Factory, the National Materials Handling Bureau, Newington Army Depot, the Commonwealth share of the Primary Industry Bank of Australia, surplus land at the ambassadorial residence in Paris, Williamstown dockyard, the Kensington Army Stores Depot, Australia House in Sydney, the Government Aircraft Plant in Bankstown, Schofield’s aerodrome, Sydney’s Anzac Rifle Range, the Commonwealth Home Loan Scheme in the ACT, the Commonwealth uranium stockpile, the Housing Loans Insurance Corporation, the Moomba-Sydney gas pipeline, the new Defence Force Home Loans Scheme, Avalon airfield, the ACT Cooperative Building Society Loans Scheme, the Commonwealth Bank, ANL, AUSSAT, Australian Airlines, Qantas, the War Service Land Settlement Scheme assets, the Commonwealth Serum Laboratories, the Snowy Mountains Engineering Corporation, DAS Fleet, McLeod Repatriation Hospital and the Australian Industry Development Corporation.

Mr Neville—Sounds like the litany of the sites!

Mr GEORGIOU—That is right. It is some list and it has certainly lent some credibility to the claim by the Leader of the Opposition when, as finance minister, he boasted:

We as a government have had a considerable rate of success in relation to privatisation.

They sure did. It sits ill on the opposition to try to lecture this government which has now delivered four successive surpluses, reduced debt by $50 billion and delivered an economy that can boast lowered unemployment figures, and growth.

We have an economy where, as of May this year, unemployment has fallen to 6.7 per cent—its lowest level since June 1990. We have an economy that boasts the creation of an additional 712,000 jobs and a new tax system which will provide funding so necessary for the continuation of government services. We have enhanced our private medical system and thereby enhanced the whole of the public health system. We have a positive economic outlook and sustained economic activity at an annual rate of some four per cent. Sadly, you will never hear the opposition acknowledge these achievements, but they are very assiduous in distorting their own failures. I commend Appropriation Bill (No. 1) 2000-2001 to the House.

Mr MURPHY (Lowe) (8.14 p.m.)—After listening to the member for Kooyong I will put a bit of balance into the debate. Treasurer Costello’s May budget speech reminded me of those funny tiny cars that drive into the circus ring and out tumble 20 clowns, defying all reason. That is just like our GST Treasurer when he opens his mouth and out tumble a multitude of words without rhyme or reason.

With the introduction of the Howard GST, a majority of Australian citizens are viewing the budget debate as a script of high drama where all the main characters are changing weekly, like the soap opera Days of our lives. The government has created a budget that takes billions of dollars from the hard earned wages of Australian workers and from 1 July the GST will rip millions more out of workers’ pockets, making those illusory tax cuts fade into insignificance. The biggest insult is the profligate misuse of taxpayers’ hard earned $450 million spent advertising the government’s GST package. We have to look at the credibility of the politician who is selling it. The Liberal-National government is flaunting its power propaganda to attempt to intimidate all of us into believing that its regressive taxes on the expenses and necessities of life will set us free from its make believe chains. Where does the fantasy end?

And when is a home not a home? Answer: when it is a caravan subject to the GST. I just witnessed on ABC television, before I came here tonight, the Deputy Prime Minister being carved up by Kerry O’Brien. I also saw there the member for Hinkler, who is sitting here in the chamber tonight. I must say that he would do a far better job as Deputy Prime Minister.
Kim Beazley has cleverly labelled this budget the budget of lost opportunities. Australians know that Australian Labor Party policy has always provided strong foundations for growth across all spectrums of the economy. ALP policy priorities are always aimed at alleviating the pain of the weak and most vulnerable in Australian society, including charities, lifting the burden on small business, education, health, and providing well paying jobs. Regional communities have never really been consulted by the Liberal-National government which do not want to provide the adequate investment required to create new rural industries and support, new jobs, sufficient education and medical services. This budget cries out for decent investment but we have discovered the government’s limit at the bottom line is advertising.

Before the last federal election the Howard government served all Australians an entree costing taxpayers about $18 million. Some of them liked the Howard government’s entree and voted them back as chief cooks to occupy Australia’s central kitchen. The Howard government, with the aid of the Democrats, devised a recipe to serve us all a great banquet—rabbit disguised as chicken.

The Howard coalition government, aided and abetted by the Democrats as kitchen hands, and proud of their importance, began to cook the banquet meal named the GST. Many Australians have now been asked to taste test the meal before it is finally served on 1 July. The responses have been very poor. With many hundreds of changes to the recipe, the meal seems to be somewhat sour and rancid. Many of the taste testers report that with every swallow of this awful GST mash, people will slowly see their quality of life degraded and consumed. This is causing great panic in the kitchen and the chief chef has decided on a $500 million advertising campaign designed to quell the thoughts of all Australians as they line up to enter the grand banquet hall to eat.

The Howard government are spending hundreds of millions of taxpayers’ dollars on bad advertising, hoping that their dwindling support base will not desert them at the next election. Alas, some who may contract food poisoning will have difficulty being cared for in public hospitals because the Howard government have forgotten that battlers cannot afford expensive private health insurance despite their heavy subsidies.

Unfortunately, Australians under the dominance of this Howard government with its bad labour laws and regressive taxes trudge the road from progress to poverty. The tremendous research carried out by respected journalists from the Weekend Australian dated 17 June 2000 is testimony to that. This is especially true of the future of all Australian children, many of whom have not yet learnt the concepts inherent in the words ‘a pure market equilibrium’, ‘privatisation’ and ‘globalisation’. But they, together with many of their parents, are beginning to question the way in which natural monopolies such as water, communications—for example, the ABC and Telstra—defence, policing, education and health, et cetera, are hanging on to a thread of government control, secretly being negotiated for sale to the highest bidder. These public utilities, having been privatised, will rapidly and over time become special monopolies where the shareholders will be a narrow elite group living in the high church known as ‘globalisation’. This government’s strange schizophrenia with regressive taxation overlooks the underlying and real issues ordinary workers and small businesses face in Australia’s so-called dynamic marketplace. It crystallises the interests of a tiny group that monopolise the banks, shopping centres and energy supplies, et cetera. It is an elite group that can easily work around the GST to the detriment of all Australians who only have their labour to sell. It was only 70 years ago that we experienced the Great Depression. It was a big lesson
for the United States of America whose legislators adopted the Glass Steagall Act which separated their commercial and investment banking. It ensured the breaking up of the House of Morgan which operated as a universal bank for US corporations and which took part of the blame for the Great Depression. However, we are still seeing megamergers of banks and an uneasy relationship between Treasury and the Reserve Bank of Australia.

With the recent merger of the two banks, Colonial and Commonwealth, we got only bland statements from Treasurer Costello concerning their questionable undertakings to Australian consumers. It seems that a ‘social charter’ or an ‘impact statement’ arguing for positive outcomes to benefit all Australians is not something that this government wishes to entertain or make too public. We have this new phrase ‘commercial-in-confidence’. The competitive war of global rationalisation is on. Wages will be cut and machines will rule more of our daily lives. But we can all see that it is in the interests of this contracting, share-owning community that the Howard government is working hard to discredit the support base of ordinary hardworking Australian people and break the worker and make more profits for the shareholders.

Long-term job security is over for most Australian workers and the journey from progress to poverty has begun, especially in rural Australia. The Howard government’s regressive tax policy will have ongoing impacts on the cost of living for all hardworking Australians and their children who only have their labour to sell. The owners of the means of production and exchange will no longer be paying the wholesale sales tax. The GST will not tax people in proportion to their income. The Howard government has made a tax that will reduce the wealth of middle Australian workers and their businesses. By failing to be truthful the Prime Minister has merely created the ‘illusion of progress’. A tax that taxes almost everything will over time erode the wages of labour to pay for itself. This in turn will raise the general cost of living and reduce workers’ take-home pay.

It will have an immediate negative impact on poor people. It will have a negative impact on the upper to middle income earners in Australian society. The Howard government’s carefully crafted tax cuts and aggressive individual contracts have been designed to divide and conquer Australian society. I recall this being a similar feature of the disastrous Thatcher government of Great Britain when the rise of monetarism was introduced to the rank and file to fulfil a social vision that had long been in their minds. Margaret Thatcher’s privatisation program, designed to create a nation of shareholders and home owners, was built on political opportunism paraded as a sugar-coated ideology for the owners of the means of production and exchange. It did little to help the majority of people who only had their labour to sell. The Liberal-National parties have rejected the concept of equality except when some of their supporters go bankrupt.

In my electorate of Lowe the voters continue to reject the GST because of its lack of fairness. In yesterday’s Sydney Morning Herald the front-page lead article was entitled ‘PM fury over GST row’. It quotes many of my constituents who operate small businesses in the City of Burwood. This well-researched article written by Sherrill Nixon and Peter Gotting proves much of what I have been reporting to this chamber concerning the GST. I quote a section from the article:

The small businesses of Burwood are not looking forward to July 1, when the new tax system kicks in. Only four of 41 on the central strip of Burwood Road are confident their takings will increase while 40 per cent of owners and managers surveyed say the GST will be bad for business. The overwhelming sense is of uncertainty and confusion, with more than one-quarter of the businesses still not prepared for the changeover. Australia’s GST policy is now heavily influenced by interest groups and many of them are looking for special benefits. I believe that the GST pricing mechanism will reveal many
unforeseen negative outcomes for small business in the Australian economy. The Howard government remains seduced by the Thatcherite era. In fact, the GST philosophy is outdated, illusory and promotes competition at all costs irrespective of the ‘killing fields’ it leaves in its wake. It is interesting to examine the process used by the New Zealand government back in 1986 when their Labour Party fell flat on its face after introducing the GST before having carefully examined its social outcomes. We have learnt from their mistakes but it is obvious that some people in this chamber have not.

New Zealand taxpayers were bombarded by clever advertising designed to make them accept the idea that more indirect tax would put more money in their pocket. The sad truth became obvious. The government bought the votes of medium to upper wage earners. In reality the real winners of the shift to indirect taxation were the topmost 25 per cent of New Zealand income earners. During the 1980s those on below the medium to average wage were worse off. In relation to low paid workers, representing 20 per cent of the population, their personal income tax rose by almost one per cent while the highest paid, representing 20 per cent of the population, to their delight found that their taxable income rate fell by 18 per cent. Furthermore the GST was increased from 10 per cent to 12½ per cent from 1 July 1989. That is why the Australian Labor Party is warning all Australian voters that they will be severely squeezed by a future Howard government.

We have learnt that the New Zealand experience is proof that the GST, as a broadly based indirect tax, is regressive because low wage earners, pensioners and marginal superannuants are forced to spend a greater proportion of their incomes. They cannot avoid the tax whereas the rich who invest in established trusts pay proportionately much less. The Howard government uses the term ‘chains’ in derogatory television advertising terms that are an insult to each and every Australian. It is obvious by their choice of the GST theme song and its lyrics that they believe that we should remain subservient. What next—microchipping?

Ms JULIE BISHOP (Curtin) (8.25 p.m.)—It is now some six weeks since the federal budget for the year 2000-01 was handed down. The economic canvas upon which the budget was crafted is one of a strong and growing economy, an economy now poised to take advantage of the challenges of the 21st century. In the light of the increasingly globalised world economy, with the changes brought about by emerging new technologies and the opportunities emerging from the new economy, this is a budget that provides a sound economic basis for Australia to embrace the future. All current indications point to the fact that the budget forecasts are readily achievable.

Against the white noise emanating from the other side, there are economic matters to celebrate—the 12th consecutive quarter of growth in excess of four per cent. The GDP growth in the March quarter means that the budget forecast for growth of 4¼ per cent in 1999-2000 is achievable—and the momentum is continuing so that the forecast of 3¾ per cent growth in 2000-01 is also realisable. The only time in our history that we have recorded that sort of consecutive growth was 30 years ago—between June 1969 and March 1971.

The national accounts figures generally are to be applauded. As a country, we have reason to be proud of the strength and consistency of our economic record over the past four years. As it is some weeks since the Treasurer delivered the budget, I trust you will allow me to remind this chamber, Mr Deputy Speaker, that the budget was in surplus. We as a government are proud of the fact that the budget was in surplus—the fourth year in a row that this government has delivered a surplus budget. In accrual terms, the fiscal balance is expected to be in surplus by $5.4 billion, or 0.8 per cent, of the GDP. In cash terms, an underlying surplus of $2.8 billion, or 0.4 per cent of GDP, is expected.

We are paying off debt. Within our reach, within this nation’s reach, is a scenario in which Australia could be free of Commonwealth debt early into this decade. Inflation is low. It is
anticipated to remain within the Reserve Bank’s target band of two per cent to three per cent on average. Unemployment is falling—currently it is 6.7 per cent, the lowest rate in decades. With the strong and consistent economic performance, there will be more job opportunities, hence we will see even greater jobs growth.

The demonstrated confidence in the macro-economic policy framework set by this government is well placed. However, these achievements and what they mean to the overall health of the nation can often be lost in the day-to-day debate about day-to-day issues. But it is only when the economic position is strong, and there is a budget surplus and net debt is being reduced, that a government can embark, with absolute confidence, on sustainable and targeted spending programs—knowing that it has the resources to direct to priority areas. That is the case with this budget.

In recent days I have had cause to reflect on just how much we have achieved in terms of our strong economic performance—and, quite frankly, just how much we take for granted. I was part of the advance team of the Commonwealth observer group in Zimbabwe recently for the forthcoming parliamentary elections in that country. Being present as an observer, speaking to a wide range of people and being able to take stock of the state of the country and being able to observe its economic situation, it was brought home to me most starkly just how we take our economic good management, as well as our economic good fortune, for granted.

On my way home from Harare, I reflected upon the fact that the people of Zimbabwe are preparing for a parliamentary election against the background of an economy where inflation ran steady at around 60 per cent throughout 1999. It continues at a similar pace in the year to date. The economy was stagnant in 1999 and is thought to be contracting by at least two per cent this year. The budget deficit is around 15 per cent of GDP and unemployment figures, if you are able to get them, are estimated to be around 50 per cent—although some commentators estimate that unemployment figures are lining up with the inflation level at 60 per cent which, unhappily, is lining up with the interest rates of 60 per cent. There has been a massive increase in the current account deficit, leading to a massive depreciation of the currency. Government expenditure is excessive. Fuel is scarce, power is scarce and foreign currency is just not available.

I do not recite these sad economic facts and the sad economic reality facing the people of Zimbabwe to suggest that there is a valid basis for comparison, other than to say that we in this great country of ours ought not to take for granted the benefits of the strong economic management and the solid fiscal policies the government has provided. Nor should we take for granted a budget surplus—let alone budget surpluses—nor the significance of the charter of budget honesty introduced by this government, nor the workplace reforms and industrial relations reforms that have aided the growth of job opportunities, nor all the other policies and strategies that have helped to maintain investor confidence and economic growth in this country.

In the midst of the scare tactics and the daily scare campaign about the GST, taken up again by the member for Lowe, perhaps it is time we took stock of just what the tax reforms, effective on 1 July, will deliver to the people of Australia—enormous income tax cuts of $12 billion per year. More than 80 per cent of Australian taxpayers will face a marginal tax rate of no more than 30 per cent. Just imagine the incentive that a top marginal tax rate of 30 per cent will provide. Pensions and allowances are to be increased by four per cent and family benefits by $2.4 billion.

Let me turn to the long overdue reform of our tax base. With the introduction of a broad based consumption tax Australia will have a sustainable revenue base—it is so obvious. In an increasingly competitive world economy where there is an emphasis on services, or in a national economy that is now increasingly service based rather than goods based, we are at
This budget has focused on a number of core areas for specific funding: priority areas in rural and regional Australia, in health, families, maintaining a sustainable social safety net and in defence. All of these areas are of concern and interest to the people around Australia as well as in my electorate of Curtin. I have had plenty of feedback about the budget and requests for details about the budget forecast and spending priorities. I wish to mention just one particular area—information technology. The government recognises the impact that information technology will have on this nation. Worldwide it is redefining the social landscape. It is building the first truly global economy. It has been documented that, worldwide, the information and communication technology market passed the $US2 trillion mark in 1999. The most notable indications of the vitality of the information technology boom are in business and consumer applications.

The government is aware of the growing importance of the Internet economy. We are aware of this worldwide phenomenon that is changing the way consumers and businesses do business and we are preparing for it. Australia is among the top 10 nations in terms of IT spending as a percentage of GDP. In the year 1999 we were ahead of Singapore, Canada and Hong Kong, and we even pipped the USA in terms of spending on IT as a percentage of GDP. Australia was amongst the top 10 nations when it came to per capita IT spending in 1999—on a par with the United Kingdom, the Netherlands, Norway and Singapore but below the USA.

Countries like China and Brazil are also on the way. People around the world are sharing a common vision, seeing the strong and positive impact that IT can make on national economies and the opportunities it can provide to erase social inequalities and improve the quality of life for young and old alike. IT is changing the rules of engagement for companies as well as countries. This government is seizing the opportunities in so many different areas, from the Networking the Nation program to the Accessing the Future social bonus package, the Seniors Online program, the changes to capital gains tax to encourage IT investment and the New Knowledge, New Opportunities green paper.

In this current budget there is significant science and technology funding—$31 million over four years to encourage the commercialisation of biotechnology research. That is on top of the National Health and Medical Research Council funding announced in last year’s budget. I also mention in this context the continued funding of $3 million per annum for the National Office of the Information Economy as well as many other measures to build on the many programs and funding arrangements delivered by this government.

Complementary legislation has been, or is being, introduced either in the context of creating an appropriate regulatory framework to enhance the rapid changes in science and technology and communications or in the context of tax reform to improve the tax regime to increase investment in Australia particularly in the IT and C sector. Reductions in capital gains tax, the exemptions for overseas pension funds as well as Australian superannuation funds into pooled development funds are all great incentive measures. The National Office of the Information Economy recently commissioned the E-commerce Beyond 2000 report which forecasts that e-commerce will add 2.7 per cent to Australia’s GDP to the year 2007. I suggest that is a very conservative forecast but the report also highlights the very real productivity improvements that will make possible simultaneous increases in wages and in employment.

The government recently announced it will provide over $1.7 million to assist 22 innovative Australian e-commerce projects under the IT Online grants and that brings to a total of $4.2 million the grants funding to a wide range of e-commerce projects. They are right across the national economy. The Minister for Communications, Technology and the Arts also announced just prior to the budget the $78 million social bonus funding package under
the BITS program—Building on Information Technology Strength—and this program assists new and aspiring entrepreneurs with innovative information technology and communications ideas to turn them into successful, globally competitive businesses. Western Australia, I am pleased to say, with a consortium based in the electorate of Curtin received funding for an incubator centre under this program.

The government recognises that Australia and Australians will face a very different world—a world where IT will play an active and compelling role in their everyday lives from mapping routes for family vacation trips in the car to mapping the human genome and the history of genetic illness within families; from online shopping to online supply change management; from the simplest emails to the most complex video conferencing. These are all things that we will see in our daily lives, and the government is ensuring that this country is ready to take advantage across the community of the opportunities presented by the new technology in the new economy. It has prepared the way for that journey with a sound budget following on from the previous sound budgets. It is backed-up by its sound economic policies enabling specific priority spending while keeping an eye on and a vision for the future.

Mr RUDD (Griffith) (8.37 p.m.)—The appropriations debate appropriately is a debate about budget sector priorities. When we speak about budget in this country, we are speaking of the allocation of $160 billion worth of public revenues for an economy which is now in excess of $600 billion large. What I would like to address this evening, however, is the national policy settings within which budgets are framed and the international policy settings and context within which budgets are framed. Here I refer to the continuing debate in this country around the world about globalisation.

Surprisingly in this parliament globalisation has not been a large subject of debate. My submission to the House and to the Main Committee this evening is that it should be because globalisation and its impact will affect every aspect of our national life. It will affect our political institutions. It will affect our capacity to frame national economic policy. It will affect whether or not we have in the future such things which can be properly defined as self-contained national economies. It will affect whether or not we have the resources in the future through the taxation base to fund adequate and effective social programs. It will affect such things as basic as this—our continued cultural identity. It is a debate which is occurring probably in every other OECD capital today whether it is in London, Berlin or Paris. It is a debate about what globalisation is, what its impact will be and how we appropriately respond to it in terms of the instruments of public policy that are available to us. As the Prime Minister of France, Lionel Jospin, said recently:

The question today is not whether or not we want to have globalisation. Globalisation is a fact. But we are faced with a choice: to allow the laws of economics to guide the evolution of our society, and, as a consequence, abdicate our political responsibilities; or on the contrary to try and govern these forces which are at work in the globalisation of the economy.

My simple intention in the Main Committee this evening, and subsequently in the parliament itself, is to prosecute this debate on globalisation. It is important for the parliament; it is important for the nation.

Any normative analysis of globalisation, including appropriate national, regional and international policy responses to it, turns in part on our definition of the term. The breadth of the globalisation phenomenon and the dimensions of the multidisciplinary literature to which it has given rise make this a very difficult task. Definitions range from a minimalist economism through broad political economy to an expansive and, at times, undisciplined sociology. The problem of conceptual boundaries in this question of globalisation is a real one. However, any meaningful definition of globalisation must begin with the generally
conceded ascendancy of neo-liberal—or neo-classical—economics within both academic and policy elites during the last two decades of the 20th century.

The core logic of neo-liberalism—that free markets at home and abroad are the most effective means of maximising allocative efficiency and individual wealth—now dominates the treasuries and finance ministries of most of the OECD and much of the developing world. Its contemporary policy orthodoxy is usually expressed in terms of deregulated labour and product markets, competitive neutrality, free trade, free capital flows and floating exchange rates.

The ‘global’ dimension of neo-liberalism gathered momentum during the 1990s. The implementation of free market reforms in domestic policy regimes has been complemented by an emerging fabric of multilateral arrangements that have further entrenched this neo-liberal orthodoxy. However, the real ‘multiplier’ of the economic globalisation phenomenon has been the revolution in transport, communications and, most particularly, information technology. The global ‘compression’ of transaction time and space is acting to create a genuinely global market, arguably for the first time in economic history. The total value of transnational economic activity relative to domestic activity is increasing more rapidly than in any other period. As a consequence, the total value of activity no longer subject to national regulatory regimes has similarly increased—just as the jurisdictional competence of existing international regulatory regimes is at the same time being challenged.

Some of the more apocalyptic prognoses arising from this analysis infer that the globalisation process is almost definitionally, it is argued, incompatible with social democratic parties, policies and values. Such conclusions, in my argument, are superficial, just as their call to arms to somehow ‘stop’ globalisation is simplistic. They ignore the enormously positive contribution that economic globalisation is delivering to global security, development and society, including here in Australia.

The internationalisation of the Australian economy over the last 15 years—primarily under centre left administrations under the Australian Labor Party—has resulted in considerable growth in national and average personal incomes. Consumer price movements have been disciplined by greater domestic and international competition. Consumer choice has improved. Small to medium enterprises generally have greater market power through competition policy, the reduction in international trade barriers and, more recently, through the explosion of electronic commerce.

Globalisation has also unleashed vast quantities of international capital into capital-hungry emerging markets. Globalisation has also been a factor—in some cases the dominant factor—in bringing about the democratisation of a number of states in East Asia and Latin America. Globalisation has furthermore created a general mechanism of political enmeshment, in some cases ameliorating, in others overriding, a number of more traditional—often territorial—national security concerns of neighbouring states with a history of adversarial relations.

Social democrats, however, and the Australian community in general, must equally recognise the negative dimensions of globalisation. Whereas globalisation has generated enormous economic growth in many national economies, it has also generated greater income disparities within and between the developed and developing worlds. In developing economies, while neo-liberal policy regimes have worked for some, it is sobering to note that real per capita income for the poorest fifth of the world’s economies is now considerably lower than it was 30 years ago. Within developed economies, inequality has taken many forms, including enormous labour market volatility, most particularly employment insecurity for older males. This in turn has generated social instability and political reaction that has
already presented challenges to the prevailing postwar political consensus in many OECD countries, including Australia.

More broadly, social democrats—including Australian social democrats—are legitimately concerned about any race to the bottom on labour standards, environmental standards and tax levels. The literature is divided on the severity of the impact of the ‘disciplines’ of global capital markets in each of these areas. But none of the literature—and very few of the political practitioners—would dispute the proposition that this discipline exists and already imposes constraints on what reformist governments can do. The 1999 debate here in this parliament on the future, desirable rate of capital gains tax was driven in large part by the stated need to achieve ‘an internationally competitive headline rate’.

This leads to the wider debate on the future sovereignty of the nation-state itself—a debate probably as old as the Treaty of Westphalia in 1648. There is a convincing body of argument that nation-states have never enjoyed anything approaching the absolute sovereignty that some claim to be the normative condition to which the modern states should aspire. The entire history of customary law suggests something to the contrary. However, this complex question about state sovereignty is one of the core elements of the unfolding debate about globalisation and its impact on us all.

Finally, there is the immediate, real world concern of the impact of globalisation on global and regional economic stability. This is the flipside to the enormous growth dividend that globalisation has yielded thus far for the international economy. The 1997 Asian financial crisis—and the associated crises in Russia and Latin America—represented a wake-up call to the international economy and the adequacy of the current forms of governance of global capital markets. Post facto rationalisations that the crisis simply represented a necessary market correction to endemic nepotism, corruption and poor economic governance across developing Asia, however appealing to some at the time, no longer offer a sufficiently complete explanation of what actually occurred. The stakes for us are also very high.

Globalisation, therefore, is a multidimensional phenomenon, which, in any rational debate, should not be the subject of either genuflection or demonisation. It is more complex than that. These are the debates that should focus our mind and our attention in this parliament. These issues will affect everything that we do. As Keynes said two generations ago, everything is connected to everything else. In its broadest formulation, it is a debate about the collapse of the Great Divide between the international and the domestic, between the political and the economic. What you see is the override of global economic factors over domestic political ones, with consequences for every community in this country and others like it. It is a debate that this parliament must have.

Tip O’Neill, the former Speaker of the US House of Representatives, had it right in one respect when he authored the book *All Politics is Local*. However, he only had it half right, because in the 21st century all politics is both local and global. To say that it is local alone is a bit like the sound of one hand clapping. The challenge for us as parliamentarians in this country is to ensure that this debate is given an airing in an institution that formulates the laws of the nation and formulates our responses by way of policy to a challenge that affects all industrialised economies in the modern world.

Mr LINDSAY (Herbert) (8.48 p.m.)—I want to use part of this speech as an opportunity to follow on from the previous speaker, the member for Griffith, in a small way in calling for the introduction of legislation to allow electronic signatures in commerce. Australia is recognised internationally as one of the leaders in the information superhighway. This industry is a living, breathing creature that depends on evolving technology for its survival and Australia needs to keep up with that particular situation.
The industry has had varying success but, with the continuous developments and discoveries that are being made within cyberspace, we should be capitalising on them and we should be leading rather than following. Australia must move forward with legislation for online commerce that allows valid contractual agreements to be made online. The United States Senate recently voted unanimously to approve a bill that allows businesses to sign contracts online. This legislation gives credence to the legality of the e-signature.

If that can be done in the United States, Australia can follow quickly. This country needs legislation to allow that to become legal so that Australia can be right up there with the leading nations in taking advantage of e-commerce opportunities in cyberspace. That advance in e-commerce gives electronic signatures the legal weight of paper signatures, offering consumers the chance to sign legally enforceable contracts for things like health insurance, life insurance, bank loans and brokerage accounts, and to do this over the Internet around the clock and with no delay.

The bill that the United States have considered gives force of law to certain digital imprints and documents. It empowers the government to negotiate electronic commerce treaties with other countries and reaffirm state consumer protection. It gives consumers the choice of using either digital means or conventional paper signatures and contracts to seal Internet transactions. And isn’t that sensible in this day and age? It is a tremendous cost-cutting tool because people in businesses can now enter contractual arrangements without having to drive across town, fly hundreds of kilometres for a meeting or mail reams of paper back and forth.

The financial benefits of such a reform could save companies and consumers millions of dollars a year. It is estimated that, in the United States of America alone, electronic cheque clearing could save banks between $4 billion and $5 billion, creating an incentive to lower bank fees for customers. And wouldn’t that be welcome? That productivity factor alone will result in billions in savings. We all know that our physical signature on a cheque these days is meaningless—those signatures are never checked. The opportunity to have electronic signatures is certainly there for all to take advantage of, and Australia must take advantage of that.

There are probably those who would oppose such reform, citing concerns that the law could lead to new types of fraud and identity theft; citing that, without the requirement of a paper signature, criminals could easily forge electronic signatures on everything from online purchases to credit card applications. I agree that there needs to be a lot more focus on monitoring hackers as such. An analogy of the hacker today is like an intruder who goes around rattling all the windows and doors in the neighbourhood, and there is a pretty good chance that he will find one open. Although those who oppose such reform on this basis are reluctant about conducting these kinds of transactions online, it is likely that the IT industry will try to improve online security and will be able to do so.

I have spoken to the technology department at Telstra and they advise me that safeguarding e-signatures is high on their agenda. It is good to see an Australian company working at the forefront of technology to try to develop, along with agencies like the CSIRO, encryption codes that will allow us safely to take part in e-signatures in e-commerce. The complex procedure involves taking digital key strings of ones and zeros to form coded messages that are unique identifiers, so the sender can identify the receiver and the receiver can identify the sender.

The United States have addressed this problem by implementing several devices to safeguard security breaches. Like Telstra, they believe a signature could simply be strings of numeric codes that are encrypted, scrambled and unscrambled in such a way that you can identify both sender and receiver. There are other options that are more sophisticated, like using scanners that read thumbprints or eyes. One way or other, technology will solve this
particular problem, and it probably has the problem solved now. But, as a country, we
certainly need to catch up with the ever evolving changes that we see in cyberspace and to
take advantage of those changes.

I saw a quote from Robert F. Kennedy which was made quite some years ago, but it
certainly is as relevant today as it was when it was made. I ask you to listen to this quote:
Just because we cannot see clearly the end of the road, that is no reason for not setting out on the
essential journey. On the contrary, great change predominates the world and unless we move with
change we will become its victims.

If the business world has taken this to heart in other nations that we trade with, we must
venture onto the information superhighway to reduce distribution and marketing costs, to
eliminate the middlemen, to increase efficiency, to promote impulse transactions and
streamline distribution to far-flung localities, as well as connecting directly with consumers at
home. Indeed, with the e-signature bill and with the enabling legislation that was looked at by
the House and the Senate negotiators in the United States, it was good to see that they
finalised agreement on the consensus bill.

The federal legislation contains several provisions of special interest to the insurance
industry. It applies to both contracts and to records developed post-contract such as changes in
beneficiaries. The bill contains language noting that it specifically applies to the business of
insurance, and so it goes on. It is an extraordinarily good development. Certainly I would like
to see Australia as soon as possible develop legislation to enable electronic signatures in
commerce to be recognised lawfully so that the increasing number of people using cyberspace
can take advantage of the efficiencies generated in that regard.

I would now like to turn to my own electorate of Herbert. In Townsville-Thuringowa,
Australia’s largest tropical city, the temperature ranges today from something like 16 to 26.
Of course, here in Canberra it is something like 4 to 13. Townsville-Thuringowa truly is a
great city, the lifestyle is terrific, and as well it has a very diverse economy.

I just want to reflect on some of the needs of Townsville City as I see them—
the things that
need to be done in the city. The first one is the needs regarding roads. There are two major
road projects which are very important to Townsville-Thuringowa. The first is the proposed
port access road. This has been going on now for perhaps four or five years. It is a vital new
connection that is needed for the city to connect the port on the eastern side of Ross River
through to the rapidly developing industrial area at Stuart.

It is a $25 million basic project and it is one where there can be a partnership between
private enterprise, the state government and the federal government. I think the federal
government would be very interested in that partnership. Certainly, I know that the federal
minister for transport is very interested in partnerships with private enterprise to put private
money into capital for road funding projects. That would make an enormous difference to the
residents of Railway Estate, South Townsville, Oonoonba and so on. It would open up and
develop and be the catalyst for major expansion in the industrial areas of Stuart next to the
Sun Metals zinc refinery.

The port access road is not of great interest to the constituents because it is basically an
industrial road, an industrial conveyor from industry to the port. However, the other project is
one that has very great public appeal: a new connection to the Bruce Highway from the
university across the river to Condon. This particular project has a cost-benefit ratio of 13.
Where else in the Commonwealth of Australia can you point to a road that has a CBR of 13?
It is an outstanding project.

Again, it is something that really needs to be a cooperative effort between the state
government and the federal government. I note with alarm that the state Minister for
Transport, Steve Bredhauer, has written to me again, as recently as last week, indicating pretty
clearly that he believes that it should be all federal money. But that is not the real world because the necessity for this project has been brought on by state government developments of a new hospital adjacent to the university. But certainly if we were able to get that project up for the residents of Condon and the workers at the university, the CSIRO, Lavarack Army Barracks and so on would find that road a great boon.

Other matters that I certainly am very keen on include the continuation of the defence capital works that are flowing to the city. I want to see stage 3 of Lavarack Barracks go ahead and I note that stage 3 is coming to the Joint Standing Committee on Public Works for approval in October or November of this year. I want to see stage 2 of RAAF Townsville go ahead. Together, these projects are worth almost a quarter of a billion dollars.

In the three minutes that I have left I would like to refer to—and underline—the absolute importance of getting the gas pipeline down from New Guinea. PNG Gas have done an enormous job in looking at all the options there and they do need a bit of federal government help, and certainly help from the government of Papua New Guinea. I am certainly committed to do what I can to help that project because the delivery of gas down the eastern seaboard of Queensland, particularly to industry in Townsville, and then further on to Gladstone in the member for Hinkler’s electorate, is something that is very urgent.

I am also interested in delivering better bandwidth to James Cook University. Currently, all capital city universities have access speeds of 155 megabits per second to the Internet. James Cook University has two megabits per second. It is a bottleneck that has got to be fixed. We have to get that speed up. James Cook University is Australia’s leading regional university, particularly in research. It certainly deserves to have better and I am working very hard in that regard.

I have just two other matters to cover. Currently we have a forward naval base in the Port of Townsville which has been working very well, but that forward naval base needs to be turned into a home base for the Navy for the Kanimbla, the Manoora and the Tobruk—the light amphibious platforms that service the 3rd Brigade in Townsville and also 1 Brigade in Darwin. I am certainly looking forward to seeing the day when the Navy agrees to establish a home base in the Port of Townsville.

Secondly—and this is a cheeky thing for a federal member to say because it is not really a federal project, but it is certainly something that needs to be done and something that I will be working very hard on—it is important to establish a cruise ship terminal in Townsville. That is something that can really make tourism fly. There is a big demand from the cruise ship industry for suitable ports along the Queensland coast and Townsville is a very desirable port in which to establish a cruise ship terminal.

I just close with the observation that we have done a lot in Townsville in the last four years. We have been able to achieve a tremendous amount in relation to the medical school at the James Cook University, as the member for Kennedy knows.

Mr Katter—Due to the hard work of yourself.

Mr Lindsay—Thank you. But there is still a lot more to be done and I will certainly undertake to work very hard in that regard. We will deliver those projects in the next two or three years.

Mr Snowdon (Northern Territory) (9.04 p.m.)—I want to discuss issues which may well be something that the member for Herbert would like to contemplate. I want to refer to Australian Defence Force personnel in this speech. We are all aware of the kudos that Australia has received as a result of the performance of our Defence Force personnel in recent years, recent months and recent days in East Timor, Bougainville, the Middle East and Africa. Unfortunately, however, it appears the government has forgotten that the Defence Force
personnel need to be treated appropriately and fairly. On 1 June, I put out a press release in which I referred to something which is grossly unfair to members of the Australian Defence Force. That is the decision to slash leave fare entitlements for ADF members by 32 per cent as a result of a deal the government has done with Qantas.

These leave fare entitlements particularly affect people who live in remote northern Australia. The remote locality leave travel entitlement applies to people who live in Townsville and they get an economy airfare equivalent to Brisbane. People who live in Darwin get the economy airfare equivalent to Adelaide. As a consequence of a deal between the ADF and Qantas they are now achieving fares which are 68 per cent of the full economy fare. Of course, this leave entitlement hitherto meant that if you were a person in the Army, the Air Force or the Navy in Darwin and you chose to take your leave by flying to Bali or Singapore you could use the full monetary value of the full economy class airfare from Darwin to Adelaide for the purposes of that trip. If you wanted to cash it out you could use the equivalent for driving.

The Defence Force Signal referred to this issue. It said that a new travel contract with Qantas came into effect on 1 March 2000. Under the new arrangements the department would pay no more than 68 per cent for departmentally arranged domestic travel. At point 5 it states:

A member may elect to travel by alternate means, usually motor vehicle. This is known generally as offset provisions. When this is approved, an upper limit of the cost of the normal means of travel applies and has been set as a fixed standard.

Point 6 states:

Under the new travel contract, the maximum price the department will pay for air travel is 68 percent of the standard air fare. While lower cost air fares can be achieved, it has been decided in the interests of uniformity of application and administration that the NDL—

that is, this transfer—for the purposes of calculating a members entitlement under the offset provisions, is to be set at 68 percent of the standard air fare irrespective of the degree of advance notice.

This is an arbitrary cut in an entitlement, something which is understood and known by the defence department and will apply as of 1 July, and nothing has been done about it. It is grossly unfair and grossly inequitable. It is something the Armed Forces Federation of Australia has raised with me; it is something which senior defence officers in Darwin, Katherine and elsewhere in the Northern Territory have raised with me; it is something NCOs have raised with me; it is something that soldiers, sailors, airmen and airwomen have raised with me.

The government should understand that this issue is treated very seriously by Defence Force personnel in Northern Australia including Defence Force personnel in Townsville, yet the government has done nothing about it. If you are a civilian Defence Force employee you get the full entitlement. If you are a member of the Australian Defence Force personnel you do not; you get 68 per cent. That is because the government deals with its civilians differently—as is appropriate—from ADF members. But it is also significant because the arrangement has been dealt with as a result of industrial relations negotiations between the civilians, their union and the government. What it means is that the Australian Defence Force personnel are materially disadvantaged. They are angry that they are being disadvantaged and they are concerned that they are being disadvantaged.

In August of last year I raised in this place—and I put out a press release on 10 August last year—the issue of fringe benefits tax. This, again, is an issue which the member for Herbert should be conscious of. We have been told that this matter, in terms of the way it affects Defence Force personnel, has been addressed. Let me say to the member for Herbert and to the government that it has not been addressed.
What he should be aware of and what the government should be aware of is that if you are sent to, say, Tindal and Katherine or Robertson Barracks in Darwin, you can move location within the 12 months of your being posted and not attract FBT. If, however, you have a removal to another house or another dwelling, different accommodation but Defence accommodation, after 12 months, then you attract an FBT. We know what this means—it means that employer provided fringe benefits are reported on an individual’s group certificate as this is regarded as a fringe benefit.

There are service reasons why personnel might be asked to shift from one type of accommodation to another, but after the 12 months they will be hit with the FBT. I am aware of a leading aircraftsman’s spouse who is wheelchair bound. They have been living in a house unsuitable for a disabled person—in other words, high benches, unable to close the toilet door, et cetera—for 12 months since they have been located on their particular base. To move to a more appropriate house which may be redesigned by Defence for the purposes of wheelchair access, these people will be subject to FBT. This is, I think, extremely poor form on behalf of the government.

Another example is that Australian Defence Force members have been put in temporary accommodation on the bases and that may have extended beyond 12 months. If they move from that temporary accommodation to, say, specifically designed and built officer accommodation, then their group certificates will attract the FBT reporting. This is both unfair and unreasonable. Defence Force personnel work for us. We should be aware of their needs and their concerns. I have raised this publicly on a number of occasions but the government has been mute in its response. I do not believe that we are doing justice to Australian Defence Force personnel and their families at least in terms of the way we are treating them with their conditions of service. Here are two prime examples—one in relation to remote locality leave travel and the other with the FBT reporting requirements.

We need to understand that there are special needs in the defence forces which are not being met by this government in terms of the way in which they are applying these FBT reporting requirements. These people are being materially disadvantaged by the government’s use of the contract they have got with Qantas. That is not only inappropriate; it is unfair. On 1 July this year when the Holy Grail of the new tax system hits us all, what Defence Force personnel can be sure of is that they will not get the same benefits, at least in terms of leave travel, as their civilian counterparts. I say to the member for Herbert, ‘Brother, this affects you and you should be aware that the personnel who live on your base are unhappy.’ I say to the government that if they are serious about accepting the kudos that the professionals of our defence forces bring this country, then they will accept the responsibility that goes with accepting that kudos of ensuring that these Defence Force personnel are dealt with fairly and equitably and are given appropriate treatment. Appropriate treatment means conditions of service which are fair and equitable. What I pointed out tonight, Madam Deputy Speaker, is neither fair nor equitable.

Mr KATTER (Kennedy) (9.14 p.m.)—I rise to speak to the budget this evening. It is indeed a historic occasion because last week the OECD report on tariffs and trade was released—a document of over 200 pages. That document is the funeral hymnbook of economic rationalism in this country. We in the agricultural sector in Australia were told that the level playing field that would emanate from WTO would enable Australian agriculture to go forward, to reach and achieve very great heights because the access we were deprived of in years past would be removed by a lowering of tariff and other barriers.

I have not brought the 200-page document along, but I have brought some extracts that have been in the newspapers. Over the next few weeks, we will see it throughout the
Australian newspapers as the implications of this report sink in. The year before the introduction of the WTO—or should I say two years before, because everyone put their tariffs up in anticipation of the WTO coming in—was the year 1981. In that year, the average OECD agricultural protection throughout OECD countries was 40 per cent. According to the dreamland fantasy visions of the economic rationalists who have manned prominent positions of power in this government for some 15 years—it has abated somewhat under the new government but it was most certainly the hallmark of the Keating years—by 1999 we did not have the average protection and support level of 40 per cent that we had in 1981.

In 1999, we had an average protection level of 70 per cent. In other words, whilst Australia sacrificed every single piece of protection and support mechanism that it had available to its agricultural sector, the rest of the world was doubling theirs. In a moment of rage, while we reeled over the proposed milk changes, I said that, in 10 years—and I meant it in a metaphorical sense, of course—this country would be a net importer of food. Having meant it in a metaphorical sense, I was very regretful that I had used the expression ‘10 years’. I could have said that, in the near future or in the immediate future, we would be a net importer of food. Having said 10 years, I then had to face the music.

I went to the library and I asked them for the figures for the exports and imports of 1982 through to the most recent figures. If you take a 15-year timeframe, you will find that exports have increased 167 per cent but imports have increased ominously to 415 per cent. So, in some 20 or 30 years time, we will be a net importer of food. But that does not tell the full story. The full story is indicated by a very appreciable quickening of pace. Imports have grown at a far greater pace more recently and exports have declined at a greater pace. If you take the last three years, you find that imports have risen 26 per cent and exports have declined 49 per cent. If you say we will maintain the present rate of imports and exports, then I was wrong. It is not 10 years. It is nine years. Within nine years, the greatest food producing country on earth will be a net importer of food.

This should not really surprise me because, when the World Heritage Declaration went in in North Queensland, the source of some 3,000 jobs in the electorate of Kennedy, there were some 26 timber mills operating in the area at the time. I have had telephone calls today to say that four of our last six are about to close; that will leave us with two of the 26 timber mills. Needless to say, this country became a net importer of timber products. We have an intriguing situation in North Queensland, or in Queensland for that matter, where the Great Barrier Reef Marine Park Authority has decided that we should not fish in Queensland waters. If we are not allowed to trawl in Queensland waters, we might be able to farm prawns and fish. But other instrumentalities have decided that this is the only country on earth where it is extremely damaging to the environment to have prawn and fish farms. So they have succeeded in closing more prawn and fish farms than we have been able to open. So, in the field of fish and prawn product, if you cannot trawl it and you cannot farm it, how do you get it? There is only one way you get it; you import it. When you come to think of it, you should not really be surprised when you realise that, within nine years—and that is assuming we hold our present pace and it does not quicken any more, though of course it will—this country will be a net importer of food.

Let me take a second damning document. There is a country called Australia that has decided to launch a new theory of economics. I call it Lamarck economics. The French biologist Lamarck said that in one lifetime of an organism the environment could change its genetic composition which would be passed on to future generations of that organism. This, of course, was a theory that appealed greatly to Joseph Stalin, so he launched into Lamarckian agriculture. He neither watered nor fertilised any of the crops in Russia because that would make the plants weak. He carried out an experiment in which the plants were grown without
assistance to see whether that would be beneficial for agriculture. Within a few short years, some 7½ million Russians died of starvation, and it was decided that Lamarckian agriculture was not a good idea.

We have had Lamarckian economics in Australia for the last 15 years. Let us see if all the industries in Australia can stand on their own two feet without any assistance from government whatsoever. Surprise, surprise, they cannot! They cannot because in, say, the third greatest exporting industry in this country—the sugar industry—they have to compete against their biggest competitor, Europe, and against a 340 per cent subsidy level. For over 120 years in this country my family had shops, and if our competitors in the clothing store business had had prices which were one-third of our prices we would have gone broke real quick. That is what is happening to our country.

We have come here today to speak about the budget, and I regret to say that our emphasis has been on balancing the budget. Far more important than balancing the government’s budget and the government’s books of account is balancing the nation’s books of account. The nation’s books of account are in an absolutely disastrous state. We have a current account deficit running at over $30,000 million per year. When the current account deficit went over $20,000 million, the then Treasurer, Mr Keating, said, ‘This country is in danger of becoming a banana republic.’ When it hit $24,000 million, the then Leader of the Opposition, now Prime Minister John Howard, quite rightly said—as did Mr Keating, for that matter—that this was far and away the most serious problem that this country had and if it was not arrested then it would be terminal. That was when it was $24,000 million. The last figure I looked at showed that it has now hit $32,000 million.

But there is another country called Japan, and it works on the exact opposite theory that it is the responsibility of government to create jobs, to develop the economy and to help industry at every available opportunity. The net result of that policy can be clearly seen when you look at the performance figures of the United States. The latest figures I have available are only 1994 figures, I deeply regret to say—the library was not able to update them—but I am quite sure the trend has continued. Australia has a per capita gross national income of $18,000 per head—which is all right. The United States has a per capita GNI of $27,130 per head—about 50 per cent more, it would appear. Japan has a per capita GNI of $US36,980, which is 50 per cent higher than the United States. So let us see who is successful: Australia at $18,000 income per citizen or Japan at $37,000 per citizen? Clearly, we desperately need the policies that were once the hallmark of the Australian government—policies of which the late and great Sir John McEwen was the architect—to be returned today.

I remember clearly a letter written by Edward Granville Theodore to the then Prime Minister of Australia, John Curtin, and he said that the responsibility of government is, above all else, to provide worthwhile employment for its citizens and to develop the resources of our country. The current account deficit in Australia in the last year for which I have figures—which are very kind to Australia, actually—was $US18,000 million. The United States had a current account deficit of US$221,000 million. Japan did not have a current account deficit at all; it had a current account surplus of $121,000 million—by far and away the greatest current account surplus recorded in world history.

So we must ask ourselves: who has the right policies and who has the wrong policies? Looking to that part of Australia that I represent, which is rural Australia, regional Australia, coastal Australia, outback Australia, there are five pillars of wisdom that we require for our survival and without those five pillars of wisdom we simply cannot survive. Upon these five foundation stones, agricultural rural Australia was built. Each of those five pillars of wisdom has been removed and they have not yet been restored. They were removed by the Keating government and have yet to be restored. The first is our right to collectively market our
product. When it was removed in the wool industry, by Mr Keating and Mr Kerin, the income for wool dropped from $6,000 million down to about $3,000 million in the 2½- to 3-year period after the removal of that scheme—in sharp contrast to the increase of 300 per cent in the income for wool in the three years following the introduction of that scheme by Doug Anthony, the then Leader of the National Party.

We can clearly see, in what is happening right now to the dairying industry in Australia, what happens when you remove the right of farmers to collectively market their product. In the dairying industry, we have 13,500 farmers facing off against three retailers—arguably only two—and those people have seen their share of the Australian food market rise from 68 per cent to 81 per cent in just three years, the three years up to 1996. I am certain that is right; it may be 1998. So where you have only two or three buyers and 13,500 sellers, clearly the sellers are going to be slaughtered—and clearly they are being slaughtered. Large sectors of the Australian dairy industry have already seen their incomes drop from 43c a litre down to 27c a litre, and I deeply regret to say that many more are going to see their incomes drop much, much more dramatically.

In sharp contrast to that is the sugar industry which has had just a tiny bit of help—all we are asking for is that the government loan to us the money at the same interest that they can borrow it for. What I am saying here is a great pillar of wisdom is our right to collectively market. I am switching now onto the development bank concept, as well as the statutory marketing concept which is inherent in the sugar industry. There is no assistance involved here. All we are saying is, ‘If you can borrow it at five per cent, Mr Government, you loan it to us at five per cent,’ and every person of towering intellect that has been through this place has come to exactly the same conclusion—whether it be King O’Malley, Theodore, Chifley, Black Jack McEwen or Sir Robert Menzies. Every one of them came to exactly the same conclusion, that you needed a development bank; to be able to ride the roller-coaster of the international commodity market, you need the ability of a long-term, far-sighted bank.

When I talked about this in the media, people said, ‘Oh, a handout.’ I said, ‘No, we made unconscionable profits out of the development bank in Queensland.’ In fact, the QIDC, which was the responsibility of myself and a very great Queenslander, Mr Bill Gunn, the Deputy Premier, rose from a little tiny agricultural bank, in the space of about nine years, and $250 million in loans, to a giant bank of some $3½ thousand million in size. We made an awful lot of money out of the development bank. But that development bank enabled those farmers to get their interest rates at exactly the same interest rates that were available to the government. The sugar industry, reeling under nine and 10 per cent interest rates at the present moment, should be enjoying development bank interest rates of five per cent and, if the government puts 0.2 on that, the government would make a profit out of it.

Almost all this industry, with its collective marketing arrangements, which we have fought for and successfully kept, along with the development bank finance being made available to them, will pull through an absolutely disastrous situation which has prevailed now for the last three or four years made up of the most adverse of seasons and the most dreadful prices that we have ever seen in the industry’s history. Another thing this country needs desperately is money for dams. We hear a lot about the Murray-Darling.

Mr Snowdon—Money for jam, did you say?

Mr KATTER—It is very sad. You should be talking about this because the north-west of your state is one of the places most greatly endowed with water in all of the world as a matter of fact, along with the north of Western Australia and, of course, the Gulf Country that I represent. In fact, 75 per cent of Australia’s water is in your territory, Mr Haas’s territory and the territory that I represent, and I am not even including the super wet belt where it rains all the time. I am talking about the gulf streams and their periphery. We hear about the Murray-
Darling. The Murray-Darling has a meagre 20 million megalitres of water. Two of the rivers in the north-west of Australia have 20 million megalitres of water. But in the Gulf Country, we have 120 million megalitres of water. So while we are trying to jam 40,000 farmers down on 20 million megalitres of water, the whole of the north of Australia lies totally underdeveloped. We are awash with water. We need money for dams. In the last 20 years this country has not built a single dam. Isn’t that sad? Our nearest neighbour has 100 million people going to bed hungry of a night and we cannot find it within our ability to be able to build a single dam to produce any more food than we are producing at the present moment.

We need anti-trust laws to break up Woolworths and Coles, not to mention the oil companies. We desperately need anti-trust laws—and capping and divestment would be part of the anti-trust laws. The honourable member for Grey, Mr Barry Wakelin, who represents almost all of South Australia, like me knows only too well that we have lost some $800 million or $900 million from rural roads, in the main through Mr Keating, but also through the current government. But that $900 million must be restored to rural Australia for road systems. My old state electorate has nearly 1,500 kilometres of bitumen road; all of it 30 years old. All of it officially does not exist and there is no program to even do 15 kilometres a year. It is totally collapsing. If that $900 million goes back in, national competition policy restrictions, I am sure that Mr Wakelin here would agree with me only too well—

Mr Snowdon—Absolutely.

Mr KATTER—Mr Snowdon over there would agree with me. If that is removed then that will put some 20,000 to 30,000 jobs back into rural Australia. We were at little Julia Creek recently. Of 1,000 people in the town, they would get 23 jobs out of a scheme of that nature. That would be a fantastic thing for Julia Creek. So we need collective marketing and money for dams and you would show a 300 per cent yield on the return on the money for dams. (Time expired)

Mr JENKINS (Scullin) (9.34 p.m.)—I think that the honourable member for Kennedy’s contribution has been a very courageous contribution given the actions of the present government. No doubt I understand that the honourable member for Kennedy would perhaps not have been in great agreement with some of the things that the Hawke-Keating years produced. But, looking at Appropriation Bill (No. 1) 2000-2001, certainly some of the items that the honourable member for Kennedy has highlighted are not addressed in this year’s budget and they are areas that are worthy of address.

He is quite right to highlight the problem of our current account and the comments that have been made over time by different political figures. He is quite right to highlight the importance of the construction of dams in his area, a belief that he has held for a long time. He then went on to speak of roads. That really is in the context of the provision of infrastructure. I think it is one of the great challenges that Australia confronts. But can I suggest that what we really need to do in the overall policy framework—and sometimes this is not met with great positiveness—is make these decisions in the context of a population policy. And once having decided upon that population policy we should then look at the issues that the honourable member for Kennedy talked about—the way we put together our trade effort, whether we are to have that trade effort with a concentration on expanding primary industries, especially agriculture, and in the case of the honourable member for Kennedy’s suggestion, food production. That is the way we have to go.

If we were in a position where we had a well thought-out population policy that often is only raised in the context of the way in which we put in place our immigration policy and the way in which we use our resources, it is then proper to think of a population policy in the
context of what is sustainable given our economy, which is the major issue that the
honourable member for Kennedy is talking about. He is concerned that the statistics that he
has quoted indicate that in economic terms a number of things are going backwards because
we have not thought of a way in which we can sustain that economic activity.

I did not think that I would be in the position of talking tonight in that vein because usually
what I say is that in the sustainability stakes we are not looking at the best way we use our
resources, and we do not look at the best way that we protect our environment. But at the end
of the day my message is always that they are important issues and they need to be seen in the
context of setting economic policy and setting our environmental policy, which then has an
effect on the way in which we are able to provide social policies that the community expects, 
whether by way of safety net or encouragement for people to take greater control of their own
lives. As is usual, the contributions of the honourable member for Kennedy are well worth a
second glance and well worth great thought. They jog peoples’ minds about the way in which
our policy directions should proceed.

The difficulty with the budget this year is that it very quickly disappeared with little trace.
The honourable member for the Northern Territory and I have had experience where, when in
government, you hoped your budget disappears because that means it does not really have
many nasties. If it cannot be positive, you do not want it to be negative. But what I have said
about this budget in any other public comment I have made is that it was a budget of lost
opportunity. There was great potential for the government to set in place a scenario that meant
that we could go forward. But the lost opportunity has been that this was the budget in
preparation for the introduction of what the government describes as a new tax system but
which predominantly means the introduction of a goods and services tax.

The other disappointing aspect about the budget is that the government when first elected
made a virtue of the fact that they had put in place a charter of budget honesty. And whilst
they have legislated in the terms of a charter of budget honesty, at the same time we have seen
a move towards accrual accounting for the budget documents. This is not a criticism of
accrual accounting as such, it is a criticism of what that has meant to the amount of
information that is available within the budget documents. I think we are failing. Under the
guide of the introduction of accrual accounting we have put in place budget documents that,
because of their complexity, have fast lost the degree of transparency that was within them,
and so we are not in a good position to be able to plot and follow what is happening in the
budget.

The other problem with this set of budget papers and the appropriation bill that we are
discussing is that some of the figures just do not add up. Let me quote from an organisation
that I only very occasionally quote from—Taxpayers Australia. Their editorial following this
year’s budget was headlined ‘The Great “Rip-off” Budget!’ Why did Taxpayers Australia say
that? They believed that the way in which the figures had been presented distorted the true
facts. The editorial said:
The bottom line of the Budget is that the total tax take will be approximately $183 billion—not the
projected $168,000,000 included in the Budget papers.
The editorial goes on to say:
That represents a 9% increase in Federal taxes, not the claimed 5.5% decrease. The net effect is a
massive 27.4% of GDP—not the claimed 23%.
This is really a problem about the way in which these figures have been produced and the lack
of clear public understanding of what their impact is. That is really something that should be
avoided.
The other thing is that if you start to look at the way in which the budget impacts on electorates—and I look at the way that the government and this budget have impacted upon an electorate like Scullin—it really is a tale of services being continually wound back and other things continuing to be made more difficult for people, such as the people who live in an electorate like Scullin. For instance, take education. The very first budget of the Howard government slashed funding for universities and TAFEs by over $1 billion. This, coupled with the changes to the Higher Education Contribution Scheme, was a huge disincentive for people from electorates like Scullin to pursue further education. This has resulted in applications for undergraduate places falling by 3.3 per cent in 1997 and then 3.1 per cent in 1998.

We then have the revelations on the way in which the inflation figures are actually going to be used for HECS purposes. The real problem there is that the inflation figure, including the effect of GST increases, will be used as the upwards inflator on the amount of HECS that is owing. But the government has decided to use an index that does not include the GST impact—that is, a lower inflation figure for the increase in the threshold. At the end of the day that means that, whilst a student’s debt under HECS will go up by the higher amount, including in the next 12 months the inflation figure with the GST impact, that student will actually have started to pay off the HECS at a lower level because the threshold goes up at a slower rate than the CPI. This will place pressure on people early in their careers.

Already we have to understand that, whilst HECS has had some effect on the number of places, it has not really had the effect of giving opportunities to the types of students coming out of secondary schools in areas like the areas that I represent. That is a difficulty. That was something that I challenged then Minister Dawkins with when this was first put in place, because he went down into the House and used to use the figures for electorates like Kooyong, compared with electorates like Scullin. I think that Scullin happened to have the lowest percentage of students at that time under the boundaries as it was then.

The belief was that by producing additional funding through HECS all of a sudden things were going to change. The facts show that it has not changed in that way. When at times there have been increased numbers of places made available, those places go in proportion to what the percentages were before. If we really want to face the challenge of how we get students coming out of schools in areas like the northern suburbs of Melbourne, the western suburbs of Melbourne and Sydney and other places like that, or even the Northern Territory, we have to realise that it is not just the number of places that is crucial. As I said from the outset, we now see that there is a downturn in the demand because of the difficulties. We really should be looking at other aspects of our education system that enable students from the schools in electorates like mine to be better prepared to compete for the places that are being made available. We owe it as a Commonwealth government to enter into that in partnership with the states that have the basic responsibility for the way in which primary and secondary education is put in place.

I understand that perhaps I have to be a little less eloquent in this speech because of time. I perhaps will take opportunities on other occasions to speak about other areas in which there has been impact, not only as a result of measures imposed by this set of budget papers but also by the actions of the government over time, on my electorate. A number of the items that are outlined in the opposition’s second reading amendment to this appropriation bill are areas that the government need to look at. They need to have an understanding that there are concerns about the way in which the papers are put in place. There are concerns about the lack of investment in a number of areas such as education and health. There is, of course, the continuing problem, and I conclude on this final thing: I have a little bit of mirth when part 3 of our second reading amendment quotes the misuse of over $360 million of taxpayers’ money on the government’s politically partisan GST advertising campaign. That figure, I
think, was stale before the ink dried on the amendment and I am so confused now about where that figure has got to. It must be up around the half a billion mark. I think that is the latest figure but it could be even more.

As I said, we face in a couple of weeks time the putting in place of the goods and services tax. There is concern that it is going to have a dramatic effect on the way in which people’s lives are affected. I do not think that some of the claims that are being made by the government will in fact come true. I note with some incredulity that a minister can get out on a program on Sunday and start quoting what he thinks is the figure that can be saved from the black economy when in fact the experience in overseas countries about whether a goods and services tax or a value-added tax actually does defeat the black economy has not been seen to be the case. I well and truly support the second reading amendment and, giving peace of mind to the member for Northern Territory, conclude my remarks.

Mr PROSSER (Forrest) (9.48 p.m.)—I rise to speak on Appropriation Bill (No. 1) 2000-2001. Speaking on appropriations offers us time to reflect on where we are at and where we are going. To some it may seem dry and boring, but it is a blueprint for the nation. I come from the electorate of Forrest, which is a regional electorate. There has been a lot of attention paid to regional Australia of late, not undeserved, and there are some commentators who are saying that the city-rural divide is as significant as the capital-labour divide. I am not convinced that this is so; however, as a regional member of parliament I can appreciate the frustration experienced by people living in rural and regional Australia in terms of service provision, declining population, and, because of transport costs, the high cost of living.

Australia is approximately the size of western Europe. Although it tempted explorers with promises of great hope and plenty it also has places that bear names such as Lake Disappointment. Regional and rural Australia is a lot more than harsh terrain and vast distances. City dwelling Australians owe their country cousins a great deal. Australia used to ride on the sheep’s back, as the expression goes, though our economy has developed and matured in the industries in which we are doing best. The minerals, resources and agricultural sectors are often amongst the most efficient in the world.

I am Chairman of the Standing Committee on Industry, Science and Resources, and we are currently inquiring into value adding. I can assure you, Madam Deputy Speaker, that a lot of GDP, whether in raw or value added content, derives from rural Australia. It contributes $70 billion towards our GDP, and 80 per cent of food produced in Australia is exported. Agricultural products generate some 21 per cent of our export income. Australia would be a poorer place if it were without rural and regional areas. The harshness of our country and the enduring pioneering spirit that comes to mind when we think of our country is born out of the tragedies and triumphs of those who work and make their lives in the country and on the land.

The problems rural and regional Australia experience can, in part, be attributed to long-term economic trends that we have and that occur beyond the control of government. These trends include mechanisation, which has meant that Australia’s population has shifted. At the turn of the last century, two-thirds of Australia’s population lived in rural areas; now just over one-third live in regional areas. Of that one-third, 15 per cent actually work on the land. These long-term economic trends gave rise to the view that the government neglected the bush and that it is the role of governments to implement a universal solution. This simply cannot be done. This fact is now being realised in the community. At one time representatives of communities would come to my office and say, “This is what is happening. What is government going to do about it?” These same representatives now come to me and say, “The community needs this or that and we, together with government and business, reckon we can
achieve it.’ The spirit of mutual obligation is now spreading and achievements on the ground are now starting to flow.

I was at a volunteering morning tea last week and I was struck by how many people felt it was their duty to give something back. They realise that nobody, including government, has all the answers, nor do we pretend to. The only way to move forward is to start somewhere and to do something real and tangible that will make a difference to people’s lives. Rural and regional Australia has a wonderful community network. That network can achieve more working together than any individual wanting to make an improvement ever could. The determination that I see demonstrated in communities in my electorate is remarkable. They will hold their country values, they will stay on the land and continue to produce and they will grow as a community.

In the course of the debate I have heard Labor members deride government programs such as the Rural Communities Program, Rural Plan and the Regional Assistance Program. Members opposite suggested dollops of funds will have no effect because Canberra is not telling communities how funds should be used. What a preposterous notion that is. I am proud to be part of a government where the community tell us what their views are as to the priorities and that we, in partnership with the community, assist them.

The view the opposition hold, that they know best and Canberra knows best and will dictate the solution, is arcane. Not only that, but the opposition were in power for some 13 years and rural and regional Australia was declining then and what did they do? Nothing, Madam Deputy Speaker. Now that Labor consider there may be votes in these issues they have gone out on a regional tour. I am beginning to believe the opposition have a complete irony bypass. They criticise the government’s concrete plans for funding announced in the budget, but stated in the estimates hearings that they will tell rural and regional Australia what their policies are only when they achieve government. In one breath the opposition criticise and harp about how there is not enough spending on core areas and, in the next, criticise the size of the surplus. No matter how they try to revise history, the fact remains that by the end of this budget period we will have paid back $50 billion of their $80 billion debt from increased spending. That is a fact which, of course, no-one can escape from.

Whilst the opposition harps, the government will go on delivering. One of the major disparities between metropolitan and non-metropolitan Australia is access to health and community services. Men and women in rural areas have a four-year shorter life expectancy than their city counterparts. They have a 15 per cent higher risk of coronary heart disease. Death rates from injury are up 22 per cent. Perhaps the most stark statistic is that, for every 1,000 people in the city, there is one doctor, but in regional areas—just outside metropolitan areas—there are 1,500 people for every doctor and, of course, some communities do not have a doctor at all.

This government is doing the things that need to be done in delivering concrete solutions here and now. The $562 million dedicated to health in rural and regional Australia is the largest ever effort to correct the imbalance between rural and city health. The key planks include $210 million over four years for more health professionals, of which $102.1 million will be used to immediately increase access to GP services in rural and regional areas. On top of this, many areas lack the full range of allied health services that are readily available in metropolitan areas, and many rural doctors are overcommitted in providing services that an allied professional could provide. The government has committed $49.5 million to increase the range of allied health professionals such as nurses, psychologists and podiatrists. Geographic distances have always exacerbated health problems. When it can take weeks to gain an appointment with a GP, or it is a several hundred kilometre round trip, understandably
people put off going to see someone about minor problems and often these minor problems become major.

Over four years, $48.4 million will be committed to providing rural specialists through an outreach program, and $10.2 million will be committed to providing support to rural doctors in their regions, particularly those who are newly arrived. The key to making a difference is to ensure these reforms and funding measures make a difference not just now but in the longer term. This is why the government is committed to a $162 million package to further the training and educational needs of doctors and medical graduates.

Nine new clinical schools will be established. There will be 100 scholarship places per annum to new medical students in turn for a commitment to practice in regional Australia, a doubling of the rural Australian medical undergraduate scholarships and $4.3 million for graduating doctors to forgo HECS debt for every year they serve in an area of designated need over a five-year period. An amount of $68.9 million will top up the successful Regional Health Services program and enable 85 extra communities to access health services in this way. There will be $30.8 million for aged care facilities, $30.3 million for revitalising bush nursing and $41.6 million to provide assistance to pharmacies to start up or stay in business in areas of special need.

This is a comprehensive health plan, which has targeted and identifiable outcomes. It is not a vague promise but one that will be delivered. This package will improve health outcomes for rural and regional Australia and I am proud to be part of a government which is making a difference to the lives of these people, not only in my own electorate but across the nation.

As I indicated previously, access to service generally is an area that rural and regional Australia feel frustrated with. To run a business without having easy access to banking and other government agencies is a difficulty these people face. As my constituents tell me, the Internet is a wonderful thing but it does not solve all service provision problems. Folks who are based in a city take for granted services and the ease with which they can access these services. The government is taking measures to ensure that not only is there no further erosion of services but access is actually improved.

The trial between the Commonwealth Bank and licensed post offices and the excellent rural transaction centres will ensure that service levels are built back up. RTCs are a $70 million program over five years that will help small rural communities with populations of less than 3,000 to provide access to basic services such as banking, post, phone, fax, the Internet, Centrelink services and Medicare Easyclaim. This process has close community involvement as well as involving the whole of government approach. Ministers Anderson and Macdonald have been instrumental in trying to ensure that there is coordination and not duplication of services to regional areas at all levels of government, local, state and federal—a process which is now beginning to bear fruit.

Regional unemployment is also an area of disparity where country Australia bears a greater burden with high unemployment. Some of this was due to long-term economic trends, globalisation and mechanisation, which I referred to earlier. It is also the result of sucking population out of regional Australia, resulting in a downward spiral. Both regional communities and the government view this as a very serious matter.

Communities in my electorate have turned to tourism, promoting weekend getaways and sprouting cottage industries to supplement their rural base. Green tourism is another niche that communities in my electorate have been exploiting. These initiatives, often assisted by regional tourism programs, and combined with the natural beauty of my electorate, have meant that another avenue of employment has opened up. A good example is the explosion of
dive tourism that is occurring in my electorate of Forrest in the south-west of Western Australia. First there was the gift to Western Australia of HMAS *Swan*, which was sunk off the coast off Busselton, resulting in a wonderful dive attraction. The Commonwealth also gifted HMAS *Perth* to the Western Australian government. That ship is to be sunk off Albany. The planned Busselton Underwater Observatory received $400,000 in Regional Assistance Program funding. These initiatives will generate real employment, not only on the initial project but in a flow-on to the service industries throughout the community.

Services and employment are major initiatives in the bush. They were identified in the Regional Australia Summit and the government is committed to addressing these issues. Another issue to come out of the Regional Australia Summit has been spoken of at length by those members opposite trying to score cheap political points on infrastructure. I agree that infrastructure is important, but the government spends within its means. There would be little point in spending on infrastructure if it meant that economic trends in Australia would suffer. Higher unemployment, interest rates and debt this country does not need. Significant investment in roads and rail has been made and regional and rural Australia will benefit from government taxation reform.

I want to take this opportunity to record how pleased I am that the government has delivered on its commitment to ensure that petrol prices need not rise in rural areas because of the GST. The Western Australian state government currently has a select committee inquiring into petrol prices in Western Australia. The issue of petrol prices and the differential between city and country is a complex one and I am sure the issue of price support that fuel companies provide to station owners will be scrutinised. Interestingly, as far as I am aware price support does not extend to service station owners outside metropolitan areas.

I do not have the time to address the budget measures aimed at families and the elderly, except to say that the Stronger Families and Communities strategy reflects strongly what I said earlier in my remarks: that we all have a responsibility to our communities and that the government’s duty is to assist and nurture that. I want to touch on one more initiative that I know will be of great benefit to those farmers in my electorate who find themselves asset rich and cash poor. The improving of access to youth allowance by increasing the discount applied to farms from 50 to 75 per cent will be a welcome measure, as will be the 10 per cent increase in the boarding allowance.

Finally, I want to say that a lot has been made of what regional and rural Australia does not have, but not a lot has been said of what we do have, and that is real community. A natural warmth, a genuine concern for the neighbours and the community and a steely resolve to ensure that they survive together are things that you will not find in capital cities. This government recognised the importance of regional Australia and is determined to ensure that regional Australia not only survives but continues to be the economic backbone of our nation.

Mr QUICK (Franklin) (10.04 p.m.)—I welcome the opportunity to make my last appropriation speech in the 20th century and, in the 10 minutes that I have been allocated, to make a few brief comments on the budget. In my mind, it is a budget that seems to have sunk without trace. I liken it to a situation where we are all focusing on the GST bonfire and someone takes the budget papers and throws them over their shoulder and they sink into the lake and disappear. People have asked me, ‘What is the impact on Franklin?’ I represent the smallest state in Australia and, despite the fact that I am not a Tasmanian by birth, I have been there since 1961.

Like the honourable member for the Northern Territory and the honourable member for Grey, I represent an area that in my mind is forgotten. We tend to focus on the five big cities and, if they are happy, 85 per cent of Australia is happy. We have this one-size-fits-all budget.
I have worked on various committees with the two members I have mentioned and I have seen the length and breadth of Australia. Despite the huge isolation that they experience and the obvious requirements of their electorates, I think there are some similarities between Grey and the Northern Territory and the areas of southern Tasmania that I represent. In Tasmanian terms, the area that I represent is isolated. It consists of small country towns, which over the last 50 or 60 years have seen a convergence to the cities, an ageing of the population and an exodus of young people, as have the electorates of Grey and the Northern Territory.

I was lucky enough to have lived in the Mallee, the electorate of John Forrest, in the sixties when wool prices were booming and wheat prices were fantastic—it was the land of plenty. Farmers changed their cars every year, the local high school had heaps of kids, we attracted bright, intelligent teachers and you could learn any subject. As things began to turn and the prices went down, the kids started going to private schools in Melbourne which meant that there were fewer school children and we could not support a certain ratio of teachers—a catch 22 situation.

It is interesting that the previous speaker, the member for Forrest, Mr Prosser, mentioned giroPost, banks and the like. I will give an example of what is happening in my state. We had a bank called the Trust Bank, which was like a state bank, and there was a branch in every town of reasonable size. It could not compete with the big guys but it was still there. Then the Colonial Bank said, ‘We think you are ripe for the picking.’ When giroPost was operational you could access the Trust Bank through giroPost. When Colonial bought the Trust Bank it had a different computer system, so you could not giroPost with Colonial. Now the Commonwealth has bought the Colonial Trust Bank and we will probably go back to giroPost again, but in the meantime we have this great hiatus.

To my mind you can say that there are all these budget measures, but I know for a fact that they are not out on the ground. In these country areas we do not have doctors. We have got to travel to get to the dentist, the chiropractor and the physiotherapist. There is a perception that we all have cars and that we have plenty of money. In these little country towns where there is a huge number of people who are not working full time there is family dislocation. There is almost a requirement that if you and your kids want to get ahead you have to go to the next big town—to Hobart, Launceston, Burnie or Devonport.

Despite what governments say, they are not putting in the services. I know you can argue that we cannot have all the services in all the places, but there ought to be a line drawn in the sand where you say, ‘We all live in the city and we will just leave the rest out there in isolation.’ There are two honourable members here representing Grey and the Northern Territory. People want to live where they want to live, and there are some advantages in living at Oodnadatta, Marree, Katherine, Tennant Creek or wherever it might be. I think governments of all persuasions have to realise that they need this regional approach. Let us focus on some big towns, and big towns in Tasmania do not mean the same as Albury-Wodonga, but there needs to be enough services in those places so that the line in the sand is drawn and people do not just continue to move into the city.

The area I represent has some fantastic things going for it. It has the world’s best aquaculture. It has the world’s best apples. It has some of the finest wines. In fact, we have winemakers from Europe coming over and taking up enormous amounts of involvement in the winery. We have the world’s best high-speed catamarans made by Incat. We have fantastic tourism ventures but we do not have venture capital. Our young kids are leaving. My two daughters are a prime example. One is finishing university in Melbourne and the other has a job and is receiving a payment that she could never expect in Tasmania because when you withdraw government services, when insurance companies and banks take out their middle managers, there is nothing for the young kids to aspire to. There isn’t that $35,000, $45,000,
$55,000 bracket in Tasmania anymore. It is the low paid and the very high paid, and the middle managers are disappearing because of this withdrawal of services by banks, insurance companies and Commonwealth agencies, and the state government does not have the capacity to take in those young kids.

So we have this dilemma. As I said to someone today, the population in Tasmania in the year 2000 is less than it was in 1941. Governments of all persuasions have got to allocate funds so that there is this one size fits all. I applaud the family package that the government announced. There are lots of things in the budget that I applaud, but I think the money, as I said before, should not go to the five big capital cities and the regions that are around them, the sorts of conurbations that they have in America. Rather than a departmental approach to some of these problems such as the alienation of our young people, the families at risk and high areas of unemployment, there ought to be a regional approach, a sharing of the baskets within departments to say they have got a problem with rural health or they have got a problem with rural suicide, youth suicide or rural unemployment. You should not think departmentally, you should think regionally.

I know there are people on the other side who say we are only having a go at them, but I am not. I honestly believe that the TV campaign and the money that is being spent could be spent a lot better by targeting. I know that in the province of Ontario in Canada they have finally come to the realisation that the age cohort of zero to six is the most important in any society. They have one bag of money and are laying a proper foundation.

I congratulate this government on the moves it has made, but I honestly believe that it is not enough. We need to get away from the five big conurbations. We need to look at the regions, and my region is totally different from the regions represented by the member for Grey and the member for the Northern Territory. I know, because I have traversed most of their areas. They would love to see some of the money coming out to them to address some of the problems which are similar to those I have raised here tonight. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Main Committee adjourned at 10.15 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Canberra Electorate: Nursing Homes and Aged Persons Hostels**

(Question No. 1243)

Ms Ellis asked the Minister for Aged Care, upon notice, on 9 March 2000:

1. How many nursing homes and aged person hostels are there within the electoral division of Canberra.
2. How many nursing homes and aged person hostels are operated by (a) private companies and (b) church organisations in the electoral division of Canberra.
3. What are the names of the (a) private companies and (b) church organisations operating nursing homes and aged person hostels in the electoral division of Canberra.
4. How many spot checks have been carried out on nursing homes and aged person hostels in the electoral division of Canberra operated by (a) private companies and (b) church organisations in (i) 1999-2000, (ii) 1998-99, (iii) 1997-98 and (iv) 1996-97.
5. What sum of Commonwealth funding did each nursing home and aged person hostel within the electoral division of Canberra receive in (a) 1999-2000, (b) 1998-99, (c) 1997-98 and (d) 1996-97.
6. How many beds are there in each nursing home and aged person hostel.
7. How many beds are being used in each nursing home and aged person hostel.
8. How many beds were there in each nursing home and aged person hostel in (a) 1998-99, (b) 1997-98 and (c) 1996-97.
9. How many persons are on waiting lists for each nursing home and aged person hostel.
10. Were complaints concerning nursing homes and aged person hostels within the electoral division of Canberra lodged with the Aged Care Standard and Accreditation Agency in (a) 1999-2000, (b) 1998-99, (c) 1997-98 and (d) 1996-97; if so, (i) how many and (ii) how many spot checks resulted from the complaints in each year.

Mrs Bronwyn Bishop—The answer to the honourable member’s question is as follows:

For the Department of Health and Aged Care to provide the level of detail that is needed to answer some of these questions would require considerable time and resources. I am not prepared to ask the Department to divert them from health and aged care priorities at this time.

1. There are 11 aged care facilities within the electoral division of Canberra and as at May 2000 the occupancy rate is 91.52%.
2. See above.
3. See above.
4. There have been 84 spot checks conducted by the Standard and Accreditation Agency. None of these have been conducted in the seat of Canberra.
5. The sum of Commonwealth funding received by aged care facilities within the electoral division of Canberra for the period July 1995 to December 1999 is $41,217,096.
6. See above.
7. There are 671 aged care beds in the seat of Canberra.
8. The occupancy rate is 91.52%.
9. The Department does not keep records of waiting lists for individual facilities.
10. See above.

**Telstra: Pager Services**

(Question No. 1257)

Mr Horne asked the Minister representing the Minister for Communications, Information Technology and the Arts, upon notice, on 14 March 2000:

1. Has the Minister’s attention been drawn to the role played by pager services in the provision of emergency services such as Bush Fire Brigades and State Emergency Services in rural and regional Australia.
(2) Is it a fact that pager services cannot be replaced satisfactorily by mobile phones.

(3) What steps will the Minister take to ensure that pager services are continued in areas where they are now available.

Mr McGauran—The Minister for Communications, Information Technology and the Arts has provided the following answer to the honourable member’s question:

(1) Telstra has advised that it will close its radio paging service on 30 June 2000 in view of significant reductions in the size of the paging market, with developments in mobile phone technology and associated messaging services which have overtaken the paging market. New products and services now on offer through mobile phones provide better services and more features. Full service and support for the existing network will be provided till 30 June 2000. The Government is aware of the role played by pager services and has been in close contact with Telstra to monitor developments and efforts to ensure the continuation of these services.

(2) Telstra’s MobileNet Memo Messaging Service provides a suitable alternative to paging where mobile coverage is available. Both services provide personalised message delivery in the form of text messaging to a handset and both have similar delivery times. An exception may be locations where the use of telecommunications equipment may be restricted, such as hospitals.

(3) Telstra and Link Telecommunications have reached a commercial arrangement which will ensure paging services will be provided to Telstra customers.

Recent negotiations between Telstra and Link Telecommunications have led to an agreement allowing Link Telecommunications to use a number of Telstra’s existing sites and transmitter equipment. This will expand Link’s network to over 280 sites nationally, making it the largest public paging network in Australia.

Stirling Electorate: Nursing Homes
(Question No. 1260)

Ms Jann McFarlane asked the Minister for Aged Care, upon notice, on 14 March 2000:

(1) On most recent data, how many nursing homes and aged person hostels are there within the electoral division of Stirling.

(2) On most recent data, how many nursing homes and aged person hostels are operated by (a) private companies and (b) church organisations in the electoral division of Stirling.

(3) What are the names of the (a) private companies and (b) church organisations operating nursing homes and aged person hostels in the electoral division of Stirling.

(4) How many spot checks have been carried out on nursing homes and aged person hostels in the electoral division of Stirling operated by (a) private companies and

(5) What sum of Commonwealth funding did each nursing home and aged person hostel within the electoral division of Stirling receive in (a) 1999-2000, (b) 1998-99,
(c) 1997-98 and (d) 1996-97.

(6) How many beds are there in each nursing home and aged person hostel.

(7) How many beds are being used in each nursing home and aged person hostel.

(8) How many beds were there in each nursing home and aged person hostel in
(a) 1998-99, (b) 1997-98 and (c) 1996-97.

(9) How many persons are on waiting lists for each nursing home and aged person hostel.

(10) Were complaints concerning nursing homes and aged person hostels within the electoral division of Stirling lodged with the Aged Care Standard and Accreditation Agency in (a) 1999-2000, (b) 1998-99, (c) 1997-98 and (d) 1996-97; if so, (i) how many and (ii) how many spot checks resulted from the complaints in each year.

Mrs Bronwyn Bishop—The answer to the honorable member’s question is as follows:

For the Department of Health and Aged Care to provide the level of detail that is needed to answer some of these questions would require considerable time and resources. I am not prepared to ask the Department to divert them from health and aged care priorities at this time.
There are 13 aged care facilities within the electoral division of Stirling.

There have been 95 spot checks conducted by the Standards and Accreditation Agency, none of those have been in the electorate of Stirling.

The sum of Commonwealth funding received by aged care facilities within the electoral division of Stirling for the period July 1995 to December 1999 is $28,206,442.

There are 610 aged care beds in the seat of Stirling.

The occupancy rate is 95.85%.

The Department does not keep records of waiting lists for individual facilities.

United Nations: Convention on the Rights of the Child
(Question No. 1419)

Mr McClelland asked the Attorney-General, upon notice, on 11 April 2000:
Will he bring up-to-date his answer to question No. 689 (Hansard, 31 August 1999, page 9539) regarding the Convention on the Rights of the Child.

Mr Williams—The answer to the honourable member’s question is as follows:
As the honourable member is aware, in its report on the UN Convention on the Rights of the Child, the Joint Standing Committee on Treaties made a large number of recommendations covering a wide range of areas. Preparation of the Government response has therefore required considerable consultation with, and input from, a number of departments.

The Government response is being finalised and will be tabled as soon as possible.

Freemantle Artillery Barracks: Sale
(Question No. 1502)

Dr Lawrence asked the Minister for Defence, upon notice, on 9 May 2000.

(1) When and why were the Fremantle Artillery Barracks identified as surplus to requirements.

(2) What is the status of the sale process.

(3) When will a final decision be made.

(4) Will there be a public tender or auction process.

(5) Is his Department negotiating the sale directly with Notre Dame University.

(6) What are his Department’s plans for rehousing the Army Museum of WA.

(7) Has there been consultation with the Army Museum, the Fremantle Council or the public over the fate of the Barracks; if not, why not.

(8) Has the property been valued at $4 million; if so, (a) is this a realistic market value and (b) who has valued the property.

Mr Moore—The answer to the honourable member’s question is as follows:

(1) The Fremantle Artillery Barracks was declared as surplus to Defence requirements in the second half of 1999. The identification of the Barracks as surplus arises from the Department of Defence’s ongoing program to achieve operating cost savings through the consolidation of similar functions and rationalisation of the Defence estate.

(2) - (4) The disposal process to be used and the timing of disposal are yet to be determined.

(5) Notre Dame University has approached Defence and preliminary discussions between Defence and Notre Dame have taken place.

(6) The intention is to house the Museum on another Defence property with the objective of securing a long-term location appropriate for the display of the military heritage.

(7) The Army Museum is a Defence entity. Preliminary discussions have been held and further discussions will be held with Museum staff to identify a suitable location.
There have been initial discussions with the Fremantle Council concerning the Council’s expression of interest to purchase the oval in Tuckfield Street. The Council will be involved in the disposal of the property as the local planning authority. The extent of broader community consultation will be dependent of the disposal option(s) identified. As the property is listed on the Register of the National Estate, Defence will also be consulting with the Australian Heritage Commission.

(8) At this time, the market value of the property is commercial-in-confidence.

**Second Sydney Airport: Planning and Construction**  
*(Question No. 1547)*

Mr Price asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 11 May 2000:

1. Did the Environment Assessment Report into the proposal for the Construction and Operation of a Second Major Airport for Sydney at Badgerys Creek recommend that if the planning, construction and operation of a Badgerys Creek airport approved by the Government is not required to be conducted in accordance with the Airports Act, planning, construction and operation should nevertheless be conducted as far as possible as if the Act applied?

2. Did the Minister accept the recommendation and has the Minister made the recommendation to the Minister for Transport and Regional Services.

3. Has the Minister identified areas where it may not be possible to be consistent with the Act; if so, what.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

1. Yes.

2. Yes. The recommendation was conveyed to the Minister for Transport and Regional Services by the Minister for the Environment and Heritage on 3 September 1999.

3. No.

**Second Sydney Airport: Masterplan**  
*(Question No. 1548)*

Mr Price asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 11 May 2000:

1. Did the Environment Assessment Report into the proposal for the Construction and Operation of a Second Major Airport for Sydney at Badgerys Creek recommend that a masterplan prepared for the airport option adopted by the Government for Badgerys Creek should explain the future role of a Badgerys Creek airport in the context of Sydney (Kingsford Smith) Airport (KSA) and other airports operating in the Sydney region, recognising that the respective roles might well change over time.

2. Did the Minister accept the recommendation and has the Minister made a similar recommendation to the Minister for Transport and Regional Services; if so, what did he recommend; if not, why not.

3. Did the lack of a defined role for the second airport and KSA inhibit the environment assessment of Badgerys Creek; if so, how; if not, why not.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

1. Yes.

2. Yes. The intent is conveyed in Recommendations 1 and 2 of the advice of 3 September 1999 from the Minister for the Environment and Heritage to the Minister for Transport and Regional Services.

3. No. The assessment was able to address matters necessary to enable the Government to make a decision on Badgerys Creek as the preferred option. Nevertheless the assessment highlighted other matters that needed to be addressed prior to construction and commissioning of an airport. These matters are covered by recommended conditions and include the subject referred to in the question.
Second Sydney Airport: Night Curfew
(Question No. 1549)

Mr Price asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 11 May 2000:

(1) Did the Environment Assessment Report into the proposal for the Construction and Operation of a Second Major Airport for Sydney at Badgerys Creek recommend that a night curfew should apply to airport operations at Badgerys Creek.

(2) Is this the first time that an environmental assessment has recommended a curfew.

(3) Did the Minister accept the recommendation from Environment Australia about the curfew; if not, why not.

Would a night curfew impact on the rationale for the airport, even though the role of Badgerys Creek has yet to be determined; if so, how; if not, why not.

(5) Has the Minister recommended to the Minister for Transport and Regional Services that a night curfew should apply to Badgerys Creek; if not, why not.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

(1) Yes.

(2) As far as I am aware this is the first time that an EIS assessment report has recommended that a night curfew be employed for an airport at Badgerys Creek. If your question relates to airports generally the answer is that I have no way of knowing.

(3) Yes.


(5) Yes.

Second Sydney Airport: Freight Operations
(Question No. 1550)

Mr Price asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 11 May 2000:

(1) Did the Environment Assessment Report into the proposal for the Construction and Operation of a Second Major Airport for Sydney at Badgerys Creek recommend that the provisions of the Sydney Airport Curfew Act that provide for the transfer to a Badgerys Creek airport of those freight operations which currently occur during the curfew hours at Sydney (Kingsford Smith) airport should be reviewed and the review should be based on an assessment of the environmental and economic costs and benefits of transferring those operations to a Badgerys Creek airport.

(2) Did the Minister accept the recommendation; if not, why not.

Mr Truss—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

(1) Yes.

(2) Yes.

Second Sydney Airport: Noise Standards
(Question No. 1552)

Mr Price asked the Minister representing the Minister for the Environment and Heritage, upon notice, on 11 May 2000:

(1) Did the Environment Assessment Report into the proposal for the Construction and Operation of a Second Major Airport for Sydney at Badgerys Creek recommend that Australian Standard AS2021-1994 should be reviewed having regard to the applicability of the standard to communities affected by a new airport and to communities subject to a significant change in the noise environment as they would be if a major airport was to be built at Badgerys Creek.
(2) Did the Minister accept the recommendation; if not, why not.

(3) Has the Minister made this recommendation to the Minister for Transport and Regional Services; if not, why not.

**Mr Truss**—The Minister for the Environment and Heritage has provided the following answer to the honourable member’s question:

(1) Yes.

(2) Yes.

(3) Yes. The intent is conveyed in Recommendation 41 of the advice of 3 September 1999 from the Minister for the Environment and Heritage to the Minister for Transport and Regional Services.

**South Lebanon: Israeli Troop Withdrawal**

(Question No. 1597)

**Mr Murphy** asked the Minister for Immigration and Multicultural Affairs, upon notice, on 1 June 2000:

(1) Is he able to say how many persons have been displaced following the withdrawal of the Israeli forces from South Lebanon.

(2) Will he gazette a new humanitarian component of the special assistance category of the offshore permanent migration program, for the purposes of assisting persons from Southern Lebanon currently afforded one year asylum by the Israeli Government, especially those associated with the South Lebanese Army, to resettle following the Israeli withdrawal.

**Mr Ruddock**—The answer to the honourable member’s question is as follows:

(1) The total number of displaced persons as a result of the Israeli withdrawal from Lebanon is not known with any certainty. Some Israeli news reports have estimated between 6000 - 6500 South Lebanese Army members and their families.

(2) All Special Assistance Categories are being phased out over the next 12 months. The Government therefore has no plans to create a Special Assistance Category for persons from Southern Lebanon afforded asylum by the Israeli Government. Australia operates a non-discriminatory migration and humanitarian program. Any person wishing to be considered for permanent entry into Australia will be assessed on a case by case basis against the regulatory criteria that applies to the visa category they have applied for.