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Mr SPEAKER (Mr Neil Andrew) took the chair at 9.30 a.m., and read prayers.

EXCISE AMENDMENT (COMPLIANCE IMPROVEMENT) BILL 2000

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.31 a.m.)—I move:

That the bill be now read a second time.

The amendments proposed by the Excise Amendment (Compliance Improvement) Bill 2000 provide a clear message to participants in the illicit market in tobacco that the government is taking prompt and resolute measures to protect the excise revenue.

The package of measures in this bill will strengthen the statutory framework within which the Australian Taxation Office can combat the illicit tobacco trade. These measures cover the range of illegal activity that threatens to undermine the revenue base for tobacco excise—from the growing of plants destined for the illicit market, to the retailing of under-the-counter chop chop.

As an indication of the seriousness with which the government seeks to counter the illicit tobacco trade, the maximum penalties for relevant existing offences will be increased tenfold.

A number of new offences, specific to the unauthorised movement, dealing and possession of tobacco leaf, will be introduced. In addition to fines, they will provide for maximum terms of imprisonment of two years. The maximum pecuniary penalties will be set at 500 penalty units—currently $55,000—or five times the duty that would be payable if the tobacco leaf had been manufactured into tobacco and had been entered into home consumption.

Tobacco seeds, tobacco plants or tobacco leaf that is found outside the regulated sector will be seized, forfeited to the Commonwealth and destroyed.

These amendments will introduce a comprehensive licensing scheme for persons engaged in the tobacco industry. Only a licensed producer will be permitted to grow tobacco. Dealers in tobacco seeds, tobacco plants or tobacco leaf will also be required to be licensed. Manufacturers of tobacco, and of other excisable goods, will continue to be required to be licensed, and the new licensing scheme will also apply to the proprietors of premises where excisable goods on which duty has not been paid will be stored.

Rigorous criteria will be applied to applicants for licences, and a failure to comply with licence conditions may result in the suspension or cancellation of licences.

Transitional measures will provide for existing licences and registrations to be treated as licences under the new scheme.

Following discussions with tobacco producer cooperatives, it is proposed that a system of monitoring the movement of bales of tobacco leaf be introduced. This will involve identifying labels being attached to tobacco leaf bales as a means of authorising the movement of tobacco leaf from the premises of producers and dealers. This will impose some relatively minor additional record-keeping costs, but will greatly assist in the identification of the movement of tobacco leaf to the illicit market.

The existing power of excise officers to stop and search conveyances will be extended. Trucks and other means of transport will be able to be stopped and searched for tobacco leaf or excisable goods if the officer has a reasonable suspicion of an offence being committed.

To deter distributors of illicit tobacco, an infringement notice scheme will be introduced for the less serious offences. Persons who, without authority, sell or possess excisable goods on which duty has not been paid will face an infringement penalty of 20 penalty units, currently $2,200. This will provide an efficient means of addressing the retailing of illicit tobacco. Persons who, instead, are prosecuted in court for this offence will, on a strict liability basis, face a fine of up to 100 penalty units or $11,000. For the more serious offences, the prosecutor could seek a fine...
of up to 500 penalty units, a term of imprisonment of up to two years or, if the court thinks fit, a combination of both.

Taken together the amendments proposed by this bill will improve the capability of the Australian Taxation Office to more effectively target its compliance enforcement activities against the illicit tobacco trade. They will also provide the means to counter arrangements that seek to defer liability to excise duty, or present a risk of duty evasion. Overall, they will help to protect the excise base which constitutes a significant proportion of Australia’s taxation revenue. Full details of the measures in this bill are contained in the explanatory memorandum.

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

Debate (on motion by Mr Horne) adjourned.

HIGHER EDUCATION FUNDING AMENDMENT BILL (No. 1) 2000

First Reading

Bill presented by Dr Kemp, and read a first time.

Second Reading

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (9.37 a.m.)—I move:

That the bill be now read a second time.

A strong university system is essential to providing Australians with the skills and knowledge required to build a prosperous, democratic society. Investing in the education and training of our young people, in updating the skills and knowledge of the workforce and in generating knowledge through research are all essential requirements for Australia’s long-term growth and competitiveness. To achieve this Australia requires a university system which is flexible and responsive, with the vision and capacity to make and sustain the connections necessary to capitalise on the endeavours and achievements of individuals.

As part of a more flexible and responsive system, this government has sought to create an environment in which universities can develop steady and diverse sources of income. Universities have responded well to this challenge with the sector now able to call on revenues of around $9 billion per annum, a massive $900 million more than in 1995, the last year of the Labor government.

The basis for this continued growth has been the maintenance of a substantial and reliable public investment in higher education. Although in a period of budgetary restraint, the government is maintaining operating grants in real terms.

The policies of freeing universities from the constraints of the past while maintaining their funding has meant that Australian universities are in a position to offer a record level of opportunities for young Australians to attend university and obtain an initial post-school qualification. Under this government, undergraduate places have increased by an estimated 35,000 and total numbers of students by an estimated 42,000. This is a remarkable achievement and reflects the government’s policy of making higher education more accessible to all Australians.

At the same time the government has recognised the need to ensure Australia’s global reputation as a provider of quality higher education is maintained. The government is currently implementing a historic quality assurance framework for the higher education sector that will maintain Australia’s international reputation for quality university teaching and research. The new framework is a cooperative venture with the states and territories and will see a new agency, the Australian University Quality Agency, established in 2000.

This government has also introduced measures to further improve the management practices of universities and to increase their responsiveness to student and community needs. The workplace reform program is providing $259 million in additional funding to universities as an incentive for them to address the industrial relations and management rigidities that are a significant impediment to their further development. The first three universities to qualify for this funding will each receive over $4 million in additional operating grant.
Late last year I released the government’s new policy for research and research training, Knowledge and Innovation. This white paper puts in place mechanisms to ensure universities focus on providing high quality training environments that give students a wider range of approaches to learning as well as giving students the opportunity to experience a wider range of settings in which to develop their knowledge and skills. Research students are central to a vibrant innovation system.

The white paper also recognises that an effective innovation system must be built on strong links between the different elements of the system. To this end it has put in place a policy framework which encourages collaboration across the academic, industry and community sectors.

Reflecting its commitment to knowledge and innovation, the Higher Education Funding Amendment Bill (No. 1) 2000 the government boosts funding for higher education research and research training. The bill provides budget funding of an additional $79 million over the next few years for two key research funding schemes, the Strategic Partnerships with Industry—Research and Training Scheme and the Research Infrastructure Equipment and Facilities Scheme.

The additional funding for these schemes will help to further encourage research collaboration between universities and the end users of research and to maintain an international competitive level of research infrastructure in our universities.

This bill also contains measures that are an important part of the government’s $562 million country health package. The package is the largest effort yet by an Australian government to redress the historical imbalance between rural and city health services.

The bill creates an additional 100 places a year for medical students who are holders of new bonded scholarships for students committed to practising in rural Australia for at least six years. After five years an additional 500 medical students, who will eventually practise in rural areas, will be studying in Australian universities.

This government is the first to recognise the particular health care needs of regional communities and has taken action to provide more doctors for regional areas.

The bill also updates the funding amounts in the Higher Education Funding Act to provide supplementation for price movements and to reflect revisions to the estimates for HECS contributions and expenditure on the workplace relations program and the reallocation of unspent funds from 1999 to other funding years. In addition, the bill establishes the base level of funding for universities for 2002.

Other technical amendments in the bill reflect the name change of Batchelor College in the Northern Territory to the Batchelor Institute of Indigenous Tertiary Education and update the definition of the term ‘year to which this Act applies’.

The measures in this bill are designed to continue the development of Australian higher education and to create a system that is financially viable and responsive to the needs of students and the community and that provides as many opportunities as possible to young people.

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

Debate (on motion by Mr Horne) adjourned.
The Vocational Education and Training Funding Amendment Bill 2000 will increase the amount previously appropriated for 2000 by $13.063 million in line with normal price adjustments, giving effect to the government’s commitment to maintain funding in real terms for the three-year duration of the Australian National Training Authority agreement 1998-2000.

As a result, total funding for 2000 will be increased to $931.415 million.

The bill also appropriates the same level of funding for 2001.

This reflects the Commonwealth’s proposal to the states and territories to maintain funding in real terms for a further three years, subject to finalising a satisfactory amended ANTA agreement.

The current agreement was founded on a recognition by the Commonwealth and state and territory governments that a strong national vocational education and training system is essential to develop the skills necessary to increase the productivity and competitiveness of Australian industry, and to enable individual Australians to optimise their potential.

I have every confidence that the agreement for the next three years will maintain this solid underpinning and will build on the substantial achievements of its predecessor.

In the three years of the current agreement, 1998 to 2000, there has been a significant expansion of the vocational education and training sector.

State and territory ministers have estimated that, by the end of this year, there will be an additional 160,000 training places provided nationally over the planned 1997 level.

In 1999 alone it is estimated that well over 1½ million Australians participated in formal vocational education and training. This is a splendid achievement.

It represents additional opportunities, particularly for young Australians, to undertake training that will help them to gain real jobs.

It also represents an important contribution to the efforts of Australian businesses to develop and maintain the competitive advantage that up-to-date skills provide.

The Commonwealth funding provided to the states and territories through ANTA will continue to provide increased training opportunities. At the same time, it will enable the Commonwealth to continue to work with the states, territories and industry to enhance national consistency, promote higher standards, and encourage greater choice and flexibility in vocational education and training.

It is a key element in the government’s support of the sector and, like the recent budget, clearly reflects the Commonwealth’s continuing commitment to strengthen Australia’s vocational education and training system.

Overall, this year’s budget provides a total of $1.7 billion for vocational education and training.

This includes $2 billion over four years to support the popular new apprenticeships system which is currently providing training for more than a quarter of a million Australians.

The unprecedented expansion of new apprenticeships is clear evidence that they are delivering training which responds to the needs of businesses and are opening up opportunities for more Australians in a wider range of occupations than ever before.

This momentum will be maintained with funding to allow emerging issues, such as potential skills shortages, to be addressed and will support innovative approaches to the recruitment of new apprentices in new and challenging markets.

Together with the government’s reforms to vocational training, this funding will provide a sound basis to meet the training challenges that the economy and community will face in the years to come.

Mr Speaker, I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Lee) adjourned.
PRIMARY INDUSTRIES
LEGISLATION AMENDMENT
(VEGETABLE LEVY) BILL 2000

First Reading
Bill presented by Mr Truss, and read a first time.

Second Reading
Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (9.49 a.m.)—I move:
That the bill be now read a second time.

The Primary Industries Legislation Amendment (Vegetable Levy) Bill 2000 seeks to amend the Primary Industries Levies and Charges Collection (Vegetable) Regulations to clarify the rate of levy intended to be struck on vegetables that were grown and processed by the producer, between 1 March 1996 and 30 June 1999.

The bill gives effect to a government and industry agreement that the procedure used for calculating the levy on vegetables grown and self-processed should be based on the cost of goods sold—using Australian accounting standards in force immediately before the vegetables were processed—rather than the inflated value added price at first point of sale, after processing.

The vegetable levy is intended to be imposed on fresh vegetables, but, in the circumstances described, these vegetables were processed first, and therefore had a significantly higher value added price at their first point of sale and thus attracted a higher than normal levy assessment. This is considered to be unfair.

The bill recognises the situation for growers-processors who process vegetables and where there is no sale prior to the harvested product being converted into another good, such as processing cucumbers into pickles.

The Primary Industries Levies and Charges Collection (Vegetable) Regulations provided that, where it was not feasible to use a surrogate market price, the calculation of levy payable would be based on data from the organisation’s financial records to substantiate the basic product value prior to processing, using the Australian accounting standards calculation of cost of goods sold.

The rate of levy is being re-set to 0.5 per cent of this value.

As levy on vegetables grown and self-processed after 1 July 1999 is imposed under schedule 15 to the Primary Industries (Excise) Levies Act 1999, that levy assessment is unaffected by this bill.

The value for calculating the levy is now either the actual sale price at the first point of sale or the cost of goods sold, depending on circumstances. This bill ensures that all vegetable levy payers—since the start of the levy—are treated equally.

The bill does not create any new administrative burden for levy payers. I present the explanatory memorandum to the House.

Debate (on motion by Mr Horne) adjourned.

FAMILY AND COMMUNITY SERVICES AND VETERANS’ AFFAIRS
LEGISLATION AMENDMENT (DEBT RECOVERY) BILL 2000

First Reading
Bill presented by Mr Anthony, and read a first time.

Second Reading
Mr ANTHONY (Richmond—Minister for Community Services) (9.51 a.m.)—I move:
That the bill be now read a second time.

The Family and Community Services and Veterans’ Affairs Legislation Amendment (Debt Recovery) Bill 2000 gives effect to one of the measures announced in the government’s 1999-2000 budget. The changes made by the bill will clarify, simplify and strengthen the debt recovery processes of the Department of Family and Community Services as well as those of the Department of Veterans’ Affairs.

Under the current provisions of the Social Security Act 1991 and the Veterans’ Entitlements Act 1986, the Commonwealth’s right to recover excess payments is unclear in some circumstances. This uncertainty means fewer debts are recovered than would be the case if the provisions were more transparent in their operation. The changes introduced by this bill will ensure that, when a person receives a social security payment, a family
assistance payment or a veterans’ affairs payment that exceeds the amount that should have been paid, the excess amount is a debt and is recoverable.

At present, an interest scheme exists under which a debtor may incur an interest charge because the debtor is making no attempt to repay the debt. A loophole exists in that scheme which effectively allows some debtors to avoid the liability to pay interest even though they are not making payments in respect of the debt. The changes made by this bill close that loophole.

The bill also provides for an administrative charge to be payable where a person becomes liable to pay interest. The administrative charge can be incurred only once in respect of a debt. Like the interest scheme, that charge is intended to encourage debtors to enter arrangements for repayment. The charge also recognises the cost incurred by the Commonwealth in recovering debts in those circumstances where people fail to voluntarily enter arrangements to repay.

The bill also provides for the recovery of payments directly from financial institutions where payments have been made incorrectly. This is the most efficient and cost effective method of recovery for incorrect payments of this nature.

Debate (on motion by Mr Horne) adjourned.

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

Second Reading

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

That the bill be now read a second time.

Mr CREAN (Hotham) (9.54 a.m.)—The A New Tax System (Tax Administration) Bill (No. 2) 1999 covers three broad areas of tax law: firstly, the rationalisation of administrative penalties across different taxes; secondly, the rules governing who can advise and prepare and lodge business activity statements on behalf of taxpayers, and, thirdly, a plethora of miscellaneous amendments in areas including the new pay-as-you-go scheme, the rounding down of tax debts, discretions concerning lodgment of business activity statements and the imposition of the general interest charge on outstanding debts.

The legislation is not opposed by the opposition. Essentially it continues to reflect the botch-up of the government’s tax package implementation, a government so inept that in the implementation of their tax package they are making it up as they go. In the process this is just adding to the complexity. This is more of the rush to legislate, with just 10 days to go until their tax package comes into place and still so much unresolved.

These proposals before the House today are not the only aspects of issues unresolved. Only the week before last we had a bill containing 211 more amendments to the GST. That bill is still before the parliament. A total of something like 1,500 amendments have had to be moved to this ‘simple’ new tax, even before it is in place. Legislation with major changes to the diesel grants scheme is still before the parliament. We get told how important this is for regional Australia and the government still has not got it right. More importantly for the broader consumers, we have the legislative framework but not the details of the boundaries for the fuel grants scheme for regional petrol stations. Nor have we had an indication as to what the excise cut will be on fuel.

The government promised that the GST would not result in an increase in the price of petrol. The only way the government can do that is to have an excise reduction that equates to the GST impact. But we know that the price of petrol varies all around the country. Until we know what the excise reduction is and what the boundaries are, how can people have confidence that the government will deliver on its promise? We do not believe it can deliver on the promise. We believe it is such an ineffective promise, such a deceitful promise, like so many others made on the GST, that when the time comes, 1 July, we will see petrol prices go up as a result of the GST all around the country. If the government thinks it has had problems with caravan parks—I mention this specifically to the member for Richmond, the Minister for Community Services, at the table—just wait until it gets the complaints about petrol.
How is it that with only 10 days to go we still do not have that detail, Mr Speaker? I know that in your electorate this is an issue of great importance, as it is in all regional electorates. I drove up to Canberra last weekend. I came up the Hume Highway. I saw the significant differences in the price of petrol along that Hume Highway. At Avenel the price was 92.1c. If the government reduces the price of petrol by 7c a litre—as we were told previously, but it is still not confirmed—that reduces the price of petrol at that service station to 85.1c. But, if you add 8.5c, you get an increased price of 93.6c. In any event, it is higher than the price currently being paid at Avenel. And why? Because of the GST. That is 1 July, but you also have on 1 August the indexation double hit and another one in February. In other words, petrol is going to be slugged three times in the next three months due to this GST.

The government promised the electorate that the GST would not put up the price of petrol. We will wait and see, but the important thing to underscore in the context of this debate at the moment is that the government still has not produced the details by which it can deliver on that promise. We still have not seen the complexity of the new alcohol taxation arrangements which are yet to be legislated. We have seen the hundreds of pages of business tax proposals, but they are still before the House for debate—and we have a large amount of other tax legislation before the Senate. How can a government botch implementation so badly? This is a tax that John Howard has had an obsession with all of his life. He has had only two obsessions: one is busting unions and the other is to give this country a GST. He has lived his whole life on it. Yet, having planned for a lifetime, 10 days before implementation he still does not know how to do it. What a shambles. The simple fact is that this legislation before the House is part of the broader complexity, the broader confusion and the broader inability of the government to introduce its final tax package.

It is impossible in the time that we have had available to properly analyse all of the proposals in this bill. Whilst complex and rushed, it is essential legislation, and in the last desperate rush—and according to other professional bodies which are still trying to cope with the implementation phase of this new tax system—no industry body could spare the time or personnel to attend the planned Senate hearings on the details of this legislation. They are all struggling to keep up with the massive complications of the new arrangements. These supposedly simpler new arrangements have got the whole business advisory industry completely absorbed, simply trying to follow the changes. According to the government, under the new tax system things are supposed to be getting simpler. This bill is more conclusive proof that they are not.

The conclusive piece of evidence about the increased administration burden is this legislation dealing with business activity statements—BASs. Business taxpayers will interact with the Taxation Office by way of this business activity statement. This is effectively a summary statement of taxation liability to be provided regularly by the taxpayer. It will generally be quarterly for most businesses. We have the circumstance of the Treasurer coming into the House and holding up the simple two-page form, supposedly as evidence of the simpler, new system. This legislation reinforces the falsity of this claim. It is true that there will be a rationalisation in the number of payments made to the Taxation Office for some taxpayers. They will make four payments whereas now in some cases they make more. The government keeps on saying that this is an integral part of the GST. It is not. It is a result of the PAYG system—the pay-as-you-go system—and the Australian business number. These two factors can stand completely separate from the GST, as has been confirmed by Charlie Bell, who came up with the ideas and who was appointed by the government to advise them in this area.

More importantly, Labor offered bipartisan support for these measures without the GST. Unfortunately, the government rejected that proposal. We demonstrated our bonafides on bipartisanship to tax reform in the business tax context, and in those circumstances we have not faced anywhere near the complexity, confusion or other problems associated with the GST package. Let us be clear that not all small businesses will face only four payments. If firms have a pay-as-
you-go liability of $25,000 per year, which roughly means having five employees or more, then they will have to make payments every month in addition to their quarterly business activity statement liabilities. So many firms will still face multiple payments. Of course, the rationalisation of the number of payments is not indicative of the actual level of compliance burden. The issue is the work that goes into the calculation of the payments. Businesses are now going to have to prepare accounts on a quarterly basis; many now only do it annually. This will mean a quadrupling of the compliance burden, plus a significant ongoing increase in costs— and, of course, this is all before managing taking the GST into account.

The GST is imposing many billions of dollars of cost on Australian businesses. By the way, the government have never provided an estimate for the initial costs of the GST, but Dr Binh Tran-Nam of ATAX at the University of New South Wales has estimated these costs to be $4.3 billion—not an insubstantial amount of money. There are private sector estimates upwards of $20 billion. These are the initial start-up costs of the GST. These costs, of course, were ignored by the government when they did their modelling. We have just seen how some more of that modelling has been exposed for its shonkiness. Econtech, the Prime Minister’s preferred modeller, produced a report that said that rents were going up more than double the amount the government told us. And what did the government do? They hid the report. They hid the report because it was more embarrassment for the member for Richmond in his pathetic efforts on behalf of constituents in the Richmond and Tweed. It was a demonstration of this government’s shonky modelling in other areas.

In the case of the costs of business tax implementation for the GST, the government just assumed they were nil. In addition, the government had admitted in the regulation impact statement to the legislation that the recurrent costs—not the initial ones—would be more than $2 billion a year. That is just $2 billion to comply with the GST. It then goes on to net these costs out. It claims that the net costs are actually $385 million. These figures appeared over the weekend in the *Sydney Morning Herald*. That is a $385 million net increase in taxation compliance costs because of a supposedly simpler model. So here we have $4.3 billion in start-up and $385 million annually, ongoing, that the government has wished away. I think it is important to spell out here that it gets to the $385 million by starting with the $2 billion in gross costs, reducing them by $450 million to take account of the amount recouped through tax deductions for the costs, a legitimate expense, and claiming a gain to businesses through the abolition of the wholesale sales tax of $830 million—and we will be interested to see whether all of that fully flows on—a further $165 million for state taxes and a $200 million cash flow benefit. That is how it arrives at the $385 million net compliance costs.

Even if you accept that figure, it is a massive new impost on businesses. But Dr Binh Tran-Nam, whose figures were used by the government in its analysis, is himself reported in the *Sydney Morning Herald* of 17 June 2000 as saying that the Treasury analysis ‘underestimated the net compliance costs’, and he gave his own figure not of $385 million but of $657 million per year, ongoing, implementation: start-up costs of $4.3 billion and ongoings somewhere between $385 million and $657 million—figures the government wishes away. So that is the tax expert the government used to derive its figures. He has repudiated them, just like Chris Murphy repudiated the government about its rent assessment. This is another modeller repudiating the government’s own figures.

As I said, the government pretends that these costs are nil. All of its modelling assumed that there was nil cost to business, either in start-up or in ongoing. Not only is a massive cost to business involved here, as well as the complexity associated with it, but these costs can, of course, be passed on to consumers. The ACCC confirms this. So not only are Australian small businesses going to have to face higher costs, we know that the government estimates of the costs are too low. We know they will be passed on to consumers and we know that will result in higher inflationary pressures and, if there is more
inflation in the economy, that, in turn, will put pressure on interest rates. Let us go back to the business activity statement. It is a short document of a couple of pages. The key question is: how much work does it really take to properly fill in the form? How easy is it to comply with the simple new tax? The government produced a guide for the two-page simple document that the Treasurer waves around this chamber. Do you know what the guide looks like? Have a look at that, Minister. The thickness of this is probably like a telephone book in the Tweed. This two-page document needs a 159-page guide. Some simple tax! Some simple, easy to adjust to system! You tell people all they have to do is fill out a two-page document, but when they ask, ‘How do I do it?’ You say, ‘Refer to our guide,’ and it is 159 pages long. Simple! No. Complex? Certainly. But it gets worse. What I have just held up is simply a guide. But, as my colleague the member for Rankin has demonstrated in this House, the legislation is more than three telephone books thick. So how can the government claim that this is a simple new tax? No one believes them when they say it is simple. They also know that there have been around 20,000 requests for private rulings on this simple new tax system. Most business people do not have the time to read the guide, let alone fully understand it. They are trying to run their businesses and build some wealth for the nation. They have better things to do than be swamped by the paperwork. Yet the government have the gall to pretend that it is a simpler, new system.

So just what is the current compliance burden of the wholesale sales tax for almost every retailer? The answer is nothing. There is no compliance burden. The tax is collected at the wholesale level. There is generally no paperwork for retailers. They are not in the system. They can run their businesses without the hassle of being an unpaid tax collector—that is, they can do that for the next 10 days until they become Peter Costello’s volunteer tax collectors, with a $200 voucher for the privilege. Farmers, charities and others who are entitled to an exemption simply quote their exemption and that is it. That is truly a simple system, but it is being brought to an end. If it were simpler, the aggregate costs of compliance would be going down. Even the government admit that they are going up; we know they are going up massively.

The workload for professional advisers on the supposedly simpler new system is going to be massively higher than the current workload. This, then, raises the issue of who will be able to advise, prepare and lodge the business activity statements for taxpayers. Currently it is restricted to tax agents and lawyers. This bill proposes to open up that ability and for members of accounting bodies and tax practitioners, bookkeepers working for those people and persons who provide payroll services to be involved in the business activity statement advice, preparation and lodgement. So what we are seeing is a broadening of the category of those who are allowed to fulfil taxation compliance tasks, simply because the existing framework cannot cope with this simple new tax.

The need for broadening arises because there are not enough tax agents in Australia to deal with the reporting requirements of the government’s simplified tax system. The simpler new system has produced a work overload for accountants and tax agents, and they simply cannot cope. Members should be aware of the record number of accounting businesses reportedly already up for sale. The industry simply cannot keep up. It is unclear whether the proposed mix of personnel to perform the advisory functions is completely appropriate or not. As the bill currently stands, some existing work by lawyers and sales tax specialists will not be allowed on the BAS. It is unclear whether this was deliberate or not, but we are expecting some amendments to be moved by the government later in the debate to address even more anomalies. Here we have, 10 days before the new system is implemented, a piece of legislation trying to clarify things, and we think they even have to clarify the clarifications. Again it is evidence of the massive administrative botch-up. Many people involved in providing advice, such as lawyers, will not be allowed to continue under the bill as originally drafted, but it could be corrected later. Labor will not oppose these amendments, but
we are concerned about the regularity with which the significant legislation has to be amended.

On the rationalisation of administrative penalties, the bill proposes to amend various pieces of tax legislation and introduce a uniform regime that will impose penalties relating to statements and schemes, penalties for the late lodgment of returns and other documents, and penalties for failing to meet other taxation obligations. Labor support, in principle, a consistent regime across taxes for similar behaviour; however, whether or not the penalties proposed by the bill strike an appropriate level of penalty for the various categories of offences and circumstances is a very difficult judgment to make from the position we are in. Compounding this is the short time between introduction—on the last sitting day in the last sittings—and the proposed debate in the House. There has not been adequate time for briefing from the government or for consultations with stakeholders. Accordingly, whilst we give in-principle support for the notion of a uniform approach, we will wait and see how this unravels.

Finally, on top of the matters that I have mentioned, the bill contains 195 amendments in schedules 2 to 5—many of them complex—concerning the pay-as-you-go provisions, the Australian business number provisions, the running balance and general interest charge provisions. The changes to the simpler new tax system, it would seem, are endless. Earlier in the year we heard the Treasurer say that he had the legislation right. Since then we have had an unending torrent of amendments in almost every area of the tax system. The system is not simpler, it is not fairer, and it is nothing like Australians were led to believe before the last election.

Every time we have put the government’s claims under scrutiny, they have been found to be misleading. This week we exposed the deceit about caravan parks and boarding houses. In the process, it was uncovered that normal rents will go up by 4.7 per cent due to the GST, not 2.3 per cent as the government told us before the last election. But it is not just rents. Every price is going up more than the government said it would: clothing, footwear, gas, electricity, public transport, beer and now rent. The list is endless. Because of the botched implementation, there is insufficient time to properly debate this legislation. We have been cooperative, on this and other bills, in accepting that the debate will be cut short. The government have been totally unreasonable.

The Labor Party are trying to assist small firms to cope with this administrative nightmare, but I am sure that they will continue to struggle under the weight of this botched, inappropriate system for the nation’s future. Therefore, it is our intention to move a second reading amendment. I move:

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

 whilst not declining to give the bill a second reading, the House:

(1) condemns the Government for its continual amendment and complication of the New Tax system, especially the GST;

(2) notes that the Tax Office is now swamped by the requirements of implementing the largest tax change in the history of the country;

(3) notes that the Government is trying to rush through another 195 amendments in a very short time, without proper consultation; and

(4) acknowledges that the Government has wasted over $430 million selling a tax that the majority of Australians do not want.

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

Mr Emerson—I second the amendment and reserve my right to speak.

Mr ST CLAIR (New England) (10.19 a.m.)—In speaking on the A New Tax System (Tax Administration) Bill (No. 2) 2000 I will take up a couple of points raised by the member for Hotham. He talked about fuel prices, for example. Recently a press release was sent out to all our electorates under the names of the member for Hotham and the member for Batman, giving the fuel prices. It is interesting to have a look at the prices, because, as we all know, they have fluctuated rather dramatically. He mentioned prices of 95c and 93.9c a litre. Certainly in my electorate of New England that is the sort of pricing we have at the moment. Some prices go up to 99.9c and some have been as low as 92.9c. Not long ago in Tamworth, one
outlet was selling fuel for 89.9c. It is certainly all over the place; there is no doubt about that. But I would remind honourable members, as I mentioned last night, that the government are reducing the excise on diesel by some 23c to 24c a litre, which is tremendous news for the transport industry.

If we reflect for a moment on the period of time between 1993 and 1996, when the Labor Party were in power, they actually increased petrol excise three times. They increased the fringe benefits tax three times during that same three-year period. They increased company tax. It is very easy to forget that.

Mr Horne interjecting—

Mr ST CLAIR—They increased company tax from 33 per cent, as the member for Paterson would surely know, to 36 per cent, and they increased sales tax on motor vehicles from 16 per cent to 21 per cent. So it is most interesting. Also during his rambling speech the member for Hotham raised the issue of inflation and what effect the new tax system will have on inflation. It was not long ago, about 10 years ago, that I can remember paying 24 per cent, 25 per cent and 26 per cent interest on small business loans. I am certainly honoured to stand here, with 10 days to go—as the member for Hotham mentioned—until a new tax system comes into place on 1 July, and I support the A New Tax System (Tax Administration) Bill (No. 2) 2000.

The bill amends a number of acts. The majority of amendments commence on 1 July 2000, when the A New Tax System (Goods and Services Tax) Act 1999 commences, with the following exceptions: the amendments applicable to fringe benefits tax, schedule 2, part 4, commence on 1 April 2001; the amendments to the Diesel and Alternative Fuels Grants Scheme Act 1999, items 2 to 7 of schedule 2, part 1, commence on 1 July 2000 or at a later date on which motor vehicle emission standards are determined under the Diesel and Alternative Fuels Grants Scheme Act 1999; and the amendments to the pay-as-you-go withholding system in the Taxation Administration Act 1953, schedule 3, are taken to have commenced on 22 December 1999, the date on which the A New Tax System (Pay As You Go) Act 1999 commenced.

This bill introduces a uniform administrative penalty regime for all taxation laws. The bill also streamlines the criminal penalties payable for comparable taxation offences contained in a number of separate taxation laws, such as failure to keep records or failure to lodge a return. I have noticed in my electorate—and I know that members of both sides of the House will have seen this—the increased attention small business is paying to the way they keep their records. I think that is a good thing, as would most members. I have noticed an influx of people in small business saying to me, ‘I know how I’m going on a monthly basis now, rather than having to leave it until the end of the year.’ So there are some very good things. I am not suggesting that it is easy for small business or others, it is not; but neither is staying in business in these particular times. However, there are opportunities being opened up to make life a little simpler for them. The bill makes a large number of minor amendments to the various taxation laws.

The bill is part of a series of measures designed to implement the government’s commitment, announced in A New Tax System, to a more cohesive approach to compliance and administration. The bill introduces a uniform administrative penalty regime for all taxation laws, and this is the second phase of a uniform penalties regime. The first phase was the introduction of a uniform general interest charge for all late payments of tax. The third phase, planned for 2000-01, will be the amendment of penalties in line with the recommendations contained in A Tax System Redesigned. The regime is modelled on the provisions currently contained in the Income Tax Assessment Act 1936. The new regime will be contained in the Taxation Administration Act 1953 and will apply to all taxation laws. Consequently, provisions in a number of taxation laws which currently provide for administrative penalties are repealed by the bill.

The bill also amends the A New Tax System (Australian Business Number) Act 1999 to limit public access to details contained in the Australian Business Register. Under ex-
existing law, state, territory and local government bodies are able to obtain sufficient ABN information through public access to the Australian Business Register to carry out their functions. However, the amendments to limit public access would severely restrict the information that state, territory and local governments could obtain. Therefore the amendments also enable state, territory and local government bodies to access ABN information in the same way as the Commonwealth accesses ABN information.

The amendments are intended to ensure that full Australian Business Register records are available only for authorised government purposes, with the public having access only to the limited information currently available on the business entry point web site. I have to say that this has been a revelation for a lot of our people in small business in the New England region and elsewhere, who are now starting to get the hang of how the various web sites work. Those web sites for the Australian Taxation Office have been working exceptionally well. As I mentioned, there is limited information currently available on that business entry point web site, which is a subset of the Australian Business Register.

The introduction of uniform administrative penalties and standardised criminal penalties for breach of all taxation laws is to be welcomed and will lead to greater simplicity in the complex field of tax administration. The only concern of substance raised in the bill is that lawyers and accounting professionals who are not registered as tax agents will not be able to prepare and lodge documents or deal with the commission on behalf of clients. These restrictions already apply and are accepted in the field of income tax. Lawyers will still be able to give legal advice on taxation laws. They will still be able to prepare objections to tax assessments and act for a taxpayer in litigation or other proceedings. It is questionable whether the preparation and lodgment of taxation documents are services commonly provided by lawyers. In any event, lawyers and accountants desiring to provide these services can always apply for registration as tax agents, provided they have the necessary experience in these tax matters. I commend the bill to the House.

Mr KELVIN THOMSON (Wills) (10.28 a.m.)—The Labor Party will be providing in-principle support to this A New Tax System (Tax Administration) Bill (No. 2) 2000 but will be seeking quite detailed scrutiny of this legislation. This bill has 195 amendments, and these are on top of the more than 1,000 amendments that were moved to the new tax system in 1999. The new tax system is a piece of legislation which is measured not so much in pages but in kilograms, particularly by my colleague the member for Rankin. This was supposed to be a simplification of the tax system, but once again we have seen legislation entering the House on 11 May this year. It is now 21 June—just 10 days to go before the GST comes in. Those people who practise accountancy, and other people who will be impacted upon by this legislation in business, have had just over a month to digest the changes proposed in this legislation.

What is the justification for dropping 195 amendments on us and expecting stakeholders to understand and provide feedback in such a short period? We need decent exposure to legislation like this to check whether it will work and how it will work. We need to give it time in the public sphere so that people have a chance to look at it before it is made law. Otherwise, the government will find itself coming back time after time amending its own amendments, as indeed this government so often does. Last night I dealt with a piece of legislation and when it came time to discuss this legislation, which was hundreds of pages in its own right, the government walked in and dropped 77 amendments on top of us. It is a very poor piece of legislative process from a government which has not got on top of the new tax system—a tax system which is making taxation in this country not simpler but more complex.

This legislation has three key purposes. It seeks to rationalise the administrative penalties across a range of taxes. That standardisation should make the system of penalties easier for people to understand. A common penalty will apply where the taxpayer fails to satisfy the same type of obligation under different tax laws. This seems to us to be sensible. This is the second of three pieces of leg-
islation that are aimed at simplifying and unifying the penalty regime. Last year we saw the general interest charge being introduced to apply a uniform interest rate to all late payments. I look forward to the third in this series, which deals with penalties in the new tax system. Whether the actual fines themselves are right or not, we will have to wait and see. That is a difficult thing to determine in advance from opposition.

The second part of this bill deals with the provision of business activity statement services by people other than registered tax agents. That is an issue which I became aware of in March this year when I came into possession of a proposal from the Australian Taxation Office—I come into possession of quite a few proposals that circulate around the tax office—to widen the range of people who can lodge tax returns on behalf of others. In this was a very clear admission from the government that the implementation of the GST is proving to be a much more difficult and complex task than it originally envisaged, understood or imagined. The document that was leaked to me back in March contained the following statement: ‘If tax agents cannot service all business, this will create an administrative risk for the new tax system.’ What they were proposing to do in this leaked document was to drop the restriction so that anybody could lodge a tax return—a business activity statement, in this case—for reward for others. I referred to this as the Fred Nerk amendment because the existing legislation requires somebody to be a tax agent or a qualified lawyer in order to lodge these tax returns for reward. The government’s concerns on this front are virtually repeated on page 48 of the explanatory memorandum accompanying this legislation which states:

The Commissioner is concerned about the ability of tax agents to meet the demand for this work and the consequences for small businesses of not having an agent to assist in meeting their obligations.

That is about as clear as it gets: it is telling Australia that what we are getting is not a simpler tax system but a more complex system and that it is, in fact, so complex that there are not enough tax agents presently in Australia to provide the business activity statements that the new tax system requires; so we have to broaden the scope of people who can prepare these returns for reward.

The government has backed off the Fred Nerk idea that anybody can prepare such a statement. No doubt, it received a pretty negative response from business following my blowing the whistle on this idea. This provision expands the list of people who can lodge returns on behalf of others to include members of accounting bodies and tax practitioners, bookkeepers who are working for accounting bodies or tax practitioners and persons who provide payroll services. There are a number of concerns about this issue and a number of issues that could arise, particularly concerning the quality of advice that may be given to taxpayers. If you look at section 251L, paragraph (6), this issue of bookkeepers working under direction is a pretty easy arrangement to contrive and pretend and we could see smaller agents effectively subcontracting out their tax agent’s number. It does appear to me that the enforcement provisions are weak and that the legislation is lacking in teeth concerning the issue of penalties. There is no suggestion that defendants have to bear any evidential burdens. I think that there are issues of proof in relation to how the government is proposing to deal with this issue and that there is a need for a close eye to be kept on this practice to ensure that it does not lead to a deterioration in the quality of taxation advice. Of course, these are the sorts of problems you run into when you create another 1.6 million entities to collect tax—giving us something approaching world’s worst GST practice, with the effect of the Y2K issue look like a picnic in the park.

As my colleague the member for Hotham’s amendment indicates, this panic is now affecting all areas of the Australian Taxation Office. We have seen it with the tax office dropping the ball in relation to fuel substitution testing. We have seen it with inadequate follow-up on superannuation guarantee complaints. We have seen the removal of staff from the individual, small business, large business and debt collection areas of the tax office to fill GST positions,
and we have seen a lot of money being wasted on finding applicants for the 4,700 GST jobs.

I will turn to the issue of tax office staffing. It is an issue of ongoing concern within the tax office and there are some industrial issues arising there. We have a situation where the tax office is required to fill 4,700 GST positions but, of course, it is also being required to keep its normal functions running against a background where every major and minor accountancy and consultancy firm out there is also trying to hire people for GST work. The tax office has been consistently behind its own targets in hiring staff for this purpose, and it has used many of its own staff for the purpose of doing GST work. According to the latest Senate estimates, the tax office hired 3½ thousand staff towards its target of 4,700, but some 40 per cent of those staff had been hired from internal positions which, in turn, had not been backfilled. That is simply robbing Peter to pay Paul. The large business line, the small business line and the individuals non-business line have all suffered as a result of losing staff for GST work.

You have to contrast that with the protestations of the Treasurer back in June 1989 when he said:

The notion that efficiencies to be achieved elsewhere in the ATO are to fund the GST is also completely wrong.

It is the Treasurer who is wrong. What is in fact going on in the tax office is that staff are being moved to GST work and, as a result, other functions of the tax office are suffering. For example, Senator Conroy asked in the Senate estimates committee process:

Has that movement of staff internally resulted in the ATO being behind in any of its normal tasks of processing tax returns?

Mr D’Ascenzo, on behalf of the Taxation Office, said:

The reality of any dislocation of those numbers necessarily puts a strain on the management of any organisation. I can not state here that without that dislocation we could have done better, but we have managed as well as we can and met targets in an open and transparent way.

We have to hope that ‘as well as we can’ will be good enough. I also note that the process of getting these staff was pretty unsatisfactory as well. The whole thing has been outsourced to Morgan and Banks, who have been paid $9.875 million to recruit those staff. As I mentioned before, some 40 per cent of those staff were internal tax office positions, so Morgan and Banks have been paid $4 million to miraculously find these tax office staff who were already there—$4 million to move them one desk to the left. Clearly, the tax office should have been involved in recruiting its own staff internally, those who were suitable and wanted to move to GST, and then Morgan and Banks should have done the remainder, the external recruiting work, and the taxpayers could have been saved that $4 million Morgan and Banks success fee.

The other area that I want to comment on, where the strain on the tax office has been showing in recent times, is the issue of the privacy of Australian business record information—and we had a backflip from the government just yesterday in relation to this.

Mr Martin—Not another one.

Mr KELVIN THOMSON—We get many backflips in tax and in other areas of government policy, but they are still working it out on GST. When the opposition raised privacy concerns about the Australian business register and the selling of the information for $20 a pop, the government and the tax office were pretty defensive about this. The Commissioner of Taxation, Michael Carmody, said:

Reports suggesting privacy laws had been breached by the tax office are completely false. Protected taxpayer information will never be sold by the tax office. We strive vigilantly to protect the privacy of taxpayer information and, contrary to media reports today, the Office of the Privacy Commissioner has today confirmed that no investigation has been commenced.

That was back at the start of June. Yesterday we saw an announcement from Senator Kemp that ‘publicly available information from the business register will be restricted in response to concerns raised over public access to the register’. Senator Kemp was not generous enough to say that those public concerns had been very much the work of the opposition and in particular our work in the Senate estimates committee. But the point is
that he has now indicated that postal address details and email addresses, while part of the register, will now not be made available to the public and that there will be an option for people in exceptional circumstances to request that their information be suppressed from the register.

So we welcome this backflip from the government. It indicates that the opposition was quite right to raise privacy concerns regarding the selling of Australian business register information and it reflects again a government which is struggling to cope with the size of the task, that has botched the implementation of the GST and that is giving us in fact world’s worst practice concerning a GST. Regrettably, rather than trying to properly come to terms with that, it has decided that what we all need is a $400 million-plus promotion campaign to tell us just what a great new tax system it is giving us. To make the obvious point, if it were such a good tax system, why is it that $400 million of taxpayers’ money is needed in order to promote it and to convince us that this is the case?

I support the amendment moved by my colleague the member for Hotham and I urge all members of the House to support that amendment. I indicate that the opposition wants to give this legislation further scrutiny in the Senate. With its 195 amendments, it is clearly more detailed legislation and it deserves more detailed scrutiny than it has received so far.

Mr MARTIN (Cunningham) (10.43 a.m.)—As the PM toddles off to the old Dart for the celebration of Federation and for the cricket to the strains of Waltzing Matilda played by the 55-strong Australian Defence Force band, guarded by the 155-strong Federation Guard, back in Australia small businesses will be struggling to understand the complexity of the A New Tax System that is being introduced. As the $2 million is spent on behalf of taxpayers to celebrate an event that should have been celebrated here in Australia, small businesses in Wollongong will be struggling to come to terms with this complex tax system, which this Prime Minister promised would be simpler, easier to understand and that—for their sins—for the equipment needs that they would be required to purchase in computerisation and so on, they would be given $200. I have been talking to constituents in Wollongong about the implementation of this tax. Recently one of them, a close friend of mine who owns a pub, came to see me and he said, ‘Look, my accountant tells me it is going to cost $50,000 for computers and for the software system that is going to be required.’ That is for him to manage his business—and he will get $200 back because he has his ABN and so on, so he has complied with what is required. But he, as one of many people in Wollongong, is saying to me that the promise of a less complex, fairer system is an absolute myth. I think, as has been demonstrated by the Deputy Leader of the Opposition in his contribution today, the fact that we are trying today to rush through another 195 amendments to the tax act—

Mr Emerson—Plus 34.

Mr MARTIN—I stand corrected—195, plus another 34, being rushed through by this government, because they have effectively got it wrong and they have seen that the $430 million that they have been spending on Joe Cocker advertising campaigns and the like is not effective. I cannot help but note as we talk about this tax administration bill this morning that people are awake to the effect that this tax is going to have on them. Mr Deputy Speaker, I am sure that as you travel around your constituency you are amazed at the number of shops—as I am amazed at those in Wollongong, Corrimal, Fairy Meadow and Thirroul and so on in my electorate—that now have ads in their front windows saying ‘Pre-GST sale’. You see little brochures put out like the one from Sportsco, which has a couple of outlets in my electorate. Its brochure reads ‘Beat the GST—Pre-GST specials’, and it has all these specials on footwear and clothing. And then you remember that no wholesales sales tax applies to these goods at the moment. There is a pre-GST sale to get rid of the old stock because the suppliers know that the consumers are going to be hit with a 10 per cent GST come 1 July. Because of the compliance mechanisms that are going to be required for stock record keeping, if you are someone that has a
reasonably large stock of material on hand—in this case, shoes and sporting clothing—there is a clear advantage in getting rid of that to make it a lot easier to implement the GST on your existing stock inventory.

My local newsagent, just next door to my office in Corrimal, has been flooded since earlier this year with letters from the suppliers of things like stamps, filing cabinets and office equipment. As well as his business retailing supplies from his newsagency, he also supplies office furniture and so on. He has been inundated with letters from these suppliers saying that the costs are all going up but that they are all going to be effective well before 1 July. So the products that he subsequently hopes to sell after 1 July, which will have the GST applied to them, are also going to increase in cost so that those people who are supplying it to him, as a retailer, as a small newsagent in Corrimal, will get a greater return from it. He is going to have to pass on those costs. The administration he will have to do to improve his compliance functions, plus its computerisation, means that this small businessman in Corrimal is going to have to put in an exponentially greater number of hours.

These are some of the actions that are taking place at the moment before this tax has even started. It flies in the face of this government’s commitment to simplicity. It flies in the face of this government’s commitment to having compliance which is easy to understand. Is it any wonder that stories are coming out about people that have been operating small businesses across this nation of ours who have decided to just give it away, saying, ‘Why should I do all this now? Over the years I have dealt with suppliers and we understand the wholesale sales tax system where it applied to some of those goods. But now, with the application of the goods and services tax to such a variety of areas as of 1 July, it is just going to get a bit too hard’? My brother runs a small business on the Gold Coast selling surfboards and surfing equipment. He is struggling to come to terms with how it is going to apply in his area, particularly in terms of compliance. He is wondering, like so many other small businesses, whether the GST police are going to come knocking on his door to check whether or not he has the ABN, whether or not all the right forms are there and whether or not he is keeping records so that any input tax credits can be properly checked—and so it goes on. This is a real fear, and it is no good this government saying that it will be all right in the morning; it is not going to be all right in the morning, and time and time again we see evidence of that.

It is a similar story with small businesses in Wollongong. My daughter works in the hospitality industry. She knows what it will be like, because this is an industry where wholesale sales tax does not really apply. But as of 1 July in a restaurant the cost of a 10 per cent GST will be passed on to consumers. Additional paperwork is going to be required from the proprietor of the establishment and my daughter in her management function. She has already been told the extra hours that she is going to have to work unpaid to assist in this process of implementation. I have to say to this government that the questions associated with compliance, with simplicity and with the way in which the tax is going to be fair are absolute rank nonsense—

Mr Abbott interjecting—

Mr MARTIN—You do not need to take my view on this, as I am sure the honourable minister that is unsuccessfully attempting to harangue me from across the table is doing. The Illawarra Regional Information Service recently conducted a survey among residents in my constituency and more broadly across the Illawarra, including residents in the electorate of Throsby. They found overwhelmingly that in the Wollongong area 54 per cent, as opposed to 20 per cent, suggested that the GST was certainly not going to be good for the economy. To the statement ‘The GST is going to be good for my household financially’, 14 per cent agreed and a massive 62 per cent disagreed. That is the view that has been taken by the constituents of my electorate in Wollongong—a normal, average Australian electorate where people get up and go to work of a morning. They go on public transport or they drive, and they know that the cost of fuel is going to go up. They know that the cost of household goods and services are going to go up. They know that other ar-
ee will go up; if they go to see the Dragons play at WIN Stadium on a Sunday, they will have to pay 10 per cent more. Previously no tax was imposed there, but there is going to be one now. They know that the cost of going down to the Hoyts cinema to see a movie on a Saturday afternoon with the kids is going to increase. They know that there will be a 10 per cent increase in the cost of going to the Northern Bowl out at Corrimal where previously none of these things were taxed.

They know that as family people in Wollongong their lives are going to be affected and they can see through this government. They can see through the smirk of the Treasurer when he gets up and says, ‘This is a great tax system and we have got to go that journey.’ Mr Deputy Speaker, I can tell you now that they do not believe that the chains are going to be taken off them. In fact, I think people have sent back their Joe Cocker CDs in droves. They do not believe this is going to help them. It is an absolute nonsense. It has been demonstrated by surveys such as the one I have just referred to by the Illawarra Regional Information Service in my electorate and by opinion polls that have been taken about the popularity of this government which reflect the way people see through this cynical effort of the government saying that this is going to be a much better tax system. All of these things are pointing to a more complex, highly compartmentalised tax system that will benefit only the top 20 per cent. People really are starting to say, ‘If all of these great things about this great revolution, this great journey down the road to tax reform that the Prime Minister wanted to take us on, are going to give us some benefits, why aren’t we seeing them now and why aren’t we feeling like things are going well?’ People are asking that.

Finally, let me say that one of the other great lies that gets peddled in this whole tax debate is that Labor did not ever do anything about the tax system. As has been consistently pointed out, people opposite have got short memories. In 1983, when we came into government, the tax scales absolutely disadvantaged most people.

Ms Macklin—What was the top rate?

Mr MARTIN—The top rate was 60c in the dollar and the bottom rate was 30c in the dollar, and those who were least well off were paying that.

Ms Macklin—Who was the Treasurer?

Mr MARTIN—The member for Jagajaga asks who was the Treasurer at the time who left us with those tax scales. Was it the current Prime Minister? Yes, it was the Prime Minister who left us with those tax scales. What did we do? We changed them. We dropped the 60c down to 47c and the 30c down to 20c. And then there were all sorts of other changes that came in with the social wage over the 13 years that we were in government and other changes that came about. The last one was in 1993, when again we changed the tax scales. This government turns around and says that Labor did nothing to help the people in the tax system. I tell you what we did do: we did change the marginal tax rate scales; we did bring in a whole range of social welfare measures that assisted those least able to help themselves; we did bring in things like family allowance to help the families of Australia in a genuine way; and we did change the wholesale sales tax rates, yes, and we tried to consolidate those. But what we did not do is bring in a GST that affected everyone’s life. That is what we did not do, and we were very proud that we did not.

Mr EMERSON (Rankin) (10.55 a.m.)—I begin my contribution to the debate on the A New Tax System (Tax Administration) Bill (No. 2) 2000 with a question. Who said this: I honestly think now it’s receded from consciousness it’s being invested with some snake oil qualities. ... It has certain advantages, but you won’t want to overclaim it. They’re at the margin. The answer: the Treasurer. Yet less than four years later this snake oil is about to be inflicted on the Australian people. I note from a poll published in today’s Australian that an increasing number of people seem to believe that the GST will be good for the economy. That is partly a function of the fact that Australians were told before the last election that the GST would be good for the economy through a $19 million publicly funded misinformation campaign. On the eve of the last election, on 25 September, after saying a few
years earlier that the GST was snake oil, the Treasurer said that the GST meant ‘bigger exports, more trade, more jobs and more growth. This is a proposal to boost economic growth and jobs’. How about that, because on 14 August 1998, just before the election, when he was addressing the National Press Club, he was asked ‘Have you done some modelling?’ and to tell us what these great employment effects were going to be. He said, ‘Look, we’ve done lots of modelling.’ As it turns out, the only modelling that had been done was by the Prime Minister’s preferred modeller, Chris Murphy, and that was on a hypothetical indirect tax change. So, in terms of the macro-economic impacts of this tax, the employment effects of it, it turns out that no modelling was done and the only macro-economic modelling that was done was on a hypothetical tax by the Prime Minister’s modeller of choice, Mr Murphy.

It was Mr Murphy who yesterday let the cat out of the bag on the impact of the GST on rents—an impact which the Treasurer has tried to keep secret for many months now. This is the same Mr Murphy who produced a paper before the last election asserting that the maximum impact of the GST on average living standards would be $1 billion after five to 10 years—just $1 billion. That assumed away all compliance costs and it assumed away lots of things that would have led to a more adverse result than that. After the election, Mr Murphy produced new estimates, including ones published as part of a release from the Australian Competition and Consumer Commission, that now reduces that small amount of $1 billion to just $500 million after five to 10 years. So we are going through all this pain, all this snake oil, for a maximum positive impact on living standards of $500 million. As Professor Dixon of Monash University says, it is not enough to run one university. It is the same Mr Murphy who after the election said:

So the GST itself is not so much about generating jobs as putting all industries on the same footing in terms of how they’re taxed.

Journalist: So the ... aren’t actually in themselves creating jobs?

Murphy: They don’t create jobs but they do make people better off.

Better off to the tune of a maximum of $500 million after five to 10 years and assuming away all compliance costs. It is compliance costs about which I will be speaking further today. Also after the election, in an interview with Mr Murphy, journalist Kerry O’Brien said:

Six hundred million dollars a year …

his revised estimate was down to $600 million—

Now, in isolation, that might sound like a fair bit of money, but set against the total economy, GDP or the amount of money that consumers spend, it’s really small beer, isn’t it?

Chris Murphy: It’s not small beer; it’s not huge—you’re right, it’s not huge—but it’s not small beer either.

So much for the purported economic benefits of the GST. Dr Neil Warren is fairly well known because he helped put together the Fightback package and, along with Professor Anne Harding, has done a lot of modelling of the distributional impacts of the GST. On ABC television on 18 May 1998, Dr Warren said:

Oh, I mean people are saying the GST will solve all our ills. I mean, the GST will not, and I think it’s a mistake to say that it’s going to cure our foreign debt and create thousands of jobs. It’s just not going to do that.

In the Australian on 18 May 1998, the Secretary to the Treasury, Ted Evans, was reported as saying:

Every economic text that I know of will tell you in principle that shifting the tax burden towards further reliance on indirect taxes will significantly aid national savings.

But he added:

You won’t find that convincingly demonstrated in principle that shifting the tax burden towards further reliance on indirect taxes will significantly aid national savings.

What has happened here today is quite remarkable. A further 195 amendments to the GST legislation were introduced. These are amendments which, earlier this year, the Treasurer said would not occur. He said:

It means that we are not changing the legislation and that we have it right. As you implement these things, there have to be further rulings—they are
just rulings as to how the tax office applies the concepts—but we are not changing the legislation. Since the Treasurer made that statement, there have been massive changes to the legislation. In the previous sitting week, we debated 211 further changes. Of those, a number were brought into the House while the debate was going on to amend the government’s amendment bill. We may have a sense of déjà vu because today 195 amendments have been the subject of the debate that is now occurring, but after the shadow Treasurer left this place, after he gave his speech, another 34 amendments were circulated. I calculated that a total of 1,026 amendments had already been made by the end of last year. So with 1,026, plus 211 in the last session of this sitting period, plus 195 today, plus 34 that are now being brought in, that is now a grand total of 1,466 amendments to the legislation which the Treasurer said would not be needed because this is a streamlined new tax system for a new century.

Mr Deputy Speaker, I will not ask you to endure a further weigh-in of the legislation. The scales that I brought in here last time are now broken because the legislation weighed in at 6.1 kilograms. We have in front of us 195 further amendments, on top of the 1,026 and the 211, plus 34 which have been brought into this place just now. How can we possibly debate this legislation properly when, in the middle of the debate, 34 extra amendments are brought in? It is a joke. So much for the Treasurer’s claims that this is a streamlined new tax system for a new century.

When we look at the true economic impacts of this tax package, it is worth remembering that Mr Murphy is not the only commentator and the only economic modeller. Another economic modeller is Professor Peter Dixon, who was commissioned by the Senate GST inquiry to do an analysis of the true economic impacts of the GST package. He has concluded that, far from even the meagre increases in living standards that have been modelled by Mr Murphy, this GST package will in fact lead to a reduction in average living standards for Australians. It absolutely bewilders me how the Treasurer and the government can proceed with this legislation in the full knowledge that it will have negligible or even negative economic impacts. In a paper produced after the changes that were agreed by the Democrats with the government, which forced the GST through, Professor Dixon said:
Even ignoring compliance costs, the MONASH results indicate that the Democrats’ changes will reduce Australia’s overall economic welfare by about 0.3 per cent (approximately $1 billion a year).

Compliance costs are conservatively estimated at another billion dollars a year, so that would take us to minus $2 billion a year. Why are we doing this? The same Professor Dixon described the GST as a job destroying tax. Mr Murphy said it will not create jobs. Professor Dixon said it will not create jobs. The only person who is saying that it is going to create jobs is the Treasurer who, when asked about the impact on jobs, said, ‘We’ve done lots of modelling,’ but it turned out the government had done no modelling at all.

Where does that leave us? It leaves us with this compliance nightmare. This is the business activity statement. I remember the Treasurer standing up in the parliament and waving around a two-page document saying, ‘This is the simplified, streamlined, new tax system for a new century. All business has to do is complete this two-page business activity statement and they will have discharged their obligations under the legislation.’ What he neglected to say—and I have just downloaded this from the Internet—is that the hitchhiker’s guide to the two-page business activity statement runs to 148 pages. So much for a streamlined new tax system for a new century. Small business people are going to have to go through 148 pages of instructions in order to complete this two-page business activity statement and they will have discharged their obligations under the legislation.’ What

Mr RUDD (Griffith) (11.07 a.m.)—I rise in support of the opposition’s amendment to the motion for the second reading of the A New Tax System (Tax Administration) Bill
(No. 2) 2000 because I think what we are seeing across the country at the moment is an implosion in tax administration. The Treasurer stands in the parliament often and speaks about his innovations in taxation policy. But part of being Treasurer of the Commonwealth lies in actually giving effect to the implementation of taxation change effectively on the ground. Not just looking at the simplicity of the regime being proposed across the raft of ANTS and ANTS related legislation, including the PAYG legislation, but beyond that looking at the implementation of that legislation and the capacity of the various instruments of tax policy administration to cope, we are seeing fundamental systemic failure. If you speak to business, as I do often, you find that with a couple of weeks to go many businesses out there are still waiting on key determinations and rulings from the Australian Taxation Office on matters which fundamentally and directly affect the capacity of their businesses to operate from 1 July. The government’s response is: go to the tax office; go to the GST hotline; ask for a visit from the relevant officers from the Taxation Office.

The bottom line is: they cannot cope. We know they cannot cope. The waiting periods are huge. It is not just the ATO which is suffering all these difficulties. On the other side of the government’s hierarchy for the implementation of this whole new system is the ACCC. The ACCC itself cannot cope. The ACCC is faced with this plethora of legislative change, and the total additional staff the Commonwealth has allocated to the ACCC with which to cope is 60 across the nation. The ATO cannot cope. The ACCC cannot cope. The accountants with whom I speak in the accounting profession, those on whom individual businesses rely in order to obtain professional advice about how the tax changes affect their particular businesses, cannot cope either. I am not just talking about suburban accountants. I am talking about the big five—those who dominate the accounting profession in this country. They cannot cope because of the sheer quantity of change making its way through this parliament in one lump—and an undigested lump at that—because of the quantity of amendments that are being pushed on us here as members of parliament and the expectation that somehow we are going to be able to contribute some intelligent observations in terms of their content.

It seems that the government has almost embarked on what could only be described as an ‘amendment led recovery’. Up until a fortnight ago, we had had 1,000-plus amendments to this particular set of GST bills. Last sitting fortnight we had another 211; today another 195. There is a sheer incapacity on our part as legislators to cope, quite apart from the downstream burden on administrators to cope, quite apart from the further downstream implication for people who actually deliver the advice at the coalface in the accounting profession and businesses which are faced with the fundamental task of survival. This bill is but one example. It refers in part to business activity statements. The Treasurer of the Commonwealth, the master of theatre in this parliament but the travesty of substance, waves around a two-page document and says, ‘Here is your brand-new simplified business activity statement. All your nirvanas have come at once. Bob’s your uncle. You will now have a much more simple system of taxation compliance.’ What he does not wave around is the 150-page document which is the fool’s guide to how to work your way through the business activity statement.

I would ask you to picture in your mind’s eye an average corner store operator out there in suburban Australia. They have just spent from seven in the morning till nine at night running their little local business. They are very tired. They get home and what do they face? In the mail a couple of weeks ago has come Allan Fels’s several-hundred-page guideline on the need to avoid any form of price manipulation or price exploitation as a consequence of the introduction of the GST. They have tried valiantly to work their way through that. Then last week the new ATO food guide for wholesalers and retailers of food arrived with what is on and what is off—what is going to affect peanuts whether they are salted or not and yoghurt whether it is frozen or fresh. They have tried valiantly to digest their way through that. Then on top of all that they get the new Peter Costello guide
on how to work your way through business activity statements—another 150 pages. I would ask you just to picture what happens on the ground to that particular local small business, the corner store, as they try and work their way through Taxman Pete’s simplified tax reform proposals for the Commonwealth. This is quite apart from the fact that this corner store owner might happen to be Vietnamese and not able to read English. Of course the tax office will respond and say, ‘Of course we have produced some of this literature in languages other than English.’ But there are a large number of people who run corner stores in this country for whom English is not their first language. They have a thousand pages of gobbledegook from various arms of government about how simple this new system is going to be. They have just sweated their guts out seven days a week between seven in the morning and nine at night and this is Treasurer Pete’s gift to them—

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

Mr RUDD—It is the Commonwealth Treasurer’s gift to them in terms of what will constitute the new simplified tax system of the Commonwealth.

Is it any wonder that we are now seeing evidence of small businesses giving up the ghost? We start to see the data emerging in terms of small business insolvencies. We start to see the data emerging in terms of the number of small businesses for sale. For more than a decade, those opposite have preached the message that ‘the recession we had to have’ in the early 1990s laid waste to Australian small business. I simply say this: when it comes to the tax we had to have, the GST, and the number of small businesses it will lay waste, I would ask you to bear in mind in the fullness of time the symmetry of your comments. This tax is an unnecessary tax. The complications it imposes for small business are huge and it will send—and as we speak in this parliament today is in the process of sending—many to the wall.

My message for those opposite is simply this. The National Party have been in this parliament speaking about various difficulties that they are encountering on the ground in terms of the implications of the tax package. The bush is burning. The bush is burning on caravan park rentals. The bush is burning on dairy. The bush is burning on Telstra questions. That is just the National Party. For the Liberal Party I would simply say this: your core constituency, small business, is also burning. The core constituencies which supposedly underpin those parties opposite are on fire. They are looking for an alternative place of political residence out there in the political marketplace because on this key question of the complexity and the workability of the tax administration of the Commonwealth you have deserted them. You have enjoyed the high life of being able to pronounce in this place policy reform for the nation—to the celebration of the big end of town—but have not attended to the detail. You have not attended to what actually happens when people try to translate these questions into workable business solutions on the ground.

We have had in this place the member for Kennedy, the member for Hinkler and the member for Richmond—the van park kid—going on and on about the impact of the tax, bleating in their own electorates about what might be happening there. But my question to the House is simply this: how did they vote when the tax legislation came through this parliament? Did they vote against it? No. Every member opposite voted for it. Often in this place we hear language about walking on both sides of the street. Here we have a classic example of how it is done National Party style.

Of course, it is not just the National Party that is in trouble on this. The Liberals are also imploding on the impact of the GST on local communities. We have Liberals brawling with Liberals. We have Nats brawling with Nats. We have Liberals brawling with Nats. It seems to be one big happy family over there at the moment in terms of how this taxation reform, this new simple system which the Treasurer has introduced for the nation, is going down in community Australia. Today’s Financial Review, for example, contained some interesting observations on this question. An article headed ‘GST jitters...
spark Liberal brawl’ by Lenore Taylor and Louise Dodson states:

Severe pre-GST nerves in the Federal Government yesterday prompted a bruising backbench attack on the Industry Minister, Senator Nick Minchin, and saw Liberal MPs turn on their National Party Coalition partners.

The Prime Minister ... was forced to intervene in the fight between Senator Minchin and the backbench over used-car import rules, after government MPs labelled Senator Minchin a ‘disgrace’ and accused him of lying.

Yesterday’s internal brawling came as pressure intensified on the Government over the GST caravan park issue, with the Australian Democrats and Labor threatening to hold up key tax legislation in the Senate if the tax on caravan rentals was not changed.

And in another embarrassment for the Government, it emerged that economic consultant Econtech estimated that the GST would increase all residential rents in the long-term by 4.7 per cent, far higher than the Government originally estimated.

The article continues:

... Liberal MP Ms Christine Gallus lashed National Party MPs for undermining her efforts at selling the GST by publicly opposing it. She was loudly acclaimed by Liberal Party colleagues and many who spoke expressed anger with their National Party Coalition colleagues for the campaign against the GST on caravan-park residents.

Despite the backbench pre-GST tension, the Prime Minister, Mr John Howard, told the party meeting that there would be ‘no nipping or cutting’ of the package.

In fact, it would hold as it was. So much for that. This tax package is clearly going down a treat with those opposite. As far as the caravan park rentals question is concerned, I think it is fair to observe that those opposite are far from being happy campers at the moment.

The government’s solution to all this—and we have already talked at length in this parliament about its $420 million taxpayer funded advertising campaign—is an insult to Australian business, coping with the physical costs of compliance. But the real insult is this: Arthur Andersen have calculated that the cost to the nation of business compliance is something in the order of $24 billion. The cost per business unit across the country is somewhere between $5,000 and $10,000. What has this government, apart from sticking its hand into every mum’s and dad’s pocket across the country to fund a $420 million campaign, done? It has provided a $200 per business subsidy. That is the travesty of travesties. This set of measures does nothing to simplify the business taxation system of the country. It does the reverse.

Mr MOSSFIELD (Greenway) (11.18 a.m.)—I support the opposition’s amendment to the motion for the second reading of the A New Tax System (Tax Administration) Bill (No. 2) 2000. The bill covers three broad areas of tax law: the rationalisation of administrative penalties across different taxes; the rules governing who can advise, prepare and lodge business activity statements on behalf of taxpayers; and a multitude of miscellaneous amendments in areas including the new pay-as-you-go system, the rounding down of tax debts, and discretions concerning lodgment of BASs and the imposition of the general interest charge on outstanding debts.

The bill proposes to amend the various pieces of tax legislation to introduce a uniform administrative penalty regime that will impose penalties relating to statements and schemes; penalties for the late lodgment of returns and other documents; and penalties for failing to meet other taxation obligations. However, whether or not the particular penalties proposed in the bill strike an appropriate level of penalty for the various categories of offences, and for the various differing circumstances, is a very difficult judgment for the opposition to make at this point. Compounding this is the very short time between the introduction and the proposed debate in the House. There has not been adequate time for briefing from the government, nor consultation with stakeholders. Senate committee scrutiny of this bill is, therefore, essential.

The bill also proposes to allow members of accounting bodies and tax practitioners, bookkeepers working for the above and persons that provide payroll services to be involved in the BAS advice, preparation and lodgment. The need for broadening arises because there are not enough tax agents in Australia to deal with the reporting require-
ments of the government’s ‘simplified’ tax system. It is unclear whether the proposed mix of personnel is completely appropriate or not. As the bill currently stands, some existing work by lawyers and sales tax specialists will not be allowed on the BAS. Is this a further administrative botch-up or was it deliberate? No-one knows, but we understand that consultations are continuing with the Australian Taxation Office.

We have heard from the previous speakers this morning that the number of amendments to this allegedly ‘slim line’ tax system is 1,466, a total weight in paper of more than two Sydney telephone books. And this, remember, is only the amendments. The number keeps climbing with amendment bills such as the one we are debating this morning. No wonder, with only 10 more days to go to GST day, there is confusion amongst the business and general community. Just a brief look at some of the newspapers even last week will confirm this confusion. On 13 June the headline in the Financial Review read ‘GST jitters hit confidence’. I quote:

Business jitters over the GST are fuelling expectations of a deterioration in economic activity and fresh evidence that many executives have failed to fully prepare for the new tax system.

The latest setback to the Federal Government’s implementation strategy, revealed in two surveys yesterday, coincided with further Coalition unrest over the GST.

The June-quarter survey of NSW manufacturing revealed profit expectations had dropped to their lowest level in nine years as a result of the hesitancy and uncertainty surrounding the GST.

Adding to the Government’s woes, a survey by Dun & Bradstreet found that more than 50 per cent of business executives were not fully prepared for the biggest tax change in Australian history. And nearly 10 per cent of the 1,000 business executives surveyed admitted they were still in the early stages of planning for the GST.

The release of the surveys came as the Government’s GST campaign has been challenged on two fronts.

Rural backbenchers yesterday broke ranks with the Coalition’s well-oiled GST sales pitch to push for special tax concessions for remote areas, which they argue will be disproportionately hit by the new tax.

Mr Deputy Speaker, we would all agree with the coalition rural backbenchers on this point, as we agree with your party’s position as far as—

Mr DEPUTY SPEAKER (Mr Nehl)—As the honourable member knows, as an occupant of this chair I have no party.

Mr MOSSFIELD—We would all agree with the National Party’s position relating to the GST on mobile home sites. In the Financial Review of 14 June, the headlines read ‘Slow down: business fears grow’. The article begins:

Pressure on the Federal Government over the GST intensified yesterday as business confidence suffered its most dramatic slump in more than a decade and retailers reported weaker than expected pre-June 30 sales.

The same article reads:

A Westpac-ACCI survey of industrial trends shows business confidence in manufacturing suffered its second sharpest fall in nearly 40 years.

The June quarter survey found 59 per cent of businesses expected a downtown over the next six months, more than double the level three months ago.

The slump was the biggest on record except for the plunge in confidence following the 1987 stock market crash.

“Clearly, a major factor behind the fall has been concerns with the introduction of the GST,” said Mr Bill Evans, the Westpac General Manager, Economics.

An article in the Sydney Morning Herald on 14 June headed ‘Small business flees GST’ states:

Fear of the GST is causing small a business exodus, with brokers reporting a big rise in the number of small businesses for sale.

The number of businesses on the market has risen by as much as 50 per cent in the past year as a desire to avoid the GST leads owners to bring forward retirement plans or contemplate a return to life as an employee.

Further in the same article:

The Council of Small Business Organisations of Australia said small business was the nation’s employment generator, and the figures showing an exodus were a worrying sign. The council CEO, Mr Rob Bastian, said the impact of the exodus would be compounded by the expected delay in the new business start-ups.
This is not a small business issue; this is an employment issue. The loss of that level of experience in business is potentially damaging to the economy. I believe that these figures are an incredibly important signal to this country and they are giving us the wrong warning.

If we look at the effects of the GST generally on employment, we see that workers compensation premiums in New South Wales, approved by the ACCC, went up by some 12.4 per cent. The government claims that only 10 per cent of this increase is due to the GST; the other 2.4 per cent is due to other factors such as supplier costs. However, the supplier costs in question relate to the liability that the insurer is up for in the future, which will increase because of the broader tax package in terms of the payout. The extra 2.4 per cent is, therefore, also due to the tax package. So the full 12.4 per cent increase in workers compensation premiums in New South Wales is a direct result of the GST and government tax policy.

Whenever you talk to employers, the question of workers compensation is always seen as a major cost. So employers now have to deal with increased workers compensation premiums as well as the increased costs relating to the implementation of the GST. No wonder many small business people are walking away from their businesses and the GST. No wonder caravan park residents are concerned about the GST to be paid on their rents. No wonder pensioners in general are worried about the effect of this socially unfair tax. That is a term I will use often in this debate. In my discussions with a wide range of people of various political views, the bottom line is, in a majority of cases, that this GST is a socially unfair tax.

I want to refer, as I did earlier, to the GST on mobile home sites. While we have seen a lot of press lately about activities on the North Coast and activities relating to the National Party conference, the issue has been around for some considerable time. In my own electorate of Greenway we have three or four mobile home sites as well as a number in surrounding areas. We have already had a number of meetings, including on individual sites. There was also a general meeting. At the general meeting a number of members of this House were present—the member for Mitchell, the member for Chifley and me, of course. We unanimously rejected the government’s GST charge on their mobile home sites. I have to say without any exaggeration that I did have people come up to me, people who were very emotional, and say that at the end of their week they had very little left out of their pension and how were they going to find the extra money to pay the GST. There are now 1,460 amendments—and climbing—yet this government is too heartless to make one simple amendment to save battlers in caravan parks from paying GST on their rents.

I will conclude by quoting the Prime Minister’s words, prior to his becoming the Prime Minister, in a press release on 2 May 1995:

Suggestions in today’s *Australian* that I have left open the possibility of a GST are completely wrong. A GST or anything resembling it is no longer coalition policy. Nor will it be policy at any time in the future. It is completely off the political agenda in Australia.

In another radio interview on 11 December 1995, Mr Howard was quoted as saying:

One of the worst things about politics in Australia at the moment is that the public doesn’t believe what its political leaders say. Now I am telling you, it is not on the agenda full stop.

PRESENTER: Would you like it to be?

HOWARD: No, it’s not on the agenda, full stop. Just not there. Vamoose. Kaput.

Mr ALLAN MORRIS (Newcastle) (11.30 a.m.)—There are 10 days to go before we see this most dramatic change to our national taxation system and a lot of other aspects which will flow from that. We are now debating who can advise and assist taxpayers and who can actually act as tax agents. Whether one wants to argue the rights and wrongs of the GST itself and the questionable benefits and all the other stuff that goes with that, the reality is that the administration and the implementation of this system have been an absolute shemozzle. They have been, still are and will be for many months to come.

We are being told in the media that there are more amendments to come—like a big surprise, they are going to give us some more—and parliament has only five days to
sit. There are only five more days of parliament and the government are talking about bringing in even more changes. These changes are not even through yet; there are other changes going through the Senate which may or may not be passed. What kind of management, what kind of administration and what level of incompetence can generate such a shemozzle? It is a truly magnificent order. It harks back to the current Prime Minister’s period as Treasurer when he left the country in such a shemozzle.

The community concerns about the GST are based on a range of issues, but the most pertinent concerns today are about its administration. We are all talking to our community and to our small business people. I doubt if any more than 10 per cent of small business people in Newcastle know what in hell is going on. Everyone I speak to has questions; they are confused. They ring up the Taxation Office and spend 20 minutes on so-called hotlines—which are very cold and very anonymous. They do not get people to talk to; they get machines. They do not get answers; they get referrals and they get totally conflicting advice. Those people who go to seminars come away perhaps more confused and more concerned than before they went.

Recently in the media, I saw this wonderful rationalisation about people who were going to leave small business or who were going to retire. It had a very clever little spin. The real reason people were leaving small business was that, because of the work on the GST and the need to look at their business management, they should not be there. Duh! Wake up! You shouldn’t be there! Not only is that patronising, but what kind of insult is that? The people who are leaving these small businesses are leaving not because they should not be there but because they have been given an impossible task. To change and transform the way they do business, as well as acting as an agent for government at huge expense, is an absolutely impossible task.

Let me go to a parliamentary report that made a bipartisan recommendation on small business. On more than one occasion during the inquiry the cost to business was recognised and the committee recommended that governments recognise and make some compensation for that fact. Of course, that has not been acted upon. Instead, the actual cost to business has gone up 20 times. The figures show that $15 billion of wholesale sales tax is collected by 70,000 people. The GST will collect double the revenue. But how many collectors? At least 20 times as many—1.4 million and climbing. There are 20 times as many collectors with twice the revenue; therefore, the cost to business is 10 times as great. In 1989 we said that this was getting unreasonable, that these people were spending a lot of their time filling in forms on behalf of the government. That should at least be recognised and they should be given some compensation for that. Here we are 11 years later—and, from my recollection, some members of that committee are still in the parliament; certainly those who contributed to the Reid report are still here—and it is now 10 times the cost: 20 times as many people collecting for twice the revenue. What kind of stupidity or benefit is that? Further, in talking about the black economy, we suddenly hear this wonderful Pollyanna figure of $7 billion. Let me tell you about that: if we cannot keep track of the 70,000 wholesale sales tax collectors, how on earth are we going to be able to keep track of 1.4 million? This is a recipe and an invitation to those who will rort. If you cannot keep track of the wholesale sales tax system, how are you going to keep track of 20 times as many collectors with reduced tax office staff and a reduced tax office presence?

The Newcastle tax office has lost its public face. You cannot walk in and talk to anyone any more; that has gone. You cannot go in and pay any money. We have a building with 700 people in it, but you cannot go in and pay your tax there. You are sent to a post office to pay it. Why is that? There is one very simple reason: the government do not want people to go into tax offices and complain about the GST because, if they do, the queues will run a mile up the street. So the way to stop people complaining is to cut off the complaints section and cut off the personal contact. The Australian Taxation Office across the country has lost its personal contact in virtually every single office. The
whole point of putting those tax offices in the middle of business centres was so that business and Tax would develop a good, up-front rapport. So all the nonsense that has gone on is all for what end? A tax that the vast majority do not want, that is of dubious national benefit but of massive national disruption. One of the worst disruptions of this tax will come late this year or early next year when the inflation spike moves into the system and it is bigger than expected and lasts longer than expected. What clever people have these Pollyanna ideas that somehow the banks will not increase interest rates because somehow this is going to pass by? What clever people actually think banks do that? They may have done that last century—although looking at their record I would doubt it. The fact is that this is going to build into everything.

So we are pushing into the economy a surge of inflation that is uncontrollable and vastly underestimated as every day we see a new exposé. Today it is that residential rents will be twice what was expected. Whether it be airfares or a reduction in the price of cars—wherever you look you see an almost 100 per cent variation in the prediction. So who really believes that the inflation spike will peak at 6.75 per cent and that it will last for only one quarter? Of course it will not, of course it will go longer, of course wages will chase it and of course interest rates will chase both. All the years of hard work put into getting inflation down, all the years of pain and all the years of working with social wages where we considered people’s cost of living rather than their gross salary the government now attacks us for almost daily.

All those years of saying to people ‘Your disposable income is more important. Your social wages, your cost of health and your access to education are just as important’ are all blown up. For what benefit? So that we can have an old, European style tax system. Those of us who knew England before the VAT, for example, and who have been there since are saying, ‘You wouldn’t repeat that experience.’ I worked in England in 1968 and 1969. I worked there for a couple of years before the VAT and I have been back a number of times since then. None of the people whom I knew while working there would recommend doing what they did there. The big dampener on European employment in the services industry is because of the VAT. This government is replacing a small tax on big payrolls with a huge tax on small payrolls, and it then says that this is good for employment. The Pollyannas opposite are unbelievable. The tragedy is that they actually believe it. When it comes unstuck they are going to blame the media and the scare campaigns. We are not scaring the people. Every day I walk around the streets of Newcastle people come to me in absolute desperation. I do not tell them; they tell me their problems. We are all getting the same.

One matter that I want to raise is slightly related to that; it relates to the use of excise. I had a phone call from the manager of a club in Newcastle, the Stockton RSL and Citizens Club. It is a very good community and a very responsible club. This manager has practised the encouragement of sensible drinking habits for a very long time. He has tried to ensure that his younger club members drink sensibly and learn about drinking sensibly as a social matter. He is absolutely appalled at what has occurred. He had just got his price figures for the cost of drinks in the months ahead, past 1 July. He explained to me that the RTD drinks, the ready to drink cans, have had their prices cut by 28 per cent. It means that a can of bourbon and coke, which used to sell in his club for $4.50, will now sell for $3.25. This has nothing to do with state governments. This has to do with this clever government’s tricks in trying to make all things equal somehow or other. What they have done is give the equivalent of three bourbon and cokes for $3.25 in a tin. It is a conscious, deliberate decision that is going to transform the drinking habits of young Australians. This man said, ‘I have spent years working and trying to get sensible drinking and it is all now undone.’ It has all blown up. What on earth were they thinking of? What are they trying to do? Why on earth would a government deliberately make the cost of those kinds of popular drinks, which are aimed at very young drinkers, acceptable, appealing and cheaper? Why would they make the price so attractive compared with
less alcoholic beverages? All I could say to him was that this just fits the pattern.

This government has no real depth to what it is doing. It has no real understanding. It is pursuing an agenda that most of us do not understand, appreciate or agree with. But, in the years ahead, that single issue alone will come back to haunt members of this government. I suggest that all of those on the other side look at this very carefully. They will be selling those kinds of drinks at those kinds of prices; when the price of other drinks is going up they are coming down by 28 per cent. Why would you do it? Who is behind it? What is the rationale? For God’s sake, wake up to yourselves! You just cannot go on doing these stupid things without having an effect on people and your community. This is social engineering of the very worst kind, because it is unthinking. It is not thinking of the consequences and it is not thinking about the impacts. If nothing else, that one issue alone should at least ring the bells for backbenchers in the government, causing them to ask, ‘What on earth are we doing?’ That is just one example of the mindlessness and stupidity of so much of what is on the government’s agenda.

We have more amendments to come; this is just another load. I do not doubt that there will be more next session. I would not be surprised if parliament has to come back early to bring in legislation to correct even more mistakes. The fact is that this mistake-ridden government has almost served its term. Unfortunately, its legacy will not be so easy to correct.

Mr COX (Kingston) (11.42 a.m.)—This government has raised to an art form the use of euphemisms in titling bills. This bill is entitled A New Tax System (Tax Administration) Bill (No. 2) 2000. It should be more accurately entitled ‘A New Tax System (Penalties) Bill’. The purpose of these amendments according to the explanatory memorandum is to streamline the existing penalties framework and to support compliance under the new tax system. This is an area where the Treasurer’s penchant for doublespeak has had full rein. The compliance costs for his new tax system are enormous yet he has constantly referred to the system’s simplicity. His colleague the Minister for Employment, Workplace Relations and Small Business has made constant claims that the new tax system will result in a reduction in red tape for small business. They have recited their mantras about simplifying the tax system and cutting red tape since before they were elected to government in 1996. That is when the person who is now the Prime Minister was promising that there would never, ever be a GST.

The government continued to make those statements after they were elected, although they were never given any meaningful effect. But then the Prime Minister came up with his hypocritical GST proposal. Anyone with a modicum of understanding about what a GST is knows that it involves paperwork and red tape on a scale that was never contemplated under the old tax system and that if you have exemptions and different rates and types of indirect taxes for different goods and services, it will cease to be simple even in concept, let alone in its actual implementation.

We know now, from the number of entities that have registered for the GST, that it will turn 1.6 million Australians and companies into tax collectors. Those 1.6 million tax collectors are having to deal with all of the new system’s complexities and the additional red tape it requires. That is why the government needs this bill: to make those 1.6 million tax collectors do all that unpaid work on behalf of the government. And how is the government going to motivate them to do it? Through the system of penalties contained in this bill.

The government have left it until now, 10 days before the GST becomes operative, to debate the penalties for failure to comply with the GST legislation. I am sure the tax office is concerned to get these penalties put into law so that it can enforce the new tax system. Certainly it is necessary to ensure that whatever tax system Australia has can be properly enforced, and it is preferable that the enforcement regime is effective and transparent to the taxpayer, so that they understand the consequences of non-compliance.

It is appropriate at this time to also consider why it may be difficult or onerous for Australians to comply. This goes to the very substantial question: is the GST a cost-
effective tax system to administer? I recall my first question in this place, which was to the Prime Minister on 10 December 1998. I asked him if he had read the regulatory impact statement which accompanied the GST bills and showed gross compliance costs to Australian business of $1.9 billion a year and a further $300 million a year to be borne by the Australian Taxation Office—a total deadweight burden on the Australian economy of $2.2 billion per year. I should emphasise that this is in an ordinary operating year, after set-up costs. An article on the front page of last Saturday’s Sydney Morning Herald estimated set-up costs at $4 billion.

I asked the Prime Minister if he agreed with me that he was right in what he said on 12 March 1981, when he was Treasurer, in respect of his previous attempt to introduce this tax. At that time he told the House: a multi-stage VAT—

and, if I may interpolate, that is what we now call a GST—

Was rejected fairly quickly because it would have imposed an enormous paper work burden on both taxpayers and collecting authorities.

The answer I got was that he was aware of the $2.2 billion a year cost of administering the GST and that he did recollect the statement he had made in 1981 rejecting a GST because it would be too costly to administer. He distanced himself from that statement, not by saying that circumstances had changed and GSTs or VATs are now cheaper to administer—they are not—but by saying that was something he said as Treasurer on behalf of the then government. From that it can be accurately taken that he would have introduced a GST then had the government—or, more particularly, Prime Minister Fraser—let him, despite the very high cost to business.

After some self-congratulation about finally doing what he had been thwarted from doing almost 20 years before, and after being dragged back to the question, he said:

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

It will not be long before that statement is tested. There are now very few Australians who think this Prime Minister is leading us to a glorious economic future. Most of the people in business whom I speak to who are now grappling with the burdens imposed by his new tax system believe that his statement of 1981 was a sensible one and that his statement of 1998 is self-serving, delusional nonsense. That is why we have to legislate this new system of penalties. The complexity of the new tax system has grown since the initial proposal was put before the public at the last election. The exclusion of some food items has greatly increased the level of complexity for the food industry. Dealing with that was certainly not helped by the list of food items that would and would not be subject to GST which was issued by the tax office last week.

Last Saturday’s Sydney Morning Herald carried a front page report of some analysis done by a senior lecturer from the University of New South Wales ATAX program, Dr Binh Tran-Nam. He was apparently responsible for the work on which the government’s estimates of the compliance costs of the GST were based. He said Treasury had underestimated the net cost of compliance by $657 million. According to the report, Treasury had arrived at its net figure of $385 million by subtracting from the $2 billion gross figure the savings from the abolition of sales taxes, state franchise fees, cash flow benefits and tax deductions. That is a very questionable approach, confusing a number of concepts to get a convenient answer.

The real comparison is between the gross cost of complying with the GST and the gross cost of complying with the indirect taxes it replaces. That is the dead weight of administrative burden on the Australian economy. Certainly GST taxpayers will calculate the effect of GST compliance costs on their bottom line after tax, but for most small businesses that earn a return largely from labour derived from within the family unit rather than from capital and employees, the opportunity cost of the effort put into compliance will be substantial and will have been
conveniently ignored in Treasury’s estimate. Again, that is why we have to have the penalties contained in this bill: to make sure that those small businesses are motivated to work as hard as tax collectors as they work in their own businesses—that is, if they do not become part of the leading indicator, also published in the *Sydney Morning Herald* article on Saturday, the 50 per cent rise in the number of businesses advertised for sale ahead of the GST implementation date.

**Mr HORNE (Paterson) (11.51 a.m.)—** I rise to support the amendment to the second reading motion for the *A New Tax System (Tax Administration) Bill (No. 2) 2000* moved by the Deputy Leader of the Opposition and shadow Treasurer. As we debate this new, simplified tax system, a tax system ‘to take us into the new century’ — a tax system that the Australian people at the last election said they did not want but is being forced on them by a government that is determined to go down in history as a reformist government—only one government member has risen to support this legislation just 10 days out from its introduction. That shows how much confidence the members of the government have in this tax legislation that they know will wreak havoc with small business people. That speaker did not even spend his time talking about the advantages of the tax system that are so well known that it has cost virtually half a billion dollars for the government to sell that message. Instead, he used his time to be critical of the 13 years of Labor government.

This tax system has the potential to put Australia on the springboard to the greatest inflationary spiral that this country has seen since John Howard was the Treasurer, and we are already seeing that happen. A number of speakers on this side have already indicated that, even pre-GST, there has been an escalation of prices that is unprecedented in recent financial history. Prices are going up because business people are scared. Business people do not know how much this tax system is going to cost them, but they do know that it will cost them. Sure, they can ring the tax office. They can ring the hotline—I have tried it myself, and I recommend that members of the government try it. I rang the hotline the other day. I was told to dial zero for the specific piece of information I wanted. I dialled zero and I got the next recorded message, which said, ‘This service is no longer available.’ You then have to go back into the queue and wait again. Business people do not have that time. I spoke to the secretary of the body corporate of a small block of units. He wrote a letter to the tax office because he wanted to know whether the body corporate should get an ABN. He wanted the reply in writing so he could provide to a meeting of the body corporate the advice of the tax office on whether or not they should have a business number. To his surprise, he got two replies, not in writing but two phone calls. One was to say that, yes, the body corporate should have an ABN; the other was to say no, they were too small and they should not worry about it. That is what we are spending $430 million on, and it is certainly not satisfying the information needs of small business people.

I was at a social function recently, and I ran into a stock and station agent. We had a bit of light-hearted banter—he is certainly not of my political persuasion, but I do sell cattle through him. He said, ‘Bobby, I don’t know why you’re worried about this GST. Every time you sell a cow for $600, you are going to get more than $600 back.’ I said, ‘This is wonderful. If I knew that, I’d have supported it. If you tell me that every time I sell a beast I’m going to get back more than I paid for it, tell me how and I’ll line up tomorrow.’ He said, ‘Okay, it’s simple. You sell a cow for $600. The purchaser has to pay $60 GST. You take out your cartage, your yard dues and whatever, which is another $42, and you’ll get $618 back.’ I said, ‘That’s terrific. What do I do with the $60?’ He said, ‘You repay that in three months, but just think of the cash flow you’ll have.’ One thing I do know about the livestock industry is that there are some notoriously slow payers. People do not pay on time; the agents carry it. Also, at a fat sale market, the number of buyers is up 10 per cent. Sure, they can get it
back, but the outlay of their initial up-front capital has to be 10 per cent greater.

For primary producers, I would suggest that, for a start, this will see a downward movement in prices, because those purchasers have to pay for that capital. It is not free capital—the government has its hands in those people’s pockets, and the government will force them to pay the interest on the loan. We have already heard the Deputy Prime Minister reply in response a couple of weeks ago to a question, ‘If a primary producer is purchasing a new tractor, what happens about the GST? You are not supposed to be able to go to a bank to pay a tax bill.’ What was the answer? ‘Well, you don’t worry about that these days. Everyone will go to the bank and you’ll get a package funded that will include the tax.’ In other words, people in business are being encouraged to borrow not only to pay for goods but to pay for a tax debt.

One of the great problems for small business is that many small business people do not have the necessary time to carry out the bookwork—to keep the records that are necessary—and that is why the introduction of this tax system will see in the order of 20 per cent or more people exit small business. I seem to recall the Prime Minister standing in this place and elsewhere wherever he has a forum—on many occasions to remind the people of Australia that the great Liberal Party of Australia is the champion of small business—

Mr Slipper—We are.

Mr HORNE—The champion of small business, or the champion of small business demise? That is what this tax system is going to do. Small business people will be driven out. If the parliamentary secretary does not believe me, I can ask him a host of questions. What about people who do not have their ABN yet, Parliamentary Secretary? What about that?

Madam DEPUTY SPEAKER (Mrs Gash)—Order! Through the chair please.

Mr HORNE—What about people who will get their ABN in the next week or so? We all know about that $200 voucher. I have mine stuck to my wall because I want to keep it. I want to show my grandchildren the generosity of the Howard government. I will remember that. Obviously if it is not spent until after 1 July, it will be worth 10 per cent less. Obviously if you live in the country you do not have the competition for your purchases, so, for anyone in the country that has not got their ABN yet, do not spend that great $200 voucher all at once. Save it up.

The greatest hoax that is being inflicted on the people of Australia by this government and this tax legislation is the so-called diesel fuel rebate and the decrease in the cost of fuel. I implore everyone in this House to notice that, whenever the Prime Minister is asked a question about petrol, he quickly changes his answer to include fuel. He never wants to talk about petrol, because this government has indicated that petrol is not going to get cheaper. It was a promise at the last election, but it was a non-core promise. Petrol is not going to get cheaper under the GST. At the time of the election of 1998, petrol in my electorate was probably around 78c and we never see it below 90c these days. It may get down to about 87.9c or something like that on the odd occasion, but it is mainly up around 90c. It is not going to get cheaper, so we should not delude ourselves.

I also want to talk about the great Australian trucking industry—the trucking industry that is out there now on the sides of highways with trucks motionless, seeking support from the community. The industry is telling the government that the cost of the transport of goods will not and cannot decrease. Those people have absorbed costs over the last 18 months and now they are being forced by big business to wind back their costs, and they cannot do it. They cannot do it and stay solvent. The government can say, ‘We’re giving you 23c a litre off diesel,’ but those people know that, at the end of the day, demand for the cheaper transport of goods is going to send them broke. This will be a country without a viable transport system simply because the government has not considered the whole situation. The government has been grandstanding on promises it either cannot deliver on or has no will to deliver on.

Mr DANBY (Melbourne Ports) (12.02 p.m.)—In rising to support the A New Tax
System (Tax Administration) Bill (No. 2) 2000, I wish to condemn this government for making taxation compliance for small business, in particular, more complex and more confusing. There are now only 10 days before ‘G day’ and, judging by the number of anxious calls I have received in my electorate office from small businesses, there is not only confusion but also a great deal of angst that their livelihoods may have already been hurt.

Indeed, in one case that has come to my notice, the future of a man’s small business may have been severely jeopardised because of the inadequate support and inaccurate information he has received from the Australian Taxation Office. Touraustral is a travel agency situated in my electorate of melbourne Ports. It sells only inbound travel packages to French wholesalers and travel agents. At the beginning of this year, Touraustral began to get itself, as the government has required, GST ready. Now with less than two weeks to go, it finds itself not GST ready but GST hurt. Initially it took the proprietor of Touraustral at least six calls to the ATO’s GST information hotline—the hotline that my colleague the member for Swan so ably outlined the other day as being almost like a comedy hour—before he could make them understand that this agency arranges only inbound travel in Australia and had nothing to do with flights to and from France.

When the proprietor had finally managed to clarify this issue with the ATO’s information service, he then requested that an ATO tax official visit their office to explain the procedure for calculating the GST on their travel packages. When the official arrived at the office she had no idea how to make the appropriate calculations. She kindly offered—and this is no attack on the individual officers of the Taxation Office—to take two copies of a list of Touraustral’s quotes back to her supervisor, promising to give a proper answer in a few days. The official sent back both copies of the quotes: one with the GST marked with a cross and the other one with no GST marked with a tick. The tax official told Touraustral that the one marked with a tick—the one that indicated no GST—was the correct one. When the proprietor of Touraustral phoned the tax official to confirm this, the tax official told him that he was to pay the GST that would be charged by service providers in Australia. He was further told that Touraustral was not to charge the French operators the GST and, instead, Touraustral was to cover the GST and then claim it back from the ATO.

Taking this advice in good faith, Touraustral printed up its prices for the year 2000-01 and went to France, as it does each year, to promote its travel packages within Australia. As has been the case in previous years, Touraustral secured several bookings for their travel packages. However, soon after returning to Australia, in the course of a conversation with a hotel inbound sales manager, the proprietor of Touraustral was told that the cost of the GST should be included in the prices he gives the French operators. It is a pity—indeed, astonishing—that he did not learn this from the ATO’s information service. The proprietor of Touraustral advised the French operators that he might have to put their prices up. ‘Too late,’ said some of the French wholesalers, ‘you gave us a price and, if you put your prices up we will go elsewhere.’ That is what some of them have done, and others are still threatening to cancel their bookings.

The proprietor of Touraustral immediately wrote to replyin5, at the advice of the ATO, to find out why he had been given inaccurate information and what could be done to rectify this matter. He waited 1½ months, and when he received a reply it was a standard reply about tourism and the GST. There was not a single mention of the matter about which he had written to them—that is, what could be done to rectify the problem that had developed as a result of the inaccurate advice he received from the ATO. He immediately wrote back to the ATO pointing this out. He is still waiting for an answer. Touraustral has been placed in a situation where it has lost business—lost business for Australia and lost business for Australians. It may lose further business. It may even go out of business.

When the Treasurer talks about the efficiency of this government’s new taxation system and the value of its so-called infor-
information chain ads, I would ask him to spare a thought for Touraustral which, instead of finding itself GST ready for 1 July, finds itself well and truly GST hurt and maybe even GST out of business. One should have sympathy for the unreasonable burden that has been placed on the individuals who work at the ATO. After all, they too are victims of this government’s determined and stubborn push to introduce its ill thought out new tax system. I will be asking the Treasurer to look into this case of GST misimplementation.

Mr RIPOLL (Oxley) (12.08 p.m.)—I rise to speak on the A New Tax System (Tax Administration) Bill (No. 2) 2000. This bill covers a whole range of areas and I want to touch on just a few of those in the time I have. I want to really have a close look at what this government actually means by some of the titles that it gives its bills. If you have a look at this whole A New Tax System—as the government purports, this whole ‘new, simpler, fairer’ system, ‘a new tax system for a new century’—you will see it is the total opposite. This is not a new tax system. In fact, it is an old tax system. It certainly is for a new century, but I think this government is for an old century, not for a new one. It is actually a quite incredible position. This government has taken an old, outdated tax system from European countries and actually tried to introduce it here. What we are seeing is a system that is being rejected not only by the community but by big business and small business. It is a system that has been rejected by many on the government benches. As we have seen develop over a number of weeks and months, there are members on the government side that actually do not support a GST. They are actually quite opposed to it because they know the pain that their system will bring to their constituents. They know that this system is inherently wrong. It is supposed to be simple. Where is this supposed simplicity? Is it in the three telephone books thick of information that you would have to be a tax genius to actually comprehend?

I would actually ask any government member, including the Treasurer, to explain in simple terms why you need three telephone books worth of paper to actually explain this simple tax. But I do not think they can do that; I do not think that they can ever come close to it. In fact, we have seen it a number of times when ministers have got up and tried to explain it to their constituents, because they tell them one thing out in their electorates and they come in here and say another. They know out there that you cannot really go and scam the people, because people know: they will ask you quite simple questions and if they do not get a direct response they will know you are telling them a fib.

The real inherent problems in this are not only for consumers but also for business. Business is going to suffer. It will suffer greatly—and it will suffer at the hands of those that purport to be the friend of business. It will suffer at the hands of a government that stretches out its hand and says, ‘Come with us and we will help you.’ But those who follow—and no-one has a choice—will be the ones that pay the price. It will not be the big conglomerates. It will not be the multinationals. It will not be those people who can absorb the cost. It will be those small businesses that this government pretends to be the supporter and friend of that will pay the ultimate price, because many of those small businesses will be out of business. They will be out of business, because this is what they are telling us. We are seeing the effects of that now.

This whole new tax system—and this bill—complicates matters. It makes it harder. It makes it much more difficult for business to cope; it is confusing for consumers. And what does it deliver apart from one base thing—one core thing—that this government forgets to tell the people about at the centre of this? It is not about a simpler tax system. It is not about somehow giving something back to the people, consumers and battlers. The Prime Minister talked a lot about battlers, but I have not heard him mention the word ‘battler’ for a while. It is probably because there is not an election on. Where are the Howard battlers now? I will tell you where they are: they are sitting back waiting to see how this GST will affect them. They are sitting back waiting to see how much more money this is going to cost them. They are not sitting at
home counting how much more money they are going to have in their pocket, because they have realised this about the GST and the supposed tax cuts: sure, they might be real on paper, but are they real in your pocket? No, they are not. They are not real in your pocket because they have already gone before you have got them. Before you have received one red cent, it has already gone. It has already gone in increased prices. It has gone in all the costs that will come with the new GST.

People will actually be worse off—and we have substantially proved that and the GST has not even been introduced—yet the government talks about how well the economy is going and how good things are. You cannot have it both ways—that is what I say to it.

The Prime Minister is always talking about walking both sides of the street. How far can you straddle, Prime Minister, when you say how well the economy is going, how well things are going, how we weathered the Asian crisis, the meltdown, and how we survived all that? What tax system did we survive that under? We did not survive it under a GST. No, we survived it under the current system. So the very fact that this government goes out there and says, ‘This is a simpler system, this is a fairer system,’ is more of the Orwellian type language that we have got from this government—more is less, less is more’; ‘more jobs, better pay’. It makes you laugh to think about it, because when you know what is contained in those bills and that legislation what the government is really on about is not more jobs. This government could not give one thought for one minute about more jobs because it is not concerned about jobs. This government is concerned about big business interests. It could not care less whether people get jobs out of it or not. What this government is concerned about is protecting its mates, protecting big business interests.

But big businesses and small businesses right across the country are not so silly; they know what is going on. Large companies like Southcorp, for example, as was reported in the *Australian*, say, ‘Blame the GST—don’t blame us.’ When they say ‘Blame the GST’, what are they talking about? Blame the GST for price increases. We are not going to see price decreases; we are going to see prices increase. So who are they going to blame? Supposedly a friend, the government. The government is spending $420 million. I ask people to contemplate that figure for a while. I think it has gone a bit higher since the figure of $420 million was last calculated. It is probably closer to half a billion dollars, which this government is spending on so-called education campaigns. I have driven past these education campaign advertisements—one of the ways you can get ‘educated’ while you are driving along the freeways, highways and motorways. What do you see? Huge billboards showing a chain with a broken link and saying ‘Tax reform coming; tax cuts also’ or something along those lines. That is a real education! Maybe we should introduce that into the education curriculum for schools! Maybe this is what the government thinks education is about: a big billboard alongside a highway saying ‘Tax reform’. Let me tell you what I think of every time I see those chain ads: I see a broken link. What that says to me is that a system is only ever as good as its weakest link, and the weakest link for this government is its tax system, the whole system—this supposedly simple tax that weighs something like six kilograms, this supposedly simple tax which is about three phone books thick.

Let us look at the business activity statement form that the government has on its web site. It is a two-page document. It is supposed to make things much simpler for business. Most people in business are pretty intelligent people, and you would think that they could work out how to fill in a two-page form fairly easily. But accompanying this two-page form, believe it or not, is a 196-page explanation. Why would you need 196 pages to explain a two-page form? I will tell you why: because the government does not know what it is doing. It is as simple as that.

At odds with the government is the ACCC. I think the ACCC has done everybody a great favour, a great service, and has spent more of our money on top of the $420
million in so-called advertising—which is just propaganda. I do not think we have seen propaganda like this for a long time; some people reflecting on this might say that it has been 30 years, 40 years or longer. This sort of propaganda is unprecedented. It is the sort of propaganda we have seen only a few times in history, and it is at its most heinous levels. But let me turn my attention to the ACCC and the little guide that they sent me. It is called the ‘Everyday shopping guide with the GST: How price changes will affect everyday Australians’, and it is released by the Australian Competition and Consumer Commission. I found it very interesting because it is at complete odds with what the government and Treasury say. How can it be that the ACCC, the supposed watchdog, is at odds with what Treasury says and with what the government says? How can it be? I thought there might have been some agreement on this, but obviously not. Let us quickly browse through it. Under the heading ‘Dairy products’, it says that one litre of plain milk is supposedly going to come down a whole one cent. Well, I am sorry, fellas—have a good close look, pull some money out of your pocket, go out and buy a litre of milk and see how much it has really changed. It has already gone up 20c. If you take one cent from the 20c it has gone up, it is going up by how much? Nineteen cents. That is funny; I did not think that that was what this was supposed to be about—at least that is not what they tell us.

Fresh meat and seafoods are not really supposed to be affected. This booklet actually claims that one litre of plain milk is supposedly going to come down a whole one cent. Well, I am sorry, fellas—have a good close look, pull some money out of your pocket, go out and buy a litre of milk and see how much it has really changed. It has already gone up 20c. If you take one cent from the 20c it has gone up, it is going up by how much? Nineteen cents. That is funny; I did not think that that was what this was supposed to be about—at least that is not what they tell us.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.20 p.m.)—I would like to thank all participants in this debate. The A New Tax System (Tax Administration) Bill (No. 2) 2000 represents another aspect of tax reform. Honourable members opposite have sought to criticise the government, as has been their tendency in relation to all of the debates relating to the introduction of Australia’s A New Tax System, and I think it is pretty unfortunate that they are constantly being negative. It was interesting to see the second reading amendment which was moved by the honourable member for Hotham. As you would expect, the government does not accept the veracity or the accuracy of that second reading amendment, and we certainly oppose it. The honourable member for Hotham claimed that the government was rushing through amendments without proper consultation. The new penalties regime was developed in consultation with the relevant professional bodies and with tax practitioners. Those people support the new regime, particularly given the simplicity of the proposals that reduce 180 pages of legislation down to about 80 pages of legislation. The opposition also claims that the government has wasted $430 million selling a tax
that the majority of Australians do not want. There was an election in October 1998. We said what we were going to do if we were elected. We promised Australia a new tax system as we entered this century, and this government is indeed delivering on that promise given to the Australian people. We place a very high level of importance on keeping our promises to the electorate, unlike the people opposite.

The opposition have claimed that there is some $430 million being spent to sell a tax. The Prime Minister said:

I want to make it very plain on behalf of the government that we do not apologise at all for spending money to explain a new tax system. We do not apologise at all.

The Prime Minister went on to say:

Everyone knows that this is the biggest single change to the Australian tax system ... since Federation. In those circumstances, we have an obligation to explain to the Australian people how the new system works.

We all recognise that promotion and community awareness are an important part of this. There is a need to create confidence in and understanding of the new system. The law of Australia has changed, the people of Australia voted for it, the parliament has enacted legislation and we are really not going to apologise at all with respect to what we have done to help the level of understanding in the Australian community. The other thing that ought to be noted is that the opposition seem to be suggesting that this figure has been related to advertising. A substantial proportion of it, a full $200 million, is attributable to the start-up office and this money is being largely used by the start-up office in public education, including business skills education, adviser training and funding peak bodies to deliver sector specific education and information. So I believe that the government have been highly responsible. It would indeed be highly irresponsible for any government to bring about real and meaningful tax reform, to be the only government with the intestinal fortitude to bring about these important changes, and then not to explain to the Australian people what the changes are and why they are in fact occurring.

The honourable member for Cunningham raised concerns that the Australian Taxation Office would be vigilant and vicious in inspecting the books of business people. I must say that the tax office has to a certain extent in the eyes of business people totally reinvented itself. I have had lots of feedback from business people who have been very impressed with the consultative and very earnest assistance being delivered to business by the tax office to make sure that businesses are indeed up to speed as far as the introduction of our new tax system is concerned. It ought to be noted also that the commissioner has stated that taxpayers who make a genuine attempt to comply with their obligations under the new tax system would not be penalised. If people make honest mistakes they will not be penalised. In fact, the bill states that a taxpayer will not have a penalty if he or she exercises reasonable care. The commissioner also stated that his staff are there to educate and help taxpayers to understand the new tax system and to work with business in this task. In this transitional period, penalties will apply only where taxpayers make no attempt to understand their obligations or deliberately flout the law.

The honourable member for Hotham made what I thought was an incredible statement. He claimed that the business activity statement was not simple and it would provide even more paperwork for small business. It seems that the honourable member for Hotham is not cognisant of the facts or, if he is, he is certainly not telling the situation as it is. The business activity statement is a more simple system of reporting tax obligations to
the Australian tax office. This single tax compliance statement replaces many forms that businesses are required to lodge each month with the ATO. While businesses will be required to keep more accurate and timely records, this will assist them to understand better their financial position. Of course, it will mean that businesses will be in a much better position for this. The work undertaken on the business activity statement throughout the year will reduce the work that needs to be undertaken to produce income tax returns and financial statements at the end of the year.

The honourable member for Paterson posed the question of what happens to people who do not yet have an Australian business number. The government have advised people for a very long time that those people who applied for an ABN by 31 May will indeed have received it by 30 June. Anyone who applies for an ABN after 31 May will receive his or her ABN as soon as possible and, where an ABN is issued after 30 June and the entity was entitled to have an ABN from 1 July, the effective date of the ABN can be backdated to 1 July. I must say also that I have had discussions with the Australian Taxation Office in relation to this and, despite the fact that a pledge has been given only to those people who lodged by 31 May, the tax office is making every effort to assist businesses which have been somewhat tardy in applying for their Australian business number, and in fact I have been told that the Australian Taxation Office is making every effort to assist businesses which have not actually lodged their applications for the Australian business number by 31 May. So the tax office is endeavouing to assist businesses to become ready for the new tax system, even those businesses which should have applied for the ABN earlier.

The member for Griffith claimed that the guide for the BAS is, at 148 pages, a burden for small business people. I have a high respect for the member for Griffith personally, but that statement would have to be one of his less believable ones. The BAS guide is a very detailed document that is divided into different sections for each obligation. How on earth could we be criticised for giving people the information necessary to enable them to complete their business activity statement without difficulties? The sections provide a detailed explanation of how to complete the BAS, including examples. It also provides an explanation about how to make payments, what needs to be done to advise the ATO of adjustments to obligations, whom to contact for assistance and obligation and other central, general information about the new tax system.

After businesses or their accountants have prepared the first BAS, it will be seen as a relatively simple form to complete and the guide will not need to be used other than as a useful reference document. So it is pretty sad when you find that the opposition criticises the government and the Australian Taxation Office for giving detailed information to taxpayers on how to meet their obligations. This bill represents another aspect of tax reform. There is the GST, there is the PAYG system and there are streamlined and consolidated machinery provisions to support the new tax system. To further the process of streamlining the machinery provisions of the tax law, a process which has advantages for both taxpayers and the tax office, the bill establishes a new uniform penalties regime for all taxation laws administered by the commissioner. This uniform penalty regime is not only desirable in its own right because it makes penalties easier to understand and calculate but also necessary to avoid problems with the business activity statement. One BAS may cover a range of tax obligations such as PAYG and FBT instalments and GST payments. It therefore makes sense, if there is default action in relation to a business activity statement, that the default does not attract different rates of penalty for the different payments covered by the single BAS.

A uniform penalty regime necessarily involves adjustments to some penalty rates. The bill also sets out the classes of tax practitioners who can charge for preparing a BAS. The existing income tax and fringe benefits tax laws basically restrict the right to charge for preparing income tax returns to registered tax agents. However, it was felt
that the right to charge for preparing a BAS should be open to a wider class of practitioners because there was concern that not everybody who required a BAS would have access to or need a registered tax agent for each BAS. This bill also seeks to restate the existing position in relation to registered tax agents but not to change it. While tax agents have not disagreed with the broad approach reflected in this bill, which is to open BAS preparation up to a wider cross-section of the tax industry, there has been some disquiet about the way in which the bill goes about this. Today I am foreshadowing the introduction of further amendments to the bill which we hope will address many if not all of these concerns.

The final part of the bill is a collection of miscellaneous amendments to machinery provisions arising from the new tax system. On the whole, these are neither positive nor negative for taxpayers and some are purely technical. There will also be amendments to this section of the bill which we hope will address many if not all of these concerns.

The new tax system will be very good for Australia. There are very many benefits. It is a simpler, fairer and more equitable tax system and I am very pleased to commend this legislation to the House.

Amendment negatived.

Original 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) (12.34 p.m.)—by leave—I move government amendments 1 to 34:

(1) Clause 3, page 2 (after line 15), after sub-clause (5), insert:

(5A) Schedule 4B commences, or is taken to have commenced, immediately after the commencement of the Customs and Excise Amendment (Diesel Fuel Rebate Scheme) Act 1999.

(2) Clause 3, page 2 (after line 15), after proposed new subclause (5A), insert:

(5B) Schedule 4C commences, or is taken to have commenced, on 1 July 2000.

(3) Schedule 1, item 2, page 4 (line 22), after “incorrect”, insert “, or is more likely to be correct than incorrect”.

(4) Schedule 1, item 2, page 8 (table item 2), after “GST Act”, insert “or Division 25 of the A New Tax System (Wine Equalisation Tax) Act 1999”.

(5) Schedule 1, item 2, page 12 (lines 21 and 22), omit “a principal”, substitute “the principal”.

(6) Schedule 1, item 2, page 14 (line 32), omit “You”, substitute “For the purposes of determining whether you are liable to an administrative penalty, you”.

(7) Schedule 2, page 21 (after line 10), after item 1, insert:

A New Tax System (Tax Administration) Act 1999

1A At the end of subitem 2(3) of Schedule 2

Add:

; and (c) a proceeding to recover an amount of a tax-related liability that became due and payable before 1 July 2000 if the proceeding commences on or after that day, as if it were a proceeding commenced under that section.

(8) Schedule 2, page 22 (after line 12), after item 8, insert:

8A Paragraph 112(4)(b)

Omit “90%”, substitute “85%”.

(9) Schedule 2, item 9, page 22 (line 17), omit “2000”, substitute “2001”.

(10) Schedule 2, item 10, page 22 (lines 22 to 26), omit the note, substitute:

Note: Section 251L of the Income Tax Assessment Act 1936 prohibits a person from charging a fee for doing things under this Act on behalf of someone else unless the person is a registered tax agent or is excluded by that section.

(11) Schedule 2, item 31, page 26 (line 8), omit “provision”, substitute “provisions”.

(12) Schedule 2, item 33, page 26 (lines 15 and 16), omit the definition of taxation law, substitute:

taxation law means an Act of which the Commissioner has the general admini-
stration, or regulations under such an Act, but does not include:

(a) Customs Acts as defined in section 4 of the Customs Act 1901; or
(b) Excise Acts as defined in section 4 of the Excise Act 1901; or
(c) the Diesel and Alternative Fuels Grants Scheme Act 1999; or
(d) a sales tax law as defined in section 5 of the Sales Tax Assessment Act 1992; or

(13) Schedule 2, item 34, page 26 (line 24), omit paragraph (b), substitute:

(b) giving advice about a taxation law on behalf of a taxpayer; or

(14) Schedule 2, item 34, page 26 (lines 25 to 27), omit paragraph (c), substitute:

(c) preparing or lodging on behalf of a taxpayer an objection under Part IVC of the Taxation Administration Act 1953 against an assessment, determination, notice or decision under a taxation law; or

(15) Schedule 2, item 35, page 27 (line 8), after “member”, insert “(except a student member or retired member)”. 

(16) Schedule 2, item 35, page 27 (after line 13), at the end of subsection (6), add:

: or (d) where a BAS service relates to imports or exports to which an indirect tax law (within the meaning of Part VI of the Taxation Administration Act 1953) applies—a customs broker licensed under Part XI of the Customs Act 1901.

(17) Schedule 2, item 35, page 27 (line 17), omit “legal”. 

(18) Schedule 2, item 35, page 27 (line 21) to page 28 (line 3), omit subsection (8), substitute:

(8) Subsection (1) does not apply to the provision of any of these services on behalf of a taxpayer by a barrister or solicitor who is acting in the course of his or her profession:

(a) preparing or lodging a notice, application or other document about the taxpayer’s liabilities under a taxation law;
(b) giving advice about a taxation law; 
(c) preparing or lodging an objection under Part IVC of the Taxation Administration Act 1953 against an assessment, determination, notice or decision under a taxation law;
(d) applying for a review of, or instituting an appeal against, a decision on such an objection or undertaking any litigation or proceedings about a taxation law;
(e) while acting for a trust or a deceased estate for which the barrister or solicitor is the trustee or legal personal representative, preparing or lodging a return or statement about the trust’s or estate’s liabilities, obligations or entitlements under a taxation law;
(f) dealing with the Commissioner or a person who is exercising powers or performing functions under a taxation law about any of the matters specified in paragraphs (a) to (e).

(19) Schedule 2, item 36, page 28 (lines 15 and 16), omit subsection (1), substitute:

(1) A recognised professional association is an organisation that:

(a) meets the requirements in subsections (2) to (10); or
(b) is a charitable institution or a public educational institution:

(i) that meets the requirements in subsections (2) to (4); and
(ii) whose income is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997; and
(iii) whose sole or principal activity is providing education, training and information about taxation.

(20) Schedule 2, item 36, page 29 (line 3), after “body”, insert “(except a student member)”. 

(21) Schedule 2, item 36, page 29 (line 10), after “qualification”, insert “, or exemption from qualification,”. 

(22) Schedule 2, item 36, page 29 (line 17), omit “the profession”, substitute “that profession”. 

(23) Schedule 2, item 36, page 29 (line 19), omit “structured”.

(24) Schedule 2, item 36, page 29 (lines 22 and 23), omit paragraph (d), substitute:

(d) if they are permitted by that organisation to be in public practice—have professional indemnity insurance.
(25) Schedule 2, item 79, page 37 (lines 3 and 4), omit the item.
(26) Schedule 2, page 47 (before line 20), before item 143, insert:

142A Paragraph 8C(1)(a)
Omit “return”, substitute “approved form”.
(27) Schedule 2, item 144, page 51 (line 30), omit “2000”, substitute “2001”.
(28) Schedule 3, page 57 (after line 16), after item 8, insert:

8A At the end of subsection 12-190(4) in Schedule 1
Add:
; or (d) the supply is wholly "input taxed."
(29) Page 60 (after line 22), after Schedule 4, insert:

Schedule 4A—Income tax deductions for GST-related expenditure
Income Tax Assessment Act 1997
1 Subsection 25-80(1)
After “"plant", insert “for the income year in which you incur the expenditure or enter into a contract to carry out the upgrade".
2 Paragraph 25-80(1)(a)
After “incur the expenditure”, insert “or enter into the contract”.
3 Paragraph 25-80(1)(c)
After “incur the expenditure”, insert “or enter into the contract”.
4 Paragraph 25-80(1)(d)
Omit “1 July 2000” (wherever occurring), substitute “1 July 2001”.
5 Paragraph 25-80(1)(d)
Omit “immediately”.
6 Paragraph 25-80(1)(e)
After “incur the expenditure”, insert “or enter into the contract”.
7 At the end of subsection 25-80(1)
Add:
If you have already deducted the expenditure but you fail to comply with paragraph (d) of this subsection, your assessment may be amended to disallow the deduction.
8 Subsection 25-80(2)
After “incur the expenditure”, insert “or enter into the contract”.
9 At the end of section 25-80
Add:
Reducing the deduction
(4) Reduce your deduction by an amount that reasonably reflects the extent (if any) you neither used the upgraded "plant, nor had it "installed ready for use, for the "purpose of producing assessable income during the period in the income year you were its owner or "quasi-owner.
(5) Also, if you do not become the owner or "quasi-owner of the upgraded "plant by the end of 30 June 2000, reduce your deduction by an amount that reflects the extent (if any) that, as at that time, you reasonably expect neither to use the upgraded plant, nor to have it "installed ready for use, for the "purpose of producing assessable income during that part of the "financial year beginning on 1 July 2000 for which you expect to be its owner or quasi-owner.
10 At the end of section 42-15 (after the notes)
Add:
Note 3: The requirements in paragraphs (a) and (b) do not apply in the case of certain plant acquired for GST compliance: see section 42-168.
11 Subsection 42-168(1)
After “income year in which you incur the cost or enter into a contract to”.
12 Paragraph 42-168(1)(a)
Omit “become the owner or quasi-owner of the plant”, substitute “incur the cost or enter into the contract”.
13 At the end of subsection 42-168(1)
Add:
; and (e) before 1 July 2001, you become the owner or "quasi-owner of the "plant and use it, or have it "installed ready for use, for the "purpose of producing assessable income.
If you have already deducted the cost but you fail to comply with paragraph (e), your assessment may be amended to disallow the deduction.
14 After subsection 42-168(1)
Insert:
Ownership and use not required in 1999-2000
(1A) The requirements in paragraphs 42-15(a) and (b) do not apply to a deduction that meets the requirements of subsection (1) of this section.
15 Subsection 42-168(2)
Omit “become the owner or "quasi-owner of the "plant", substitute “incure the "cost or enter into the contract”.

16 At the end of section 42-170
Add:

Special reduction for plant acquired to meet GST obligations etc.

(4) A deduction covered by section 42-168 can be reduced under subsection (5) if you do not become the owner or "quasi-owner of the relevant "plant by the end of 30 June 2000.

(5) Reduce your deduction by an amount that reflects the extent (if any) that, as at that time, you reasonably expect neither to use the "plant, nor to have it "installed ready for use, for the purpose of producing assessable income during that part of the "financial year beginning on 1 July 2000 for which you expect to be the owner or "quasi-owner of the plant.

(30) Page 60 (after line 22), after proposed new Schedule 4A, insert:

Schedule 4B—Diesel Fuel Rebate Scheme

Customs Act 1901

1 Subsection 164(5A)
Before “where the Minister”, insert "subject to subsection (5AAC),".

2 After subsection 164(5AAB)
Insert:

(5AAC) The Minister may, by notice published in the Gazette, declare that the rate of rebate payable under subsection (1) to a person in respect of a specified type of diesel fuel that:

(a) is like fuel of a kind prescribed for the purposes of the definition of diesel fuel in subsection 4(1); and

(b) is for use in a manner referred to in a paragraph of subsection (1) of this section and specified in the notice; is, on and after a day specified in the notice, a rate specified in the notice, being a rate lower than the rate specified in subsection (5) or under subsection (5A) (as the case requires) in relation to that paragraph, and, where the Minister makes such a declaration, the declaration has effect accordingly.

(5AAD) If a particular type of diesel fuel is used for more than one purpose, it may be treated for the purposes of subsection (5AAC) as more than one type of diesel fuel, each type relating to one or more purposes for which the fuel is used.

3 Subsection 164(5AA)
Omit “The”, substitute “Subject to subsection (5ABA), the”.

4 At the end of paragraph 164(5AA)(b)
Add “or (5AAC)”.

5 After subsection 164(5AB)
Insert:

(5ABA) Subsection (5AA) does not apply to the rebate payable in respect of diesel fuel if:

(a) the rate of rebate payable in respect of the diesel fuel is a rate specified in a notice under subsection (5AAC); and

(b) one or more of the rates of rebate that would be averaged under subsection (5AA) in respect of the fuel if that subsection applied would not be a rate specified in such a notice.

Excise Act 1901

6 Subsection 78A(5A)
Before “where the Minister”, insert "subject to subsection (5AAC),".

7 After subsection 78A(5AB)
Insert:

(5AAC) The Minister may, by notice published in the Gazette, declare that the rate of rebate payable under subsection (1) to a person in respect of a specified type of diesel fuel that:

(a) is like fuel of a kind prescribed for the purposes of the definition of diesel fuel in subsection 4(1); and

(b) is for use in a manner referred to in a paragraph of subsection (1) of this section and specified in the notice; is, on and after a day specified in the notice, a rate specified in the notice, being a rate lower than the rate specified in subsection (5) or under subsection (5A) (as the case requires) in relation to that paragraph, and, where the Minister makes such a declaration, the declaration has effect accordingly.
(5AAD) If a particular type of diesel fuel is used for more than one purpose, it may be treated for the purposes of subsection (5AAC) as more than one type of diesel fuel, each type relating to one or more purposes for which the fuel is used.

8 Subsection 78A(5AA)
Omit “The”, substitute “Subject to subsection (5ABA), the”.

9 At the end of paragraph 78A(5AA)(b)
Add “or (5AAC)”.

10 After subsection 78A(5AB)
Insert:

(5ABA) Subsection (5AA) does not apply to the rebate payable in respect of diesel fuel if:

(a) the rate of rebate payable in respect of the diesel fuel is a rate specified in a notice under subsection (5AAC); and

(b) one or more of the rates of rebate that would be averaged under subsection (5AA) in respect of the fuel if that subsection applied would not be a rate specified in such a notice.

(31) Page 60 (after line 22), after proposed new Schedule 4B, insert:

Schedule 4C—Access to ABN information

Part 1—Amendments

A New Tax System (Australian Business Number) Act 1999

1 Subsection 3(3) (note)
Repeal the note, substitute:

Note: Section 30 facilitates this object by enabling the Registrar to provide information collected under this Act to State, Territory and local government bodies.

2 Section 26
Repeal the section, substitute:

26 Access to certain information in the Australian Business Register

(1) The Registrar may (on receiving payment of any prescribed fee) give a person a copy of the entry in the Australian Business Register relating to an entity.

(2) Before the copy is given to the person, the Registrar must excise from it:

(a) any detail not listed in subsection (3) or in regulations made under subsection (3); and

(b) any detail that the Registrar is prohibited from disclosing under subsection (4).

(3) The details are the following:

(a) the entity’s name;

(b) the entity’s ABN;

(c) the date of effect of the registration;

(d) either:

(i) the business name registered for the entity under the law of a State or Territory; or

(ii) if a business name is not registered for the entity—any name used for business purposes by the entity;

(e) the date of effect of any GST registration under section 25-10 of the A New Tax System (Goods and Services Tax) Act 1999;

(f) the date of effect of any GST cancellation under section 25-60 of the A New Tax System (Goods and Services Tax) Act 1999;

(g) any statement required to be entered in the Australian Business Register in relation to the entity under section 30-229 of the ITAA 1997;

(h) the entity’s Australian Company Number and Australian Registered Body Number (if any);

(i) the kind of entity;

(j) the State or Territory in which the entity’s principal place of business is located, and the postcode relating to the location;

(k) any details prescribed in the regulations for the purposes of this section.

(4) If:

(a) a person applies for a detail listed in subsection (3), or in regulations made under subsection (3), in relation to an entity, not to be disclosed; and

(b) the Registrar is satisfied that it is not appropriate to disclose the detail; the Registrar must not disclose the detail under this section.

(5) In addition to providing copies under subsection (1), the Registrar may make
publicly available any details listed in subsection (3), or in regulations made under subsection (3), in relation to an entity, other than any detail that the Registrar is prohibited from disclosing under subsection (4).

3 At the end of section 27
Add:
(7) If:
(a) a person applies for a detail included in the Australian Business Register in relation to an entity not to be disclosed; and
(b) the Registrar is satisfied that it is not appropriate to disclose the detail; the detail must not be included in any document the Registrar issues or gives under subsection (2) or (4).

4 After Division 10
Insert:
Division 10A—Review of decisions about disclosure

27A Review of decisions
(1) Applications may be made to the Administrative Appeals Tribunal for review of a decision of the Registrar under subsection 26(4) or 27(7).

(2) If an application for review is made under subsection (1), the orders that may be made under subsection 41(2) of the Administrative Appeals Tribunal Act 1975 include an order that the Registrar not disclose the details that are the subject of the application pending the determination of the application for review.

27B Statement of rights to seek review
(1) If:
(a) a decision of a kind referred to in section 27A is made; and
(b) notice in writing of the decision is given to a person whose interests are affected by the decision;
that notice must:
(c) include a statement to the effect that, if the person is dissatisfied with the decision, application may, subject to the Administrative Appeals Tribunal Act 1975, be made to the Tribunal for review of the decision; and
(d) except where subsection 28(4) of that Act applies—also include a statement to the effect that the person may request a statement under section 28 of that Act.

(2) A failure to comply with subsection (1) does not affect the validity of the decision.

5 At the end of paragraph 30(3)(c)
Add:
or (vi) the head (however described) of a Department of State of a State or Territory for the purposes of legislation administered by the Minister responsible for that Department; or
(vii) the head (however described) of a body established for a public purpose by or under a law of a State or Territory (including a local governing body) for the purposes of carrying out functions conferred on the body by a law of the State or Territory; or
(viii) a prescribed body for the prescribed purposes;

6 At the end of paragraph 30(3)(d)
Add:
; or (iv) the head (however described) of a Department of State of a State or Territory for the purposes of legislation administered by the Minister responsible for that Department; or

(v) the head (however described) of a body established for a public purpose by or under a law of a State or Territory (including a local governing body) for the purposes of carrying out functions conferred on the body by a law of the State or Territory; or

(vi) a prescribed body for the prescribed purposes.

7 Subsection 30(4)
Repeal the subsection, substitute:

(4) Subsection (3) does not authorise the disclosure of information to:
(a) a Commonwealth Minister; or
(b) a Minister of a State or Territory; or
(c) an elected member of a body established under a law of a State or Territory.

8 Section 41 (at the end of the definition of official employment)
Add:
; or (c) appointment or employment by a State or Territory, or the performance of services for a State or Territory; or
(d) appointment or employment by a local governing body, or the performance of services for a local governing body.

Part 2—Transitional

9 Regulations
Regulations made for the purposes of subsection 26(1) of the A New Tax System (Australian Business Number) Act 1999 and in force immediately before the commencement of this Schedule continue in force as if they had been made for the purposes of that subsection as amended by item 2. This does not prevent amendment or repeal of the regulations.

(32) Schedule 5, page 61 (after line 9), after item 1, insert:
1A Subsection 995-1(1) (after paragraph (d) of the definition of BAS provisions)
Insert:
; and (e) sales tax law as defined in section 5 of the Sales Tax Assessment Act 1992.

(33) Schedule 5, page 62 (after line 7), after item 6, insert:
6A Subsection 995-1(1)
Insert:
input taxed has the meaning given by section 195-1 of the GST Act.

(34) Schedule 5, page 62 (after line 19), after item 10, insert:
10A Subsection 995-1(1) (paragraphs (b) and (c) of the definition of recognised tax adviser)
Repeal the paragraphs, substitute:
(b) a legal practitioner.

The government proposes two groups of amendments to the A New Tax System (Tax Administration) Bill (No. 2) 1999. The first group of amendments will make some minor technical amendments to the provisions of the introduced bill. The second group will amend provisions of previously enacted legislation about the immediate write-off of GST related expenditure, the exclusion of certain input tax supplies from the PAYG withholding arrangements, the application provisions of the standardised election and recovery rules and the limiting of public access to certain details contained in the Australian Business Register.

Amendments 3, 4, 5, 6 and 9 make minor corrections to clarify the operation of the penalty provisions in this bill. In particular, the amendment to the definition of ‘reasonably arguable’ will ensure that taxpayers will satisfy this test where the position that they take on the law is at least as likely to be correct as incorrect. Amendment 8 will align the FBT instalment variation threshold with the PAYG instalment variation threshold at 85 per cent to eliminate inconsistent treatment between these tax collection systems. Following representations from registered tax agents, legal practitioners, accountants and indirect tax law consultants, amendments are being made to modify the types of services that can be undertaken by the different types of tax practitioners for a fee.

Amendments 10 to 24 and amendment 34 will permit sales tax consultants, licensed customs brokers and other indirect tax law consultants who are neither tax agents nor legal practitioners to continue to provide services in relation to sales tax, diesel fuel rebate and excise laws; allow licensed customs brokers to provide taxation services in relation to importations or exports of goods under the GST law, luxury car tax provisions and wine equalisation tax; clarify the types of taxation services that could be undertaken by legal practitioners for a fee; and make it easier for a tax practitioner body to qualify as a recognised professional association. Amendments 25, 26 and 27 are technical corrections to ensure that all amendments in the bill relating to approved forms will commence on the same date.

Amendment 32 will modify the definition of a BAS provision to allow the payment of interest on delayed refunds of sales tax credits claimed by taxpayers in a business activity statement. Amendments 28 and 33 to the withholding arrangements under the PAYG system will ensure that tax is not withheld from transactions which are input taxed under the GST, for example financial supplies, residential rent and supplies by school tuck-
shops. Amendment 29 will ensure that a small or medium-sized business which enters into a contract to purchase plant or software for GST purposes before 1 July 2000 will qualify for an immediate deduction.

Amendment 7 is to ensure that the standardised collection and recovery rules introduced last year generally apply from 1 July 2000. This amendment ensures that the procedural and evidentiary rules will apply to all proceedings for recovery of tax on or after 1 July 2000. Amendment 30 inserts a new schedule 4B into the bill. New schedule 4B amends the diesel fuel rebate provisions contained in the Excise Act 1901 and the Customs Act 1901 to enable a lower rate of rebate in relation to like fuels and to apply the rate averaging provisions to the new, lower rate of rebate from January 2001. Amendment 31 inserts a new schedule 4C into the bill. New schedule 4C amends A New Tax System (Australian Business Number) Act 1999 to limit public access to details contained in the Australian Business Register. The amendment also provides that a person may apply to the registrar of the Australian Business Register to not disclose information that would otherwise be released.

I commend the amendments to the House and I present the supplementary memorandum and also the correction to the explanatory memorandum.

Mr KELVIN THOMSON (Wills) (12.39 p.m.)—Once again, this parliament is expected to deal with dozens of amendments without any opportunity for consultation or examination or any opportunity for the broader Australian electorate to ascertain what is in these amendments. To underscore the point, these amendments have been introduced following the second reading debate which has just concluded. We in the opposition have had absolutely no opportunity whatever to examine them. This is typical of this government’s failure to manage the parliamentary process and typical of the way in which the taxation legislation has completely overwhelmed it. We are now seeing tax legislation which is measured not in pages but by the kilogram. It is a very poor comment on the state of the operation of this parliament that we do not have an appropriate opportunity to consider these amendments. I feel sorry for the Parliamentary Secretary to the Minister for Finance and Administration, who is required to come in here and read what they put in front of him and say each time he announces another dozen or hundred or thousand amendments, ‘This is making the tax system simpler.’ That is clearly not the case. Again, in this example we have a further 34 amendments to be added to the 195 amendments which constituted the original tax administration bill; those 195 amendments to be added to the thousand-odd previous amendments to the taxation legislation.

From what we know of the A New Tax System (Tax Administration) Bill (No. 2) 2000, we are aware that one of the things it does is to correct a drafting flaw in the original bill whereby lawyers were going to be banned from participating in preparing tax returns for reward. I have my colleague the shadow Attorney-General here with me and I have no doubt that, had the government not moved to fix up this drafting error, he and a number of other lawyers around this parliament would have had a view about this legislation. There are probably fewer lawyers in this parliament than is popularly supposed but nevertheless there are enough to ensure that both in the government party room and in the opposition party room this may well have been an issue of some discussion and debate. Indeed, far be it from me to reflect on the judiciary, but you would have to wonder about the chances of any legislation of this kind in a High Court challenge. But the government has moved to fix up this drafting error. he and a number of other lawyers around this parliament would have had a view about this legislation. There are probably fewer lawyers in this parliament than is popularly supposed but nevertheless there are enough to ensure that both in the government party room and in the opposition party room this may well have been an issue of some discussion and debate. Indeed, far be it from me to reflect on the judiciary, but you would have to wonder about the chances of any legislation of this kind in a High Court challenge. But the government has moved to fix up that legislative oversight. The plethora of legislative oversights and the need for constant, incessant amending legislation underscores just how poorly the government is implementing the new tax system. This is simply yet another example of the way in which it has botched the GST, giving us world’s worst practice GST.

It is our intention to take this legislation away and examine it in as much detail as we possibly can. I indicated in the second reading debate the need for detailed consideration and scrutiny by the Senate. The fact that the government has dropped these further 34 amendments upon the House simply under-
scores that. We will not be opposing these amendments at this point but clearly we want the opportunity to scrutinise them in another place.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.43 p.m.)—Because of time constraints I will not speak at length. The government takes the view that there was not previously a problem in relation to lawyers as was expressed by the member for Wills. There was an article in the Australian Financial Review which seemed to suggest that, contrary to what was reported in that article, the A New Tax System (Tax Administration) Bill (No. 2) 2000 does not prevent legal practitioners from charging a fee for giving GST or any other taxation advice, dealing with the commissioner in relation to that advice, applying for a ruling or objecting to a ruling, and representing clients in court in relation to taxation proceedings. The bill does not prevent accountants from charging a fee for the preparation and lodgment of GST returns or giving GST advice. The bill does preclude people who are not registered tax agents or legal practitioners from giving advice to taxpayers about taxation laws. However, this maintains the restrictions that are in the current law in section 251L. The amendments simply clarify the situation. The government took the view that there was not a problem in the first place.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

EXCISE TARIFF PROPOSAL No. 2 (2000)

CUSTOMS TARIFF PROPOSAL No. 2 (2000)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.45 p.m.)—I move:


Customs Tariff Proposal No 2 (2000)

The tariff proposals which I have just moved and tabled contain alternations to the Excise Tariff Act 1921 and the Customs Tariff Act 1995. Excise Tariff Proposal No. 2 (2000) and Customs Tariff Proposal No. 2 (2000) formally place before parliament changes to the excise and customs duty—excise—on alcoholic beverages arising out of the government’s policies on tax reform for alcohol. These policies were outlined in the document Tax reform: not a new tax, a new tax system.

There are three main alterations contained in these proposals, all of which take effect from 1 July 2000. Firstly, the rate of excise on currently excisable beverages not covered by the wine equalisation tax is increased to offset the removal of 37 per cent wholesale sales tax. In relation to beer, the increase in the rate of excise is limited so that the retail price of a carton of full-strength beer need only increase by the estimated general price increase associated with indirect tax reform. Secondly, a three-tiered rate structure based on alcohol content for beer is introduced. The excise free threshold of 1.15 per cent alcohol by volume will remain. The last major alteration is to bring to excise those alcoholic beverages, such as designer drinks, which are currently non-excisable and not subject to the wine equalisation tax.

Excise Tariff Proposal No. 2 (2000) also includes a definition for other excisable beverages and a change to the definition of beer to clarify that beer is alcohol prepared by the yeast fermentation of an aqueous extract of malted or unmalted cereals or both.

Mr Zahra interjecting—

Mr SLIPPER—The member opposite would obviously understand.

Mr McClelland interjecting—

Mr SLIPPER—He is an expert, is he? I thank the honourable member for Barton for elucidating that matter for the House. I do not know whether his colleague will be as pleased. This will distinguish beer from other excisable beverages.

Customs Tariff Proposal No. 2 (2000) provides separate tariff subheadings for wine and wine products, which will be subject to the wine equalisation tax.

The alterations are supported administratively by amendments to the Excise Act 1901 and the Customs Act 1901 which were tabled in the House of Representatives on 6 April
this year. Amendments to the excise regulations to extend the licensing and manufacturing provisions to manufacturers of other excisable beverages are expected to be tabled in parliament this month. Summaries of the alterations contained in these proposals have been prepared and are being circulated. I commend the proposals to the House.

Debate (on motion by Mr Kelvin Thomson) adjourned.

CUSTOMS AMENDMENT (ALCOHOLIC BEVERAGES) BILL 2000

Cognate bill:

EXCISE AMENDMENT (ALCOHOLIC BEVERAGES) BILL 2000

Second Reading

Debate resumed from 6 April, on motion by Mr McGauran:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (12.49 p.m.)—I foreshadow that at the appropriate time I will move the following amendment to the Excise Amendment (Alcoholic Beverages) Bill 2000:

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

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

(1) promising that ordinary beer would only rise by 1.9% because of the tax package before the election and then revealing after the election that draught beer would rise by around 8%; and

(2) promising that packaged low alcohol beer would decrease in price before the election, and then announcing excise rates in the Budget which are estimated to make the price of low alcohol beer increase by more than 11% due to the new tax system”.

The unhappy saga of beer is just one more in a litany of breaches of pre-election promises and GST failure accompanied with the introduction of the new tax system. As the amendment that I have foreshadowed indicates, there are two distinct examples where the government made promises concerning beer prices prior to the election and came up with completely different outcomes post the election. I will come to those shortly.

This bill is a relatively simple one in itself. It makes changes to the Customs Tariff Act and the Excise Tariff Act to enable the introduction of new tax arrangements for alcoholic beverages from 1 July. Amendments to the tariff acts will provide the main mechanism to reform the taxation of alcoholic beverages and these amendments are to be made by tariff proposals. These are indeed the tariff proposals that the Parliamentary Secretary to the Minister for Finance and Administration moved immediately prior to our having this debate. These tariff proposals take effect immediately but need to be formalised by legislation being passed within the next 12 months.

Tax is going to be imposed on alcoholic beverages which were not previously subject to excise, such as wine based, ready to drink mixed drinks, in order to remove the incentive to substitute wine based alcohol, which currently has no excise, in place of spirits which face full excise tax. In addition, the rates of duty will be adjusted to make up for the removal of wholesale sales tax. The expected result of this is a reduction in price of around 50c for spirit based ready to drink beverages and an increase in price for those currently avoiding excise.

To come back to the issue of the government’s pre-election promises, it is pretty well known that the Prime Minister promised that the price of beer would not increase by any more than 1.9 per cent, but it is probably worth repeating it nevertheless. So we go back to a business luncheon in Adelaide on 14 August, prior to the last election.

Mr Zahra—You wonder what they were drinking there.

Mr KELVIN THOMSON—Indeed, it would be interesting to know what they were drinking there. The Prime Minister said:

I think there will be a slight reduction, very slight reduction in the price of low alcohol beer.

Then on 18 August, still on that election bandwagon, he said:

... the price of light beer will fall a little.

On the Alan Jones program, on 22 August 1998, the Prime Minister said:

Across the board there is virtually no change in relation to alcohol. A tiny CPI equivalent in rela-
tion to ordinary beer. Perhaps a small reduction in relation to low-alcohol beer.

Then on the John Laws program in September of 1998 he said:
There will be no more than a 1.9% price rise in ordinary beer.

I think this makes it pretty apparent that the Prime Minister was talking about ordinary beer. Subsequently he has endeavoured to confine this promise to packaged beer. I think if you look at those quotes you will see that there was no suggestion that this was limited only to packaged beer; simply an undertaking that the 1.9 per cent price rise would be the limit concerning ordinary beer.

These pre-election undertakings began to unravel this year. On 8 February Treasury officials told the Senate that they expected the price of beer sold over the counter to increase by seven per cent because of the changes in excise that are a result of the goods and services tax. On 8 February on the 7.30 Report the Prime Minister—confronted with those revelations—wanted to weasel out of the 1.9 per cent promise. He said:

... I was asked about the increase in relation to package beer...

He tried that one on us in the House on 15 March. He wanted to suggest that all he had been talking about was packaged beer. To continue that try-on, he told the parliament:

It is no secret—and the Treasurer and I have certainly been making this plain—that, because of the service component to draught beer, there will be a higher price rise for a glass of beer across the counter. We have never disguised that.

Never disguised that indeed! He sought to blame the increase on the service component and yet it is clear that what is going on is a change in excise, as we have seen from the excise tariff proposals just tabled in the House. Indeed, why don’t the supposed massive savings on diesel bring the price of beer down?

Mr Zahra—It is a sham.

Mr KELVIN THOMSON—It is indeed a sham, as the member for McMillan remarks. The government has given us a complicated new tax system with new, hidden, tax increases.

On this issue of what the government promised before the election, perhaps the best source to go to is the former member for Stirling, Eoin Cameron, whom I served with in the previous parliament. I had occasion last night to refer to another former Liberal member in this House, the member for Griffith, Graeme McDougall, who belled the cat comprehensively on the government’s capital gains tax for self-managed funds. The former member for Griffith has belled the cat concerning the issue of GST on beer prices. As a marginal seat holder, Mr Cameron would have been pretty sensitive to the changes likely to occur as a result of the goods and services tax. He was one of the coalition members who was in the gun barrel of a voter backlash against a goods and services tax and, indeed, lost his seat as a result. You have to wonder how some of the current crop of marginal seat holders are feeling at the moment, those with pubs or caravan parks in their electorates. I dare say that the GST is making them feel somewhat nervous.

When the issue of the Prime Minister’s beer promise became news, Mr Cameron spoke about it on his radio program in Perth, on 6PR. On 8 March he said:

I was a member of the government that went to the 1998 election with the policy, and I can tell you that I was led to believe by the powers that be that beer would only go up by 1.9 per cent. There was no differentiation between stubbies, cans or middies. We were simply told a beer would go up by 1.9 per cent and it was a common question asked of me and asked of the government because many Australians love a cold beer, as we know.

He went on to say:
And it wouldn’t be proper for me to reveal what goes on in the government party room back then when I was an MP but I can tell you what was not said.
We were never told the excise would rise by nine per cent. We were never told that middy of beer would be affected differently to a stubby or a can or a carton. We were never told a middy of beer would go up by nine per cent.

So this matter was disguised to the government party room and Liberal Party backbenchers and it was also disguised to the electorate. The Prime Minister asks us to believe that this was never a secret. It was a secret until 8 February, when the Treasury let
the cat out of the bag. So, just as the former Liberal member for Griffith belled the cat last night concerning capital gains tax on self-managed funds, the former member for Stirling belled the cat concerning GST on beer prices. The government’s response to this was to attack the beer industry. To paraphrase from Michael Harvey’s article in the Herald Sun, with a bit of humour in it, ‘In a full strength attack, Mr Costello rejected the beer industry’s campaign against GST linked price increases. Instead, he accused brewing bosses of simply wanting to protect their profit margins.’ The Treasurer added:

The government can’t be pressured by big money interests to not introduce its policy.

You have to ask about the goods and services tax itself. Why have we got it? We have a GST precisely because this government can be pressured by big money interests to introduce their policy. We all remember the multimillion dollar campaign by the Business Coalition for Tax Reform. What did the Business Coalition for Tax Reform want? They wanted a GST. What have we got here? We have a GST.

We also get the impression that the Treasurer is unhappy about the brewers and their advertising campaign, his having raised the issue of their using shareholders’ money to promote their view of tax.

Mr Sidebottom—What about his ads?

Opposition members interjecting—

Mr KELVIN THOMSON—Indeed, as my colleagues interject, the outfit which has to take the cake in terms of using shareholders’ money to promote their view of tax.

Mr Sidebottom—What about his ads?

Mr KELVIN THOMSON—They tax beer drinkers.

Mr KELVIN THOMSON—Rather than talking about large beer companies, I prefer to think of the average man or woman who likes a nice beer at their local and what the impact on them might be. The East Brunswick Club Hotel, which I visited recently, was featured in an article in the local newspaper with some of the drinkers there expressing their concern. There was an East Brunswick resident, Ned, who had been drinking at the East Brunswick pub there for more than 20 years and he said, ‘I don’t see why the tax has to go up so much on beer served in pubs.’ The barman, Gavin Quilty, said, ‘The drinkers here aren’t exactly rich and they won’t be able to afford such a steep increase.’ One of the things I was disconcerted about when I visited this local pub was that the publican said they were already cutting down on the casual hours for staff there because they expected that the amount of their patronage would drop. So this is not simply a question of increasing the price of a beer for people who go to the pub; this is a question of the jobs and the employment prospects of people who work in the pub sector. These are not people from the top end of town, the beer barons. I had Mr Elliott visit my electorate to hand out Liberal Party how-to-vote cards at the last election. He did not do all that well, and it did intrigue me that someone who was spoken of some years ago as a prospective Prime Minister of this country was visiting the Cumberland Road Textile College to hand out how-to-vote cards for the local Liberal candidate.

It is a matter of great concern to Labor on behalf of beer drinkers in this country that the government would make those pre-election promises, cynically misleading voters about what the impact of GST would be on the price of beer and on the price of low alcohol beer. We saw it reported that they had ditched their pledge to overhaul the excise on light beer. The original 1998 tax package promised that the excise-free threshold for low alcohol beer would be raised to stop price rises with the GST, but in fact the budget papers earlier this year showed that the government had backed down and that the threshold would remain the same. Similarly, with the increase of GST on ordinary beer, this government claimed that the rise would be limited to 1.9 per cent and now we have the figures coming out that the increase will be seven or eight per cent. That is a matter of great concern to us. It is why I have
foreshadowed our amendment to the motion for the second reading of the Excise Amendment (Alcoholic Beverages) Bill 2000 condemning the government for the breach of those election commitments, as indeed they breached so many pre-election commitments in their desperation to be re-elected. We all remember that they only received 48½ per cent of the vote, even with that great taxpayer funded pre-election propaganda campaign. Clearly, had the Australian public been aware of the true impact of goods and services tax on prices, including beer prices, we would have seen a very different outcome at the last election.

Mr CADMAN (Mitchell) (1.04 p.m.)—We have had a rehearsal today of all the wrong things the government has done about the beer tax. I am just surprised that in the whole process the honourable member at the table could not spare a thought for the beer drinkers of New South Wales, with the imposition of additional taxes in that state by their Treasurer, Mr Michael Egan, forcing beer drinkers in New South Wales to subsidise the Olympic Games. What an incredible thing. The cost of the Olympic Games blows out and the beer drinkers of New South Wales are going to be asked to subsidise that process. The subsidy was $25 million, previously agreed to between Commonwealth and state governments, to encourage a more healthy approach to the consumption of alcohol, and Egan throws it out the window. He forgets all about it and imposes an additional burden of $25 million for beer drinkers in New South Wales.

It might interest the House to know or to realise that in 1984 it was in fact a Labor Party government which introduced the differentiation in excise collection between low and high alcohol beers. Prior to that, beer excise was simply imposed per litre on alcohol content, regardless of alcohol content. After that, there was a differentiation in that budget on alcohol content. Finally, further changes in the 1988 budget brought about a graduated scale for the payment of excise on alcohol in beer.

So it was the Labor Party that decided that there would be a different way of treating people on their consumption of beer in Australia. We have heard whinges about the fact that beer over the counter is going to be worse and cost more. On stubbies, the government is actually going to keep its promise—but there is a whinge about that as well. Of course, that is included in the amendment proposed by the opposition today.

So what does it boil down to? It is okay for Egan to play tricks, but the government that keeps its promises gets condemned in the House. There are changes. The whole of this area became convoluted because of government taxes. But the government has aimed at simplification, and wine, and beverages consisting primarily of wine, will become subject to the wine equalisation tax, the so-called WET tax. So that will be the change made there.

Excise on beer and other beverages with less than 10 per cent alcohol will be increased to make up for the removal of the present 37 per cent wholesale sales tax. So there have to be changes. There is not only excise but also wholesale sales tax. Wonderful governments we had in the past—that taxed us and added taxes on the same commodity. The federal government will continue to support the production of low alcohol beer. The government will increase the excise free threshold for beer from the present level of 1.5 per cent to 1.4 per cent. That will mean the retail price per can of low alcohol beer will actually fall. So here we have a government that thought this thing through, and have come forward with a reasonable response, and in light of all of that, every treasurer around the country has said, ‘We will endorse, condone and encourage the consumption of low alcohol beer by giving a price differentiation. We will subsidise that process by supporting a lower rate in each state.’

Western Australia was the first state to agree and subsequently around the states other treasurers have agreed. We had, just the other day, Mr Bracks from Victoria agreeing to now keep that subsidy on low alcohol beer. Mr Bracks said, ‘We’ve already made a decision on low alcohol beer which has an $18 million subsidy to keep a differential price—a decision made on good public policy grounds, that is, to ensure that we reduce
the road toll.’ Where is Michael Egan in all of this? Is he in favour of an increased road toll? It is time that the government of New South Wales came clean on this issue and indicated where their priorities are. Are they with the funding of the huge blow-out in costs to the Olympic Games, or are they more concerned about the health and road safety of the citizens of New South Wales? If they were concerned about the road safety of citizens of New South Wales they would automatically endorse the payment of that $25 million subsidy. In fact, they have ignored it; they have made no statement about it.

The most recent state to indicate that it will join in the subsidy process is the state of Tasmania. The Treasurer of Tasmania has indicated that he, along with his fellow Treasurers in other states, will be endorsing the federal government’s approach. This process was endorsed and put in place by the Australian Labor Party as far back as 1984, but members of the Australian Labor Party seem to be remaining silent in the House today, not one of them being prepared to say that the subsidisation and the lower rate of taxation on low alcohol beer is good for the health of the people of this nation. Not one of them is prepared to say that. They stand up here instead and talk about an increased price for beer over the counter, neglecting the fact that the intention of the federal government is for the price per carton of low alcohol beer to actually fall. But no, they are not prepared to stand up for health and road safety, or even to say that they will take this matter up with the Treasurer of New South Wales.

It seems to be a matter of selective memory and of the Olympic Games having to go on under Michael Knight, no matter what mess he may make of it. If the front page of the Daily Telegraph in Sydney today is accurate, then we have got a huge additional payment. Mr Egan said on 23 May:

With this budget all the Olympic and Paralympic costs are covered—every single last cent.

But he said yesterday:

I am delighted to announce the budget committee and Cabinet has decided to set aside an additional $140 million contingency fund for the Sydney 2000 Olympics.

Part of that $140 million, I contend, is being taken from the health and safety of the citizens of New South Wales. I wonder which section this beer subsidy will go towards. I challenge the members of the Labor Party to find out. Where is the $25 million going to be put, the $25 million that the Treasurer of New South Wales should be paying as a subsidy to the production of light beer? Is it going to the $18 million for the possible extra cost of waste collection that the government forgot to add? Is the $25 million going to cleaning up the rubbish at the Olympic Games? Or is it going to be part payment—an additional $18.6 million—for the ticket operations and marketing? Or is it going to be added to the extra $10.7 million that has been earmarked for the cost of the IBM web site? Come on! It is time that the Australian Labor Party got serious here. Are they intending to keep the price of higher alcohol beer down in New South Wales or are they the people that are raising the price of beer, forcing people to drink a higher alcohol content than they would naturally choose?

There is a list here a mile long of the changes the New South Wales government is making with its money, but the fact is that health and safety on the road are not priorities at the moment. Its priority is: fund the Olympics, have a big party and make Michael Knight look good. But never think of the people of New South Wales and their families. I contend that this second reading amendment today is superfluous and irrelevant. It has got nothing to do with reality. It has got nothing to do with people’s drinking preferences. The government’s policy, which has been clearly enunciated before the event, has been delivered with a slight—1.9 per cent—increase in the price of beer in containers and a fall in every state but New South Wales in the price of low alcohol beer. I am pleased to support the bill before the House. I would like both the shadow Treasurer and a spokesman from New South Wales—there is one here at the moment—to indicate what the government of New South Wales is going to say about this subsidy it should be paying but has refused to.

Mr ZAHRA (McMillan)  (1.14 p.m.)—I have a fair bit I want to say about this matter.
In many ways the Liberal and National Parties’ approach to this issue represents exactly why it is that they are so hated in rural and regional Australia. The Liberal and National parties just do not understand what is important to ordinary working people and that is why they are prepared to sell out the interests of beer drinkers in this debate. I think it is important to reflect on exactly what the Liberal and National parties said before the election in relation to how much the price of beer was going to go up. In 1998, they said this—this is a direct quote from the Prime Minister, John Howard:

Across the board there is virtually no change in relation to alcohol—a tiny CPI equivalent in relation to ordinary beer. Perhaps a small reduction in relation to low-alcohol beer.

That is what he said in August 1998. In September 1998, he said this:

There will be no more than a 1.9 per cent price rise in ordinary beer.

So we can see very clearly articulated what the Prime Minister said before the federal election—very clear, very plain.

On 1 July this year, the price of ordinary draught beer is going to rise by around eight per cent or even more. That is a direct contradiction from what the Prime Minister promised and what is actually going to be delivered. I do not think that people in the Liberal and National parties understand how frustrated people in rural and regional Australia, in particular, are at the fact that they have been lied to in this manner. We have heard a few speakers today try and say that black is white and white is black but there is one thing that people in rural and regional Australia—those people who have a drink from time to time in the pubs in rural and regional Australia—know and that is that the price of beer is going up eight per cent when the Prime Minister said it was going to go up by two per cent.

The purpose of a general GST is to replace all other taxes and excises, not be a tax on a tax, which this government is pushing on to us, be-

**Mr ZAHRA**—Yes, they will remember this for a long time. What I have done in my constituency is to get in touch with the people who run the pubs, clubs and hotels in my constituency. I have promised them that if they have got any views in relation to this unfair increase in the price of beer that I will read their comments into Hansard today as part of my contribution. I made those people a promise and today I am going to honour that promise. The Prime Minister could do well to take a leaf out of my book and learn from my example that when you make a promise to people, you keep it.

This is what the people at the Crown Hotel in Traralgon had to say in relation to the unfair increase in the price of beer. They state:

A promise is a promise and the other is worth nothing.

Dead right, Mr Deputy Speaker, dead right. The patrons and club management at Yallourn Newborough RSL had this to say:

Ask John Howard can he sleep at night. I suppose he can, no sense, no feeling. He’s that low he can crawl under a pregnant ant.

That is the view from the patrons at the Yallourn Newborough RSL Club. This is what the people from the Gippsland Hotel in Bunyip had to say about this unfair slug on ordinary working people who like a beer from time to time:

My staff component now ... will be reduced by one—thanks to the rise on Draught Beer—

And there is this: they only employ eight people there.

I can accept and pass on without too much fear the GST on package beer. Draught Beer is the heart and soul of most hotels with the exception of poker machines, of course. Being a small country pub is tough enough now. The new GST will only make it tougher or send some of us to the wall.

That is from the Gippsland Hotel in Bunyip—a little country town which is really going to feel the impact of this unfair tax on ordinary men and women.

There is another comment here from a bloke who is a constituent of mine in Traralgon. He says:

The purpose of a general GST is to replace all other taxes and excises, not be a tax on a tax, which this government is pushing on to us, be-
cause it was not voted in. Meg Lees and John Howard pushed it on us, the taxpayers of Australia. The price of beer should come down, not go up.

A fair point. This fellow who has written those comments understands very plainly that the government has misrepresented the true effect of the GST on the price of ordinary beer.

And this is what the Railway Hotel in Bunyip, a great little hotel in Bunyip which, as I said, is just a small little country town around the swamp in my electorate, said:

We are a small hotel in a small town; it is getting harder to make a living, trying to compete with the huge pokie venue. Now with beer going up, more people are going to buy in the supermarkets, and drink at home. We voted for Mr Howard and the GST on the understanding that prices would go down. But we will not be voting for him again, as I think they have lied to us. Thank you for your concern.

People in the Liberal and National parties would do well to listen to these comments because these people are coming for you. These people are coming for you at the next federal election. We have long memories in rural and regional Australia, and we do not forget when we have been lied to. And this from the Commercial Hotel in Yarragon:

Constantly we are subjected to unfair price increases. Being a small community hotel which employs locals on a casual basis we find it difficult to absorb price increases (approximately 4 times year). I am very concerned for the future of hotels and hotel licensees whose main profit comes from over the counter glass and pot sales. Clearly the proposed price increases jeopardise staff levels and also the capacity of hoteliers to make ends meet. In simple terms, this means job cuts more unemployment and even in smaller areas hotels will close.

That is from the Commercial Hotel in Yarragon. We have in Gippsland, as I hope that all members of this House should now understand, the second highest unemployment rate in Australia. So, when this fellow here says that we are going to lose more jobs, people should understand that that is in the context of already massive unemployment right across the Gippsland region. I also have some quite detailed comments here from the Kay Street Entertainment Complex in my home town of Traralgon. I think some of them may be unparliamentary, Mr Deputy Speaker, but I will do the best I can not to put them into the Hansard.

Mr Hawker—I am sure the member for McMillan will use his discretion.

Mr ZAHRA—Yes, I understand my responsibilities in that regard, Mr Deputy Speaker. They start with:

TAX TAX TAX TAX TAX TAX TAX TAX TAX TAX TAX TAX TAX TAX ...

They repeat it about a hundred times, and they say:

Where does it end? How about giving people their affordable pleasures back, stop wasting money on …

Then there is a word which I could say means ‘rubbish’. They continue:

Mr Average saves $24 p.w. from tax cuts, but how much more does he spend by fuelling up his car? Buying a pack of smokes, and going to the local for a few beers? NOTHING—there goes the tax cut, and he hasn’t even bought the groceries for the family or paid the bills! You can tell the Government don’t go to the pubs and enjoy! Sick of all the tax and ... Howard Government.

I think they have made a very fair point. The Pakenham Football Social Club, a very important institution in Pakenham in the western end of my constituency, say:

Our club caters for a wide variety of people whose occupations cover the full spectrum of the work force. It is fair to say that the main topic of discussion is the GST, particularly the likely impact on beer prices. They too have expressed outrage (often expressed in more colourful terms) at the impending increases as a result of GST and the rearrangement of excise duty and “WET” tax. Our membership includes self-employed people, professionals, blue-collar workers and a high proportion of elderly retired people. The elderly who are on fixed incomes rely on “their club” as their main form of social contact. They enjoy meeting friends and discussing common interest subjects over a quiet beer. Any price increases impact dramatically on their ability to participate in what they ... can enjoy.

That is signed by the secretary of that club. I think they make a good point as well. I have got other comments here, but I know that time is of the essence. Similar sentiments have been expressed by the Travellers Rest
Hotel in Thorpdale, who have made this little address to the Prime Minister:

Mr Howard,

You probably have never heard of our small community, called Thorpdale. It consists of mainly potato and various other farms. The town has a milk bar, post office, general store, garage, bakery and hotel. Our community is suffering now from low prices for potatoes this season but with the GST it will be worse.

They explain exactly why it is that the GST is going to have a terrible impact on their town and say:

I can see Thorpdale being a GHOST TOWN shortly due to your GST. The hotel serves as a base for seasonal workers to find work as there is no employment office in the town.

And that is a fair point. There were similar sentiments from the Churchill Hotel, which stated:

The impact is not only going to be on the beer price. My feeling is that it is going to reduce the demand for over the bar drinks, which will decrease employment, and also go some way to closing Hotels. Reduced patronage means reduced employment opportunities. All patrons to my Hotel have signed the “It’s your shout” petition to voice their outrage. Hotels, along with clubs, are social meeting places for the community where they can have a drink and mix, whereas they might not due to the changes. The GST is going to send some business to the “wall”, and I hope this will not be one of them. I’m not confident this will achieve anything, and I hope I am smart enough to continue to operate profitably and efficiently to maintain the 30 jobs here.

That is a fair point that they make. The government has lied to ordinary men and women who enjoy a drink at the end of the working week. The government stands condemned for its lies to these people. Make no mistake about it: come the next federal election, people in rural and regional Australia will remember the lies that have been told, and the Howard government will be punished accordingly.

Mr CREAN (Hotham) (1.26 p.m.)—I rise in this cognate debate and foreshadow that at the appropriate time an amendment will be moved by the opposition to the second reading of the Excise Amendment (Alcoholic Beverages) Bill 2000:

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

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

(1) promising that ordinary beer would only rise by 1.9% because of the tax package before the last election and then revealing after the election that draft beer would rise by around 8%; and

(2) promising that packaged low alcohol beer would decrease in price before the election, and then announcing excise rates in the Budget which are estimated to make the price of low alcohol beer increase by more than 11% due to the new tax system”.

We have just heard the member for McMillan talking about the concerns of people in his electorate as to how this deceit by the government on the price of beer will affect their jobs and their communities. Let us just remind people of what was said by the Prime Minister in the last election—not once but three times. The Prime Minister said that the price of ordinary beer would go up only 1.9 per cent. He said it on the John Laws program and he said it on the Alan Jones program. His defence is to say that he was referring to the Kempsey bottle shop owner who rang in the John Laws program and he was only referring to packaged beer. The problem is that the Alan Jones interview happened six weeks before the Kempsey bottle shop owner rang in. We know the Prime Minister is no visionary, but to get him to believe he is a clairvoyant defies belief. The truth of the matter is that this Prime Minister deceived the Australian electorate about the price of beer and he has been caught out.

Let us just understand this: this was a government that not only said it publicly but also said it in its own party room. How do we know that? Because we know what a member of the Liberal Party, Mr Eoin Cameron, a Western Australian member who was defeated in the last election, in part because of this GST, said happened in the party room before the last election, since he happens to have gone back to his own vocation of a radio announcer. This is what Eoin Cameron, a former Liberal member, said on 8 March about this promise of the price of ordinary beer not going up more than 1.9 per cent:
I was a member of the government that went to the 1998 election with that policy and I can tell you I was led to believe by the powers that-be that beer would only go up by 1.9 per cent. There was no differentiation between stubbies, cans or mid-dies. We were simply told a beer would go up by 1.9 per cent. It was a common question asked of me and asked of the government because many Australians love a cold beer, as we know. It would not be proper for me to reveal what goes on in the government party room back then when I was an MP. But I can tell you what was not said.

So here is a former member saying that his party room was told, ‘Go out and campaign and, if you get asked the question, deceive about it because we are giving you the wrong information.’ That is the deceit.

The second issue that we are exposing here is the fact that the government is trying to avoid bringing the 1.9 per cent promise on because it wants to put prices up by eight to nine per cent. It is seeking to avoid the parliamentary process that gives backing to it. We are here today debating not this issue—that is what my amendment is about—but a framework reference for customs and excise in relation to alcoholic beverages. The amendment that the opposition will be moving seeks to get the government to come clean on its promise about the 1.9 per cent.

Here we are, with 10 days to go before the GST comes in, and we have not even got the legislation in place that imposes the excise, the eight to nine per cent slug on ordinary beer. We have not even got the legislation before us. Why? Because essentially the government are trying to avoid the parliament dealing with it by doing it by a tariff measure—by regulation—because they know that, if it was brought in as legislation to the parliament, it would be opposed and defeated in the Senate.

We saw this government get caught out by the illegality associated with the Prime Minister’s mail-out to electors—an inappropriate, illegal use of the electoral roll for that purpose. It was something that the government said they got legal advice on, but clearly it was the wrong legal advice. They have been caught out in terms of an illegality in trying to get a message from the Prime Minister to the ordinary electorate. They are perpetrating an illegality by not bringing this matter to the parliament where they can be made accountable. They are seeking to avoid the parliament, to bypass the process. We remember the Prime Minister, when he got elected, saying, ‘The parliament is paramount. There is going to be greater accountability.’ What a sham. They know that they have deceived on this issue; they know they have dunned the ordinary punter—and they want to avoid the parliament having scrutiny on it. Well, we will continue to campaign on that, because it is appropriate that we should.

But it is not only the ordinary punters that are going to get slugged with this extra price of a glass of beer. The brewers were also deceived because they believed that the excise would be only increased to ensure a 1.9 per cent increase in the price of beer. They were deceived as was every publican and club around this country. We have just heard from the member for McMillan, and we will hear from the member for Braddon later about his community, about how important these places are not only in terms of employment
but in terms of social gathering places. These are the people that are effectively going to be threatened with loss of their livelihood. So this is not only a deceit of the Australian public; it is anti-jobs, and that is the worst type of deceit that we can have—the double whammy, deceiving employers and deceiving communities on a very fundamental issue.

If there is any question about the future of this excise threatening businesses, you only have to look at the Chronicle from Wangaratta. I was up in the Beechworth district on the weekend and I had the opportunity to meet with Steve Hill from the Buffalo Brewery, a person who has produced a unique product, a person who previously did not have to pay wholesale sales tax because he was under the exemption, a person who claims he will be put out of business if this measure goes through. What sort of stupidity is it that would see a government introduce a measure that would put out of business a person who has actually taken the punt, developed a unique product, got it into the marketplaces and tried to build a livelihood and regional development? And now he is being threatened.

We have heard of the National Party rolling over to the government, not standing up on caravan parks, not standing up on Telstra. Here is an example they should be standing up on because their communities are at risk but, as usual, we will hear nothing from them. They will go around their electorates expressing concern and saying how they are coming down to this place to make changes and they will remain silent as they go.

The other deceit I think it is important to highlight in the time that I have available to me is the Treasurer’s deceit to his party room. The Treasurer gave a briefing to his party room in mid-March this year in which he made a promise in response to brewers. We know about this briefing because we have a copy of his PowerPoint presentation. Great little wonders these PowerPoint presentations because they go up on a screen and then they disappear. The Treasurer loves them because there is no paper trail. The trouble is, this ended up with a paper trail. And I am happy to table this if the Parliamentary Secretary to the Minister for the Environment and Heritage at the table will allow me to. No, she does not want it. I am sure she does not and I am sure the Treasurer does not, either, because this is what he had to say. One of the points the Treasurer raised in that briefing confirms the deceit in the party room that Eoin Cameron got before he was defeated. This is what the new bunch of party room members from the Liberal Party heard:

The beer price results are consistent with the price changes of other forms of alcohol — relatively larger price increases are expected for the higher value products than the cheaper ones.

This is completely false and the Treasurer knows it. The tax package will increase the cost of some packaged budget beers far more than 1.9 per cent, but the cost of some premium beers, at the luxury end of the market, including very expensive imported beers, will actually fall due to the tax package. So luxury beers will not rise as much, or will actually fall, whilst budget beers and draught beer will rise by eight or nine per cent.

This is the Treasurer who will mislead anyone, including his own party room. But it is not the first time that they got misled. As I say, Eoin Cameron was misled before. He lost his seat out of it. There must be many others in the party room at the moment thinking that that is going to be their fate at the next election—and well it should be. This government does not deserve to hold office.

It has deceived the Australian public and this is just one other example in the litany of deceits of the government on the GST. Yesterday the government was caught out by its own preferred modeller saying that the price of rent under the GST would go up more than double what the government said in the lead-up to the last election. More than double!

What did the government do when it got this report? It hid it. It hid it until it was leaked. But whether it is rent, whether it is beer, whether you go to the price guide that the ACCC put out the other day, or whether you look at what is happening with insurance or public transport or food or gas or electricity or clothing, all of these prices are going up significantly more than the government told us they would. What does it mean? It means inflation goes up if those prices go up.
Inflation going up means more pressure on interest rates, but it also means that the compensation package that the government is trying to tout around in various quarters was based on a false premise. This deceit will continue to be exposed; this is but one example and there are many more dirty stories hanging around this government’s neck.

Ms HALL (Shortland) (1.39 p.m.)—The Customs Amendment (Alcoholic Beverages) Bill 2000 and Excise Amendment (Alcoholic Beverages) Bill 2000 propose amendments to the Customs Act and the Excise Tariff Act, changes that are necessary only because this government is poised to force Australians to bear a draconian GST. With only 10 days before the GST hits the Australian people and slugs every aspect of their lives, this government is rushing through changes that are needed to enable the implementation of the new tax arrangements for alcoholic beverages from 1 July this year.

These changes fail to address the real issue—the issue addressed in the member for Wills’ second reading amendment—and that is that John Howard, our Prime Minister, promised that ordinary beer would rise by only 1.9 per cent. That was before the election, of course. That was when he was talking to Alan Jones in August 1998. Since then we have learnt that maybe it was not a core promise, that it fits into that never, ever category. Now we have learnt that draught beer will increase by more than eight per cent. Before the election we were promised that the price of low alcohol beer would in fact go down, but in the budget we found out that it will increase by at least 11 per cent. It is really not good enough. The workers in Australia, those people who buy beer, those people who do not have a lot of money to throw around, are constantly being tricked by this government. It is just like the promise that it made to residents that live in residential and caravan parks—a promise that their rents would not go up. Beer would not go up; rents would not go up. So, whichever way you look at it, this government is deceiving the people of Australia. This GST is going to hit them and hit them hard.

We all know that beer is the drink of the workers. The government attacks the workers in every possible way, and now it is attacking their beer. I was just breezing through the papers and saw that Heineken beer is poised to take a larger share of the Australian market. This is not the beer that most workers drink. It is not as accessible as VB. In actual fact, the price of Heineken beer is going down. It is set to take a large proportion of the market here in Australia, and that will impact on Australian beers such as Coopers, Fosters, Boag, the dingo beer, Swan beer—just to name a few. How will that impact? That will lead to a loss of jobs and it will lead to a loss of income here in Australia. This actually has ramifications; it is not just black and white.

The thing that I find even more deceitful is that the government is not prepared to bring that part of the legislation here to us in the House. Rather, it is going to introduce it as a hidden tax, one of those things that it does not want us to know about—just like it wanted to hide the GST and not let us see how much it was costing us on our shopping dockets. It is going to hide this tax by trying to introduce it as a regulation. This is just so typical of the government, rushing this legislation through at the last moment whilst hiding from the Australian people how this GST is going to impact on their beer.

In closing, I will just say that, over the last week or two, my office has been inundated with calls from ordinary Australians, workers who like to have a couple of beers at the pub on their way home from work or go down to the club on a Saturday, saying, ‘Why does this government continually attack us? Why are they even stooping to the level now of breaking its promise to us on the price of beer and forcing us to pay more?’ This government really stands condemned—condemned for its action in relation to the GST and for the charges it is placing on beer.

Mr SIDEBOTTOM (Braddon) (1.45 p.m.)—In effect the wholesale sales tax will be abolished from 1 July 2000 and, to offset the removal of the wholesale sales tax, excise and customs duty rates will increase for beer, spirits, liqueurs and other alcoholic drinks not subject to the wine equalisation tax. Wine and beverages consisting primarily of wine will become subject to the wine equalisation
tax to replace the difference between the current 41 per cent wholesale sales tax and the proposed goods and services tax or GST. Import of any of these drinks or alcoholic drinks similar to them will be subject to customs duty.

Rather than have to deal with the detail of these customs and excise bills, in the short time available to me I would like to talk about the consequences of them that are causing angst in my community and at my local pub, the Bridge Hotel at Forth. This angst is replicated not just on the north-west coast, where we do like a beer in our local pub because we do value socialising with people and being entertained; it is replicated throughout Australia.

In August 1998, John Howard told voters when selling his government’s tax package on the Alan Jones 2UE program:

Across the board, there is virtually no change in relation to alcohol ... tiny CPI equivalent in relation to ordinary beer. Perhaps a small reduction in relation to low alcoholic beer.

Then on the John Laws 2UE program in September 1998, John Howard said:

There will be no more than a 1.9% rise in ordinary beer.

This was in response to a question from a bottle shop owner who asked whether the price of beer would go up and down. But remember that the Prime Minister had given an undertaking earlier than that, so it is not just in relation to bottle shop prices. On 1 July, the price of ordinary draught beer will rise by about eight to nine per cent—not 1.9 per cent, but eight to nine per cent. You can understand the angst this has caused the drinkers across the bar in our local pubs, as I have mentioned. We are not talking about a small increase in prices here; this is a massive tax hike on a traditional cash cow for governments. A 1.9 per cent rise would represent a revenue gain to the government of about $200 million and the brewing industry indicated that it was prepared to accept that. In fact, they worked on it for about 18 months trying to come to some arrangement on this. The government’s eight to nine per cent increase will take another $500 million or 25 per cent from beer drinkers’ pockets.

The pub is a well-known Aussie institution. It is a place for socialising and entertainment, a place for responsible imbibing of beverages and, in many instances, somewhere to eat. I do not think it is an exaggeration to say that most pub goers believe the cost of beverages in pubs and clubs is too high now. A shout nowadays is literally that: ‘Struth! Is that what it costs?’ I would not say my income is minor, yet that is my reaction, and I am sure it is the reaction of just about everybody in this place. Pubs and clubs are more than just meeting places and places of entertainment and refreshment; they are big employers, very important players in the hospitality and food industry. Thousands of full-time and part-time employees depend on pubs and clubs for their income. There is no doubt that a substantial increase in the price of beer across the bar will seriously affect employment prospects in this industry. Drinkers will be driven out of pubs or, if they are in pubs, they will be driving through the bottle shop, not into the bar.

More and more pubs will close down, particularly those that are price sensitive, and most of these are in regional areas where the margins are small. The Tasmanian Hotels Association estimates that there is a potential for 7,500 job losses throughout Australia, with some 150 Tasmania-wide. I do not need to remind members of the unacceptably high unemployment rates in regional Australia. I have mentioned many times my area of Mersey Lyell where unemployment hovers around 11 per cent. Pub owners in my electorate have made it clear that they are very concerned about the negative impact of the government’s broken promise on beer prices.

Treasurer Costello attacks the brewers—and I think I paraphrase him pretty well—as a ‘self-interested, self-serving lot engaged in money politics’. This is the Treasurer who gave the okay for the Unchain My Heart propaganda campaign. There are no money politics there, though. The Australian Association of Brewers and the Australian Hotels Association campaign ‘Beer Drinkers, it’s your shout’ is a campaign to get the government to honour its election promise. It is a campaign to highlight the hidden beer taxes. We are talking about an increase of $500
million from $2 billion annually to $2.5 billion annually. Beer drinkers will pay this tax, not the breweries. Job losses will pay for this tax. My state has still the best drops in the world: Cascade and Boag beers. If you are ever on the north-west coast, I do recommend Jimmy Boag’s to you—a very nice drop. If sales of ordinary beer across the bar decrease, these businesses will feel the effects, and so too will their work forces.

Treasurer Costello argues that the price of beer across the bar must go up because of the service component of the GST. However, in typical ‘Petespeak’, it is not just the service component that is making the price rise by eight to nine per cent—unless of course it is served in golden glasses with golden gloves with golden people doing it. If a 10 per cent GST has simply replaced the 37 per cent wholesale sales tax, then packaged beer prices would have fallen by, on average, 16 per cent or around $4.50 per case and ordinary draught prices would, on average, have risen by less than one per cent or one cent per glass. So what have we got for the punters of my local pub at the Forth? For a glass of regular beer at the pre-GST price of $2.10 per glass, the excise rises from 18c to 33c. The WST of 18c is removed and the GST is 21c. For a $2.40 10-ounce beer, Forth pub drinkers will pay $2.60—an increase of 20c. $2.60 for a 10-ounce beer! It does not even fill a cavity. What is the net effect? A total tax rise from the current regime of 36c to the new excise-GST regime of 54c. There will be plenty of shouting after 1 July, but it will not be in the Forth pub.

You sometimes wonder about this mob. It is part of the wowser mentality that has dogged the coalition over the years and no amount of ‘Petespeak’ is going to change this. Not only does the Liberal-National coalition not mind freeloading off beer drinkers but it gets all self-righteous when it comes to any industry taking it on head-on over an issue. The government’s hypocrisy over money politics was clearly evident when it deliberately stymied the AABA’s attempt to launch the ‘It’s your shout’ campaign on Sunday, 28 May. Talk about money politics. First, contrary to denials to the opposite, exclusivity was sought for the government’s GST propaganda ads during the Austin Powers movie on Channel 9. Secondly, when a movie sponsorship goes through at premium prices, competitors’ ads are knocked off. In the commercial world this is standard practice and probably fair enough, but political advertising is not a commercial category. Nearly half a million dollars could have been spent on Sunday, 28 May to pay for the government’s strategy to counter what the Treasurer calls money politics. What a joke. A lot of beers could have been shouted for that amount of money, although after July 1 there will be a lot fewer.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (1.54 p.m.)—Because of time constraints with question time approaching I will obviously necessarily have to be brief on this occasion. I would like to thank all the participants in this debate. The Customs Amendment (Alcoholic Beverages) Bill 2000 and Excise Amendment (Alcoholic Beverages) Bill 2000 put into place administrative arrangements for collection of excise and customs duty on alcoholic beverages which are not currently subject to excise or customs duties but which will become subject to those duties from 1 July 2000. This arrangement was outlined in the A New Tax System proposal.

The administrative arrangements will amend definitions to impose excise on the currently non-excisable alcoholic beverages, provide additional circumstances and conditions for excisable and customable goods to be used in the manufacture of excisable goods, extend the conditions on the entry of home consumption of spirits to other excisable beverages, give the chief executive officer of Customs the authority to permit certain alcoholic beverages to be entered into home consumption in bulk containers having a capacity of more than 20 litres and include a decision of the CEO made with respect to bulk containers of certain alcoholic beverages as a decision that may be reviewed by the Administrative Appeals Tribunal.

The main mechanism for the reform of taxation of alcoholic beverages is by introduction of the Excise Tariff Proposal No. 2 (2000) and Customs Tariff Proposal No. 2
(2000), which will be later ratified by a bill. These proposals will impose excise and customs duties on alcoholic beverages not currently subject to excise or customs duties and adjust the rates of duties to offset the removal of the wholesale sales tax and introduction of the GST.

A pious second reading amendment has been moved. The government, quite naturally, will reject that amendment. There has been much made of false allegations of broken promises on the part of the government. This government takes great pride in keeping its promises, unlike our predecessor, which was prepared to do anything and say anything to crawl into office and then break those promises after an election. I want to place the facts on the record. In line with the government’s ANTS commitment, the rates of excise on beer announced in the budget have been set so that the price of a carton of full strength beer need only increase by 1.9 per cent. The excise rates have been set to ensure that the retail price of a carton of low alcohol beer do not increase, and in some cases will fall slightly.

In particular, following industry consultation, the government announced in the budget that from 1 July a three-tier beer excise rate structure would apply to full-strength, mid-strength and low-strength beers, including an excise-free threshold of 1.15 per cent. In the case of New South Wales, low alcohol prices will rise substantially if that state intends to remove its longstanding subsidy in relation to low alcohol beer from 1 July. By doing so, New South Wales will reap a financial windfall at the expense of public health.

The government did not make a similar commitment in relation to draught beer served over the counter, which consists of about 25 per cent of all beer consumed. The ACCC estimates the range of price change in relation to draught beer to be between seven and eight per cent. This is to be expected as the GST applies to the currently untaxed service component at the retail level. The taxation of services is one of the objectives of introducing a broad based consumption tax.

Given the fact that question time is rapidly approaching, I will leave it there, but in doing so I am very pleased to commend these bills to the House. The government strongly rejects the false allegations made by honourable members opposite.

Question resolved in the affirmative.
Bill read a second time.

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

EXCISE AMENDMENT (ALCOHOLIC BEVERAGES) BILL 2000
Second Reading
Consideration resumed from 6 April, on motion by Mr McGauran:
That the bill be now read a second time.

Mr SIDEBOTTOM (Braddon) (1.59 p.m.)—I move:
That all words after “That” be omitted with a view to substituting the following words:
“whilst not declining to give the Bill a second reading, the House condemns the Government for:
(1) promising that ordinary beer would only rise by 1.9% because of the tax package before the election and then revealing after the election that draught beer would rise by around 8%; and
(2) promising that packaged low alcohol beer would decrease in price before the election, and then announcing excise rates in the Budget which are estimated to make the price of low alcohol beer increase by more than 11% due to the new tax system”.

This amendment was foreshadowed by the Deputy Leader of the Opposition and has been circulated in the chamber.

Mr SPEAKER—Is the amendment seconded?

Mr Albanese—I second the amendment.

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

Third Reading
Leave granted for third reading to be moved forthwith.
Bill (on motion by Mr Slipper) read a third time.
QUESTIONS WITHOUT NOTICE

National Textiles: Regional Assistance Program

Ms KERNOT (2.00 p.m.)—My question is to the Minister for Employment Services. Minister, do you recall telling this House on 4 April this year that funding from the Regional Assistance Program administered by your department would comply with the following:

Every cent that is spent under the Regional Assistance Program grants is made on the recommendations of area consultative committees of my department, comprising local business and community leaders.

Minister, can you detail for the House the area consultative committee recommendation which supported the special payment of $1.84 million from the Regional Assistance Program for the National Textiles’s deed of arrangement?

Mr ABBOTT—The issue is: do members opposite support the payments to National Textile workers or do they not? Do members opposite support paying these people their entitlements or do they not? They spent several days—

Ms KERNOT—Mr Speaker, I rise on a point of order on a matter of relevance. The question is about the minister’s departmental recommendation for this payment.

Mr SPEAKER—The member for Dickson will resume her seat. I noted the question. I thought it a little early—after 20 seconds—to bring the minister’s attention precisely to the question. I invite him to respond to the question.

Mr ABBOTT—There are two components to the Regional Assistance Program; one is a community grants program component and the other is a national interest projects component. I completely stand by my answer.

Tax Reform: Benefits

Dr SOUTHCOTT (2.04 p.m.)—My question is addressed to the Treasurer. Is the Treasurer aware of any new analysis which confirms the economic benefits of the new tax system?

Mr COSTELLO—I thank the honourable member for his question. I can inform the House that Dow Jones reports from New York today that Moody’s sovereign analyst for Australia has reported in the following terms:

The Australian tax changes scheduled to begin in July will stimulate growth and could reduce the country’s current account deficit.

Mr Yves Lemay said:

I think the tax reform which will come into place in July is a positive step. It is positive in terms of economic efficiency, a tax structure which should encourage growth.

That is international confirmation from New York today from the sovereign analyst of Moody’s. Not only is that the view of Moody’s in relation to the Australian taxation changes; it is also the view of the International Monetary Fund. In February this year, the International Monetary Fund notice stated:

Directors welcome the extensive tax reform under way which will improve the integrity and fairness of the tax system.

Not only is it the view of Moody’s, not only is it the view of the IMF, but it is also the view of the OECD, which, in its release in December of last year, said:

The introduction of a more efficient tax system in July should help to consolidate the productivity gains now being seen in Australia.

Commencing on Sunday of next week the OECD—which is the organisation of the developed countries of the world—will be meeting in Paris. When the developed countries of the world meet in Paris for the OECD
meeting next week, there will be only one country at the table with a wholesale sales tax, and it will be Australia. It will be the only country in the world—seven days off the greatest reform of the taxation system—left with a wholesale sales tax. There will be no political representative at the table still supporting a wholesale sales tax because the representatives of Australia will be at that table supporting tax reform. Outside of Swaziland, the only political movement in the world that still supports wholesale sales tax is the Australian Labor Party. Botswana has given up on wholesale sales tax. It has leaped in front of Australian Labor. Botswana is light years in front of Australian Labor.

When at that table the OECD representatives, France, Germany and all of the Europeans and Japan and all of the Asians, support value added tax. If the Australian Labor Party had its way it would say that France is wrong, Germany is wrong, Belgium is wrong and Spain is wrong. The only people who really understand tax in this world are in the government of Swaziland or lead the Labor Party. They are the only people. This is a political movement light years behind Botswana. The Australian Labor Party is hanging out as the last political movement in the world on wholesale sales tax. You have Moody’s, the IMF, the OECD and the developed countries of the world. This is tax reform that is good for Australia, it is tax reform that will bring us into the modern age and we would expect nothing less from the Australian Labor Party than to oppose it.

National Textiles: Regional Assistance Program

Mr BEAZLEY (2.08 p.m.)—My question is to the Minister for Employment Services and it follows that asked by the member for Dickson. Minister, given that you have stated that a special payment was associated with the National Textiles deed of arrangement from the national projects stream, isn’t it a fact that no other payments have been made from this stream, or indeed any other part of the Regional Assistance Program, for the purpose of paying 100 per cent of employee entitlements owed on the liquidation of a company? What were the unique features of National Textiles that justified this unique payment from RAP, which has only ever been applied in this way to one company in Australia?

Mr HOWARD—I have obtained advice on this matter and I am informed by my department and by the Department of Employment, Workplace Relations and Small Business that the funding for National Textiles was approved under the national projects element of the RAP program, which is separate from the main element of the program. I have been further informed that the National Textiles payment was not the first time that the national projects element of RAP had been used to respond to regional emergencies. Funding was provided for the retraining of former employees of Oakdale Colliery following its closure last year and also in response to the damage to the local economy caused by Cyclone Rosita earlier this year. The truth of this matter is that that payment was made in circumstances that are well known. I am very proud of the fact that the coalition government assisted the workers of the Hunter.

Mr Beazley—Mr Speaker, I raise a point of order that goes to relevance. The question was: is it not a fact that, from this stream, there have been no payments of 100 per cent of employee entitlements owed on the liquidation of a company to anyone else?

Mr SPEAKER—I will rule on the matter of relevance. I did, as I frequently do, note the question, and I deem the Prime Minister’s answer to be entirely relevant to the question asked.

Mr Howard—Mr Speaker, I was asked whether there had been other uses of this particular stream. There have been. They were used on those occasions to help battling Australians. The bottom line of this little exercise is that, once again, the Labor Party is against helping Australian workers.

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

Mr SPEAKER—Has the Prime Minister finished his answer?

Mr Howard—Yes.
World Trade Organisation: Howe Leather

Mr TIM FISCHER (2.12 p.m.)—My question is addressed to the Minister for Trade. Would the minister advise the House of any developments in the World Trade Organisation long-running Howe Leather dispute in the United States? What is the government doing to satisfactorily conclude this matter and to avoid the resulting threat of retaliation by the US against innocent Australian exporters, such as the wine industry?

Mr VAILE—I thank the member for Farrer for his question. Obviously, being the former Minister for Trade and former Deputy Prime Minister, he understands a lot of the history of this particular WTO case that we have been defending with regard to Howe Leather. I think everybody in the House recognises the ultimate decision that was made in the WTO and that we have been in close consultation with representatives from the US administration over it. I am pleased to announce that Australia has negotiated a settlement with the United States of this long-running dispute over assistance provided to the Australian automotive leather manufacturer Howe Leather. We cannot underestimate the significance of reaching a satisfactory conclusion to this and avoiding the possibility of hundreds of millions of dollars worth of retaliation that may have been levelled at Australia’s wine industry or beef industry, as the member indicated in his question. The US is our second largest export market and is worth about $13 billion annually. It includes exports such as $275 million dollars worth of wine, $42 million worth of citrus, $1 billion worth of meat products, including over $100 million worth of lamb, as well as $700 million in autos and auto components. These are all areas that could have been exposed to retaliation had we not been as diligent as we have been in negotiating this outcome.

Importantly, as a result of the negotiated settlement, we have helped to safeguard 700 jobs with the Howe company. Interestingly, 120 of those jobs are at Rosedale in regional Victoria, which I think is in the seat of the member for Gippsland, and I am sure that he is very appreciative of that. Also, just as importantly, 350 of those jobs are at the Thomastown factory on the outskirts of Melbourne, which I understand is in the seat of Scullin, and I am sure that the member for Scullin is also very pleased about this very important outcome.

Members will recall that the decision in the WTO required a payment of $30 million by Howe Leather. The settlement that we have negotiated with the United States administration involves Howe paying just $7.2 million over 12 years as well as an agreement that automotive leather be removed from eligibility for support under the TCF and motor vehicle plans. This is a very significant outcome in terms of trade negotiations on the international scene. It has been a significant test of the ability of our officials and this government in terms of reaching an outcome that avoids serious retaliation that could have had a major impact on a number of Australia’s very important export industries. We have kept our heads down in recent months while we were working away with our counterparts in the US. Unfortunately, the Labor Party’s trade spokesman, Senator Cook, has been out doing a bit of scaremongering and frightening of industries, trying to whip them up into a bit of a frenzy.

Opposition members interjecting—

Mr VAILE—It is a fact, he has. He has been out frightening people—the usual Labor Party tactic in every single activity that they undertake. Instead of being a little bit constructive, as he is in a lot of areas, he has been very unhelpful by trying to frighten those industries that we have been trying to protect. That is the usual manner of the Labor Party.

This result underpins the importance of the government’s policy and focus on improving the rules and disciplines within the WTO, improving and strengthening our advocacy in the WTO, so that we can run a successful case, as we have with Howe Leather, and get a successful outcome that secures jobs and protects other industries from retaliation. We certainly hope that the Leader of the Opposition is up to the challenge in Hobart when he confronts the ACTU leadership on terms of trade policy. That will be a very interesting challenge for the Leader of the Opposition. At the end of the day, this government has delivered in terms of industries that were
threatened with retaliation and in getting a satisfactory outcome for Howe Leather in this case.

National Textiles: Regional Assistance Program

Mr BEAZLEY (2.17 p.m.)—My question is to the Prime Minister. Isn’t it a fact that no other payments have been made from this national projects stream for the purpose of paying 100 per cent of employee entitlements owed on the liquidation of a company? What were the unique features of National Textiles that justified this unique payment from RAP, which has only ever been applied in this way to one company?

Mr HOWARD—It is true that there was no money paid in this way while you were in government, because you did not have an entitlements scheme.

Mr Beazley—That is a silly answer.

Mr HOWARD—Is it silly to look after workers? That is silly, is it?

Mr Beazley—Mr Speaker, I rise on a point of order. Why were the workers’ payments in this case uniquely funded?

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

Mr Beazley—Mr Speaker, I rise on a point of order as to relevance. The workers in Scone did not get 100 per cent of entitlements—not by a long shot—and nor would they if the New South Welshmen had come in. This bunch did. We want to know why they are unique.

Mr SPEAKER—The Leader of the Opposition will resume his seat. The Leader of the Opposition is aware that that was not a valid point of order. The Leader of the Opposition was advancing an argument. The Prime Minister was asked a question about the employee entitlement being funded under a particular program and what was unique about the circumstances. I call the Prime Minister.

Mr HOWARD—It is true that the workers at Scone did not get 100 per cent, because Carr gave them nothing. That is the reason. Where is the help in Scone?

Mr McMullan—Mr Speaker, I also rise on a point of order under standing order 145. Your failure to allow the Leader of the Opposition to fully articulate—

Mr SPEAKER—The Manager of Opposition Business—

Mr McMullan—This is my point of order, Mr Speaker: your failure to allow the Leader of the Opposition to fully articulate his case was the reason why, in my view, you failed properly to understand why the Prime Minister is not being relevant. The question was specific about what were the unique characteristics in the case of National Textiles, and it was specific about why there had been no other company to which such a payment had been made. Not only is the Prime Minister not telling the truth about the situation in Scone; he is not referring to the question before him.

Mr SPEAKER—The Manager of Opposition Business will resume his seat; he has had the opportunity to make his point of order. As I have stated previously, the Prime Minister was asked a question about employee entitlements and the funding of a particular scheme of entitlement under a funding program. The Prime Minister has been referring to another, but not unrelated, program.
and for that reason I have not intervened. I invite the Prime Minister to respond to the question.

Mr HOWARD—Mr Speaker, the truth is that this government was the first government in Australian history to introduce an employee entitlement scheme. It remains the case that for 13 years former Labor Prime Minister Bob Hawke and former Labor Prime Minister Paul Keating had the opportunity of introducing an employee entitlement scheme and they failed to do so. I am informed by my colleague the minister for workplace relations, the workers’ friend from Scone, that not only was assistance provided in relation to the workers of National Textiles and the workers of Scone but also last week the employees of a quarry in Tasmania were provided with help under the employee entitlement scheme. I have not had the opportunity of inquiring of the Labor government of Jim Bacon—

Honourable members interjecting—

Mr HOWARD—Labor in Tasmania abandoned the workers as well, Mr Speaker?

Mr Beazley—Mr Speaker, I raise a point of order. The Prime Minister knows very well that whether state governments cooperate or not, 100 per cent of entitlements are not paid under that scheme. One hundred per cent of entitlements were paid under this scheme, and we want to know what you think about it.

Mr Andrews—Mr Speaker, I raise a point of order under standing order 303. This is now I think the sixth occasion on which the Leader of the Opposition has risen and engaged in argument under the pretence of making a legitimate point of order. I ask you to deal with him appropriately.

Mr SPEAKER—As the member for Menzies is aware, occupiers of the chair are in a difficult position in that a point of order should always be able to be taken in case a matter is in fact straying from the standing orders. For that reason I have exercised some leniency with points of order. I do not intend to allow them to be used simply to advance argument. I believe the Prime Minister has finished his answer.

United Nations: Australia’s Role

Mr NUGENT (2.26 p.m.)—My question is directed to the Minister for Foreign Affairs. Would the minister inform the House of the efforts the government is making to maintain Australia’s active role in the United Nations system? Is the minister aware of any alternative approaches on this issue?

Mr DOWNER—First of all, I thank the honourable member for Aston for his question and for his interest in the government’s foreign policies, in particular our involvement with the United Nations. It has been drawn to my attention that members of the opposition, particularly our old friend the opposition spokesman on foreign affairs, the member for Kingsford Smith, and a couple of journalists have been suggesting that Australia has apparently no great interest these days in the United Nations. Let me first of all dispense with that particular canard. This is a government that have a very great interest in and a very great focus on the United Nations. In particular, we have a very clear sense of priorities in terms of the sort of work we should be doing usefully with the United Nations. After all, it was this government that ran Gareth Evans for the position of Secretary-General of UNESCO—and the Labor Party turn around and say that we do not care about the United Nations. That says something for the respect they had for our candidate. We thought he was a good candidate, so don’t you trash Gareth. You know what the Labor Party are like behind everyone’s back.

The government’s performance with the United Nations is in many respects outstanding. Very few people, except in the Labor Party, will have forgotten that it was this government that brought about the comprehensive test ban treaty in 1996 through the United Nations General Assembly. We saved the CTBT from the UN Committee on Disarmament in Geneva, where it was about to die. We revived it and brought it to life through the General Assembly. Then they turn around and say we do not care about the United Nations. I would have thought that was a little silly. We worked very closely with the United Nations throughout last year on the East Timor issue. We worked, I thought, very successfully during the course
of this year with the United Nations on the nuclear non-proliferation treaty review conference, which had a very good outcome, if I may say so.

The opposition’s argument here revolves around a trivial point that apparently appeals to trivial minds—that we are not sending a minister to the World Summit for Social Development Plus 5 meeting, which is a review conference of the World Summit for Social Development. Instead, our ambassador in Geneva, Les Luck, is to lead our delegation. I would have thought Mr Luck would do an extremely good job. The fact is that during the week when this review conference is taking place parliament will be sitting and ministers will be available to answer questions from the opposition through that week. This is a review conference and it is the government’s view that the review of what is an array of worthy aspirations in the declaration of the Copenhagen summit is something that can be extremely ably handled by our ambassador and our senior officials.

Mr Bevis—He would do a better job than you.

Mr DOWNER—That may well be so. Therefore, why is it that you argue a minister should go? How silly the Labor Party is. The Labor Party has been running the line that apparently there have been enormous objections to the government not sending a minister and there have been representations to my office. I can confirm that there have been at least two representations to my office, both of them from the ACTU. One of those representations was from Bill Mansfield of the ACTU, who is, what—the Assistant Secretary of the ACTU?

Mr Costello interjecting—

Mr DOWNER—As the Treasurer said, he wants the trip. The ACTU wanted to join the Australian delegation.

Mr Crean interjecting—

Mr SPEAKER—The Deputy Leader of the Opposition will be dealt with if he does not exercise some manners. The foreign minister has the call.

Mr DOWNER—Greg Combet and Bill Mansfield wrote to me, but Jennie George never did. Jennie George never thought it was important enough to make representations to me. I can see the member for Throsby taking an interest in what I am saying now—yes, because she was chasing your seat at that time. Let me be square with the House: we have had other representations. When Senator Newman was recently in New York at the United Nations conference she was approached by a United Nations official and she was lobbied by him on this very question of Australia not sending a minister to the Copenhagen Plus 5 meeting. Who was that official? The House will be interested to know that it was none other than John Langmore, the former Labor member for Fraser—a man whom you all, no doubt, hold in the highest regard. Or do you? I am sure honourable members opposite will remember that their former leader, Mr Paul Keating, described John Langmore as a gigantic fool. This is the basis of your argument.

In conclusion, the Labor Party says it is very concerned about the United Nations and that we should be more active in the United Nations. That is your line, is it not—that we should be even more active than we are? I wrote to the Leader of the Opposition in November of last year, requesting him to nominate a replacement for Gareth Evans on the Australian National Commission for UNESCO. I wrote in November last year and I have not had a reply. You care so much about the UN that you have not bothered to put anyone forward for that position. That is how much you care.

Goods and Services Tax: Rent

Mr SWAN (2.33 p.m.)—My question without notice is directed to the Treasurer. Treasurer, do you recall saying on AM this morning that an $8 to $10 increase per week in rent was ‘affordable for average families’? Treasurer, for a dual income family on $45,000 with two children, doesn’t this GST rent hike instantly wipe out nearly half of their $25 per week tax cut and family assistance increases?

Mr Ross Cameron—Get to the point. This is a speech.

Mr SPEAKER—The member for Lilley will ignore the member for Parramatta. But
the chair will very shortly cease ignoring the member for Parramatta if he does not also learn some manners.

Mr SWAN—Treasurer, with just $15 per week to pay for the GST on the remainder of the family’s expenses, do you still consider this rent hike affordable?

Mr COSTELLO—Not only has the government modelled the price effects of the new tax system on all of those different families at 10 deciles of different income level but that has also been done by private forecasters. All of those analyses show that, in every decile, after price rises taken in their totality the dual income family is better off under the new tax system. This argument has now been going on for two years, and the Labor Party has yet to produce any model on any decile of any of those structures which is worse off as a consequence.

In the last 24 hours we have been discussing the Murphy modelling. That arose because the Labor Party says that it wants input taxation on caravan parks. That has been the essence of your demonstrations at Tweed Heads with your fellow members of the Labor Party nicely pictured in the Sydney Morning Herald the other day. The Murphy model actually showed that, if you have your way and if the concessional rate of the GST with input tax credits were abolished, which is your policy, over the longer term residents of caravan parks could be worse off, with double the price increase. But you can trip yourself up on all this. Mr Beazley was doing an interview—I think it was on Western Australian radio—on this very point and the interviewer posed that question to him. And, remember, this is the Murphy modelling. So here we are—‘models are always arguable’. So here we have the Murphy modelling, which actually comes out and not only proves that the options are equivalent in the short term but shows that a half GST with full input tax credit over the longer term is a better option. And the Labor Party heroically rides out and says, ‘Notwithstanding that, we’d like to take that option out even though it would make caravan park owners worse off over the long term—that is our policy. We want to make sure they’re treated the same as residential rents, even if that works out worse.’ That was the position that you confirmed on radio this morning. It was the position that you are going to move in the Senate to take away an option which, on the basis of the Murphy modelling, over the longer term would actually be an improvement. Our case rests.

Dairy Industry: Deregulation

Mr McARTHUR (2.38 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Minister, what has been the dairy industry’s response to the federal government’s agreement to their request for a structural adjustment package? What else can be done to help dairy farmers and dairy communities adjust to the changes being brought about by the Victorian decision to deregulate the industry? Is there any risk to the package being provided to farmers and have other state governments indicated they also plan to deregulate their industries?

Mr TRUSS—I can report to the honourable member for Corangamite and indeed the House that there is a great deal of support in the dairy industry for the federal government’s $1.78 billion package to assist the dairy industry to go through this restructuring phase. The states are, one by one, passing legislation to deregulate their dairy industry. Legislation has already been passed in the Victorian parliament and I understand also in the parliaments of South Australia and Tasmania. It is currently being debated in New South Wales and will certainly be considered in Queensland and Western Australia very soon. I am receiving a lot of letters from dairy farmers, even those who are concerned about deregulation, expressing very strong support for the federal government’s pack-
age. By way of a couple of examples, I received a letter from a farmer in Beaudesert in Queensland, one of those areas that will be significantly affected by deregulation, saying:

I would like to take this opportunity to thank you for your concern and support for the Queensland dairy industry during this period of uncertainty leading up to deregulation.

A farmer in New South Wales wrote to say:

We are a family operation and our 29-year-old son, who is a fourth generation dairy farmer, is very keen to carry on, and we feel that this can only be accomplished with the assistance of the package.

So there is a great deal of evidence of very considerable support for the package being provided by the federal government, which will certainly assist dairy farmers through these difficult times. We have also, of course, faced some criticism over these matters particularly from certain Labor ministers — people like Minister Amery and Minister Palaszczuk — who have been trying to blame the federal government for deregulation while at the same time they have been putting legislation through their own state parliaments. There is plenty of criticism and attempts to blame the federal government for their own state action. Indeed, we even had the honourable member for Paterson, who could not get an audience in the Labor Party for anyone interested in dairy issues, actually having to come to the National Party conference to hear anybody say anything about dairying at all. He was very quick again to point the blame and to try to suggest that, somehow or other, this was a coalition plot — although he did have to admit that it was Minister Amery that had put the legislation through the New South Wales parliament. This morning we actually had Ministers Palaszczuk and Amery on AM —

Mr Howard — Both supporting it.

Mr TRUSS — Yes, supporting the federal government’s package but pleading for the National Party and the Liberal Party to put politics aside so this could be pushed through the New South Wales and the Queensland parliaments. Henry Palaszczuk had this to say, and this is the man who has been blaming the federal government for deregulation all along:

I believe that dairy deregulation in Australia is inevitable, especially here in Queensland.

So Henry Palaszczuk wants it in Queensland, and Richard Amery went even further: I think it is up to the National Party really to put their politics aside for at least the next few days to get this legislation through the Upper House.

The hypocrisy of Labor! Who can guess what they will say next — the people now appealing for the National Party to fall in behind the Labor Party so this legislation can get through. Over the last few days I have been getting quite a lot of mail on a range of issues, including quite a lot of letters on a campaign called ‘Enough is enough’ about capital gains tax on superannuation funds, if you please. I have been getting quite a lot of these letters. I was going through a little pile of them this morning and I just happened to accidentally turn one over and — lo and behold — it is on the paper of the Office of the Leader of the Opposition.

Government members — Oh!

Mr TRUSS — This is legislation that was actually voted for and supported by the Labor Party, and now they are arranging a campaign, on the paper of the Leader of the Opposition, to get people to write in to complain. Isn’t that typical of Labor? Whose side are they actually on? Do they want dairy deregulation or do they not? If they do, they should get on with it so that dairy farmers have the capacity to access the Commonwealth government’s package and get on with building a successful and prosperous dairy industry for the future.

Goods and Services Tax: Caravan Parks and Boarding Houses

Mr CREAN (2.42 p.m.) — My question is to the Treasurer. I refer to your garbled explanation on AM today —

Mr SPEAKER — The Deputy Leader of the Opposition will come to his question.

Mr CREAN — concerning the impact of the GST on caravan parks and boarding houses. Treasurer, can you confirm that the figures you referred to this morning were the same figures contained in the first report on this issue that the government received from Econtech, its preferred modeller?
Mr COSTELLO—The report to the government which I have released to the public is dated 8 March 2000, and that is the final report from Econtech, which I understand stands by it except in one respect.

Mr Crean—Mr Speaker, I rise on a point of order which goes to relevance.

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

Mr Crean—I ask to be heard on this. I am entitled to be heard on a point of order.

Mr SPEAKER—No matter where one looks in the standing orders, there is no obligation to hear any more than whether or not the matter is a point of order on relevance.

Opposition members interjecting—

Mr SPEAKER—I am on my feet! Nineteen seconds into a reply, all that I had heard the Treasurer say bore relevance to the question asked by the Deputy Leader of the Opposition. For that reason I ruled as I ruled. I will do as I always do and listen to the answer, and I will intervene if the Treasurer’s answer is not—

Opposition members interjecting—

Mr SPEAKER—I will shortly find myself forced to take action. I will of course intervene if the Treasurer’s answer is not relevant, but at this point I could not in any way deem the Treasurer’s answer to be other than relevant to the question asked.

Mr Crean—Mr Speaker, can I address you on that point?

Government members interjecting—

Mr SPEAKER—The indignation I felt at interruption from members on my left is no less felt from interruptions from members on my right. The relationship between the Deputy Leader of the Opposition and the chair, and any other member in the chair, is the chair’s business.

Mr Crean—It is true that he was only 19 seconds into his answer, but he indicated that the report he received was the final report. My question was: was it the first report—

Mr SPEAKER—The Deputy Leader of the Opposition will resume his seat. I have already ruled on that matter.

Mr McMullan—Mr Speaker, I want to raise a point of order with regard to that ruling you just made, which in my view is in blatant contravention of the standing orders.

Mr SPEAKER—I will hear the Manager of Opposition Business.

Mr McMullan—Standing order 99 states quite clearly:

Up on a question of order being raised, the Member called to order shall resume his or her seat, and, after the question of order has been stated to the Speaker by the Member rising to the question of order, the Speaker shall give a ruling thereon.

House of Representatives Practice on page 204 says:

... any member may at any time raise a point of order which takes precedence ... [and] after the question of order has been stated to the Speaker, the Speaker shall give a ruling ...

That cannot be interpreted as meaning ‘after you state the title of the standing order under which you wish to speak’. That is not stating the point of order. That is an absurd interpretation and cannot be sustained.

Mr SPEAKER—The Manager of Opposition Business has made his point and will resume his seat. I doubt whether any review of the Hansard will reveal that any occupier of this Chair has more patiently heard points of order than have I.

Mr Lee—We disagree.

Mr SPEAKER—The member for Dobell is warned. Furthermore, I waited until the point of order had been stated before I ruled, as I always do. Has the member for Cunningham heard my statement?

Mr Beazley—So, from this point on, what is required in these circumstances is for members to rise in their place and say ‘standing order 99’, ‘standing order 101’ or ‘standing order 54’?

Mr SPEAKER—If the Leader of the Opposition cares to resume his seat, I will illuminate him.

Mr Reith—I rise on the point of order, Mr Speaker. Can I put it to you that in the end the management of the affairs of the House is in the hands and the commonsense of the Speaker. What has really transpired in recent times is that members opposite have been
using points of order as a means of restating their argument. That is clear to anybody who has had any experience in this House. One does not need to go through the pretence of forms to realise the abuse of the standing orders that that represents. We only ask, Mr Speaker—

Mr Rudd—Mr Speaker, on a point of order: earlier you required me to identify the specific standing order on which I was rising. I would ask you to indicate under which standing order the minister is—

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

Mr Reith—I am simply exercising a right which many Leaders of the House have exercised in the past, making a comment which the Leader of the Opposition himself has made. We only ask that common sense be applied in the management of the standing orders and that this practice of abuse of the standing orders cease as of now.

Mr Rudd—Mr Speaker, you did not rule on my earlier point of order.

Mr Tuckey interjecting—

Mr SPEAKER—The Minister for Forestry and Conservation is warned. If the member for Griffith cared to look at the Hansard subsequent to the ruling to which he referred, he would have discovered that I had already dealt with that matter. In fact, I do not recall the precise day, but I clearly recall, when he had previously raised that point of order or another member of his party had raised the point of order, dealing with it subsequent to the matter that he has just raised today.

Mr Rudd—On the day in question, Mr Speaker, which was Thursday a couple of weeks ago, you specifically sat me down because I failed to nominate the specific standing order on which I rose. I would ask you to apply to this government minister the same standards you apply to opposition backbenchers.

Mr SPEAKER—As I have indicated to the member for Griffith, I had already made a subsequent ruling on that, as he will find if he reads the Hansard. On the matter that is currently before the chair, the question of relevance, the Deputy Leader of the Opposition rose on a point of order and said that the point of order he was wanting me to consider was one of the relevance of the reply being given by the Treasurer. I therefore knew what issue he was raising and it is, of course, instantly in the hands of any occupant of the chair to indicate whether or not an answer is relevant to the question, which is precisely what I did. That ruling is entirely consistent with what I have seen my predecessors in this post do in the 17 years that I have been in the chamber. The Treasurer.

Mr COSTELLO—Except that I do not believe it properly treats the margin system on land, and I believe that Mr Murphy himself would agree to that point. And Mr Murphy himself can confirm his figures.

Mr Crean—he did not even answer the question—

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

Mr Crean—which proves my point.

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

Health: Recall of Pacemakers

Dr WASHER (2.55 p.m.)—My question is addressed to the Minister for Health and Aged Care. Could the minister inform the House of events surrounding the recall in Australia of the St Jude Tempo family of pacemakers? Is the minister aware of any comments about this recall? What is the accuracy of such comments?

Dr WOOLDRIDGE—I thank the member for Moore for his question. On 6 June the Therapeutic Goods Administration issued a hazard alert in relation to the St Jude Tempo class of pacemakers. We had received reports from clinicians that these pacemakers might be subject to premature failure. Unfortunately, with complex medical devices you cannot always pick up problems during the manufacture process and some 50 per cent of problems only become evident once the device is in situ. There are 22,000 of those pacemakers in use worldwide, we estimate about 1,100 of them in Australia. The failure rate at the moment is not high. There have been 58 failures notified worldwide, about one in every 400. No person has died. But we would expect three people in Australia to be
subject to this, and because of this the Therapeutic Goods Administration issued its hazard alert and the recall.

As a response to this there have been calls by the Plaintiff Lawyers Association for further action, and the shadow minister for health made comments on Melbourne radio on Monday morning about this recall. She described it as appallingly handled and said we had no register for those who have the devices and no systematic way of registering the problems and then making sure the recall happens as soon as the problems have been identified. I was concerned about this. I called the Therapeutic Goods Administration in last night and spent an hour and a half with them discussing the matters. The mechanism that the shadow minister appears to be advocating is the one that is used in the United States—the only country in the world, I might say, to have a mandatory registration system. I asked my department overnight to check with the FDA in the United States as to what percentage of pacemakers they managed to register with their mandatory system. The answer we got back was that 36 to 40 per cent of pacemakers are registered under this system. By contrast, Australia’s voluntary system of registration gets 98 per cent of pacemakers, which the TGA informs me is believed to be the best in the world. So the mandatory system that the opposition spokesperson is advocating gets less than half the outcome we get from the current Australian system.

Secondly, she said there is no systematic way of registering problems. There is a difficulty here, and as she has to actually deal with legislation a bit further on in her career she will understand that the Commonwealth has no constitutional head of power to compel doctors’ behaviour. We cannot make legislation in this effect, unlike the USA, which does have the constitutional power. So to have a doctor compulsorily complying with a register is not something the Commonwealth can compel anyone to do. The second point I would make here is that in fact we maintain a device incident and reporting investigation scheme, which was exactly the manner in which this came up.

Ms Macklin—The system has failed.

Dr WOOLDRIDGE—The shadow minister makes the point that we have no way of ensuring that the recall happens as soon as problems is identified. I can hear her bleating out opposite that the system has failed. I asked the Therapeutic Goods Administration how this recall compared to other countries in the world, and they tell me that Australia was the first country in the world to issue a recall for this product. The fact is that, even more than two weeks later, the United States has still not issued a recall. So, far from being a failure, we actually have the most effective system in the world and one that you are going out and scaremongering about at a time when we should be having some calm. This is rank political opportunism based on ignorance and misinformation. It is at a time when people should be trying to reassure the public. Australia actually has had the first recall in the entire world. No other country has done as well as us, and your political opportunism holds you absolutely condemned and incompetent.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper. The Labor Party is not interested in asking questions.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Job Network: Performance

Mr ABBOTT (Warringah—Minister for Employment Services) (3.00 p.m.)—Mr Speaker, I seek to add to an answer.

Mr SPEAKER—The Minister for Employment Services may proceed.

Mr ABBOTT—The Minister for Employment Services may proceed.

Mr ABBOTT—Yesterday in question time, the member for Dickson asked me a question based on information provided to her by a job seeker. She asked about ‘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’. I asked the member for Dickson to provide some details so that I could follow the matter up and, as promised, I have some information to report to the House. I thank the member for Dickson for providing me with those details.
I can report that the job seeker in question had been continuously on unemployment benefits since March 1995. He had been in intensive assistance since September last year. I am advised that the job seeker in question has never attended a single intensive assistance interview—

Ms Kernot—Because they told him he didn’t have to.

Mr SPEAKER—The member for Dickson knows there are forms of the House she can use. If she defies the chair, I will deal with her.

Mr ABBOTT—I am advised that this particular job seeker—

Ms Kernot interjecting—

Mr SPEAKER—The member for Dickson is warned.

Mr ABBOTT—I am advised that this particular job seeker regularly offered excuses for non-attendance at such interviews, even when the Job Network member in question had provided a day pass on the bus.

Ms Kernot—He gave me an assurance, Mr Speaker, and I will not have this person vilified by this parliament.

Mr SPEAKER—I issue a general warning. The member for Dickson knows that she leaves me with no choice but to require her to excuse herself from the House under provisions of 304A.

Ms Kernot interjecting—

Mr SPEAKER—If the member for Dickson defies the chair, I will name her. I have issued a general warning!

The member for Dickson then left the chamber.

Mr McMullan interjecting—

Mr SPEAKER—Exactly.

Mr Beazley—On a point of order as to relevance, Mr Speaker: the question yesterday to this minister was whether or not this particular individual had attended upon a centre he was supposed to attend. When he arrived there, he did not find the centre open and at that address. As a result, he was breached and lost his payments. It was a specific question. Abusing it, this minister has got up here and talked about everything but the question he was asked. He has slandered the man but not answered the question.

Mr Zahra—He should be ashamed of himself.

Mr SPEAKER—the member for McMillan will excuse himself from the House under the provisions of 304A. Do members not understand what a general warning means?

The member for McMillan then left the chamber.

Mr SPEAKER—as the Leader of the Opposition is aware, the minister sought to add to an answer. What he has done to date has been entirely within the provision of the standing orders which allows him to add to a question. He has not added any matter that was not relevant to the question he was asked. For that reason, he is relevant and I call him.

Mr Horne—Apologise!

Mr SPEAKER—the member for Paterson will excuse himself from the House under the provisions of 304A.

Mr Horne—I will. I am quite happy to go, I can assure you.

Mr Pyne—You haven’t got any choice!

Mr SPEAKER—the member for Sturt will excuse himself from the House under the provisions of 304A.

The member for Paterson and the member for Sturt then left the chamber.

Mr ABBOTT—I am advised that, contrary to the suggestion yesterday, the job seeker in question in fact knew that the Job Network member had moved sites. I am also advised that the new premises were actually closer to the job seeker’s home address than the old premises.

Mr McMullan—On a point of order, Mr Speaker: I am aware of the processes by which ministers can add to answers, but I want to draw your attention to the special circumstances of this case which are causing some of the concern on this side of the House.

Mrs Draper interjecting—

Mr SPEAKER—the member for Makin will excuse herself from the House.
The member for Makin then left the chamber.

Mr McMullan—Those special circumstances are that on this occasion the minister contacted the member who had asked the question, sought further information and gave an assurance that nothing would be done in this House to embarrass the person about whom the question was asked. It is the blatant breach of that guarantee that is causing the concern.

Mr SPEAKER—The Manager of Opposition Business is, I am sure, aware that the chair is not only unaware of but has no control over that sort of arrangement and for that reason has ruled the minister’s remarks as entirely consistent with the standing orders. I remind members of the general warning. It gives me no glee to have members required to no longer represent their electorates for a period of time.

Mr ABBOTT—I am further advised that two breaches were imposed and then revoked on this job seeker before a further breach was sustained.

Mr Kerr—As the Leader of the House—

Mrs Crosio interjecting—

Mr ABBOTT—I think we needed that moment of levity. But this is a serious matter, Mr Speaker. I appreciate that you would not be privy to an undertaking but, having been made aware of it—and we were all made conscious of our responsibilities towards each other the other day—you do have general command of the procedures of this House.

Mr SPEAKER—Consistent with the action taken by my predecessors, as I said earlier, if the minister were to do something unpatriarchal I would deal with him. As has been evidenced this afternoon, I am in the mood for just that. The minister has, however, taken no action which could be deemed to be unpatriarchal, and I call him.

Mr ABBOTT—I am confident—

Motion (by Mr Beazley) put:

That the member be not further heard.

That the motion (Mr Beazley’s) be agreed to.

The House divided. [3.13 p.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes........... 59

Noes........... 74

Majority........ 15

AYES

Adams, D.G.H.
Beazley, K.C.
Brereton, L.J.
Byrne, A.M.
Crean, S.F.
Danby, M.
Ellis, A.L.
Evans, M.J.
Ferguson, M.J.
Gerick, J.F.
Gillard, J.E.
Hall, J.G.
Hoare, K.J.
Irwin, J.
Kerr, D.J.C.
Lawrence, C.M.
Macklin, J.L.
McClelland, R.B.
McLeay, L.B.
Melham, D.
Mossfield, F.W.
O’Connor, G.M.
Price, L.R.S.
Ripoll, B.F.
Rudd, K.M.
Sciacca, C.A.
Sidebottom, P.S.
Snowdon, W.E.
Tanner, L.
Thomson, K.J.

NOES

Abbott, A.J.
Andrews, K.J.
Bailey, F.E.
Barresi, P.A.
Billson, B.F.
Bishop, J.I.
Cadman, A.G.
Causley, J.R.
Costello, P.H.
Entsch, W.G.
Fischer, T.A.
Gallus, C.A.
Gash, J.

AYES

Albanese, A.N.
Bevis, A.R.
Cox, D.A.
Crosio, J.A.
Edwards, G.J.
Emerson, C.A.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Gibbons, S.W.
Griffin, A.P.
Hatton, M.J.
Hollis, C.
Jenkins, H.A.
Latham, M.W.
Lee, M.J.
Martin, S.P.
McFarlane, J.S.
McCullum, R.F.
Morris, A.A.
Murphy, J.P.
Plibersek, T.
Quirk, H.V.
Roxon, N.L.
Sawford, R.W.
Sercombe, R.C.G.
Smith, S.F.
Swan, W.M.
Theophanous, A.C.

NOES

Anderson, J.D.
Anthony, L.J.
Baird, B.G.
Bartlett, K.J.
Bishop, B.K.
Brough, M.T.
Cameron, R.A.
Charles, R.E.
Downer, A.J.G.
Fahey, J.J.
Forrest, J.A.
Gamboro, T.
Georgiou, P.
Wednesday, 21 June 2000

HAASE, B.W.  HARDGRAVE, G.D.
HAWKER, D.P.M.  HOCKEY, J.B.
HULL, K.E.  JULL, D.F.
KATTER, R.C.  KELLY, D.M.
KELLY, J.M.  KEMP, D.A.
LAWLER, A.J.  LIEBERMAN, L.S.
LINDSAY, P.J.  LLOYD, J.E.
MACFARLANE, I.E.  MAY, M.A.
McARTHUR, S*  MCGAURAN, P.J.
MOORE, J.C.  MOYLAN, J.E.
NAIRN, G.R.  NEHL, G.B.
NELSON, B.J.  NEVILLE, P.C.
NUGENT, P.E.  PROSSER, G.D.
RUSSELL, P.K.  RONALDSON, M.J.C.
RUTLEDGE, P.M.  SCOTT, B.C.
SECKER, P.D.  SLIPPER, P.N.
SOMLYAY, A.M.  SOUTHCOFF, A.J.
ST CLAIR, S.R.  STONE, S.N.
SULLIVAN, K.J.M.  THOMPSON, C.P.
THOMSON, A.P.  TRUSS, W.E.
TUCKEE, C.W.  VAILE, M.A.J.
VALE, D.S.  WILLIAMS, D.R.
WASHER, M.J.  WORTH, P.M.
WOOLDRIDGE, M.R.L.

PAIRS

Livermore, K.F.  Elson, K.S.
* denotes teller

Question so resolved in the negative.

Mr ABBOTT—I am confident that the Job Network member in this case has acted quite properly, as has Centrelink. I agreed with the member for Dickson to keep the job seeker’s name and address confidential, and I have done so.

Mr Beazley—Sit him down.

Mr SPEAKER—Leader of the Opposition!

Mr ABBOTT—I have done exactly what I promised. You are a sanctimonious wind-bag.

Mr SPEAKER—The minister will resume his seat.

Mr ABBOTT—You are—

Mr SPEAKER—Minister!

QUESTIONS TO MR SPEAKER

Points of Order

Mr TANNER (3.19 p.m.)—Mr Speaker, I have a question to you. During question time, in response to an opposition point of order, the Leader of the House stood up and said that as Leader of the House he had a right to comment on that point of order. Could you advise the House as to whether he has any such rights that are different from other members of the House, and if so what those rights are; and, secondly, if indeed such rights do exist, whether or not they extend to the Manager of Opposition Business.

Mr SPEAKER—I will review the Hansard and the comments made by the Leader of the House and the Chair. I recall the incident. I assumed that the Leader of the House was rising on a point order.

PERSONAL EXPLANATIONS

Mr ST CLAIR (New England) (3.20 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ST CLAIR—I do, Mr Speaker. Last night in this House the member for Batman made, during his speech, the following accusations:

... 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.

This is my copy of the Hansard of my speech last night, where I said:

I have a great personal interest in the trucking industry, as many in this House know. I have spent many years myself driving trucks and still cannot bring myself to sell my prime mover ...

I would like to table those documents, if the House agrees.

Mr SPEAKER—I believe the member for New England has made his point. I think that any action to table Hansard would seem a little inconsistent with the normal course of events in the House—the Minister for Employment Services will excuse himself from the House.

Mr Abbott—I was just going to join my friend.

Mr SPEAKER—Minister!

The member for Warringah then withdrew from the chamber.

Mr Albanese interjecting—
Mr SPEAKER—I beg your pardon, the member for Grayndler! The member for Grayndler will apologise.

Mr Albanese—I apologise, Mr Speaker.

Mr Latham—On a point of order, Mr Speaker. Just for clarification, have you suspended the minister under a standing order in your ruling?

Mr SPEAKER—I have indeed.

Mr Latham—Thank you.

PAPERS

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

MINOGUE, MR MATT

Mr REITH (Flinders—Minister for Employment, Workplace Relations and Small Business) (3.24 p.m.)—I seek your indulgence, Mr Speaker, just to make some brief remarks about the work done for the House by Matt Minogue.

Mr SPEAKER—I indulge you.

Mr REITH—I just want to bring to the attention of all members of the House today that today is the last day at work as the parliamentary liaison officer for Mr Matt Minogue. Members of the House will not be surprised that Matt Minogue has served this House very well. He is leaving us, but he is leaving us to take up a promotion in the Attorney-General’s Department as the executive officer of the Administrative Review Council. Before coming here, Matt held the senior position at the Constitutional Convention for 18 months. He started as the PLO here in March 1998.

As I said in the adjournment speech at Christmas time, Matt has been a great worker for the parliament. He has done a very good job as the PLO. I believe he has at all times conducted himself most professionally and that he has always dealt with the people with whom he has worked in a very even-handed and fair manner. There is no doubt that the PLO’s job is one of the most demanding in the House. You have to be here early. You have to be here late. You have to be on the ball all through the time that the parliament is sitting. He is often here when we have all gone home, which is a mark of the dedication that he has applied to this job. He has balanced the demands of both ministers and members with great diplomacy. Again, I am sure no member would disagree that it can sometimes be a particularly difficult task to deal with members—

Mr Martin Ferguson—to deal with you.

Mr REITH—all of whom believe that their particular issue is the most important. I accept the interjection in good humour because to spend a couple of years as PLO and having to deal with the Labor Party is a particularly onerous and difficult task.

To the government Matt’s advice has always been frank and direct. That, of course, is what those acting as public servants are expected to provide, and he has certainly done that. In this respect and in the way he has handled himself, he has been a credit to the Australian Public Service and I want to thank him for the service he has given to all members of the House, but particularly of course to the government, in the last 2½ years. On behalf of the parliament, Matt, I wish you well in your new job. You go from this place with a very good reputation amongst all members of the House.

Mr McMULLAN (Fraser—Manager of Opposition Business) (3.26 p.m.)—On indulgence, Mr Speaker, on behalf of the opposition I am very pleased to take the opportunity to join with the Leader of the House in giving thanks to Matt Minogue for the very good work he has done as parliamentary liaison officer. We all appreciate that sometimes working with the Leader of the House is an onerous task—for which people should be much more generously remunerated than they are, but we understand the circumstances inside the Public Service at the moment.

I have been a manager of government business in the Senate and seen this PLO job from the other side also, and I know it is a very difficult task to get the balance right. Matt has done it excellently. We have felt that we have always had a very good relationship with him. We have regarded him as both diligent and professional and, as Leader of the House has said, he previously did ex-
cellent work with the Constitutional Convention. It is a pity we did not get a better return on your investment of effort, Matt, but we appreciated the effort nevertheless, and we are very confident that this will have been really good training for the Administrative Review Council. It will be a doddle after this, I have to say.

There are a couple of comments that my staff have asked me to make. They have given them to me in all seriousness and I am sure they are true. The first is the propensity that the PLO had—and I am not sure if he did this to the government side as well as to us—from time to time to give us the draft daily program and refer to it as ‘tomorrow’s work of fiction’. And sometimes his prediction on the House’s performance was very accurate as to how closely we related to the work we intended to do before we started. But he always worked very cooperatively with us. Other staff have had a few comments to make about the fashion icon status that Matt achieved with the Dunlop Volleys from time to time, but I am not one to comment on those things. But I do want to say on behalf of the opposition, ‘Thanks, Matt, for a difficult job well done.’ We welcome Alistair Sherwin as Matt’s replacement as PLO and we look forward to working with him in the same manner.

Mr SPEAKER—The Leader of the House has indicated that he wishes to add a brief remark and I will allow him to do so.

Mr REITH (Flinders—Leader of the House) (3.29 p.m.)—I wanted to also welcome Alistair Sherwin. For those members who do not know him, he is sitting at the back there and you will get to know him very well.

Mr RONALDSON (Ballarat) (3.29 p.m.)—On indulgence, Mr Speaker, very briefly I would like to associate myself with the comments of the Leader of the House and of the Manager of Opposition Business and to thank Matt Minogue most sincerely for the time I have spent working with him. He has worked without fear or favour. He is a very professional officer of this parliament and I thank him most sincerely for both his friendship and his support.

Mr SPEAKER (3.30 p.m.)—During the period that Matt has discharged his duties he also occupied the office of the member for Ballarat, the Chief Government Whip. I entirely associate myself with all of the remarks made. I wish you well; and I welcome you, Alistair.

MATTERS OF PUBLIC IMPORTANCE

Goods and Services Tax: Price Rises

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

The adverse economic effects on Australian families and households caused by prices for everyday goods and services rising by more than the government said they would because of their 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 CREAN (Hotham) (3.30 p.m.)—Can I just associate myself with the remarks wishing Matt well. I had circumstances of dealing with him in a former role—a role I sometimes miss, a role that was assisted by him. I cannot say the same of my counterpart, as he then was, on the other side.

This MPI is moved today, but it highlights what the government has tried to avoid today. This is the first time in a long time that the Prime Minister has closed question time down less than halfway through. Nine questions out of 20 were allowed today, with a Prime Minister who told us he was going to guarantee that there would be 20. If we have long-winded answers from the other side and if there are points of orders that we want to take, then we cannot be blamed for the circumstances in which the Prime Minister spits the dummy. And spit the dummy he did, because today exposed his soft underbelly. Today his credibility in terms of the special relationship with his brother was exposed. Exposed today was John Howard’s family policy—a one-off special deal for his brother; a one-off deal that has not been replicated anywhere else; a one-off deal that he will
refuse to justify in accordance with the legislation, the Constitution or the guidelines. He might think he can grin and twitch his way out of this one—he will not. Just remember, if people need a reminder of this, Michael Wooldridge and how the member for Jagajaga has been going after him in relation to the MRI. These things will come back to haunt the Prime Minister because he has been inconsistent and he has been completely partisan. He has not got the interests of the workers at heart. He has done this deal for one reason, and one reason only, and everyone in the community believes it.

Mr Hockey—Mr Deputy Speaker, I am reluctant to take a point of order on an MPI, but the MPI deals with the adverse economic effects on Australian families and households in relation to the GST, as alleged by the Labor Party.

Mr DEPUTY SPEAKER (Mr Nehl)—I thank the minister. I understand his point of order. He will resume his seat. The Deputy Leader of the Opposition has started his address to the House on this issue, and it is not inconsistent with normal practice that he might draw a long bow in his opening remarks.

Mr CREAN—We would like all families to get the 100 per cent top-up promised to them as GST compensation, but it has been exposed day by day. I will come to those points in a minute, but before I do let me just make reference to the sanctimonious Abbott, the person who abused a confidence—

Mr Hockey—Mr Deputy Speaker, I rise on a point of order.

Mr DEPUTY SPEAKER—Order! The minister will resume his seat. I am about to speak to the Deputy Leader of the Opposition, who will refer to all members of this place by their correct title.

Mr CREAN—The minister who was ejected from the House—a sanctimonious Abbott!

Mr Hockey—Mr Deputy Speaker, you might have assumed that was my point of order; it was not.

Mr DEPUTY SPEAKER—I apologise if my assumption was incorrect.
it, his defence was: the Democrats did not ask for it.

Here is a person who does a deal, promises to commission further work and promises to get his preferred modeller, but when he gets the news he hides it—just like he has hidden the detail about the special arrangements for his brother. The truth is that this rent example on the GST is only one of a litany of examples that we have been exposed to over recent weeks. We have the circumstances of clothing, gas, electricity, beer, public transport and insurance all going up significantly more than the government told us at the last election. At the last election, the government said that clothing would go up 6.8 per cent. The ACCC says it is now going up to 9.8 per cent. The government said gas would go up 3.9 per cent, but the ACCC says that it will go up to 9.5 per cent. The government said insurance would go up 0.8 per cent, but the ACCC says house insurance will go up as high as nine per cent. These are not insignificant differences. Some are actually more than the doubling of rent.

What does it mean if these prices are going up by more than the government told us? First off, it means that as a government you deceived the electorate on the last occasion. You told them that the inflationary impact would be less. Why is the inflationary impact important to this country? It is because we actually succeeded, through Labor government policy, in securing low inflation in this economy and making us a more competitive economy. Why would you put that at risk? But at risk it has been put. It has been put at risk because of the GST, a GST that is going to have far more of an inflationary impact than the government let on. What happens if inflation goes up? It means that there is more pressure on interest rates. Having secured a low inflation environment, this government has introduced a policy to inflate it again. Why would you put that at risk? But at risk it has been put. It has been put at risk because of the GST, a GST that is going to have far more of an inflationary impact than the government let on. What happens if inflation goes up? It means that there is more pressure on interest rates. Having secured a low inflation environment, this government has introduced a policy to inflate it again. We have the circumstance where ordinary people have to deal with this, but they are not being given the full information by the government. As soon as it gets a report that does not confirm its case, it sits on it. You then get the Treasurer on the radio this morning in panic mode, because it was a truly garbled explanation. We have heard him talk before with that great smirk on his face.

Mr Sidebottom—Pete’s smirk.

Mr CREAN—Pete’s smirk? Pierre’s smirk, because he is off to Paris next week. The week before the GST comes in, where is Pete? He is off to Paris. And who is away the two weeks after? The Prime Minister, who will be in London. It is A Tale of Two Cities for these colleagues. We all know that famous novel—it was the best of times; it was the worst of times. But the people being left behind will know it is the worst of times, because the GST is going to be a terribly significant scourge on them. It was a far, far better thing that the Leader of the Opposition chose to do: he chose to stay here, not go on a junket, not go and avoid his obligations and not scurry out of this land just as the Prime Minister scurried out of the parliament today, 11 questions short of his quota. This is a Prime Minister who at the moment is rattled. And well he might be if he reads those opinion polls, because this has been his obsession. All of his life he has wanted to give us two things: he has wanted to break up trade unions and he has wanted to introduce a GST. But, here we are, 10 days away from the implementation of the GST and they still do not know how it applies. They are making it up as they go along.

One classic point in this Mr Deputy Speaker—and you would be particularly concerned about this—involves petrol. The government still has not produced the detail of the cut in excise by which they say the guarantee for Australians generally will be that prices will not go up as a result of the GST on petrol. Then there are the circles around the service stations, the boundaries. To give an example of the significance of this, I had to drive to Canberra last weekend because I had to visit Beechworth on the way through. I brought my daughter with me and she had a friend. We had to have an early start and I had to keep them occupied. We invented a new game of ‘I spy’, and this was ‘I spy every petrol station along the route’. There we were at Avenel, where unleaded petrol was 92.1c a litre. I am sure there will be many people in this chamber who would know of petrol prices above that, but let us
just take this as a case in point. The government has told us that the only commitment it has made is to reduce the price of excise by 7c a litre. You take 7c off the 92.1c and the price of petrol drops to 85.1c per litre, to which has to be added the 10 per cent GST—another 8½c. As a consequence, the price of that petrol at Avenel would have to rise to 93.6c a litre. That is 1½c a litre extra. That is the government’s policy as we know it to date.

They have a promise that guarantees that will not happen, but where is the mechanism by which it will be delivered? We have a government 10 days out from the implementation of the GST that still cannot give the detail of what is happening on petrol. And here we have the hapless Minister for Financial Services and Regulation at the table who is going to be in charge while Pierre goes to Paris next week. No doubt he will get the release from the Treasurer on what the petrol excise figure is and where the boundaries are. He will say, ‘Joe, I want you to look after this very important question.’ We all know how round-up went during January. We all know how well the minister did in terms of explaining the GST. Here is the minister who told the world at large that prices could not go up by more than 10 per cent. We have not yet seen the law, brother. Despite your protestations, you have no capacity to do it and the ACCC has said as much.

The minister at the table has his little pocket guide out at the moment, and well he might, because that pocket guide exposes just about every point in the equation, a blow-out. Now he has put it back in his pocket, and we know why: because it is an embarrassment for what you took to the last election. Your deceit will be exposed continuously, not only up until 1 July but also thereafter. Many in this chamber would remember the circumstances surrounding the Hockey Bear pyjamas, named in deference to your great performance, my friend. The great action that the government took on the dual tags was to remove the tags, not the price. What the tag showed was that the price was going up the full 10 percent, in contravention of what they said would happen. So they removed the tag. We were waiting anxiously until 1 June, because that was the day that the tags could reappear. They have not reappeared in too many places. We have found a few, and they confirm the 10 per cent again. That is something you said could not happen, but it is happening. What the government have done is deceptive in terms of the price outcome.

My final point is that the other great disclosure this week has been the cost to business of implementing this dog’s breakfast of a tax. It has been disclosed, and the figures have been confirmed as accurate, that the initial cost of implementation of this tax will be $4.3 billion, and the ongoing annual cost of dealing with it will be anywhere between $380 million and $680 million. Do you know what the economic models used by the Treasury said the cost of start-up and carry-on would be? Zero. This has been wished away from the equation. Not only is this adding to the complexity for business but it is cost that can be passed on in full, according to the prices watchdog. So if you think those prices you have just snuck back into your pocket are the end of it, think again, because there will be a second-round effect of wages. We know that the ACCC is saying, ‘Don’t go more than 10 per cent but do what you like after 1 July.’

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (3.45 p.m.)—I cannot help but think that the Labor Party are running out of gas. I think they are actually running out of gas. The member for Hotham just gave what I thought would be a fairly erudite argument in favour of his own MPI. The member for Hotham added nothing to the debate; in fact, during the course of the debate he revealed himself to be telling a series of untruths about the impact on prices of the goods and services tax. I say that because the member for Hotham has been engaging in misleading activity—the same misleading activity that the Labor Party have been claiming the government has been engaging in.

The Labor Party moved an amendment to a trade practices bill before the Senate to deal with misleading conduct of the government. When the Democrats decided that the same test that the Labor Party wanted applied to
the government should also be applied to the Labor Party, the Labor Party changed their tune. They could not support that. They could not wear having the truth test that they wanted applied to the government applied to themselves. That is revealing step No. 1.

Revealing step No. 2 is when the member for Hotham and various others in the Labor Party come into this place and seek to compare apples with oranges about modelling. We are now just 10 days out from the introduction of the most significant taxation reform in Australian history, including the goods and services tax. The goods and services tax has been modelled to death. There has been more modelling on the goods and services tax than there has been on any catwalk in Australia over the last 50 years. I will tell you why: because of all the politics involved in the debate on the GST. We had the modelling in ANTS, which was based on the two-year price movements after 1 July and was based on the original ANTS package—and I will come to that in a moment—and all the factors associated with that. That modelling was based on industries, compared with the ACCC’s modelling which was based on prices six months after the introduction of the goods and services tax. It was specifically about individual products, not industries.

The interesting thing is that the Labor Party come into this House, and they have done it during a number of question times, and seek to compare the outcomes based on apples with the outcomes based on oranges. Today they have introduced yet another form of modelling to the debate, the Econtech modelling, which is based on another set of assumptions. We need to understand that modelling is about one simple thing. Modelling is only as good as the inputs into the model. That is what it is about. If you put pork into a sausage machine, you are going to get pork sausages. If you put beef into a sausage machine, you are going to get beef sausages. I have to be very basic about this so that there is no ambiguity in the minds of the Labor Party. If you put chicken into the sausage machine, you will get chicken sausages. If the Labor Party try to compare the price of beef sausages with the price of chicken sausages, with the price of pork sausages, all they are doing is misleading Australian consumers. That is what it is. It is a very simple, basic test. We are going to lowest common denominator economics so that the Labor Party understand.

During this MPI, the Labor Party talked about the impact of the GST on Australian families. Let me tell you some facts about the impact of the new tax system on Australian families. From 1 July there will be an extra $140 a year per child in family assistance. From 1 July there will be additional assistance of $350 a year per family for single income or sole parent families with a child aged under five years. From 1 July there will be increases to the maximum assistance for child care for lower income families. From 1 July we will be increasing the level of income at which family assistance begins to become income tested to $28,200, which is an increase of $4,400 a year for a family with one child.

Since 1 October, the government have been extending assistance to families with dependent children aged under 24 years not receiving youth allowance. That is in addition to the most significant income tax cuts that Australian families have ever had. Were those factors addressed at all in the member for Hotham’s spiel? No. Did we hear about the support for pensioners? No. Did we hear about the income tax cuts for families? No. Did we hear about the extra family support per child? No. Did we hear about all the additional assistance packages that the government has put in place so that the net benefit to Australian families is more extensive than they have ever received? Did we hear that? We did not hear that at all.

Is it any surprise that the Labor Party should come into this place and, in question time after question time and in speech after speech, make allegations about prices and about markets that they do not understand when they are only seeking to confuse Australian consumers about what the real impact of the new taxation system will be from 1 July? That is all the Labor Party are trying to do: create confusion, mislead Australian consumers and lead Australian consumers to the conclusion—and it is the only conclusion that they can come to—that they may not under-
stand what is happening on 1 July and how they will be impacted upon.

The consumers that I am speaking to and the consumers that people on this side are speaking to have stopped listening to the Labor Party because you cannot believe anything that the Labor Party say in this place. We had the member for Wills come into this place waving around a magazine called *Home Ideas* and saying that that magazine was going to cost more on 1 July. What the member for Wills did not tell this House was that in fact the magazine had always been sold at that price but it had a one-off sale during June. We had the member for Bass coming into this place, talking about the Launceston *Examiner* and how the Launceston *Examiner* was going to go up by more than 10 per cent as a result of the GST. Those were not my words that were used against the member for Bass; they were the words of the newspaper proprietor.

I warn the Labor Party that we will pursue every allegation they make in a question in this place through the ACCC because on this side of the House we want to deal with facts. We think we owe it to consumers that they get the full picture, with all the facts for a full investigation of a price allegation, notwithstanding the sort of smear and innuendo that the Labor Party might engage in. I look forward to the Labor Party coming into this place in the next few days and holding up an advertisement from Dell, the biggest supplier of computers in Australia, that says, ‘Oh, look, the price saving on a Dell computer is 10 per cent.’ Computers are going to fall 10 per cent or they might fall 11 per cent or 15 per cent or 14 per cent or eight per cent in the range. That is well in excess of the ACCC price guide on the fall in the price of computers. That is a price fall, but you do not hear the Labor Party talking about that.

You would not hear the member for Hotham coming in and saying, ‘Isn’t it great that these companies are delivering better than expected prices for Australian consumers?’ You would not hear that. You would not hear members of the Labor Party standing up in question time, asking a question and saying, ‘Gee, it is great that Foxtel is actually absorbing a lot of the cost of the GST for the 400,000 subscribers.’ They have sent a note to 400,000 households saying, ‘We are going to absorb a lot of the cost of the GST because we are putting our consumers first.’ You do not hear about that from the Labor Party, do you? You do not hear one word from the Labor Party about the savings associated with the price changes. Do you know why you do not hear that, Mr Deputy Speaker? It is because the Labor Party do not understand markets. They do not understand the issues in relation to supply and demand. The Labor Party do not understand that Australia has a very sophisticated market. It has 19 million consumers who will be watching prices and who will be comparing prices. Those 19 million consumers are a little smarter than the Labor Party give them credit for being.

Those consumers are going to be asking questions not of us but of the Labor Party. They will be asking the member for Hotham, ‘Why did you make a misleading statement about prices before 1 July? Why were you making misleading statements and making allegations about the prices of individual products and services before they had even been advertised and before they were even in the marketplace?’ They will be asking those questions and we will be asking those questions as well. We in this place owe it to consumers to start asking questions about the conduct of the Labor Party. Let me give you just one good example, of insurance. The Labor Party have been quoting insurance prices to us in this place. They have been saying, ‘In the ANTS package that went to the last election, you said insurance would be X. Now the ACCC says insurance is Y.’ They are asking what the difference is. The difference is that we wanted to abolish a whole lot of financial services taxes from 1 July this year and the Labor Party stopped us in the Senate.

They Labor Party stopped us from abolishing taxes which do affect every Australian household, whether it be hire purchase agreements, whether it be leases, whether it be stamp duty on the conveyance of a business, whether it be cheques, whether it be rental arrangements, whether it be hire purchase agreements or whether it be various other financial services taxes. The Labor
Party in the Senate stopped the coalition from delivering the abolition of all those insidious little taxes that make everyday consumption a little bit harder for Australian families. Yet the Labor Party come into this place and parade integrity.

Mr Leo McLeay—Mr Deputy Speaker, I raise a point of order. The minister is not telling the truth in that it was their tax partners, the Democrats, who removed those things.

Mr DEPUTY SPEAKER (Mr Nehl)—There is no point of order.

Mr HOCKEY—I have smashed a glass jaw over there.

Mr Leo McLeay—Is he threatening me?

Mr DEPUTY SPEAKER—No, he is not.

Mr HOCKEY—The fundamental point here is that at the end of the day the Labor Party have to accept responsibility for their actions. The Labor Party—

Mr Leo McLeay—Mr Deputy Speaker—

Mr DEPUTY SPEAKER—I can assure the member for Watson that he is under no threat at all.

Mr Leo McLeay—Earlier today the minister for—

Mr DEPUTY SPEAKER—Order! Resume your seat. I am protecting you.

Mr HOCKEY—Far be it from you to stand between the member for Watson and me, Mr Deputy Speaker. There is only one thing that stands between the Labor Party and winning an election, and that is their lack of integrity. On the one hand, they are talking about apples; on the other, they are talking about oranges. On the one hand, they are talking about opposing the GST and, on the other hand, they are talking about keeping it. It is an inconsistency that plagues every word and every deed of the Labor Party—inconsistent, misleading and deceptive conduct when it comes to the treatment of the Australian people. If the ACCC should fine anyone $10 million, they should start with the Labor Party and finish with the Labor Party.

Mr DEPUTY SPEAKER—I call the honourable member for Lalor.

Mr Leo McLeay—Two words: never, ever.

Mr DEPUTY SPEAKER—Do not let the Chief Opposition Whip interfere with you, Member for Lalor. The member for Lalor has the call.

Ms GILLARD (Lalor) (4.00 p.m.)—I certainly will not. The Chief Opposition Whip was reminding me of the words ‘never, ever’ in a very important context, and I think perhaps the Minister for Financial Services and Regulation at the table needs to be reminded of them when we are talking about things like deceptive and misleading conduct. But I would like to thank the minister for raising the question of pork sausages in the course of his submission to this House, because I actually wanted to deal with the question of, at least, pigs in my address to this House. I want to deal with it because it illustrates, I think, a theme that is increasingly coming out in the government’s conduct. More and more disturbingly, their behaviour reads like a George Orwell novel. The Leader of the Opposition was in fact the first to pick this trend at the inaugural Fraser lecture a few weeks ago.

Mr Hockey interjecting—

Ms GILLARD—Don’t do it, Joe!

Mr DEPUTY SPEAKER—Order! The member for Watson!

Ms GILLARD—I am disturbed that the Chief Opposition Whip is under some threat in current circumstances, but I think it is receding.

Opposition members interjecting—

Ms GILLARD—Yes, for the second time today. The Leader of the Opposition, in a recent address, actually picked a very important similarity between the Minister for Employment, Workplace Relations and Small Business and the Orwellian character Squealer from Animal Farm. In that novel Squealer is described in the following terms:

The best known among them was a pig named Squealer with very round cheeks, twinkling eyes, nimble movements and a shrill voice. He was a brilliant talker and when he was arguing some difficult point he had a way of skipping from side to side and whisking his tail which was somehow
very persuasive. The others said of Squealer that he could turn black into white.

But, unfortunately, that is not the only similarity between this government and the works of George Orwell. We have had another similarity today with the closing down of question time. These sorts of things have led me to get from the Parliamentary Library a copy of George Orwell’s Nineteen Eighty-Four. As you can see, Mr Deputy Speaker, it is in a somewhat disturbing condition. It has clearly been very well read and very well thumbed. I am worried that government members have been poring over this book to get some ideas about the restructuring of the government bureaucracy.

Mr Byrne—Some further ideas.

Ms GILLARD—Some further ideas, I am reminded. You find when you look at this book that the government in Nineteen Eighty-Four was structured around four ministries: the ministry for plenty, which dealt with rationing; the ministry for peace, which concerned itself with war; the ministry for love, which dealt with hate and torture; and the ministry for truth, which dealt with lies, propaganda and the revision of history.

Mr Tanner—That is David Kemp.

Ms GILLARD—As the member for Melbourne rightly says, we already see the ministry for truth in operation in this government’s way of approaching the GST. We have been the subject of a relentless and ‘contentless’ GST propaganda campaign which, in true George Orwell style, tries to convince us that being slugged with a new tax is the same as freedom, as being unchained—a proposition George Orwell would have been proud of. Before I leave the question of the GST propaganda campaign, I cannot resist an aside about the Joe Cocker song that has been used in the campaign, and I know it has been the subject of many remarks in this House. I take this opportunity to say that my personal pick for the campaign would have been Cry Me a River. I suggest that marginal seat holders opposite ought to buy themselves a copy and get ready to play it over and over on election night. I was reassured to hear the minister say in his contribution that there are 19 million Australians out there who are watching prices, to which I can only say that that is absolutely right. They are out there watching prices, and they are out watching them in every marginal seat. I see the member for Petrie opposite, and I am aware of the marginality of her seat. When the Australians in her seat spend their days watching prices I fear that she is going to need a copy of Cry Me a River on election night. I may well buy it for her.

Opposition members interjecting—

Mr DEPUTY SPEAKER—Order! The member for Lalor will ignore the assistance she is getting from her colleagues.

Ms GILLARD—It is assistance, Mr Deputy Speaker. Returning to the Orwellian theme, we can see that in Nineteen Eighty-Four the government knew that they had complete control over a citizen when they could make that citizen see what they wanted him to see or hear what they wanted him to hear. You would recall that, in Nineteen Eighty-Four, the principal character, Winston, is tortured until he says that he sees five fingers when four are displayed. I think there is a disturbing similarity with the conduct of this government: they want Australians to disbelieve the information provided to them by their very own eyes and their very own ears.

Let us just go through a few of the little Orwellian truths this government would have you believe. We are told to believe that prices will go up less than 10 per cent. Indeed, the Treasurer—a man you would think should know—assured us on radio on 14 August that the GST price increase will never be 10 per cent. Yet every Australian knows that is wrong and that there are many prices that will increase by 10 per cent. Just to take a parochial Melbourne example—and a number of the Victorian members are present in the chamber—I will read a letter from Transurban CityLink about pricing for tolls. It simply says:

CityLink prices will increase on 1 July, 2000 as a result of the introduction of the Federal Government’s Goods and Services Tax ... There are no net savings to Transurban under the New Tax System as there is presently no wholesale sales tax of any consequence on CityLink’s inputs. Any savings are more than outweighed by GST compliance costs. As a result the 10 percent GST will
be added to the tolls set in accordance with the Melbourne City Link Act.

And the Treasurer tells us nothing is going to go up by 10 per cent. When he is next driving on Melbourne’s CityLink he might have cause to reflect on the truth of that statement.

Mr Byrne—Comcar will pay the fare.

Ms GILLARD—As I am reminded, it would be unlikely that the Treasurer would be in a position to pay the tolls himself. He might want to converse about the matter with his Comcar driver. The second Orwellian truth that we are asked to believe is that the ACCC and Professor Fels will be lurking behind every supermarket item in every aisle, that they will watch every price and that there will be no price exploitation. Every Australian knows that there is no way in the world any government bureaucracy can be in every store and at every point where a service is provided monitoring prices increases—we know that. There is no effective mechanism to stop price exploitation—Orwellian truth No. 2 knocked over.

Orwellian truth No. 3: we are told by the government that the inflationary impact of the GST will be 1.9 per cent and then it figures its compensation package on that basis. This is an interesting Orwellian truth. You will find in Nineteen Eighty-Four that they are constantly rewriting history so that the historical version serves the present day reality. This government has not got so smart yet or it would have got rid of every piece of paper and every electronic record that had that figure on it, because it has come out with its own budget and its own budget tells us that the inflation figure that the government is expecting is 6¼ per cent as an initial hit and then 5¼ per cent for the balance of the year. We are told 1.9 per cent, compensation figured on 1.9 per cent, and then, on the best case for the government, it is going to be 5¼ over the course of the year—an Orwellian truth gone.

Next, we are told that tax cuts will look after everybody and that everybody is going to end up in front. But, once again, the government’s own documentary record puts aside this Orwellian truth, because when you look at the budget papers the tax cuts disappear in 12 months time—a 12-month tax cut and a GST forever. Occasionally, the Treasurer has outbursts of frankness that do him a little bit of harm. He had one on Jon Faine’s program trying to tell us that nothing was going to go up by 10 per cent. He got that wrong, but then he might have actually said something right—occasionally that happens, the Treasurer manages to get something right—

Ms Roxon—It was an accident.

Ms GILLARD—Yes, I think it was. It happened on 11 May on the radio program AM where he frankly conceded that income taxes had to be cut anyway. So, whether or not we had a GST, we were going to have a tax cut. We are told the tax cuts are compensation for the GST; they disappear in 12 months time; and we were due them anyway as a result of the phenomenon of bracket creep—Orwellian truth No. 4 done away with. Then we are told—and this is the last Orwellian truth that I will go to—that the GST is going to be good for the economy. I studied economics, and I am a fairly simple person, but I do not understand how something that feeds into the inflation rate and then will feed into interest rates is going to be good for the economy. Let me say this about what this government has in store for my constituents as they go about their daily business: prices up by the full 10 per cent in many cases, inflation up, interest rates up, mortgage payments up and rent up. The only thing predicted to go down in the government’s budget papers is real wages, because we are told in the budget papers that wages growth will only be 4.25 per cent, which is less than inflation. How anybody can deal with those truths and come to the conclusion that this is good for ordinary working people is really beyond me. They have obviously been studying Nineteen Eighty-Four and the other works of George Orwell too closely.

(Time expired)

Ms GAMBARO (Petrie) (4.10 p.m.)—What an extraordinary speech given by the member for Lalor. I thank the member for Lalor so much for offering to buy me a CD of Cry Me a River. I suggest that you leave it until 1 July, because CDs at the moment are on 22 per cent and they will come down in price after 1 July—and CD players as well. So, as you can see, it will be much cheaper
for you if you leave it until 1 July. I have listened to the previous speakers on the opposition side and I have been absolutely amazed. Earlier on, the member for Hotham gave a speech in which he did not mention the word ‘families’ once. The MPI today—the very reason that we are here—is to discuss:

The adverse economic effects on Australian families and households caused by prices for everyday goods and services rising by more than the government said they would because of their GST.

Can I just point out—

Mr Rudd—Happy campers in caravan parks.

Ms GAMBARO—The member for Griffith interrupts, as he always does when he does not like to hear good news. There is a lot of good news coming. You people on the other side should be a bit more optimistic about this package because it brings some really great benefits for Australian families. That is what I am going to talk about today. There will be personal tax cuts of $12 billion. I know you do not mention tax cuts very often because it is a good news story. You ignore tax cuts. You ignore the fact that 80 per cent of Australians will have to pay only 30 cents in the dollar. When you look at other OECD countries, we still have the highest tax rates in the OECD world, and I think that there is room for improvement even further with tax cuts.

Mr Tanner—Are you serious?

Ms GAMBARO—I am absolutely serious, because I have some tax scales here—

Mr Tanner—Have you seen the rates for Scandinavian countries?

Ms GAMBARO—I will give you the example of the United States.

Mr Tanner—Give us Sweden, Norway and Germany.

Ms GAMBARO—I know I mentioned the OECD, but in the United States we are looking at tax scales, between $US25,750 and $US62,450, of 28 per cent. So we have got a long way to go there. I want to touch on some of the good news as well that will occur on 1 July. There will be $2.4 billion a year for over two million Australians. There will be an extra $140 a year for each dependent child and there will be more than $350 a year for single income families with children under the age of five. The assets test for family allowance has been removed, pensions and allowances—and there are a lot of Australian families who are receiving pensions—will go up four per cent on 1 July, and rent assistance will go up seven per cent as well. The member for Lalor was mentioning the fact that she was not much of an economist. I am an economist, I was formally trained, and your very interesting summation of the economic impacts were absolutely amazing when you were talking about the economy. I just found it absolutely extraordinary.

Mr Tanner interjecting—

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Melbourne!

Ms GAMBARO—The member for Melbourne keeps interrupting and interjecting when he does not like to hear good news.

Mr Tanner—I want to hear about your degree.

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

Ms GAMBARO—I got it from a very reputable place, I can assure you.

Mr DEPUTY SPEAKER—The honourable member for Petrie will ignore the interjections. The interjections will cease and the honourable member will address her remarks through the chair.

Ms GAMBARO—Another of the great economic impacts of this package is that exports and the cost of exporting goods and services will be reduced by $3.5 billion. For the member opposite, that will mean that it will provide greater job opportunities for Australians. Let me put it in a very simple context. A local supermarket owner told me the other day that when sales tax is abolished he will not be paying $30,000 a year in sales tax. In economic terms, that means that he can put on one extra staff member or maybe two part-timers—for the member for Lalor. When we are talking about economics, that is a very good economic impact. If the system is freed up for businesses to be rid of things like provisional tax and to get rid of whole-
sale sales tax and sales tax, that will free up their costs and enable them to employ more people. That is a very positive economic impact for families.

I would like to speak about some other positive impacts for families, including the fact that car prices will go down. Most families have to purchase a car every number of years, and car prices will drop by $2,000, according to some of the articles I have here and various modelling that has been produced. The Minister for Financial Services and Regulation spoke about the effects of computers going down in price. Most households in Australia—in fact 3.4 million households—have a computer. I know that they are used in a very valuable way by students and that they will be the tools of the future. They will drop in price by 10 or 11 per cent.

I have a young family, and not so long ago I went shopping. It is okay for the member for Hotham to come in here and talk about clothing and very odd items that are purchased irregularly, but fresh fruit and food products that you buy every single week will be GST free. In addition, things like detergents will go down in price. Detergents have 22 per cent wholesale sales tax on them at the moment, as do disinfectants, dishwashing liquid, fabric softener, nappy wash, liquid soap, tissues, toilet paper, toothpaste, fly sprays, washing powder, window cleaners, cleansers, lotions and moisturisers. That is just for starters. Every week the shopping trolley would have about a quarter of these items at least; they are everyday items that have to be purchased once a week at least. In terms of children and young families, juice, crayons, pencils, pens, play-dough, plasticine, puzzles, scissors, rulers, rubbers, photo albums, photo frames and toys all attract 22 per cent wholesales sales tax, and their prices will be reduced greatly.

I want to go through some of the other benefits to families. The family assistance package, which I have already mentioned, deserves mentioning again: it involves $2.4 billion of family assistance. Something that I have become quite aware of in the last few days, because I have a rental property, is the First Home Owners Scheme. People are renting a property of mine at the moment, and the reason they are leaving my rental property is that they are taking advantage of the First Home Owners Scheme. With assistance from this scheme, they are able to afford to buy their own home now, and I am really pleased for them. Of course, I will have to look for another tenant, but that is life. These people are leaving because they are going to take advantage of the First Home Owners Scheme grant of $7,000, which will come in on 1 July regardless of people’s incomes. That is a very positive thing.

A lot of families run small family businesses, and I want to touch on the effects of this package on small business families. Their corporate tax rate will go down from 36 per cent to 30 per cent in two stages. A lot of families work in those situations. Capital gains tax will be cut in half for individuals. As I mentioned, wholesale sales taxes will go, as will a whole host of state taxes. In New South Wales, the bed tax will be abolished from 1 July 2000, as will stamp duty on marketable securities. There will be cheaper diesel fuel; it will be down 24c a litre for heavy transport. That will mean that the cost of transporting goods to the supermarket will be reduced. As a marketer in a former life, I know how much transport costs contribute to the total cost of a product when it is on the shelf, so I greatly applaud the moves to reduce the cost of diesel fuel.

I am also pleased to see that we will be streamlining 11 reporting regimes into one. That is fantastic news. But the best news of all out of this tax package is what the states will gain from the tax package and tax reform. The states will get what they have never gotten before: an absolute windfall. They will have more money for roads and police, and more money for schools and hospitals. There is already evidence of this, according to an AAP report on 19 June which states:

The states were already spending their expected GST windfalls, giving away more than $1 billion in the current financial year ...

All of these measures and all of the tax reform packages that I have outlined today are going to be great for Australian families. Families will look forward to the tax reform
package that will bring to them greater prosperity and more income than they have ever had before.

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

COMMITTEES

Corporations and Securities Committee

Report

Mr SERCOMBE (Maribyrnong) (4.19 p.m.)—On behalf of the Joint Statutory Committee on Corporations and Securities, I present the committee’s report, incorporating dissenting reports, entitled Mandatory bid rule.

Ordered that the report be printed.

Mr SERCOMBE—by leave—This report from the committee deals with one aspect of company takeover provisions that arose in the context of debate on the Corporate Law Economic Reform Program last year. The bill before the parliament at that stage included provisions for what is called a mandatory bid rule, under which a prospective purchaser of shares would be permitted to exceed the statutory takeover threshold of 20 per cent of the total voting rights in a company before being required to make a full takeover bid. That particular aspect of the government’s reform program was removed in the Senate, and on 7 December last year the Minister for Financial Services and Regulation requested that the Joint Statutory Committee on Corporations and Securities inquire into whether it was appropriate to amend the law to include a mandatory bid rule in similar terms to that earlier proposed by the government. In the report before the House now, the government members on the committee have recommended the inclusion of provisions on mandatory bids in similar terms to those included in the government’s earlier proposals. The advantages of that approach are said to be such as to reduce market and bidder uncertainties over takeover activity, thereby encouraging such activity and promoting economic efficiency.

The opposition and substantially similarly the Democrat member of the committee have in their dissenting reports taken issue with that on a number of grounds. It is argued by the opposition members in particular that the mandatory bid proposal of the government does not necessarily encourage takeover activity in a way that is desirable. The opposition members argue in their report that the mandatory bid proposal does not ensure the sorts of higher market prices for securities that would be obtained in an appropriately conducted public auction for the stock. Similarly, concerns are expressed in the report supporting views presented to the committee by the Australian Securities and Investments Commission with respect to regulatory aspects of this and concerns that the exercise of this particular provision would not necessarily result in high enough standards of transparency in trading. So, in general terms, both the Labor members of the committee and the Democrat member in a separate dissenting report continued to express concerns about the propositions that the government is bringing back to the House via the majority report of government members of the committee. I have no doubt that in due course this matter will come back before this House for debate.

NATIONAL HEALTH AMENDMENT BILL (No. 1) 2000

Second Reading

Debate resumed from 31 May, on motion by Dr Wooldridge:

That the bill be now read a second time.

Mr GRIFFIN (Bruce) (4.23 p.m.)—The National Health Amendment Bill (No. 1) 2000 proposes amendments to the National Health Act in order to facilitate the commencement of the third pharmacy agreement. The first and second pharmacy agreements were, of course, introduced and negotiated by Labor governments and they have provided sound foundations on which to build this latest agreement. The fact that this government has continued our fine tradition just goes to show what a great policy job my predecessors did during the Hawke and Keating eras. It is also pleasing to see that the pharmacy profession has acknowledged the success of this Labor policy initiative by choosing to move forward under the same framework. Before I comment on some of the major features of the third agreement, I would like to highlight a few of the benefits the first and second agreements have delivered to phar-
macy, the health care system and of course consumers, who through their taxes ultimately pay for pharmacy services.

Prior to the introduction of the first agreement, the system for paying pharmacy for the dispensing of pharmaceutical benefits products was quite simple. They received a dispensing fee together with a 25 per cent mark-up on the product dispensed. While straightforward, this method of remuneration had its problems. Firstly, this method of payment did nothing to reward pharmacists for their professional expertise, particularly in the areas of medication management and consumer counselling. Secondly, the massive growth of the Pharmaceutical Benefits Scheme, combined with the increasing price of pharmaceuticals, made such an arbitrary remuneration model untenable. Thirdly, it did not address one of the major issues highlighted by a 1987 Senate report into pharmacy which found the national distribution of pharmacies was inconsistent, particularly in rural and remote areas. This had a particular impact on the communities served by pharmacy. Those in city and suburban areas tended to be over-supplied, while more rural and remote areas at times had no service at all. In addition, when compared with OECD figures, the Australian market had an oversupply of pharmacies compared to our population. So in the pre-agreement days we had a situation of an oversupply of pharmacies, pharmacies in the wrong places, a growth in PBS outlays between 1985 and 1990 of 91 per cent, or 17.6 per cent per annum, and little incentive for pharmacy to improve its efficiency and professional services to the community.

The first agreement, signed in 1991, which I must admit was not an easy agreement to reach, began addressing these issues through the introduction of various financial and location measures. The mark-up structure was tapered according to the price of the product dispensed. Financial incentives were provided to either amalgamate or close pharmacies and the highly contentious location restriction was introduced. I must say that I have watched the negotiations for the new agreement with interest, particularly in relation to location zones. I am sure many of my colleagues on both sides of the House will remember the very public stouthes between pharmacy and the Labor government over the introduction of the location rules. But we refused to be moved on this issue because we believed at the time that it was the best thing for the future of community pharmacy and for communities themselves. The fact that two agreements later the Pharmacy Guild has been fighting equally hard, but not quite as publicly, to maintain these zones supports Labor’s long-term policy vision.

Mr Slipper—Vision? You have none.

Mr Griffin—Incorrect. I would like the member for Fisher to note that I spoke about his vision earlier today. A further example of this long-term vision is that we identified the need to address the needs of communities in rural areas. This led to the introduction of the essential pharmacy allowance to support those pharmacies located in both rural and remote communities. At the end of the first agreement, pharmacy numbers had been reduced from 5,500 to 4,950, which has remained consistent since. The average compounded growth rate for PBS outlays had begun to decline and 400 pharmacies were receiving the essential pharmacy allowance.

The year 1995 saw the introduction of the second agreement. In addition to consolidating the remuneration structure and reducing where possible related regulatory restrictions, this agreement became more consumer focused, with particular emphasis on access. Rural and remote communities were again targeted for assistance with the introduction of the remote pharmacy allowance and the isolated pharmacy allowance. The professional role of the pharmacist was also recognised through the commencement of fees for service to accredited pharmacists conducting limited medication reviews for nursing home residents. This last feature not only recognised the real skills of pharmacists but was a major step forward in looking at how the cost of the PBS could be contained through measures that emphasise the quality use of medications rather than just price control. At the end of the second agreement, PBS outlays have declined from 17.5 to 11.1 per cent, and the community was being made aware of the valuable resource they have in their local pharmacist when it comes to matters of
medication and health care. Another very important result of the move to negotiated agreements was the fact that it gave pharmacy certainty in terms of its continued survival.

Now to the most recent agreement, which I am pleased to see continues to place emphasis on two priorities of the Labor agreements: moderating the rate of growth of PBS outlays and promoting reasonable access to community pharmacy services. With these foundations giving pharmacies a solid and certain base from which to operate, the work commenced in the second agreement to enhance the quality use of medicines and provide improved consumer services will certainly be enhanced in this third agreement. Before I deal with some of the main features of the agreement in more detail, I would like to say that Labor welcomes the continuation of the partnership process between government and pharmacy which has been so successful over the past decade. We look forward to its continuation in the future.

Briefly, the third five-year agreement between the Pharmacy Guild and the government has five key features. It provides a capped agreement for remunerating pharmacy for their dispensing duties, allowing net annual compounded outlay growth of 5.3 per cent over the period of the agreement. It seeks to increase access to pharmacy services in rural and remote areas through a $76 million package of incentives over the life of the agreement. It introduces an enhanced medication management service for the elderly of some $114 million over five years. It introduces a pharmacy development program, with financial incentives for eligible pharmacists, to promote quality improvements in pharmacy service. It has been allocated $188 million over five years with funding to come from a minimal decrease in dispensing fees for expensive medicines. It relaxes the degree of regulation applying for new pharmacies to be approved and for existing pharmacies to relocate. It includes replacing the two kilometre zone with a 1.5 kilometre distance as the crow flies.

In addition, under the agreement eligible pharmacists will be the beneficiaries of a one-off $11 million bonus that will be split according to prescription volumes. I must say that the conversations with the department and pharmacy bodies on the reason for this bonus have differed somewhat. I believe it is an area requiring further clarification. From press reports and conversations with pharmacists and groups representing pharmacy and consumers, the new agreement has met with a mixed reaction. Pharmacy owners have welcomed it in its entirety, as have rural and remote communities. There are, however, sections of the pharmacy community and the consumer movement which have been a little less impressed with various sections.

The most publicly contentious area has been the failure of the government and the guild to implement fully recommendation 13 of the national competition policy review which would have allowed pharmacies to open in eligible medical centres without regard to the two kilometre zone, which is to be replaced by a 1.5 kilometre zone. This has been criticised by the Australian Medical Centres Association, the Australian Medical Association, the Australian Consumers Association and representatives of employee pharmacists. Proponents of recommendation 13 believe it would improve access to pharmacy in some areas, particularly for the elderly and disabled. They also see benefits in improving coordinated care between doctors and pharmacists. Opponents are concerned about any increases in the number of pharmacies and about its commercial effect on established premises. Looking at the competition question more broadly, a recent article in the Australian Consumers Association publication Consuming Interest criticised the pharmacy profession on the slow pace it was making on the road to competition reform. It also attacked the community pharmacy agreement for its lack of consumer focus and said:

Despite its name, the Australian community pharmacy agreement has very little to do with the community. It has more to do with ensuring a living for a protected group of pharmacists and with saving money for the Government...

The Pharmacy Guild has consistently argued that the protected position of pharmacists within the retail market is a necessary condition for the provision of free medication advice to consumers.
But protected markets give no incentives to pharmacies to run their businesses efficiently and do not seem to guarantee consumers anything except higher prices.

Certainly this protected environment is no guarantee of quality advice.

Harsh words, but it has to be said that they were published before the details of the new agreement were announced.

I would like to make a couple of observations about the ACA’s criticisms. Firstly, as I outlined earlier, the main aims of the first two agreements were to provide a level of stability to the pharmacy profession, moderate the growing costs of the PBS and address issues of accessibility. It has taken some time to achieve these aims. However, what needs to be kept in mind is that it did involve a massive change, long-entrenched culture and processes.

Consumer needs became more of a focal point towards the end of the second agreement and, with the introduction of the pharmacy development program in agreement 3, in theory much of what the ACA is concerned about should also be addressed. I say in theory because while the objective of the PDP is laudable—that is, 'to promote access to and delivery of high quality pharmacy services across the national community pharmacy network and to seek to address particular quality issues, for example, the provision by pharmacists to consumers of appropriate information about the proper use of dispensed medicines’—the detail on how it will be delivered is sketchy to say the least. This lack of detail has been raised as a concern by groups including interested academics, particularly in relation to the absence of hard proposals, measures and outcomes. They have also raised the fact that, while there are financial incentives to improve quality within pharmacy, aside from competitive dynamics there are no provisions to make quality improvements compulsory. A cynic would certainly agree with these concerns when looking at this government’s fairly lacklustre record in introducing and implementing quality programs within other professions such general practitioners.

The quality prescribing initiative for GPs, for example, was announced in last year’s budget and with the aims of improving quality use of medicines while decreasing the cost of the PBS. More than 12 months later we are still waiting for the implementation of this program and there is still no indication as to when or if it might appear. A similar measure and share type initiative has been outlined in the pharmacy agreement. Yet, when the Department of Health and Aged Care was questioned on it during the May estimates, it admitted the proposal had not been thought through as yet.

In general, the lack of proposals, time lines and deadlines relating to quality improvement and consumer focus in the pharmacy agreement do not fill me, or in fact many others, with confidence. But this agreement has five years to run and so I would say to the guild that, in order to maintain the position of respect and trust they have rightly earned within the community, the profession must not only work hard to develop suitable proposals but be seen to be implementing them. They must also be seen to be encouraging all their members to take these initiatives on, not just those who want access to additional funds. I am sure that the guild and all others in the profession are equal to the task. I am certainly impressed by the enthusiasm for the PDP that I have found when talking to pharmacists as part of my day to day work. I believe that they understand that demonstrating their unique knowledge of medication management and information provision is the only way they can counter arguments put forward in the ACA article, particularly in relation to the issue of continued ownership of pharmacy by pharmacists—which, by the way, has always been and continues to be supported by Labor. The government, from its perspective, must justify taxpayers’ money being diverted into improving pharmacy services by ensuring that the progress of initiatives is reviewed regularly and that they include hard and measurable outcomes. Just whacking the word ‘quality’ into their rhetoric with gay abandon and hoping the public will be impressed is not good enough anymore. Australians want to see results.

I would finally like to touch on an issue that has the potential to impact negatively on pharmacy access in the future: the increasing
movement of young pharmacists out of the profession. The main reason for this is the perceived lack of a suitable career path within community pharmacy, particularly in relation to remuneration issues and ambitions for owning a pharmacy. Two of the major reasons for this trend are historical. Whilst addressing them will provide a challenge to all stakeholders, it is imperative for the future of community pharmacy and for consumers that a way forward is found. Firstly, while the restrictions on PBS dispensing licences together with location restrictions have been effective in controlling cost and ensuring accessibility, they have had an effect on the sale price of pharmacies. As the Consuming Interest article pointed out, one pharmacy broker estimated that a PBS dispensing licence is worth around $40,000 to $50,000 to a pharmacy, thus making it an important element in maintaining a viable business. It can represent up to 65 per cent of a pharmacy’s turnover. From some accounts, this $40,000 to $50,000 figure is conservative to say the least, with licences in busy locations adding hundreds of thousands of dollars to the price of the pharmacy. As with taxi licences, this additional cost puts the purchase of a pharmacy out of reach of many young pharmacists.

Another barrier relates to the remuneration structure of employee pharmacists. Traditionally, the pharmacy agreement has been negotiated between the Pharmacy Guild, which represents pharmacy owners, and the government. It is a contract between the purchaser and the provider—that is, the person holding the PBS dispensing licence. While basic salaries for employee pharmacists are negotiated between themselves and their employer, the pharmacy owner, additional financial incentives negotiated as part of the government-guild agreement are paid to the owner and not to the employee. There is no guarantee, therefore, that training undertaken and services provided by employee pharmacists as part of quality improvement initiatives will be rewarded by additional moneys. In other words, these young professionals do their work and their bosses can pocket the benefits. Before I go any further, let me state on the record that there is no evidence to suggest that withholding incentive payments from employee pharmacists is a widespread problem. Those in the profession that I have spoken with acknowledge that it happens and that it is a concern; but, as with most professions, this practice would be restricted to the few bad apples rather than occurring across the board. It is, however, an issue that has been raised with us by APESMA, one of the bodies representing employee pharmacists, and is one that I believe must be addressed in the longer term. If we do not look after this group of the pharmacy work force, then the lack of qualified community pharmacists which is already becoming a problem will have a major impact on community health care in the future.

In the shorter term, I would strongly urge the government, the guild and the Pharmaceutical Society to include pharmacy employee representatives in the agreement management committee’s discussions relating to the PDP, particularly as they affect the payment of incentives. This is one way to establish a process for ensuring that employee pharmacists receive payments for quality services and training undertaken by them. I would also urge this group to include consumers in their discussions and planning where appropriate to ensure the quality programs meet the general public’s needs as well as the financial imperatives. I believe that greater transparency and consumer contact will also address the concerns about the pharmacy profession that have been raised by consumer groups and the media in recent weeks.

Having made these points, I would like to congratulate the guild and the government on continuing the excellent work started by Labor in the 1990s and I look forward to seeing the results of the new consumer and quality focus, which I have no doubt pharmacy can deliver. I commend this bill to the House.

Mr Lindsay (Herbert) (4.43 p.m.)—Mr Speaker, I thank you for the opportunity to speak on the National Health Amendment Bill (No. 1) 2000. The coalition government believes that all Australians should have access to a high quality health and pharmaceutical care system. It has been proven that the coalition government is committed to this, with the third five-year community pharmacy
agreement between the Commonwealth and the Pharmacy Guild of Australia. This agreement builds on the success of two previous five-year agreements and provides a very strong platform on which the federal government and the Pharmacy Guild can continue to move forward together to provide quality pharmaceutical services for all Australians. Budget 2000 is a testament to this commitment. As I have said before, the government will provide more doctors and better services in rural and regional areas, particularly in areas such as mine, Townsville-Thuringowa. We will be looking at disease prevention, illness and injury; childhood health; increased support to our greatest health asset, Medicare; and strengthening the pharmaceutical system. For me as a member representing a regional seat in this parliament, a third-term agreement with the Pharmacy Guild of Australia is an outstanding outcome not only for the people in my electorate of Herbert but nationwide. This initiative highlights the Commonwealth’s $22,000 million commitment to the PBS over the five years of the agreement.

The question must be asked as to why the Labor Party were somewhat irritated about the leadership of the Minister for Health and Aged Care on health issues. Quite simply, under Labor the cost of Medicare and the Pharmaceutical Benefits Scheme was growing at an unsustainable rate. I think everybody in the health profession industry understands that and recognises that. I think even the Labor Party recognise that. The cost of the Medicare benefits schedule increased from $2.3 billion to over $6 billion between 1984 and 1996. On top of it the Australian people witnessed the cost of the PBS double in Labor’s last term in government. I underline that—the cost of the PBS doubled in their last term. It is for this reason that action needed to be taken. Health issues were disregarded. The Australian people were faced with an outrageous cost to the detriment of the nation’s health.

This agreement not only provides vital funding for quality pharmaceutical services but recognises that community pharmacists are health professionals who contribute to the health care of Australians. I do not mind saying in this parliament that for quite some years now I have supported pharmacists, the local chemists, as a key element in the delivery of health care in this country. I have been very vocal in relation to the suggestion that we might see pharmacies establishing in supermarkets and we might see pharmacies run by very large companies rather than seeing the local pharmacy prosper, survive and do well looking after its catchment of customers in a way that only personal service can give.

Another initiative of this agreement is the new Pharmacy Development Program, which will allocate $188 million over five years to encourage the provision of quality services by pharmacists for the benefit of consumers. This program will include initiatives for quality accreditation and the provision of quality use of medical information to consumers. I would like to proudly report to the parliament that what I believe to be the first quality accreditation in Queensland is going to be presented by me to my local pharmacy, the Annandale Pharmacy.

Mr Brough interjecting—

Mr Lindsay—The member for Longman is claiming one of his pharmacies has one. Perhaps it is the first in Townsville—perhaps I am wrong. But the Annandale Pharmacy certainly is the first in Townsville-Thuringowa. It is good to see Antonia and Ian at the pharmacy who give such good service to the local suburb receiving this quality accreditation. Not only does the Annandale Pharmacy carry out all the normal health care tasks; it knows all its customers on a personal basis. If I go down there on Sunday—and of course it is open on Sunday because it is a customer service organisation—more often than not the first question is, ‘How’s Lucy?’ Of course Lucy is sitting outside the door of the pharmacy. Lucy is our family dog. It is good to see the pharmacy even taking an interest in the family dog. Congratulations to the Annandale Pharmacy.

The agreement also provides funding of $144 million for pharmacists to assist older Australians in care and at home to properly manage the various medications they may receive. That is a wonderful initiative. I know from the constituents I speak with in Townsville and Thuringowa that this initia-
tive is much needed and very well received indeed. Yet another component of this agreement delivers improved health services for rural communities which are provided by pharmacies. A number of new initiatives will encourage pharmacies to remain in, relocate or start up in rural areas—and isn’t that a jolly good thing too? But it does not stop there of course. There are the new rural work force initiatives that will address problems with attracting to and retaining pharmacists in rural locations. As part of the government’s rural package, the agreement provides funding of $74 million, including offsetting funding from existing isolated and remote pharmacy allowances. Therefore, I certainly believe that this agreement is one in a long line of beneficial initiatives to improve health services for all Australians, particularly for Australians in rural and regional areas.

Also, essential pharmaceuticals will be GST free including prescription only pharmaceuticals, prescriptions listed on the PBS and those that can be bought only on the advice of a pharmacist, including things like ventolin and insulin. The coalition government has committed $500,000 a year to the Rural and Remote Pharmacist Workforce Development Program to foster the recruitment and retention of pharmacists in rural and remote areas. The incentives include undergraduate scholarships, development of a rural pharmacy curriculum, establishment of the Pharmacy Electronic Recruitment Network and promoting scholarships for pharmacists to participate in continuing education and professional development opportunities. This is a sign of the government doing the things that need to be done.

In contrast with the opposition, the coalition remains committed to a high quality health care system for all by combining a universal health system, Medicare, with the freedom of choice provided by a strong private sector—and hasn’t that worked out so very well in the last year or so? The coalition also acknowledges the importance of ensuring those Australians living in regional and remote parts of the country have access to similar standards of health services as those who live in the city. And why not? Why shouldn’t that be the case? Indeed, I might just reflect on that. Something that I am also pretty proud of in my regional city of Townsville is that we had two hospitals conducting open heart surgery operations at a time when Canberra had none. Canberra now has obtained a facility. It is good to see those facilities being provided in regional Australia.

By promoting preventative health initiatives, introducing the use of new technology into the health system and through the provision of generous health and medical research funding, the coalition is ensuring that all Australians experience the best of health. I paid tribute to the leadership shown by Dr Michael Wooldridge, the Minister for Health and Aged Care—a minister who has done outstanding work in a very difficult portfolio indeed, a minister who has recognised the need from his long practical experience and from his very close links with all parts of the industry. His intellect and his foresight in the delivery of health care services in this country are certainly to be commended and recognised. I support this bill this afternoon.

Mr LAWLER (Parkes) (4.52 p.m.)—This National Health Amendment Bill (No. 1) 2000, which is to implement the third community pharmacy agreement, constitutes another great step towards better health care in Australia but more specifically in the regions. Fortunately, I have been able to be with a delegation from the Parkes and Cabonne area to see the Prime Minister in the last half an hour, so I was not able to hear any of the previous speakers. But I congratulate the Labor Party on accepting all the strength and the foresight that this bill brings.

As a pharmacist myself, I applaud the endeavours to improve access to and provide pharmaceutical services to country Australians, especially the elderly and the isolated. As a resident of western New South Wales, I am absolutely jubilant about the positive implications this third agreement between the federal government and the Pharmacy Guild of Australia will have for community health care in general for my area. In short, this small legislative step is a continuation of this government’s successful efforts to bring the standard of regional health care more closely into line with what country people deserve.
The remuneration arrangements for community pharmacy are part of the Commonwealth’s overall Pharmaceutical Benefits Scheme, valued, I understand, at about $22 billion over the five years of the agreement. The overall net savings in outlays from the agreement against forward estimates are estimated to be about $27 million over five years, excluding the new rural initiative separately announced in the budget. The agreement recognises that community pharmacists are health professionals who make a contribution to health care well beyond dispensing medicine from behind a counter. The agreement provides incentives to focus on particular areas such as quality enhancement and effective medication management. It will reward community pharmacists both for delivering a wider range of services to Australians and for delivering those services at a consistently high quality. This consistent high quality is already being delivered but the application of funding to continual improvement in quality health care is going to guarantee that this continues.

The remuneration arrangements involve some restructuring of pharmacy remuneration which reduces the emphasis on prescription based remuneration compared with the earlier agreement, and I do not think there would be many pharmacists who would disagree with the intent of this legislation. As Australians it certainly is the way forward. New schemes like the five-year $188 million Pharmacy Development Program provide funding to encourage quality services for pharmaceutical customers and therefore set service standards which will especially benefit remote areas. Like the previous speaker, there is a pharmacy in my area that was among the first in New South Wales to achieve accreditation. That was Michael Flannery’s pharmacy in Forbes. He was right up there in the national awards in the judging for quality service to customers—and he and his team certainly deserve commendation for that. This Pharmacy Development Program, which specifically sets service standards and increases targets and increases goals that pharmacies will aspire to, is certainly welcome. The Pharmacy Development Program will include initiatives for quality accreditation and the provision of quality use of medicine information to consumers. Furthermore, Australians in residential care or living at home will be aided by $114 million over five years in increased funding to both pharmacists and doctors to assist people advancing in years to safely manage their medications at home.

The components of this agreement that hold the most promise for the people in my western New South Wales electorate are those that assist existing pharmacies to keep their doors open and those that will attract the next generation of pharmacists. Cities and regional centres will welcome the relaxing of regulations which allow existing pharmacies more flexibility to relocate from one place to another, and the start-up allowance payment which will be paid in tranches over two years will be tremendously welcome. In an electorate such as mine where we have many single pharmacy towns, many isolated towns and many towns without even a pharmacy, it is a constant struggle by the communities to meet their medical needs, whether they are looking for a doctor or, if they have a doctor, for a pharmacist. Towns in my electorate—for example, Cobar, Trangi, Bourke and Brewarrina—are constantly under pressure for the pharmacy to keep their doors open. Many of the pharmacies are owned by people reaching elderly age who are looking to sell out and retire but are unable to do so because of the lack of young pharmacists coming through. Certainly, the thrust of some of these moves in this agreement is to address this and we all welcome it.

By agreement of both parties, the Pharmacy Guild and the government, I understand that the agreement does not contain any change to the current arrangements around medical centres. This has certainly been an area of concern to some people. The agreement discussions took into account the fact that multidisciplinary medical centres tend to be established in cities, suburbs and in country areas with an established population. There was argument put by some that recommendation 13, as it is referred to, of the Wilkinson report should have been adhered to. There has certainly been a lot of criticism of the government from those quarters that recommendation 13 should have been implemented. However, those same people who
offered that criticism were not as strident in following along that all the other recommendations should have been adhered to as well.

In view of the nature of the membership of the Pharmacy Guild of Australia, some individuals on the guild’s negotiating team were pharmacy owners. To ensure that there was no conflict of interest issues arising out of negotiations on the pharmacy agreement, the Commonwealth Department of Health and Aged Care requested members of the guild’s negotiating team to declare their business interests at the start of the negotiating process. This was clearly done. There was no misrepresentation of loyalties and I commend both the guild and the department for the constructive way that I understand the negotiations took place. I have heard many comments from both sides about the honour that was displayed by both the representatives of the guild and of the department in these complex and secret negotiations.

Mr St Clair—A real degree of flexibility.

Mr LAWLER—Certainly there was flexibility on both sides. Moves to further improve access to pharmacy services include $76 million over five years, which will fund the new rural pharmacy maintenance allowance for pharmacists to remain in rural areas and start-up assistance to attract pharmacists to regions where a shortage exists. This will allow communities that have identified themselves as needing a pharmacist to remain in rural areas and start-up assistance to attract pharmacists to regions where a shortage exists. This will allow communities that have identified themselves as needing a pharmacist to have one. There is an active community at Avon in Victoria which will most enthusiastically welcome this. This allows a staggered payment over three years for a pharmacist to purchase an existing pharmacy or a staggered payment over two years for a pharmacist to start up a pharmacy in a town where there is not one already. This has enormous implications for many of these isolated pharmacies that I was talking about, because it makes it much more attractive for a young pharmacist to come in and buy out an existing pharmacy and allow the previous one to move on or retire. Equally, it takes away the disincentive that a young pharmacist might feel if he buys a pharmacy in, for example, Brewarrina, Trangie or Cobar that he may be locked in there forever and will be unable to return to the city. Having this staggered payment over three years for someone to purchase an existing pharmacy makes it a more attractive option for someone to come in and take their turn and establish themselves in one of our rural areas, use the opportunity to earn a significant income and then move on and pass the baton to someone else.

Isolated and remote communities are among the intended beneficiaries of the Aboriginal pharmacist scholarship scheme which seeks to draw more indigenous students into the field. Similarly, ongoing efforts to encourage more pharmacy graduates to take up rural practice will receive substantial federal support—a crucial long-term measure, given the number of regional pharmacists nearing retirement age. I would like to quote a couple of figures to highlight the necessity for this initiative. From 30 June 1995, the number of urban pharmacists practising was 3,575. On 30 June 1999, the figure was 3,594, an increase of 19 pharmacists—that at a time when there has been an attempt to amalgamate and close down pharmacies. At the same time in rural and remote areas, the number has actually dropped by 31. This highlights the need for such rural and remote initiatives to be put in place. They are certainly very timely.

This funding for a proprietor’s succession is coupled with a locum relief scheme, previously announced by the government, which will provide respite for overworked pharmacists serving a large area and provide immediate support to communities served by pharmacists who may be starting to feel the weight of his or her workload and years. There was a case recently in Collarenebri where a pharmacist actually had to keep working for two to three weeks with a broken arm because he could not get a locum to come in and give him a day off so that he could go to the doctor and get it set. This is the type of problem that people practising pharmacy in rural and remote areas face.

Mr St Clair—And dedication.

Mr LAWLER—The dedication of the pharmacists in these areas is certainly unquestioned, as the member for New England says. He certainly has a relationship with many of the pharmacies in his area. It is the ageing stratum of country pharmacists that
imposes a very real sense of urgency on these reforms, as the minister so rightly pointed out in his second reading speech earlier this month. Not only does a shortage currently exist, thereby pressuring existing pharmacists’ workloads and reducing holiday opportunities, and not only is it difficult to attract pharmacists to regional areas outside metropolitan areas, but also the looming wave of retirements that I referred to earlier could well become a crisis without this federal intervention.

The absence of a chemist shop with its doors open means a lot more to small towns and remote communities in New South Wales than merely having no pharmacist available. For some people the presence of their pharmacist is the difference between having access to a professional medical opinion and not having access to any professional medical opinion. Having nowhere to fill a prescription is one obvious example, but where the shortage of health care professionals is acute the loss of any one link in the chain—be it doctor, pharmacist or the very valuable work provided by the nursing profession—can have far-reaching ramifications.

For towns struggling with one or two doctors, the pharmacist and the nurses provide a vital addition to the health care network, often fielding inquiries and dispensing advice to people unable to visit their GP due to lengthy waiting times. There are even numerous cases of western New South Wales doctors being reluctant or even refusing to see new patients because of their already massive workload. While the pharmacist may continue in the wake of a GP’s departure from a town—though it would be extremely difficult to do so—the reciprocal situation carries far greater implications.

The future of a GP in a one-doctor town is put under great threat by the retirement of the town’s pharmacists because with nowhere to have prescriptions filled the likelihood of the GP staying on is greatly diminished. Needless to say, the situation in a town without a GP and facing the prospect of losing their pharmacist to retirement is even more dire, as the chance of attracting a new GP, a replacement pharmacist or any other related health professional is virtually nil.

I commend this bill to the House as a recognition that the future of our rural towns is intrinsically linked to their ability to provide access to health care professionals, be they pharmacists, dentists, nurses or GPs, as well as the invaluable support provided by allied health professionals. It was very heart-warming to see in the recent budget that the federal government is taking a role in attracting allied health professionals to regional areas. It is an area that has rightly been the domain of the states, but it is good to see that the federal government has recognised where they have fallen down and is moving towards providing a balance of services to country areas in the allied health area as well—physiotherapists, occupational therapists and the like.

I also commend this government for being in touch with the situation in the rural heartland in sufficient depth to know that something as seemingly innocuous and mundane as a pharmacist’s retirement could be devastating to the town’s fabric. The Minister for Health and Aged Care often refers to the need for health policy to be based on an understanding of the health needs in a community. I do not think that many people in this House give him credit for his grasp and understanding of what is needed. For the official record, I wish to thank the health minister for his understanding which has led to not only the provision of such a great program for pharmacy but also the announcement in the recent budget of $560-odd million to address the whole issue of providing health services infrastructure to rural and regional Australia.

These efforts to bring about a real change in the living standards of country Australians will continue through this legislation. In summary, this agreement will bring substantial benefits to the community as well as improving the financial arrangements between pharmacists and the government. New initiatives such as the Pharmacy Development Program will provide significant funding to encourage the provision of quality services by pharmacists for the benefit of consumers. Increased funding is also provided for pharmacists, in cooperation with doctors, to assist older Australians in residential care and at
home to properly manage the medication they may receive.

The new location provisions will continue to promote convenient access for the community to pharmacy services at the local level, especially with the change in provisions that allows fast developing areas in the city to be served by a pharmacy. In essence, the third agreement really builds on the success of the two previous community pharmacy agreements and it provides a very strong platform on which the government and pharmacies can continue to move forward together to provide quality pharmaceutical services for all Australians. In essence, the third agreement really builds on the success of the two previous community pharmacy agreements and it provides a very strong platform on which the government and pharmacies can continue to move forward together to provide quality pharmaceutical services for all Australians. I congratulate the minister, the department and the representatives of the Pharmacy Guild for their cooperation in achieving this end. There certainly was an enormous amount of give and take on both sides. As I mentioned earlier this afternoon, both sides showed a lot of trust. They treated each other with honour and dignity, and that is the way that such negotiations should be pursued. I commend the people involved for doing that and I commend the bill to the House.

Mr JENKINS (Scullin) (5.08 p.m.)—I am pleased to rise in support of the National Health Amendment Bill (No. 1) 2000. The basis of the bill, of course, is that in May of this year there was an agreement between the government and the Pharmacy Guild of Australia on the third community pharmacy agreement, to start on 1 July 2000. This bill is designed to make some minor changes to the act as a consequence of that agreement. As discussed in the debate, this third agreement follows on from the first two agreements, the first being in 1991 and the current one, which was put in place in 1995. The honourable member for Bruce made mention that the first agreement was achieved—and I think he made quite an understatement when he said that it was not an easy agreement to complete. I can remember those years and the angst that surrounded the discussions, but I would hope that what we saw in the development of the first two agreements has led to the degree of trust now being shared between those who negotiate on behalf of the government and those who negotiate on behalf of the guild. I know some of the people in the guild quite well and I know that the absence of great public angst on this occasion does not mean that these were not very hard fought negotiations where people put their points, and along the way there would have been a degree of trading over them. I think the important thing, something I look back on with some satisfaction, is that the first agreement was reached at a time when the Hawke government was under considerable attack, which caused us some considerable pain, but the type of agreement we put in place has been slowly but surely built on. Many of the outcomes that we had hoped for at the time of that agreement have been achieved and developed. I think that is very important.

The third community pharmacy agreement has five key features: it provides agreement for the remuneration of the dispensing duties of pharmacies; as was mentioned by other speakers, it seeks to increase the access to pharmacy services in rural and remote Australia via a $76 million package of incentives during the life of the agreement; it involves a $140 million enhanced medication management service for the elderly; it introduces a pharmacy development program—some $188 million over five years; and, lastly, it relaxes the degree of regulation applying to new pharmacies by reducing the zone from a two kilometre distance down to 1.5 kilometres, as the crow flies. Another aspect of the agreement is the one-off $11 million bonus, the basis of which, regretfully, at this point in time, is not quite as clear as perhaps it could be.

Now that the pharmacy agreement is signed off and will come into force in July, the issue does not end there. There are still a number of issues that the pharmacy industry should be considering. This agreement, of course, is between the government and the guild. In this case, the guild represents the owners of pharmacies. As has been outlined, concerns have been raised by associations such as the Association of Professional Engineers, Scientists and Managers, Australia, which represents employee pharmacists. It believes the guild needs to ensure that the benefits of this agreement with the government flow equitably to employee pharmacists.
as well. The association has expressed some concern that there is little in this agreement to encourage young pharmacists to stay in the industry, given that the cost of a licence can now add some $900,000 to the price of a pharmacy.

I think these are important issues, which I hope the guild will consider for the future of the pharmacy profession. These are the types of things that, while not directly included in the agreement, should form some part of the negotiations. The agreement also introduces a Pharmacy Development Program, with financial incentives to make quality improvements in pharmacy services. As with my previous comments about the one-off payment, there is some concern about the lack of detail. We would like to see perhaps more detail about the specific measures that can be undertaken to improve quality in which outcomes qualify for the incentive payments.

I have stated before in this place that I believe pharmacists are part of a team approach to health care and that the future of pharmacy lies in developing this role. Indeed, when I chaired the Standing Committee on Community Affairs and we did an inquiry and in the report, entitled Prescribed Health, we said that this meant that, where necessary, doctors, pharmacists, nurses and allied health professionals should work together with consumers and their carers to improve health outcomes. That was in relation to the way in which health services operate in Australia. I noted with distinct interest the minister’s expectation in the second reading speech, where he said:

This third agreement is not just about paying pharmacists for their services. It is about better integrating pharmacy into the national health care framework, and it is about enhancing the quality of the pharmacy care that Australians receive and ensuring that all Australians have fair and reasonable access to essential medicines and pharmacy services.

Of course that is integral and lies at the base of the Pharmaceutical Benefits Scheme that Australia enjoys.

I have always pondered the fact that one of the difficulties is—and it is recognised by the guild—that the way in which pharmacy services are delivered to the community very much relies on community pharmacists. I have no problem with that, but the economics of community pharmacies relies also on their retail aspects. I have quoted from time to time the evidence that our inquiry received back in 1992, where people unashamedly indicated that without what I describe as the ‘front of shop activities’ of pharmacies, they may not be able to put in place their professional duties. I think that continues to be of some concern, and that is probably why concern is developing about what is put in place for pharmacists who are lucky enough to be owners of community pharmacies against those who work for them as employees. I am not going to offer any sort of definitive answers to those ponderings, but I really think that it is getting to the time where we have to revisit the nature of what we have put in place.

While the recommendation that involved the association of pharmacies with medical centres getting under the zoning rules has been rejected, at some stage we have to think imaginatively about ways in which community pharmacies can better relate with general practitioners and other allied health professionals working in the community. It is clear that if we look at the way in which a pharmacist working in an institution works with other allied health professionals, there are great advantages. But through the PBS, because we are trying to get out of it by not recognising the full value of the professional service given by the pharmacist by tying their remuneration to the mark-up of drugs as well as a payment for professional services, we are not getting as great a value as we could. This is not something that we would be able to change overnight, because the system of community pharmacists based on retail outlets is well entrenched.

The other comment that I want to make is that the guild realise that they do not live in a world that is frozen. There is not some expectation that they have to do things differently and that they have to improve. Like other members, I have had community pharmacies that have got their accreditation under the guild’s Quality Care Pharmacy Program. I am pleased to see that, because it means that these pharmacists recognise that they
have to come up with a product other than just the goods they are selling. They have to come up with a product that is about the way in which their information is delivered, so that consumers feel confident when they enter the pharmacy that they are not treated as somebody who is just there to buy something off a shelf; they are treated in the way they would expect to be treated by a health professional.

It is pleasing to see that this third agreement has been completed in the successful way it has. I hope it continues to have the outcomes that we have come to expect of the earlier agreements. But those with an interest in matters to do with pharmacy really do have to see that this is not just the end of a struggle or a long march. This is a developing and continuing activity, and the guild now faces the challenge, post the signing off of the third agreement, to decide what the future holds. There is no doubt that challenges will continue under the guise of competition policy, because it is now down to three sectors: pharmacies, the taxi industry and newsagents. Everybody else has been dragged, screaming, into deregulation, and some of the questions asked during question time indicate the troubles that the dairy industry is having. That type of pressure will continue.

I have always been comfortable in supporting community pharmacy, because I believe that the strength that the community pharmacies have is that they are health professionals. They are on about providing a health service, and therefore the blanket use of national competition principles should not apply. But to do that, we have to divorce the front of shop, retail aspect from the back of shop professional aspect.

Finally, whilst I was happy to sign off on the joint retail committee’s recommendation that the supermarket chains should be kept out of ownership of pharmacies, I suspect that those supermarket chains are still hovering around and testing the wind to see if they might get a toe in the door. I think if anybody goes into the newly built supermarkets they will see some very strange little corners and portions of supermarkets where they have congregated all of their health products and they have started to put in counters and things like that. I would be very suspicious about why they were going to that trouble. At the end of the day, one of the strengths the community pharmacies have will be the way in which they project themselves. I think they have to continue to make the improvements that they have been making. They are best served not only by looking at things in the interests of pharmacists as owners but also by looking at pharmacists as health professionals and employees. They should be embracing any support that they can get through involving consumers in negotiations. In that way, they can continue to provide a good service that continues to improve. I have no problem with supporting this piece of legislation that is before the House.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (5.23 p.m.)—I would first of all like to take the opportunity of thanking the honourable members for Bruce, Herbert, Parkes and Scullin for their positive contributions to this debate and for their support of the National Health Amendment Bill (No. 1) 2000. The passage of this bill provides for the third community pharmacy agreement and builds upon the principles underlying the 1991 and 1995 agreements with community pharmacists. The agreement will enhance the quality of community pharmacy in Australia, thereby bringing substantial benefits to the community, as well as improved financial arrangements between pharmacy and the government. It recognises that pharmacists are health professionals who make a contribution to health care well beyond dispensing.

The agreement also incorporates the government’s response to the National Competition Policy Review of Pharmacy, providing streamlining and reduction of regulation of location arrangements for pharmacies, especially in rural areas. The new location provisions will continue to promote convenient access for the community to pharmacy services at a local level. The review’s recommendation for special arrangements for pharmacies to move into medical centres was not adopted in this agreement. There are no restrictions preventing pharmacies from locating in the medical centres in either the cur-
rent or the new arrangement, although general location requirements applying to all pharmacies have to be met. Indeed, a considerable number of pharmacies are already located in medical centres. The government’s view is that special arrangements for pharmacies to move into medical centres are not warranted and raise the possibility of conflict of interest issues.

The agreement as a whole provides a very strong platform on which the government and pharmacy can continue to move forward together to ensure the provision of quality pharmaceutical services to all Australians. The agreement as a whole provides a very strong platform from which the government and pharmacy can move forward. I commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Third Reading

Leave granted for third reading to be moved forthwith.

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

FINANCIAL SECTOR LEGISLATION AMENDMENT BILL (No. 1) 2000

Second Reading

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

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (5.27 p.m.)—I move:

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

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

(1) merely paying lip service to the social obligations of banks while failing to take action to ensure equitable banking services for all Australians; and

(2) failing to ensure sufficient public input into the ACCC’s recent inquiry into the competitive consequences of the proposed merger between the Commonwealth Bank of Australia and Colonial”.

The Financial Sector Legislation Amendment Bill (No. 1) 2000 seeks to continue the government’s reform of the financial sector, building on the legislation flowing from the 1997 Wallis report into the financial sector largely supported by Labor. The bill contains a number of measures. The main ones aim to: first, alter the prudential regulation of authorised deposit-taking institutions; second, rationalise and consolidate the Commonwealth’s unclaimed monies provisions; third, simplify and modernise service provisions in the Reserve Bank Act 1959; and, fourth, alter superannuation laws by strengthening the enforcement provisions of the Superannuation Industry (Supervision) Act 1993 and facilitate the application of the Commonwealth’s Criminal Code to certain offences in the Superannuation Industry (Supervision) Act 1993. In addition, the bill seeks to clarify the extent of the powers of the Australian Prudential Regulation Authority, which is widely referred to as APRA, to provide actuarial services over the period the Australian Government Actuary was part of APRA. While Labor is broadly supportive of the bill, we are concerned that the government has left many questions unanswered. Labor is therefore proposing that this bill be referred to the Senate Economics References Committee and the Senate Superannuation and Financial Services Select Committee for review.

I would first like to go to the authorised deposit-taking institution, or ADI, changes. The bill proposes a number of changes to the Banking Act 1959 that will affect the regulation of ADIs. These include, first, permitting conditions to be placed on approvals for mergers, acquisitions or restructures of ADIs under section 63 of the Banking Act 1959; second, providing APRA with the power to act pre-emptively to stop undesirable activities, rather than simply acting to impose punishment after damage has occurred; third, broadening the definition of information that APRA can require from ADIs under sections 13 and 62 of the Banking Act 1959; fourth, providing APRA with the power to act pre-emptively to stop undesirable activities, rather than simply acting to impose punishment after damage has occurred; third, broadening the definition of information that APRA can require from ADIs under sections 13 and 62 of the Banking Act 1959;
cially unsound manner—therefore, expanding the situations in which APRA is empowered to issue directions, currently limited to circumstances where prudential standards have been breached and/or a direct link to depositors’ interests has been established—and, finally, ensuring that APRA has the power to appoint itself to investigate the affairs of an ADI so that APRA is able to conduct its own investigations under the Banking Act.

Labor is supportive of measures that improve prudential regulation, but it is worth making a couple of points in respect of the bill. First, it is clear from the second reading speech of the Minister for Financial Services and Regulation that the Treasurer’s proposed new powers to attach conditions to a merger of an ADI are designed to allow more mergers to proceed more quickly. The Minister for Financial Services and Regulation stated:

In particular, this bill grants the Treasurer ... power to attach conditions to his or her consent for an ADI to reconstruct or demutualise. This will ensure that any undertakings made by an applicant are enforceable and may facilitate a greater number of applications receiving consent.

There is no doubt that the government’s key concern is to promote mergers. Nowhere in the minister’s speech does he raise questions about whether mergers are good for consumers or good for competition. Yet this bill is giving the Treasurer considerable new powers to attach conditions to a merger. I have to say that this is typical of the government. The Prime Minister tells the Australian people that he believes the banks have social obligations. He wants the public to believe that he is sincere and genuine, but this mask of sincerity is only that: a mask. If the Prime Minister genuinely believed that the banks had social obligations, then he would take action. He would tell us what those obligations were and he would tell us how he was going to make the banks fulfil their obligations.

In respect of this bill there are a number of serious issues that need to be considered. What kinds of conditions should a Treasurer attach when consenting to a merger? What sorts of issues should a Treasurer consider in making a decision to attach conditions in consenting to a merger? There are currently no criteria set out in the act as to how the Treasurer can exercise the approval power, save that his or her consent must not be unreasonably withheld. In practice, according to Treasury’s submission to the Wallis inquiry in 1997, the Treasurer usually considers “any prudential considerations, the potential efficiency gains resulting from any rationalisation and any potential losses resulting from reduced competition in the financial sector”. However, the Treasurer is not required to call for public submissions when determining whether or not to approve of a particular transaction or to gazette his or her approval.

In a related piece of legislation, the Financial Sector (Shareholdings) Act 1998, the Treasurer’s consent is also required to permit a person to hold a greater than 15 per cent stake in an ADI. The only criterion governing the Treasurer’s approval is that it must be in the national interest for the approval to be given. The Treasurer must also gazette his approval. We believe that the Treasurer needs to be accountable for his decision to attach conditions to a merger to which he consents. Labor is therefore proposing amendments to the bill which will increase the transparency of the approvals process as follows: to require the Treasurer to gazette his or her consent under section 63 as soon as practicable after granting consent and also to require the Treasurer to gazette any conditions he or she attaches to any section 63 consent as soon as practicable after attaching the conditions.
Labor is very concerned about the impact on competition of mergers within the financial services industry. In the past couple of months we have witnessed two significant mergers: the merger of the Commonwealth Bank and Colonial and the merger of the National Australia Bank and MLC. In respect of the merger of the Commonwealth Bank and Colonial, it has been announced that the merger will lead to the loss of up to 2,500 jobs and the closure of 250 branches. The merger will have serious consequences for competition, particularly in regional New South Wales and Tasmania where the merged entity will have over 50 per cent market share in some product markets. The merger of the Commonwealth Bank and Colonial was recently approved by the ACCC. Indeed, the merger was approved one day before the meeting that had been scheduled by Colonial and Commonwealth Bank management to allow shareholders to approve the deal.

Through the Senate estimates on 30 May, my colleagues Senator Conroy and Senator Sherry questioned the ACCC about their investigations. The ACCC confirmed that, despite the fact that there was massive consumer concern about the possible impacts of the merger in Tasmania, they had not formally consulted with all relevant consumer groups on the impact of the merger. Chris Connolly from the Finance Services Consumer Policy Centre stated:

... the ACCC did not write to a single Tasmanian consumer or community organisation. They held no public hearings in Tasmania and the only consumer group they visited was the Australian Consumers’ Association in Sydney.

Back in 1997, when Westpac merged with the Bank of Melbourne, the ACCC sought comment from over 100 organisations from which 30 substantive responses were received, plus 30 unsolicited submissions. I think we do have to question whether, in their desire to appease the government and the banks by announcing their decision prior to the shareholders’ meeting, which they managed to do one day before the shareholders’ meeting, the ACCC fell short in their investigation of the potential impact of the merger. At the Senate estimates committee on 30 May, Allan Asher, deputy chairperson of the ACCC, had no knowledge of the timing of the ACCC’s announcement. This was despite the fact that the ACCC’s announcement was made later that day. The ACCC were in such a hurry with their announcement that their deputy chairperson, who had been given the responsibility of answering questions from a Senate estimates committee, did not even know that it was about to occur.

The ACCC accepted a series of undertakings from the Commonwealth Bank in respect of the merger. These undertakings included that the bank would provide customers in Tasmania and regional New South Wales with pricing and service quality that would be equivalent to or, indeed, more favourable than that supplied to customers in metropolitan New South Wales. The ACCC accepted these undertakings, notwithstanding the fact that, under section 2 of the Trade Practices Act, the prime role of the ACCC is to promote competition. Given that the merged bank will have over 50 per cent market share in some product markets in Tasmania and New South Wales, it is difficult to see how competition will be promoted by the acceptance of undertakings to link prices to metropolitan New South Wales.

We know that the ACCC have accepted undertakings previously in respect of the merger of Westpac and the Bank of Melbourne. We know that Westpac undertook to retain the benefits of low cost transaction account banking offered at that time by the Bank of Melbourne. We must remember how, prior to the merger with Westpac, the Bank of Melbourne prided itself on ‘cutting the cost of banking’—and, Mr Deputy Speaker Andrews, you and I as Victorians, and I dare say many others, would have heard Jack Thompson’s advertisements on that point. However, three years after the merger the Australian Consumers Association conducted a survey of Bank of Melbourne customers in which 71 per cent of respondents declared that fees and charges were a lot worse since the merger—so much for ‘cutting the cost of banking’. We have to ask: how effective indeed were the ACCC’s undertakings? We also have to ask: how effective will be the undertakings given to the ACCC concerning the Commonwealth Bank-
Colonial merger? This merger has been criticised by media commentators for its impact on competition. For example, in respect of the merger, Kenneth Davidson from the Age newspaper stated on 1 June:

But the agreement has nothing to do with enhancing competition and service levels in the banking sector and everything to do with providing a political alibi for the Government. You don’t have to be a lawyer to see the CBA can meet the conditions of the agreement with the APRA and ACCC and still stay on track to further reduce branches, staff and over the counter services as part of the continuing process of increasing returns to shareholders by reducing services. The agreement is a fig leaf designed to hide the fact that the takeover of Colonial is intended to reduce competition, not enhance services or reduce costs for customers, who still overwhelmingly want the banks to provide over the counter services.

We have considerable concern that the ACCC have approved a merger which actually reduces competition, despite the fact that under the Trade Practices Act their object is to promote competition. In attaching conditions to a merger, we have been told by Treasury officials that the Treasurer should consider competition. But the ACCC have clearly said, in respect of the Commonwealth Bank-Colonial merger, that you can override competition as long as you give a few promises. With no guideline as to what the Treasurer should consider in attaching conditions to his or her consent to an ADI merger, will the Treasurer follow the ACCC’s lead and accept undertakings in respect of competition which ultimately prove to be ineffective? Will the Treasurer consider the impact on employment, the impact on service levels and the impact of branch closures on local communities when consenting to a merger? Indeed, will the Treasurer consult with local communities and consumer groups about the impact of a merger? Or will the Treasurer consider only the interests of large corporations? We know how the Minister for Financial Services and Regulation, at the table, would respond if he were placed in such a situation.

This bill is typical of the government. By making mergers easier, which this bill seeks to do, the government looks after its business constituency. There is no doubt as to who gets the greatest benefits from a merger—it is the executives. It will not surprise too many people in this House that the Chief Executive of the Commonwealth Bank managed to make some $4.6 million from exercising 300,000 options granted to him in 1996. He recently exercised those December 1996 options when share prices closed at $27.14.

Mr Hockey—So what?

Mr KELVIN THOMSON—Minister, it is a matter of concern to me that the government seems to think that it is okay for executives to benefit from mergers while ordinary bank services for ordinary bank customers deteriorate through branch closures, reduced services and increased fees and charges. We think those things ought to be a matter of concern to the government. Regrettably, the minister’s interjection indicates that he has a different opinion. Labor is concerned that the additional powers given to the Treasurer in respect of the mergers of an ADI raise many questions as to how the powers could be used. For this reason we will be proposing that this bill be referred to the Senate Economics Committee for consideration.

I now turn to the Commonwealth’s unclaimed moneys provisions. Labor is supportive of the measures in the bill that are designed to give the Treasurer the power to delegate the unclaimed moneys provisions in the Banking Act to other portfolio agencies in addition to the Department of the Treasury. Currently unclaimed moneys functions, including provisions in the Life Insurance Act 1995 and the Corporations Law, are managed by different agencies across the Treasury portfolio. The amendments in the bill will allow for these unclaimed moneys to be administered by one agency, which we understand will be the Australian Securities and Investments Commission, ASIC. There are also changes to the Reserve Bank Act. The bill proposes changes which will have the effect of inserting a new definition of ‘staff members of the Reserve Bank Service’ to replace various definitions of ‘officer’. The bill will amend provisions in relation to the appointment of staff which allow the bank to appoint such staff as the bank considers necessary for the performance of its functions on terms and conditions of employment to be
determined by the bank. In addition, the bill will delete section 71, which currently allows the bank to lend to staff for the purpose of housing. In consultations concerning this bill, Treasury officials have confirmed that existing terms and conditions of employment for RBA staff, including access to housing loans, will not be affected by the proposed amendments. However, in order to safeguard the employment conditions of Reserve Bank employees, Labor is proposing an amendment to this bill which will prevent the undermining of existing conditions of employment within the Reserve Bank.

There are also superannuation changes. The bill makes substantial amendments to the Superannuation Industry (Supervision) Act 1993 to boost the enforcement powers of the regulator, APRA, and to make the offence provisions compliant with the new criminal code. Labor is concerned that the amendments were largely made without consultation with the superannuation industry. I have to say that, given their track record on consultation with the superannuation industry, it would be a miracle if there were any consultation concerning any amendments, so this is hardly a matter for surprise. Given the potential impact of the amendments, we will be proposing that these aspects of the bill be referred to the Senate Select Committee on Superannuation and Financial Services to allow the superannuation industry to express views on the impact of the bill.

To conclude, Labor is concerned about a number of aspects of this bill. We are concerned that the Treasurer’s powers in respect of attaching conditions to a merger are not adequately defined. We are concerned that the proposed amendments to the Reserve Bank Act do not adequately protect the terms and conditions of employment of Reserve Bank employees. We are also concerned that there has been no consultation with the superannuation industry on the impact of proposed changes to the Superannuation Industry (Supervision) Act. On this basis, we will be moving a number of amendments to the bill, and we will be seeking to refer the bill to the Senate Economics Committee. Amendments to the Superannuation Industry (Supervision) Act will be referred to the Senate Select Committee on Superannuation and Financial Services for review.

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

Mr Martyn Evans—I second the amendment.

Ms JULIE BISHOP (Curtin) (5.47 p.m.)—It is a feature of public administration and the modern state that independent inquiries have often served as the starting point for fundamental and far-reaching policy reforms. Australian public policy has been shaped, for good or ill, by very important inquiries such as the Campbell Committee of Inquiry into the Australian Financial System, the Royal Commission on Australian Government, the 1942 committee on uniform taxation and the Vernon committee inquiry into trade protection, to name but a few. In more recent times, the business taxation inquiry of Mr John Ralph has served to highlight the policy options for business tax reform in the new century, and it will no doubt be seen as the turning point for ensuring that Australia has an efficient, competitive business tax environment.

But perhaps the most important reform inquiry conducted since the change of government in 1996 has been the financial sector inquiry chaired by Mr Stan Wallis. It has served as an important node for the reform of Australia’s public policy through the intelligent reform of Australia’s financial industries. The inquiry was established by the coalition in May 1996, and the Treasurer made the government’s response to its findings public in September 1997. Since 1997 the report has provided the basis for a number of important reforms to banking and other financial services. In June 1998 the government established two new regulatory agencies for banking, superannuation and life and general insurance: the Australian Securities and Investments Commission, responsible for corporate regulation and the protection of consumers; and the Australian Prudential Regulation Authority, APRA, responsible for prudential regulation. Other reforms included enhanced prudential powers for APRA and the upgrading and clarification of depositor and investor protection provisions. Additional reforms include a new regulatory
scheme for the payment system, including a payment system board, and the creation of a shareholding act governing ownership and acquisitions. The intention of all these reforms has been to deliver to Australians a clearer, cheaper, more protected yet more dynamic and more innovative financial sector. The legislation before the House today continues that beneficial work.

The Financial Sector Legislation Amendment Bill (No. 1) 2000 provides for three principal types of amendment of the present laws governing the financial sector. First, the legislation amends those laws relating to the Banking Act, thereby enhancing the prudential regulation of what are termed ‘authorised deposit-taking institutions’ or ADIs by allowing for conditions to be attached to the approval of ADI reconstructions; providing APRA with the power to seek injunctions to stop breaches of the Banking Act, including breaches relating to the authority to operate a bank and the use of the acronym ADI; amending the definition of information within the act to include documents, in relation to investigations undertaken; allowing for the imposition of directions if APRA determines that an ADI is in danger of breaching a prudential regulation or standard; and clarifying APRA powers with regard to the investigation of ADIs.

As has been noted by the previous speaker, the amendments permit the Treasurer to place conditions on the approval of reconstructions and amalgamations of authorised deposit-taking institutions. I point out to the member for Wills that at present the Banking Act does not allow the Treasurer to place conditions on approval. This is in contrast with the approval process for transactions, including mergers, which come under the Financial Sector (Shareholdings) Act or the Financial Sector (Transfer of Business) Act. Under the Financial Sector (Shareholdings) Act, for example, where a proposed transaction results in an entity acquiring more than a 15 per cent stake in a financial sector company, the approval of the Treasurer is required. Under the Financial Sector (Transfer of Business) Act, it is essentially a prudential tool which allows for the Treasurer or the Australian Prudential Regulation Authority to merge entities that are in financial distress.

While some of the proposals under the Banking Act may fall within the scope of the Financial Sector (Shareholdings) Act or the Financial Sector (Transfer of Business) Act, and thus allow the Treasurer to impose conditions on a merger or reconstruction as it stands now, this may not always be the case. It would take, for example, a bank reconstruction that might not result in a person achieving more than the 15 per cent stake in a financial institution. I also point out that under the Financial Sector (Shareholdings) Act conditions are imposed on the purchaser, not the vendor. So to address the inflexibility created by the absence of the capacity to impose conditions we have these amendments which provide that the Treasurer’s consent is subject to conditions if imposed by the Treasurer. The elaboration of the Treasurer’s powers can be found in proposed section 64(2) in relation to a person who has been given consent. That refers to the written notice that the Treasurer may give to impose conditions or further conditions on the consent or to revoke or vary any condition imposed on the consent, or in fact to revoke the consent if the Treasurer is satisfied that there has been a contravention of a condition to which the consent is subject. The proposed amendments also allow the Treasurer to delegate the unclaimed moneys provisions of the Banking Act to Treasury agencies other than the Treasury Department itself.

The legislation before the House also makes significant reforms to the Superannuation Industry (Supervision) Act 1993 so as to ensure that the enforcement powers granted under the act and exercised by APRA meet the necessary requirements for the protection of consumers. APRA will be better able to discharge its duties once it has obtained the power to accept and enforce undertakings in the manner already prescribed for the Australian Competition and Consumer Commission, ACCC, and the Australian Securities and Investments Commission, ASIC. The regulating body will also have the power to disqualify from involvement in superannuation any person who has frequently contravened the act or is judged not to be a fit
and proper person. Changes will also be made to ‘use immunity’ and ‘derivative use immunity’ arrangements. This is in relation to certain evidence in investigations. It removes immunity from prosecution in certain circumstances.

Considering that superannuation will soon become the most important source of income for Australian retirees—a significant change from the provision of age pensions by the state through unfunded liability schemes—we need to ensure that the regulation of this industry is such that superannuants are protected from deception or other inappropriate behaviour. As superannuation is subject to concessional tax treatment on the understanding that this investment will provide for future incomes, the government’s commitment to prudential regulation must be, and is, wholehearted. These amendments are proof of that commitment.

Aside from a number of consequential amendments, clarifications of the Financial Sector Reform (Amendments and Transitional Provisions) Act (No. 1) 1999 and the Retirement Savings Accounts Act 1997 and the removal of the current limit on the maximum number of members of the Superannuation Complaints Tribunal, there are also some amendments to be made to the Reserve Bank Act. These amendments will allow the Reserve Bank to offer a more flexible and efficient service to its customers and allow the bank to better manage its human resources and management generally.

All of the amendments contained within the bill serve well the stated intention of this government to develop and maintain a world-class regulatory framework for the Australian financial sector—a framework that assists the sector to be more efficient, more responsive, more competitive and more flexible, while ensuring that the principles of stability, prudence, integrity and fairness are maintained and, where appropriate, enhanced. It has often been mentioned by contributors within and without this parliament—but it does bear repeating—that the integrity and the strength of the banking sector in Australia, as well as the Commonwealth government’s economic and fiscal management and the resilience of Australian firms, combine to shield Australia from the ravages of the economic crisis amongst our trading partners in Asia. I recall the Minister for Financial Services and Regulation during his second reading speech referring to comments made by Dr Alan Greenspan to that effect, before a gathering of the International Monetary Fund and the World Bank last year. That is an achievement, and it is an achievement that is appreciated most certainly by commentators across the globe. It was made possible by the strength of the Australian financial sector. The changes contained in this legislation and the changes previously made by the coalition will strengthen that sector and will protect the interests of Australia’s consumers and businesses. I commend this bill to the House.

Ms BURKE (Chisholm) (5.59 p.m.)—As I rise to speak on the Financial Sector Legislation Amendment Bill (No. 1) 2000, I am reminded of a speech I made last year when I was also concerned about the removal of the four-pillar policy by stealth. I said:

I rise today to challenge the government to go on the record and state that the measures in this bill are not there to erode the four pillars policy.

At that time the second reading speech of the minister clearly stated, ‘It is also good to facilitate change in the industry.’ We have seen change since then, but we have not seen much by the government to ensure that the change is in the public interest.

Today seems like déjà vu, but the big difference is that we have seen two significant mergers since that time and we have heard a lot of rhetoric from this government, but we have not had any commitment to social obligations for the finance industry or assurances that mergers will not proceed without ensuring that jobs are not lost and communities are not put at risk. What we have seen is the merger of Commonwealth and Colonial, of NAB and MLC, and the effects of the earlier merge of Westpac and Bank of Melbourne and then AMP and GIO. Again we have legislation before the House which the minister has stated ‘may facilitate a greater number of applications receiving consent’. So the government is again promoting mergers but not customers, jobs, rural communities or services. The only winners from these mergers have been executives who have walked away

from the ravages of the economic crisis amongst our trading partners in Asia. I recall
with obscene pay-outs and massive share options. Staff, customers and services have always been the losers.

Recently, AMP announced a cut of 700 jobs following its takeover of GIO last year. These announcements are extremely disappointing. They are a timely reminder that corporate mergers and takeover activity do have casualties and those casualties are customer service and jobs. The Australian insurance sector lost over 2,500 jobs last year alone. Most of these were as a result of merger and takeover activity. As we have already seen in the banking sector, when jobs go, customer service inevitably suffers. So what do we know about the great success story of the AMP-GIO merger? The winner was George Trumble, the failed CEO, who walked away with in excess of $13 million for doing a bad job.

What I would like to talk about today with respect to this legislation is the changes before the House on alterations to the prudential regulations of authorised deposit-taking institutions, and I would like to say that they do not go far enough. This government, particularly the Prime Minister, is happy to talk the talk about governments being good corporate citizens—about not passing on interest rate increases, about ensuring that charges and fees are not excessive, about ensuring that country branches stay open. He is prepared to talk the talk, but he is not prepared to walk the walk. As I have been through the wonderful programs that NAB and other banks have used in these things, walk the walk or talk the talk is reiterated time and time again. I know what those messages are all about. But where is the legislation to ensure that the Treasurer looks at the true public interest, the impact of unemployment and the social obligations that banks have? It is not here before us today.

The Treasurer’s approval of the merger of the CBA and Colonial means that the future of regional banking in this country is in doubt. The Treasurer’s failure to act in the public interest in this instance means the floodgates have opened for future mergers. The only winner will be the banks which will boost their already massive profits. Since 1993, big bank profits have increased by a staggering 286 per cent and Australia has lost 2,000 bank branches and 40,000 bank jobs. And who is the big winner out of this merger? Yes, the CEO Peter Smedley, who will pick up $23 million.

It is time for government to listen to the community. The ACCC considers the competition implications of mergers, but who considers the impact on staff who will lose their jobs, or regional and remote communities who risk losing access to essential financial services? The Treasurer was asked on 1 March 2000 by the FSU to reassure the public that community issues will be properly addressed when the government ruled on the proposed merger. The union asked this because of reports that the federal Treasurer had met at the time with senior executives from Commonwealth and Colonial and he saw no problems with the merger at that point. He did not meet with anybody else; he did not speak to anybody else; he listened to the senior people who were going to walk away with substantial packages. He listened to them and approved the merger. This is quite entertaining if you consider that in February 2000, the Commonwealth Bank CEO, David Murray, told a business lunch in Melbourne that his bank would turn off the lights in more country branches if the federal government intervened to stop bank branch closures. So here we have a merger approved, supposedly in the public interest and looking after the interests of these communities.

At the time, the FSU rightly pointed out that the ACCC will rightly consider the significant competition implications of a Commonwealth Bank-Colonial merger. But the federal Treasurer is the only one who has power to stop the merger on the grounds of its impact on jobs, services and the community. The ACCC will consider competition implications of any proposed merger, but who will consider the impact upon staff who will lose their jobs, or the regional community who risk losing their access to essential financial services? The answer in this bill is, still, nobody. So what do we now have? The ACCC states that it does not oppose the Commonwealth Bank-Colonial merger, but only after significant undertakings by both parties. How can we trust the banks? You
only have to look at the commitments made by the bank in Melbourne to know what these are worth. When the ACCC approved the Westpac-Bank of Melbourne merger, it did so with conditions, some of which were:

The commission therefore sees it as appropriate that, if the merger were to proceed, consumers in Victoria should realise the benefits from the implementation of the publicly stated Westpac strategy.

Westpac acknowledged the commission’s concerns about the anti-competitive impact of the merger and the parties offered to provide undertakings which committed them to implementing their strategy based on significant local decision making autonomy; maintaining the Bank of Melbourne’s extended trading hours; preserving the entitlement of existing transaction account customers to fee exemptions—subject to certain qualifications; and granting access to their electronic networks for new and small Victorian competitors for their Victorian customers for a reasonable period.

I am not really sure what they meant, but I do know now that Westpac have announced that 25 branches will close in Victoria, 19 of these being in rural and remote areas. The situation for bank staff, customers and local communities is getting depressing. They announced 25 branch closures but there are 17 more likely to happen. This is the great commitment that we can trust banks over. Now we have a merger that has been approved, again on the basis of conditions entered into by the bank. The Commonwealth Bank has assured the ACCC that it will adhere to these things.

The Commonwealth Bank has also provided guarantees with regard to service quality.

I also think it is a wonderful opportunity for me to ask in the House today: where is the government’s response to the inquiry conducted by the Standing Committee on Economics, Finance and Public Administration? Its report, *Money too far away*, was tabled in this parliament on 22 March 1999. Where is it? This is a really good opportunity to say—

Mr Kelvin Thomson—Response too far away.

Ms BURKE—Response far too far away. Here we are talking about obligations, commitments, ensuring mergers and other activities. Well, one of the great fallouts of the mergers is the loss of rural bank branches. An inquiry was conducted by both sides of this House in great faith—

Mr Hockey—I was on that committee.

Ms BURKE—Yes, the minister before us was actually on that committee and got to do some of the great travel that I missed out on. I just did the final drafting of the report. Where is the government’s response to that?

Mr Hockey—I am responding. You can tell the FSU I am responding.

Ms BURKE—I think we need some response. I think there are some members in your own government who would be really
interested in a response. Members from the National Party are probably more interested in a response than my old employer.

Finally, I wish to speak about the changes to employment in this bill and to place on the record the reassurances the Governor of the Reserve Bank gave me at our recent hearing on 22 May that the changes will have no impact on current staff terms and conditions. I wish to see that these assurances are lived up to and that this is not again a reduction of jobs and conditions by stealth through this legislation.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (6.09 p.m.)—I would like to thank all the members for their contribution to the debate. I suggest to Tony Beck down at the FSU that he should just cut out the middle man or middle woman and come straight to me, not go through the member for Chisholm when trying to raise points in relation to the debate, so he can get his questions answered directly. But I am happy to advise the House.

A number of the points raised in the debate are not necessarily relevant to the Financial Sector Legislation Amendment Bill (No. 1) 2000. I make this point: the financial services system is undergoing dramatic change not just in Australia but globally, and global change is having a profound effect on the make-up of the financial services industry in Australia. A little earlier, there was one point raised by the member for Chisholm that made my engine spark. That was that the banks are profitable. Well, you bet they are profitable. We want the banks to be profitable. There was a period in the early 1990s when the banks were not profitable, when some of our financial institutions had some of the most significant losses in Australian corporate history. Some went under—folded. Others survived and came out of the crisis stronger. When you have a strong bank making strong profits it is able to take greater risk in its lending profile. Of course, all risk has a price; the higher the risk the higher the price. But it is in the collective interests of all that financial institutions are profitable in Australia and that they continue to be profitable not just to cope with the volatility of the Australian market but more importantly to withstand some of the vagaries of the international market. The fact that during the Asian financial crisis Australian financial institutions suffered basically zero impact as a result of the crisis is of great credit to those financial institutions.

The other point I would like to make about the speeches of the member for Wills and the member for Chisholm is that it is a cheap shot talking about remuneration packages of particular individuals if those individuals are not given the opportunity to respond. I personally have no problem with remuneration provided it is justified and justifiable. Without going into individual packages, the key point is that, if shareholders approve a package and it is justified and they believe they are getting a good return for their investment, I accept that. I am not a socialist in the true sense, to say everyone should be on the same remuneration or everyone should suffer for the collective interest in order to give oxygen to some of the claims that if we are all equal some will not be as equal as others. My argument is that individuals should be remunerated for their effort and we need to recognise that in the financial services arena Australia is very much in a global market. It is of concern to all when there are suggestions of a brain drain from Australia to overseas in search of larger remuneration packages over a shorter period of time. That does us no good domestically. There will be pressure for global rates of pay to be paid not just in Australian financial markets but in Australian business generally. Whilst some obscene remunerations packages have occurred in the past, as long as there is a line of accountability in place and as long as shareholders are properly and fully informed of the details of those packages, I think, whatever the level of the remuneration may be, if the shareholders agree to it then it is appropriate.

Unquestionably, the last few years have seen some major changes to the regulation of the financial system in Australia, largely as a consequence of the government’s response to the recommendations of the financial system inquiry, otherwise known as the Wallis inquiry. Although the bulk of the reforms to the financial system are now in place, reform is an ongoing process and this bill is a further
step towards ensuring that the regulation of the Australian financial system remains world’s best practice. This bill achieves this by increasing the flexibility available to decision makers when approving reconstructions or similar arrangements involving authorised deposit-taking institutions. The bill also substantially improves the enforcement regime for the superannuation industry in Australia. Given the sheer number and diversity of participants in the industry, an effective enforcement regime is a crucial part of the prudential framework. The pool of superannuation savings in Australia is currently well over $400 billion and continues to grow rapidly. The amendments in this bill will help to ensure that this pool of savings is adequately protected by promoting adherence to sound prudential management. I will have further words to say when the House moves into consideration in detail. I commend the bill to the House.

Amendment negatived.
Original question resolved in the affirmative.
Bill read a second time.
Message from Governor-General recommending appropriation announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr KELVIN THOMSON (Wills) (6.17 p.m.)—by leave—I move opposition amendments (1) and (2):
(1) Schedule 1, after item 16, page 5 (after line 23) insert:

16A Section 63

Insert:

(1AA) If consent has been given under this section to an arrangement, agreement or reconstruction, the Treasurer must arrange for notice of the consent to be published in the Gazette as soon as practicable.

(2) Schedule 1, item 18, page 6 (after line 12) insert:

(2A) The Treasurer must arrange for a copy of notice that has been given under subsection (2) to be published in the Gazette as soon as practicable.

These amendments concern the gazettal of consent and conditions. Labor is proposing that, if the Treasurer consents to a merger under section 63 of the Banking Act, the Treasurer would be required to arrange for notice of the consent to be published in the Gazette as soon as practicable. Should the Treasurer impose conditions on consent under the proposed section 64 subsection 2 of the Banking Act of 1959 Labor is proposing that the conditions also be gazetted. Gazettal of conditions would also cover situations under section 64 subsection 2 of the Banking Act 1959 where the Treasurer imposed further conditions of consent or revoked or varied any condition imposed on consent or revoked the consent if the Treasurer is satisfied that there has been a contravention of a condition to which the consent is subject.

Labor’s amendments are about transparency. They are about ensuring that the Treasurer is accountable for his or her decisions. Labor has been consistent in moving amendments to government bills to ensure the transparency and accountability of government decisions. Earlier this year Labor amended the Financial Sector Reform (Amendments and Transitional Provisions) Bill (No. 2) of 1999. The government had sought to amend the superannuation levy act to, first, restrict restitution to funds which have only suffered loss at the hands of persons directly or indirectly responsible for their administration and, secondly, to require the Treasurer to seek and consider the advice of the Australian Prudential Regulation Authority before making a decision to levy super funds for restitution.

Labor’s amendment ensured that the minister’s written request to APRA for advice in relation to an application for assistance must be laid before each house of the parliament as soon as practicable after the minister has made a written determination under section 231, subsection 1. We would hope that the government would support these amendments. This is a government, after all, that talks about charters of budget honesty and things of that nature. If the government is genuine about accountability and transparency, it should support these amendments. We note in the recent budget that some of the government’s arrangements and the detail which it failed to reveal suggested something
less than the commitment to budget honesty that we would all hope for. So what we want to see in this consideration in detail debate is the government willing to accept Labor’s amendments and to require that the appropriate transparency is provided concerning these matters.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (6.21 p.m.)—The first amendment moved by the opposition will require the Treasurer to publish in the Gazette notice of consent given under section 63 of the Banking Act for an authorised deposit taking institution to enter into an agreement or arrangement for the sale or disposal of its business or to effect a reconstruction of the institution. The second amendment will similarly require the Treasurer to publish in the Gazette notice of any conditions which may be imposed on the consent and any variation or revocation of those conditions.

I am pleased to advise the member for Wills that the government is going to accept these Labor Party amendments. After a range of amendments that the member for Wills has moved in this House during my tenure as Minister for Financial Services and Regulation, one of the reasons why we have not traditionally accepted the Labor Party’s amendments is that we find out about them when we get in here. On this occasion—and it was quite extraordinary—the Labor Party actually sent us the amendments before we came into the House. That gave us an opportunity to consider the impact of the amendments, to put them through the appropriate processes within the government, to consider them in detail and then, where possible, to accept them. So the member for Wills laid down a challenge. He said that if the government were serious about transparency and if the government were serious about honesty then they would accept the amendments. And I say we will, because we are serious about transparency and we are serious about honesty. They are the common traits of a good government and this is a good government.

Amendments agreed to.

Mr KELVIN THOMSON (Wills) (6.23 p.m.)—I move opposition amendment (3):

(3) Schedule 2, item 8, page 11 (lines 1 to 5), omit section 67, substitute:

67 Appointment of staff

(1) The Bank may appoint such staff as the Bank considers necessary for the performance of its functions.

(2) The terms and conditions of appointment (including as to remuneration) are to be determined by the Bank, provided that such terms and conditions shall be no less favourable than those which may exist in terms of any Certified Agreement applicable to this group of employees.”

Amendment (3) is an amendment to the Reserve Bank Act. Labor proposes an amendment to the bill which would have the effect of ensuring that the Reserve Bank is only able to appoint staff on conditions of employment that are no less favourable than those that exist in any certified agreement. Perhaps this kind of amendment should not be necessary, but I think it is something of a mark of the way this government approaches industrial relations that it is necessary. The government should have no problem supporting this amendment. I understand from the Minister for Financial Services and Regulation that the government have been given ample opportunity to consider it and put it through appropriate processes. We have just heard that. So if they fail to support this amendment it is simply an indication that their agenda really is to ultimately reduce the terms and conditions of employment for Reserve Bank staff. I hope that the government will be able to also accept it.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (6.24 p.m.)—The Reserve Bank Act currently provides the Reserve Bank with considerable flexibility in employing its work force. This flexibility would be significantly undermined by the proposed amendment. On further reflection on the amendment, we can see no good reason to support it. We are saying that the proposed amendment is not consistent with promoting negotiations between employers and employees at the individual enterprise level to achieve mutually beneficial working arrangements, which is a key objective of the government’s broader workplace relations reforms and the Workplace Rela-
tions Act, which has been very warmly received out in the private sector and more broadly.

The amendment also appears to provide a more onerous no-disadvantage test for the Reserve Bank relative to other employers. Currently the Workplace Relations Act requires that agreements—that is, certified agreements or Australian workplace agreements—not disadvantage employees on balance in relation to their terms and conditions relative to those provided under relevant and designated awards or any other law of the Commonwealth or of a state or territory, the Employment Advocate or the Australian Industrial Relations Commission, as the case may be, considers relevant. In view of this, after careful consideration, given that we were given a reasonable time to consider the matter, the government will not be supporting this amendment.

Ms BURKE (Chisholm) (6.26 p.m.)—I would like to speak in support of the amendment before the House. We have seen over time the erosion of terms and conditions within the public sector. The Reserve Bank is an extension of public sector employment and I believe that, by the government not agreeing to this amendment, it is signalling that it is intending to reduce the terms and conditions of the staff at the Reserve Bank by stealth. We have already seen terms and conditions taken away in respect over time. These have been agreed to under various certified agreements, but certainly the staff at the Reserve Bank do not enjoy the actual terms and conditions they enjoyed prior to this government coming into office.

One of the things within the government’s amendment relates to staff loans. This is one of the main concerns of the staff at the Reserve Bank—to ensure that they do not lose the ability to have those staff loans. One of the things about banking employment—the golden handcuffs of the old banking employment—was the reduced home loans you could get. Rates of pay within the banking sector had never actually been as lucrative as people think, certainly not for staff at the lower end of the scale. One of the trade-offs was that they could get a reduced home loan. As I say, it was a golden handcuffs experience. It meant that a lot of people who may have thought about leaving the bank at any point in their lives—my father being one of those people—never did because it would have meant they would probably have had to go and get customer rates for their home loan. It is one of the changes to the act that staff are concerned about.

If the government were genuine about preserving the rights and conditions of staff, it would have no fear about agreeing to this amendment. As the minister rightly pointed out when he was summing up, a fair day’s work should get a fair day’s pay, it should be reasonable and we should be paying these people to stay within the sector. They can be poached overseas at fairly significant rates. When you see CEOs getting obscene amounts of money for payouts and staff not getting rewarded sufficiently or holding on to hard earned terms and conditions, it is a bit hard to take. As I have pointed out, the CEO from Colonial will walk away with $23 million because of the merger, and staff here are just hoping to hold on to what they have got; they are not looking for anything extra. I think it is a sad indictment of this government that it will not agree to this amendment and that it is looking towards the flawed Workplace Relations Act as a great bastion of light to the staff at the Reserve Bank. I believe it is a sad state of affairs. All we are looking for is for the staff to maintain what they currently have. As I have previously stated, the Governor of the Reserve Bank recently gave me a commitment that he did not see the changes being about reducing the current terms and conditions. Given that the employer of the staff at the Reserve Bank is happy to agree with at least the spirit of this amendment, I am saddened that the government is not.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (6.30 p.m.)—I do not think we are at cross-purposes here, from what the member for Chisholm was saying. In fact, there was a good argument from the member for Chisholm to urge her colleague the member for Wills to withdraw the proposed amendment. We are looking for a certain flexibility to be available to the Reserve Bank to enter
into contractual arrangements with their employees that ensure the Reserve Bank can get a high quality work force. There is no doubt in anyone’s mind that the Reserve Bank has an excellent reputation as an employer.

There is also no doubt that, in one sense quite tragically but in another perhaps beneficially, the Reserve Bank has proven to be an excellent source for the private sector to poach talented people from for their own purposes in the financial services industry, particularly in relation to the use of analytical skills gained at the Reserve Bank, as well as gaining access to the Reserve Bank’s money market traders, and traders in various other markets. That has proved a very happy hunting ground for the private sector. In fact, on a recent trip to Boston, the shadow minister for financial services, Senator Stephen Conroy, and I met with a number of students from the Massachusetts Institute of Technology, MIT, who were there on Reserve Bank scholarships. That is an excellent opportunity for some very talented young Australians to get some educational skills. There is, unfortunately and tragically for the Reserve Bank, a leakage of people who take up those scholarships. They spend a very short time or no time at all with the Reserve Bank when they come back and then head off to what they believe to be greener pastures in the private sector.

Certainly, at face value, the remuneration packages in the private sector are more lucrative. Unfortunately for the very talented people in Treasury, APRA, ASIC, ACCC, ABS, the Reserve Bank and various other agencies within the Commonwealth engaged in financial services there are extremely lucrative remuneration packages available for individuals who go into the private sector. It is a sad truth that these agencies are all proving to be happy hunting grounds for the private sector. This is a challenge that we all face in dealing with the potential talent drain from our excellent agencies to the private sector looks for the sorts of skills that are developed uniquely in places like the Reserve Bank and the Treasury. We are rejecting this amendment because we are trying to put in place a regime that gives the Reserve Bank the sorts of employment flexibilities needed to address the ever changing and highly competitive threat from the private sector in respect of the bank’s employees. That is why we think the Reserve Bank should retain all of its flexibility.

Amendment negatived.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (6.34 p.m.)—by leave—I move:

(1) Schedule 3, item 45, page 24 (line 8), after “Chapter 2”, insert “(except Part 2.5)”.

(2) Schedule 3, item 45, page 24 (line 22), omit “Sections 17 and 338 do”, substitute “Section 17 does”.

The amendments that I move today will prevent a potential gap arising due to the application of the code—the Commonwealth government’s criminal code—to the Superannuation Industry (Supervision) Act. In particular, the amendments will ensure that section 338 of the SI(S) Act, which relates to vicarious liability, will continue to apply to offences against the act. Section 338 provides that in certain circumstances a corporation or an individual is taken to be engaged in conduct or to hold a certain state of mind if their directors, servants or agents engage in the relevant conduct or hold the relevant state of mind.

Although part 2.5 of the criminal code also contains provisions relating to vicarious liability, they are not as extensive as section 338 of the SI(S) Act. Most importantly, the code provisions relate only to vicarious liability of corporations but not to individuals. It is important for the purposes of prosecuting offences under the SI(S) Act that individuals are also capable of attracting liability for the actions of their servants and agents, therefore, section 338 is being retained in preference to applying part 2.5 of the code.

For the purposes of properly informing the House, I present a supplementary explanatory memorandum in relation to these issues.

Mr KELVIN THOMSON (Wills) (6.36 p.m.)—The opposition agrees to these amendments. The government seems to need constant amendment to its legislation, although maybe it is improving a little. Last night we dealt with a bill where 77 amendments were produced on the run and one this
morning with, I think, 34 amendments. We are now down to two, so things might be improving. In relation to the amendments themselves, clearly they are necessary to address an error made in the original legislation and to make sure that the Superannuation Industry (Supervision) Act does cover and address the areas that it needs to—that is to say, conduct of directors, servants and agents concerning offences by them against the SIS Act. Accordingly, we will support these amendments.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

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

Second Reading

Debate resumed from 10 May, on motion by Mr McGauran:

That the bill be now read a second time.

Mr STEPHEN SMITH (Perth) (6.39 p.m.)—I propose in the course of my contribution to move on behalf of the opposition a second reading amendment that sets out our position on the Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No. 1) 2000 I say at the outset that, while there are some matters of concern, the bill is not opposed by us. But there is a series of matters that we want to draw attention to, and we reserve our right, when the bill goes to the Senate, to consider some detailed amendments. The Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No. 1) 2000 was referred to the relevant Senate legislation committee. That legislation committee reported to the Senate last Monday, 19 June, and their report contained both a government senators report and a Labor senators minority report that draws attention to a range of concerns. Those concerns are, in general terms, reflected by the second reading amendment. The bill seeks to effect in general terms three substantial policy changes: firstly, to effect the initial development of a framework for the introduction of competitive tendering for universal service obligation services; secondly, to establish a framework for the issue of a $150 million tender to extend local call facilities to parts of remote Australia; and, thirdly, to adjust the mechanism used to calculate the cost of the universal service obligation to enable the minister to nominate a figure for the cost of that service in advance rather than the current ex post facto method of calculation.

In some respects these are technical areas but they are clouded by a couple of important, controversial public policy issues. The first one, of course, is that the government has been meandering along behind the scenes, looking carefully at the detail of notions of competitive tendering for the universal service obligation. All of a sudden, when it suddenly discovered that there was absolutely no community support for the full privatisation of Telstra, it sought to, firstly, trick the National Party—which is quite easy these days—and, secondly, trick the community into believing that the notion of competitive tendering is somehow the solution to all the ills of the service deficiencies as a result of the partial privatisation of Telstra and, then, the answer to all the difficulties raised with the notion of the full privatisation of Telstra. So while these measures are, in a sense, technical and provide a platform for opportunities to change the framework, the presentation by the government of these matters has been that these measures will somehow provide the solution to the argument for the full privatisation of Telstra.

I will just make a couple of brief comments in that respect. It is unquestionably the case that rural and regional and remote Australia believe that the differential service between the city and the bush has declined with the partial privatisation of Telstra. It is also clearly the case, as shown by Australian Communications Authority statistics, that there has been a decline in the provision of services to rural and regional Australia as a consequence of the partial privatisation of Telstra. There are no prizes for coming to the conclusion, as rural and regional and remote Australians have, that, if the full privatisation
of Telstra were to occur, services would decline further and the disparity in services between rural and regional and remote Australia and metropolitan Australia would also decline further. So when the government tossed out its competitive tendering model in March of this year, it was running on the back of the announcement by Telstra that, while Telstra had effected an over $2 billion half yearly profit, it was proposing to lay off 10,000 workers. That seized, in the public mind, the adverse consequences that would flow from the full privatisation of Telstra. So the government twisted this one out by, firstly, tricking the National Party into believing that it might actually provide the solution to all the ills and, secondly, seeking to trick the community.

Mr Tuckey—What about the Commonwealth bank?

Mr STEPHEN SMITH —You just get on with your work, Wilson, old son, or you know you will get yourself into trouble. You will find yourself being ordered out again, Wilson. You were lucky that you did not go out like Abbott; you could have been 304A’d yourself.

Mr DEPUTY SPEAKER (Mr Hollis) —Comments should come through the chair. The honourable minister should not be interjecting and the honourable member for Perth should know better than to respond to interjections.

Mr STEPHEN SMITH —It is also always so tempting, Mr Deputy Speaker, to rise to the inelegancies of the minister at the table.

Mr DEPUTY SPEAKER —Please resist the temptation.

Mr STEPHEN SMITH —This was tipped out in March, with a great ‘here is the solution to all the ills,’ but when we examined the fine print, what did we find? The government’s model of competitive tendering was comprised of three things: two pilot projects, areas not designated; start-up date, sometime after July this year—the minister acknowledged, in an interview shown on The 7.30 Report that night, that ‘we won’t know the results of these reviews for a number of years’—and Telstra to remain in the marketplace in the pilot project areas as the provider of last resort. Thank you very much. Thank you for acknowledging the uniqueness of Telstra in its capacity to provide the universal service obligation. No-one in rural, regional and remote Australia should be tricked into believing that the notion of competitive tendering of the universal service obligation on a regional, localised or niche basis is a replacement for Telstra.

The government has squared its own argument here. Its own model of competitive tendering conclusively proves the uniqueness of Telstra in providing the universal service obligation and in ensuring that there is no disparity of service between the metropolitan areas and rural, regional and remote Australia. People are entitled to an equitable go, so far as telecommunications services are concerned, irrespective of where they live.

When you look at the part of this legislation which sets the platform for the pilot projects to proceed, bear clearly in mind the full nature and extent of the government’s universal service obligation competitive tendering policy: two pilot projects, areas as yet undesignated; results of those projects, not known for at least a number of years; Telstra to remain in the marketplace as the safety net provider of last resort; and Telstra to be compensated for staying in the marketplace if they are not the winner of the competitive tender. Thanks very much for that admission of the uniqueness of Telstra.

The second part of this legislation goes to the issue of a $150 million tender to extend local call facilities to remote parts of Australia. When you read the fine print, you discover that, for the purposes of providing a platform for the issue of that tender, the government goes further than its competitive tendering arrangement proposed for the pilot projects. There is nothing inherently wrong with spending $150 million for the extension of local call facilities to remote areas, and I will not lay on with a trowel that we are again dealing with $150 million, proceeds of the partial privatisation of Telstra. And I will not lay on with too much of a trowel that in the last 12 months Telstra reported half-yearly profits of $2.1 billion and $1.9 billion—$4 billion over the last two sets of six-
monthly reports. That yearly profit far outweighs the proceeds spent by the government on rural and regional telecommunications infrastructure. The $4 billion profit over one year stands in stark contrast to the $14 billion the government raised in the first partial privatisation, privatising 33.3 per cent of Telstra. So in a flog-off of one-third of Telstra, the government raises $14 billion, which the Auditor-General subsequently described as a national disgrace, and a $4 billion profit in the last two half-yearly returns.

You can fund rural and regional telecommunications in one of two ways. You can do it from the dividend return you get from keeping a piece of national infrastructure in public hands, or you can flog it off and use the proceeds. If you operate on the basis of the dividend, over the long term it is a much more effective use of public assets and public funds.

Mr Lindsay interjecting—

Mr STEPHEN SMITH—I will just repeat the financial disgrace that you have effected upon the Commonwealth. You flog off a third of Telstra and you get $14 billion, and in the last two half-yearly returns from Telstra you make a $4 billion profit. That is the stark contrast. And you have spent less than half of Telstra’s last 12 months profit on rural and regional infrastructure. Do not kid yourself into believing that the good folk of rural, regional and remote Australia do not understand that; and do not kid yourself, sunshine, into believing that they will not take it out on you, because they will.

The deficiency of the $150 million tender in this legislation is that the government goes further in this tender than it does in its own pilot project models, and that is a serious concern. We will listen very carefully to the arguments of the government as to why the winner of the $150 million tender for the extension of local call facilities in remote Australia ought to automatically become the universal service provider in that particular area. We will listen very carefully to the arguments in this place and in the Senate, because we have some significant reservations in making that quantum leap.

The third part of the legislation is the mechanisms which go to the cost and the calculation of the universal service obligation. Members would be aware that the process is that the cost of the universal service obligation is done in an ex post facto way and then, in accordance with market share, a levy is raised as against the carriers. Telstra, as the national universal service provider, recovers in accordance with market share from the other carriers their proportionate cost of the universal service obligation. This issue was seized on as a public policy issue when, in the last 18 months or so, Telstra suggested that the cost of providing the universal service obligation was $1.8 billion, when the previous year the Australian Communications Authority had estimated the cost to be about $250 million. Members may recall that that saw the introduction of legislation into the parliament to cap the cost of the universal service obligation at that $250-odd million figure, to be increased in accordance with inflation over subsequent years until such time as the minister returned with an alternative mechanism.

Those capping arrangements which were supported by the opposition in the parliament on the basis of the need for industry certainty continue to operate. Since that time, we have seen the Australian Communications Authority effect a review both in terms of the method of calculation and in terms of the quantum of calculation. Insofar as the cost and calculation of the universal service obligation is concerned, in this legislation it provides a mechanism for the minister to calculate the cost for future years—to calculate the cost in advance—so that there is industry certainty as to what the cost will be in future years. Whilst there is no objection to that particular approach, it does seem to us that there is considerable ministerial discretion given in the course of arriving at that calculation and that the role of the Australian Communications Authority, the relevant regulator and the regulator with the most experience in this particular area, is significantly understated. There are some concerns reflected in the second reading amendment, which I will move formally shortly, which draw attention to the need in this area for a bit of tightening up of the general discretion.
given to the minister and the need for the minister to be operating on the basis of Australian Communications Authority advice. They are the three main areas that the bill covers.

The legislation sets the scene for introduction of further legislation to effect the pilot projects. On the basis of the minister’s press release of this year—from memory it was dated 23 March—it appears that the government is keen to seek to provide the basis for the introduction of those pilot programs in the course of the second half of this year, but the detail of that will be required to come back to the parliament for close scrutiny and examination. As I have said on many occasions in the course of this parliament, the opposition has no difficulty with exploring the notion of competitive tendering of the universal service obligation on a local, regional or niche basis. We are happy to explore the notion but we want to very carefully examine the detail. Judging from the government’s own policy announcement, the fact that even the government requires the retention of Telstra in the competitive tendering market areas as the safety net provider of last resort is a considerable concession on the part of the government to the uniqueness of Telstra as the national, universal service provider.

There are a couple of general points I wish to make on the universal service obligation. Currently, of course, the universal service obligation generally goes to voice telephony, and the digital obligations of the universal service obligation go to the 64 kilobytes provisions on which legislation was enacted by the parliament in the last 12 months. It is my view that, as time goes by, the demand for raising the threshold of the universal service obligation will obviously come, and people who live in rural and regional and remote Australia will demand access to the same standards and levels of digital telecommunications services to which people in metropolitan areas are currently becoming all too accustomed. There will be a need to carefully examine the way in which we calculate the cost of the universal service obligation because the demand for the level of the minimum threshold services will only increase over the years.

The second reading amendment has been circulated in my name. It is in five parts. Firstly, it condemns the government for its continuing push towards the full privatisation of Telstra, which will inevitably lead to a decline in services to rural and regional Australia. Secondly, it recognises the importance of the universal service obligation to the delivery of minimum communications services to rural and regional Australia. Thirdly, it notes that, while the government is holding up competitive tendering as the solution to rural and regional service delivery difficulties and as justification for the full privatisation of Telstra, its plan is limited to two pilot projects in undesignated areas, the results of which will not be known for a number of years; and that Telstra is required to operate as a safety net provider of last resort. Fourthly, it recognises that the USO will need to encompass minimum digital data services in the future. Finally, it notes the wide ministerial discretion given in respect of the calculation of the cost of the USO and the need for this to be on the basis of Australian Communications Authority advice.

I conclude my remarks by making the point that we, having put our items of concern on the table both here and in the Senate committee report, reserve our right to look closely at specific amendments in the Senate to deal with those areas of concern. Firstly, there is the automatic allocation of the nomination of universal service provider by the successful tenderer to the $150 million extension of local call zone tender. Secondly, there is the wide discretion and the underutilisation of the Australian Communications Authority when it comes to the calculation in advance of the universal service obligation. I move:

That all words after ‘That’ be omitted with a view to substituting the following words:
‘whilst not declining to give the bill a second reading, the House, recognising the fundamental importance of high quality and reliable telecommunications services to all Australians now and in the future:
(1) condemns the Government for its continuing push towards the full privatisation of Telstra
which will inevitably lead to a decline in services to rural and regional Australia;
(2) recognises the importance of the Universal Service Obligation to the delivery of minimum communications services to rural and regional Australia;
(3) notes that while the Government is holding up competitive tendering as the solution to rural and regional service delivery difficulties and as a justification of the full privatisation of Telstra;
   (a) its plan is limited to two pilot projects in undefined areas the results of which will not be known for a number of years; and
   (b) its decision to require Telstra to remain as a safety net provider of last resort in the areas to be covered by the pilot projects acknowledges the unique role of Telstra in the delivery of services to rural and regional Australia and the folly of pursuing full privatisation;
(4) recognises that the Universal Service Obligation will need to encompass minimum digital data services in future; and
(5) notes the wide Ministerial discretion given with respect of the calculation of the cost of the Universal Service Obligation, and the need for this to be on the basis of Australian Communications Authority advice.

Mr DEPUTY SPEAKER (Mr Hollis)—Is the motion seconded?
Mr Bevis—I second the motion and reserve my right to speak.
Mr NEVILLE (Hinkler) (6.59 p.m.)—I rise to speak on the Telecommunications (Carrier Licence Charges) Amendment Bill (No. 1) 2000. I welcome the chance to speak on the bill that will introduce, for the first time, competition in the delivery of the universal service obligation—the USO, as it is so well known in regional and remote Australia. In Australia we have, without a doubt, one of the most competitive and dynamic telecommunications regimes in the world. I have been a strong supporter of the new competitive regime. However, I also firmly believe that we can continue to improve this regime. The decision to introduce competition in the delivery of the USO is the first step in the right direction. Revitalising the delivery of the USO is an important part of the government’s push to permanently improve the quality of telecommunications services throughout Australia, particularly in regional and rural Australia.

The current universal service arrangements are set out in part 2 of the Telecommunications (Consumer Protection and Service Standards) Act 1999. The act defines the universal service obligation as the obligation to ensure that the standard telephone service, payphone and other prescribed services are reasonably accessible to all people in Australia on an equitable basis wherever they may reside or carry on business. It is for this reason that I took great exception to the removal of the phone box from the little township of Ubobo in the Boyne Valley in my electorate. This phone box was between two towns: one 14 kilometres in one direction and one 17 kilometres in the other. It was on a road where there is no mobile telephony and where heavy timber trucks are always present. It was in the town where the citizens of the Boyne Valley meet for their social and civic activities. So you can imagine that to take a telephone box out of there was just outrageous. There were also similar incidents in Canoe Point in the Boyne Tannum area of my electorate, in Tipperary Flats in Mount Morgan and also in Mount Larcom where there was a proposal to remove the second telephone box in the town.

This bill today amends the act to implement recent government decisions relating to the USO. The bill amends the act to enhance industry certainty about USO costs by enabling the minister to determine USO costs in advance of each financial year. It also supports the proposed tender of $150 million for the provision of untimed local calls to customers in extended zones, including providing greater flexibility in the declaration of universal service providers. More than 99 per cent of Australian telephone users have access to untimed local calls guaranteed by legislation. However, currently there are 40,000 households in remote parts of the country, covering 80 per cent of Australia’s landmass, that have to pay for their calls by the minute. Whatever else we might call that, it is not equity.

To extend the benefits of untimed local calls to Australians, the government allocated $150 million from the second tranche of Tel-
stra—or Telstra 2 as it has become known. I take some pride in this, as I was the mover of the ‘Bundaberg resolution’, as it has become known in the industry. This came out of a National Party central council meeting in my home town of Bundaberg in 1998 where, unanimously, the party decided to adopt seven benchmarks and mandated these as essential for telecommunications and broadcast communications equity in regional and rural Australia. This money will be used to upgrade the most remote telecommunications infrastructure to support the provision of untimed local calls within these extended zones. So one of those seven benchmarks has been delivered, and I do take some pride in being part of that. At the same time as this upgrading of remote telecommunications, calls from extended zones to community service towns will be charged at a new preferential rate of 25c for 12 minutes, and I am sure that will cover most calls and could go well beyond the untimed local call zone area. The subscribers in extended zones will be guaranteed untimed local call access to the Internet, not including ISP charges.

The government has decided to allocate the $150 million Untimed Local Call Access Account by means of a competitive tender. A tender process will enable the government to assess the carriers’ proposals and how they would provide untimed local calls while maximising other benefits for the 40,000 subscribers in those extended zones that I just spoke about. Those benefits could include improved data rates for the Internet, additional services, including television, lower prices and improved quality of service. The competitive tender option will also provide a means of testing the claims of different carriers regarding their capability to serve the extended zones and the costs of doing so. Tenderers will be encouraged to optimise their tenders by nominating the terms on which they are willing to supply the untimed local calls, preferential call rates and untimed call access to the Internet. The assessment process will be designed to test the commitment of the applicants to regional Australia. The successful tenderer will become the regional universal service provider for extended zones. This carries a legal obligation to provide services to customers. Telstra will remain the national universal service provider. As a last resort, if for some reason the regional universal service provider cannot meet its obligations, Telstra will still have the responsibility to provide a service.

In isolated areas like the extended zones that I have been talking about, telecommunications are part of a community’s lifeblood. In these areas you cannot run up the street to pick up the payphone. In many areas you do not have access even to a mobile phone. So the basic phone line is crucial, and local rates are a necessary refinement to that service. This came home to me very forcefully in Longreach in April, just a couple of months ago. There National Party delegates from remote areas asked for the simplest of simple rights, things that citizens of capital cities just simply take for granted—a reliable phone line, a data line at reasonable speed and access to free-to-air television. They would seem to be very fundamental things but, strangely, there are parts of Australia that do not have them. In fact, in my electorate of Hinkler I have an area between Bundaberg and Gladstone—not in the middle of inland Australia but on the coast; in fact, east of the Bruce Highway—that does not have television and mobile telephony. That is almost inconceivable: 40 years on from the introduction of television and 10 years on from the introduction of mobile telephony and these people have no service. So the refinement that they are asking for is untimed local calls—top of their priorities for several decades. So they want not only the phone line, the data line and access to free-to-air television; they are now asking for something for which they have asked for decades, and that is the same right as other Australians to untimed local calls. You will recall that in the term of the last government there was a bit of argy-bargy about whether that would continue. When Telstra—I am not sure, it may even have been Telecom—was suggesting other models, there was an outcry right across Australia—capital cities and regional cities—because people held that right very dear to them. So you can imagine what a great boon it will be for country people to be able to have untimed local calls.
The tender process for the USO will help ensure that remote Australia obtains the best possible value from the social bonus funds and the best possible service. Innovative methods, such as satellite technology, can be examined in this context. Over recent times we have seen options put forward by companies like Optus and Farmwide-Heartland involving satellite dishes from 1.2 metres up to 1.8 metres. Those are associated with broadcast and telephone packages. Some of these packages would include three to four phone lines, a data line, free-to-air television, pay television and, in time, digital television. The dishes would be uplinked and downlinked, so you would not have to necessarily go back through the copper wires, as some satellite services have you do at present; the downlink comes in on the satellite and the outlink goes out on the copper. That would no longer be necessary. I understand the costs of hiring the phone or data lines would be comparable with Telstra’s existing rates. It has been suggested that local calls would be untimed and would be maintained at the universal service obligation rate—or the rate that it has now fallen to, from 25c to 22c. These options deserve to be considered, and tendering out the USO will mean options like these can be considered. I am not privy to the bids of those companies I have mentioned, nor do I necessarily favour them. But I do know they will bid and I hope that other companies like these and undoubtedly others in the field will do likewise. The role of Telstra itself, either in its traditional form or as a satellite partner with some other company, should not be overlooked either. This would offer the government the widest possible choice of options and technologies.

The bill also aims to enhance industry certainty by enabling the minister to determine a universal service provider’s net universal service cost in advance of the year 2000-01 and, subsequently, other financial years. This will mean that carriers can budget ahead of their commitments and reduce the risk of default. It will be interesting, albeit in a sectoral sense, to test the long held view and validity of the USO. In determining the USP’s net universal service cost, the minister would generally seek the advice of the Australian Communications Authority. The authority has a well developed methodology for estimating net universal service costs. Its estimates are accepted as being reasonable and have been used in previous years. The minister will also be able to have regard for other matters, including industry commentary on ACA estimates. Thus the risk of under- or over-estimation is low.

Overall, while these amendments may lead to a loss in market share for Telstra, consumers would benefit from greater competition, a wider range of potential services and suppliers, greater innovation and reduced prices. To back this up, let us have a look at what has happened since competition was introduced in the telecommunications industry. During our time in government, untimed local calls have come down as low as 15c, if you are prepared to take a package. STD charges have dropped by as much as 45 per cent and ISD charges have fallen by as much as 80 per cent. Telstra’s monopoly like grip on the $5 billion local call market is being challenged and, as a result, its prices are also coming down. In addition to the local call market cost reductions, we have also witnessed significant price competition in the mobile market, with cheaper prices and packages being offered by a range of providers—new entrants and long established companies. Deregulation has benefited consumers because other carriers have created an increased focus on efficiency, timeliness and competitiveness.

I would also like to mention a positive initiative that will be an important step in the continuing development of regional and remote communications—that is, Telstra Country Wide. I wish to briefly refer back to the range of services of companies I mentioned like Optus, Farmwide-Heartland and perhaps Telstra, either in its own right or in combination with a satellite provider. I would like to echo a comment that Doug Campbell made in Tweed Heads last weekend when he addressed the conference on Telstra Country Wide. There was a workshop in which we discussed a whole range of options in telecommunications in the coming decades. Doug Campbell made a very pertinent comment that we should all take on board, and I hope the government takes it on board in the context of this new era. He said that when we
accept these new technologies we should mandate certain standards. We should not have it in such a way that one company can dominate the market through access to a particular discrete technology. The platforms from which these companies operate should have some standards set to them so that, as Australia goes forward with new forms of telecommunications, we do not endure the same sort of nonsense that we have had with three gauges of railway. Progress that delivers that sort of outcome is not progress at all.

Doug Campbell’s statement that we should set a standard or standards in each field as we move forward is pertinent. He was not saying that Telstra wanted to monopolise it. He was not saying that Telstra would not accept competition. He was saying that at the end of the day we need to have standards and platforms whereby there can be greater interactivity between companies and between technologies.

Telstra Country Wide, this new business that will have three million customers outside the mainland states’ capital cities, will be broken into 29 regions. It is very important for places like my electorate that Telstra have a greater interaction with the people they deal with. The criticism I have always had is not of the technicians. I have found the technicians to be good people, competent people and, when given the chance, timely people. It is the great centralisation of Telstra that has been its downfall, in which people are tasked to do a job in one area and they drive past another area that they could well have dropped into for five, 10, 15 or 20 minutes to fix up a complaint. They then go back the next day to fix the complaint as a separate task. That sort of nonsense is unacceptable. Regional Australia presents real commercial opportunities with a strong and growing demand for advanced telecommunications services. The government recognises this in committing nearly $1 billion from the partial sale of Telstra to improve communications and information services across this country. Tendering out the USO is another positive step. I commend the government for it, and I support the bill.

Mr SCIACCA (Bowman) (7.18 p.m.)—I rise to support the amendment moved by my friend and colleague the honourable member for Perth. I will not make too many comments with respect to the Telecommunications (Consumer Protection and Service Standards) Amendment Bill (No. 1) 2000. It is mainly administrative and technical in nature, and of course it is part of the government’s attempts to quieten their National Party coalition members to try to get their agreement to sell the rest of Telstra. The Labor Party supports retaining in public ownership the remaining parts of Telstra.

Since this bill purports to confirm the service obligations of telecommunications companies in general, I want to point out a few cases from my electorate in Bowman, Queensland, which highlight the shortcomings of some of the telecommunications companies in their dealings with consumers. The first issue I would like to raise relates to telephone sex services. In June last year, members will recall that the Telecommunications (Consumer Protection and Service Standards) Act passed through the Senate. The legislation dealt with a number of issues and included provisions to address the problem of minors accessing adult telephone sex services, or 1900 numbers. I understand that the safeguards created by this legislation were subject to a transitional period and that they did not come into full effect until early this year.

Following the passage of this legislation I have been confronted with a number of cases that fall within the scope of this transitional period. The first case involves a very decent and credible man, Mr Wal Younger, who lives in Capalaba, which is in my electorate, with his 19-year-old son, David. Admittedly, David is not a minor, but he is intellectually disabled and, as a consequence, is very immature. In fact, Mr Younger estimates that his son has the maturity of a nine-year-old child. Members will appreciate that Mr Younger’s task in caring for his adult son by himself is not an easy one. Late last year David entered his neighbour’s home without his father’s knowledge and made a series of telephone calls to 1900 sex lines at an enormous expense to his neighbour, who is also a decent and hard-working person whom I know quite well. The calls were made be-
between 27 December 1999 and 3 January 2000, and the total debt incurred was very large—a privacy agreement prevents me from elaborating on this, and I do not intend to.

Fortunately, in this instance the telecommunications carrier Telstra entered into a private agreement with the neighbour, and I understand that the debt was reduced to some extent. However, Mr Younger’s neighbour was still left with a liability in excess of $1,000, which Wal and David Younger, both pensioners, were expected to accept responsibility for. I must say that I was impressed by Telstra’s flexibility in this instance, given its usually steadfast approach to these types of debts. I have had some experience with Telstra in the past on sex line issues. David Younger was seemingly regretful for his actions, and all concerned genuinely believed that he did not understand the consequences of his actions. Therefore, the neighbour did not have a bar placed on his phone preventing these types of calls, nor did he acquire a user ID pin number. I understand that under the new legislation callers will be required to obtain these before they can make phone calls to adult sex lines, a provision that I certainly commend.

Regrettably, following this initial incident David made a second series of telephone calls to 1900 lines, incurring a second debt in excess of $1,200. Upon learning of this latter incident, all security measures were installed on the neighbour’s telephone, but it was a bit like shutting the gate after the horse had bolted. Perhaps if the legislation, which now insists on tight controls, was actually in full force at the time of this incident this dispute would never have risen. Nevertheless, the debt was incurred. It was also obvious to all parties concerned that David had little or no comprehension of the problems he had caused. Yet the outstanding account remained, and his father felt obliged to accept responsibility. Telstra has acted somewhat aggressively in its demands to have this matter settled. I have been informed that it even threatened to cut off the phone line to Mr Younger’s neighbour if the debt was not paid. David and Wal Younger, both pensioners, had no capacity to meet those demands. But Mr Younger, fearful of Telstra pursuing his neighbour, was forced to borrow money from friends and eventually cleared the debt. As he put it, he had no other option.

I wrote to Senator Alston in relation to this matter on 7 April 2000, before Mr Younger settled the account, asking that the minister intervene to have the debt waived on compassionate grounds. He replied to me on 14 June indicating that, while he sympathises with Mr Younger, he could only refer the matter back to Telstra. Since the incidents, Mr Younger’s son has left home to take up full-time care, and there is little prospect of him contributing towards the debt. In the end, through their aggressive pursuit of Mr Younger’s neighbour, Telstra got what they wanted—settlement of the account. It is apparent to me that, despite the minister’s intervention, it is very unlikely that Telstra will revisit the issue and actually refund the amount paid by Mr Younger. My constituent therefore will be left to pay the entire debt of over $2,000, which is a most unfortunate resolution given the circumstances. Whilst it might be fairly fruitless to ask for this, I would say to Telstra that, being a fairly large company and being able to afford it, they would probably get a fair bit of kudos if they were to revisit this situation and see if they can help out.

Another one of my constituents, Mr Christian Shulner of Alexandra Hills, finds himself in a very similar position. Christian currently has an outstanding home telephone account with the Optus telecommunications company to the extent of $5,768.69. The debt relates primarily to a series of telephone calls made by Christian’s younger brother, a minor, to 1900 sex lines during a three-week period in November-December 1999. Christian was the account holder, though he did not live at the house, and as such was responsible for the debt. I believe he had the line installed for his mother’s benefit. The complexities of this problem were compounded when Christian, who is only 20 years of age, broke his back in a motor vehicle accident. He is now barely able to walk and his recovery from this serious injury is expected to take some considerable time. Christian can no longer participate in work and cannot con-
receivably pay this debt in the near future. He receives a sickness benefit, but this does not even meet the costs of his care.

His former employers, Bob and Judy Rochester, who hold Christian in high regard, have made repeated appeals to Optus, but the company is not willing to accommodate the special circumstances of this case. I must say I find this disappointing, because in the previous case that I referred to Optus did the right thing and Telstra had to be forced into it. Rather than showing any compassion or even allowing the debt to be paid back at a later date, Optus are now pursuing Christian through a debt collection agency. I have written to the Optus customer service manager myself over this matter, but a reply has not been received. What was an act of goodwill by a caring son has regrettably landed a young man in a position where he may have his credit rating destroyed for life. I appreciate that Optus is not to blame for this incident. The 1900 call provider must bear the bulk of the responsibility, because they allowed a minor to blatantly misuse this service, despite that being contrary to law. I do believe, however, that the extenuating circumstances surrounding this case call for greater understanding on the part of Optus. Christian Shulner is a young man and this debt could have disastrous ramifications for his future. For example, he may never be able to apply for a home loan.

I am sure there are some people who will sympathise with the telecommunications companies in both of the aforementioned cases. They are, after all, protecting their commercial interests. But where does this approach leave the decent, hard-working people who have been caught out by the telephone sex service system as it existed prior to the new legislation? People like Wal Younger and Christian Shulner do not deserve to be aggressively pursued when it is clear that they are not responsible for the actions of the foolish and misguided young people involved. Furthermore, I think it unreasonable that they now bear the brunt of such large debts.

Given the vigorous way telecommunications companies pursue outstanding debts, members might be mistaken for thinking they are equally efficient in correcting their own errors. But, as another member of my constituency has found, this could not be further from the truth. The case I am referring to involves Mr Peter Casper of Cleveland in my electorate, who in 1993 purchased the rights to 10 consecutive mobile phone numbers from Cable and Wireless Optus. In August 1998 Mr Casper paid a sizeable fee to Optus for the continued retention of these numbers. The ultimate intention was to have the numbers set aside for future use by his family as a measure of convenience. They were also to be used to a lesser extent in his family oriented business. Mr Casper exercised his right to use two of these numbers immediately and two at a later date. That leaves six that were still suspended in 1998. Sometime between September and October 1998, Optus sold to other consumers the six numbers which Mr Casper had previously reserved. This obviously caused my constituent great annoyance, but Optus was not willing to rectify the oversight.

He subsequently wrote to the Australian Communications Authority to have the matter investigated in March 1999. Mr Casper received advice from the ACA in May 1999 indicating that, as the numbers had not been issued to him pursuant to the definition of ‘issue’ in the Telecommunications Numbering Plan 1997, the ACA could not intervene. The ACA argued that, in accordance with the guidelines, the numbers were merely ‘reserved’. This technicality, it was argued, prevented the ACA acting on behalf of Mr Casper to order Optus to reissue the numbers. Mr Casper has had the matter revisited by the ACA this year and recently received advice acknowledging that the numbers may have in fact been issued but that the ACA would still not intervene. Mr Casper is not interested in compensation. However, he now faces the prospect of having to sue Optus to recover damages to buy back the numbers he had reserved twice, in 1993 and 1998.

All of these cases highlight the overriding motive of telecommunications companies in this country, and that is profit. I am not suggesting that companies should not strive for profit; this is essential. But it must be done with their broader service obligations in
mind. Large telecommunications companies, like all multinational businesses operating in Australia, have a responsibility to the Australian people as corporate citizens. If this proposed legislation in fact increases the service obligations of Telstra, our largest telecommunications company, then I am only too happy to lend it my support. I support the amendment moved by the honourable member for Perth.

Debate adjourned.

ADJOURNMENT

Mr SPEAKER—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Gene Technology: Environment

Mr ANDREN (Calare) (7.30 p.m.)—Tonight I wish to speak on gene technology following the release this week of the report by the Standing Committee on Primary Industries and Regional Services entitled *Work in progress: proceed with caution* and including my dissenting report. I am concerned, like many in the community, that we are allowing technology to race way ahead of objective testing and public understanding. It is not unlike the mobile phone technology with its benefits promoted long before the health impacts were fully understood—concerns detailed on the front page of today’s *Courier-Mail*.

My son, a young science student, is one of the younger generation concerned by these risks. As he says, we have not mapped any of the DNAs of the plants we are tampering with, so how do we yet know what the long-term results of cross-species genetic transfer might be on our health and the wider environment? I am conscious of the evidence of the Australian Medical Association which, mindful of the benefits that GE has provided in a medical context, nevertheless told the inquiry that ‘the jury is still out on the benefits and risks of genetically modified food on public health and the environment’. Likewise, the British Medical Association is on the record as saying ‘there are all sorts of things that we don’t know’. So I am appalled at moves from within the government to isolate proper scrutiny of gene technology in Australia from proper environmental assessment.

Last week, the government reneged on its arrangement with the Australian Democrats to give the Minister for the Environment and Heritage the final say over applications for genetically modified crop production. Instead, the Interim Office of the Gene Technology Regulator is to be established as the sole regulator. The environment minister can be rightly dismayed at this outrageous ambush of a sensible scrutiny by a biotech lobby that has a vested interest in downplaying the benefits of a GM-free crop status in this country. If there are to be trials of GM plants, then surely a national environmental trigger in our so-called environment and biodiversity protection laws should be the only logical way to go. To wrestle this oversight away from the minister for the environment only confirms suspicions in the community that the government may be supportive of a cart blanche adoption of GM agriculture.

One of my colleagues said tonight that you cannot hold back science. True, but you must use science for the absolute benefit of mankind. The same blinkered short-term thinking that has also seen Senator Hill rolled on the greenhouse trigger infects this decision, and while it may please Monsanto, Novartis, Aventis and those other biotech companies with a strengthening stranglehold on the commercialisation of GM crops around the world, it pays no attention to the genuine and legitimate concerns of millions of Australians about the possible implications of GE technology on their health and environment.

I made one recommendation in my minority report, namely that there be a five-year moratorium on the development of GMOs in Australia to enable adequate independent research to be carried out on health and environmental impacts and consumer demand. I have also urged as an absolute imperative that Australian agriculture does not surrender its unique clean, green advantage, because for the moment and perhaps indefinitely there are very clear benefits for Australia remaining GE free. I have also urged the government to reinstate and substantially increase funding to the organic farming industry and...
registered organisations promoting non-GE products.

The emphasis now is on facilitating GE research, which is fine so long as it enables us to first map the DNA of those plants and animals which the biotech industry is so anxious to exploit before we know the long-term consequences. But assistance must also be provided on an equal basis to protecting biodiversity rather than constricting it, and on organic means of agricultural production. Dr David Suzuki is one geneticist and biotechnologist who has grave concerns about this technology. He has said it is a massive experiment with the public, where the biotech industry itself does the testing. He says we do not yet know enough to put genetically modified plants and animals into the food stream or to plant such crops in the paddocks. I am a layman on such issues. So too are members of the consuming public. The parliamentary report says that genetic modification is ‘work in progress: proceed with caution’. That caution should be a five-year moratorium on the development of GMOs in Australia, because the tide of public concern is turning against this science the more people understand. The benefits, including claims it will help feed the world, are being refuted by people with as much scientific understanding as the proponents of GE technology, many of whom have a powerful commercial interest in financially exploiting the science, a scientific experiment that has a hypothesis but, as yet, no conclusion.

Drugs: Harm Prevention

Mrs VALE (Hughes) (7.35 p.m.)—Between 13 and 15 June this year, the Australian Drug Summit 2000 was held in the New South Wales parliament with the aim of promoting drug harm prevention in Australia—the operative word being ‘prevention’. I attended this summit, the agenda of which was unusual. It attempted to broaden the debate about illicit drugs which, for the past decade or more, has focused almost solely on harm reduction, featuring free needle distribution, methadone substitution and, more recently, legalised injecting rooms.

The summit was chaired by Major Brian Watters, Commander of the Salvation Army Rehabilitation Services and chairman of the government’s Australian National Council on Drugs. The summit was sponsored by a community coalition that included the Anglican, Catholic and Pentecostal churches. Delegates came from all over Australia, including members of parliament from New South Wales, Victoria, South Australia, Queensland, Western Australia and the ACT. There were many medical practitioners and counsellors with extensive experience in seeing people transformed from addicts to people leading drug-free lives, as well as many who had experience themselves. There were parents who had lost their children to illicit drugs and a magistrate and a judge with extensive experience in the operation of the law in regard to illicit drugs and the effects they have on people’s lives.

One of the principal speakers from overseas was Malou Lindholm from Sweden. Malou is a former member of the European Parliament representing the Swedish Greens and member of the European Union Parliamentary Committee on Civil Rights and Internal Affairs. In her speech to the summit, she outlined the drug history of Sweden, which is unique in the world. In Sweden, there has been a gradual move over the past 30 years from a so-called liberal approach to drug laws and treatment, which had proved a failure, to a now successful policy of harm prevention with the objective of a drug-free society. There are no free needles in Sweden, no heroin injecting rooms and only a small and capped methadone program. The community is adamant that using illicit drugs is socially unacceptable. There is random drug testing of individuals on suspicion of use, and compulsory rehabilitation. As a result, only nine per cent of young people experiment with drugs in Sweden compared to 45 per cent in Australia.

There were 21 recommendations at the end of the summit. I do not have time to cover them all but in the time available I will mention just some. For example, the summit recommended that the goal of all treatment and other interventions should be to move the user to a life free of addiction and to a state of improved health. Government funding should be directed to programs that meet these objectives and demonstrate these out-
comes. The sad fact is this has not been the case for over 15 years in Australia, and we are paying the price for it now. The summit recognised that programs dealing with drug addiction in a holistic way by meeting the user’s physical, social, intellectual, emotional and spiritual needs have a proven value for long-term rehabilitation. It was recommended that such programs receive increased funding and support. I would add that it is alarming that rehabilitation programs with a faith based program have in effect, if not officially, been discriminated against in the receipt of government funding. This is despite their valuable contribution and commendable track record in drug rehabilitation. It is now time to fund on merit. There was a call for all Australian jurisdictions to consider a restrictive drug policy, in the light of the positive outcomes of the Swedish experience, and incorporate its objectives and best strategies in a way—and I emphasise this—appropriate to the Australian environment. The undesirability of involving young drug users in the criminal justice system was recognised and it was recommended that constructive coercive rehabilitation should be more widely available as a sentencing option. Also proposed were changes to legislation to allow parents to request the court to direct their addicted child to a drug-free treatment and rehabilitation program. Further to this, there was a call for the establishment of additional detoxification and rehabilitation places to eliminate the current lengthy delays in many cities and towns. It is a national tragedy and disgrace that users cannot get into rehabilitation when they are ready and willing to enter. Based on recent evidence, it was recommended that Naltrexone tablets should be listed on the Pharmaceutical Benefits Scheme for opioid addiction treatment as Naltrexone is already available for alcohol addiction. It was also recommended that, once proved effective, long lasting implantable Naltrexone be registered and listed as soon as possible.

The success of the Australian Drug Summit 2000 has at last brought into public focus a genuine debate on illicit drug policies, which have been unbalanced and dominated by one side for too long. We now have fresh ideas and new options to consider. We are indebted to Major Watters and the summit sponsors for having the courage and vision to arrange this significant and valuable event and to open up the debate. I will have more to say about the policies aired at the summit at some later date.

Health: Depressive Illness and Suicide

Mr LATHAM (Werriwa) (7.40 p.m.)—

Two days ago in speaking on the condolence motion for Greg Wilton, I said that we needed to learn lessons from his death. We need a great national effort to overcome the crisis of depressive illness and suicide. We talk a lot in this parliament about the stresses of change. Many of us have declared the changes to be economic. In fact, the biggest changes have been social. They are in the relationships between people. We have entered an era of moral confusion and social stress. Depressive illnesses and suicide are the most visible signs of this crisis. Depression is not just a matter for the health authorities. It is a matter for all parts of government and all parts of society. Let me outline some of the lessons from Greg Wilton’s experience.

First, the practices and culture of the police need to change. Greg suffered terrible anxiety waiting day after day as the Victorian police made no decision on whether charges would be laid after the incident on 26 May. I cannot understand how, on a relatively straightforward matter, it took the police 2½ weeks to do nothing. Second, the legal profession needs to improve its handling of these matters. The gross insensitivity of Greg’s barrister caused him terrible pain and anguish. If the law is about helping people, this man has no place in it. Third, privacy legislation needs to be introduced to protect people suffering depressive illnesses from the voyeurism of the media. I do not know Felicity Dargan and the people who run the Herald Sun, but they should know that their article eight days ago contributed to this tragedy. Long ago I gave up on expecting the Australian media to be accurate. Long ago I gave up on expecting journalists to thoroughly research their stories. But is it still too much to expect the media to show just a speck of sensitivity and consideration to those suffering depressive illnesses? The article in the Herald Sun was not news, in that it
was not reporting an event or a new set of facts. It was just speculation about something which might happen. In the end, it became a self-fulfilling piece of speculation.

Unfortunately, Greg’s death has not ended this process. While one expects lowlife like Brian Toohey and Derryn Hinch to feed off tragedies such as this, one would hope for higher standards from the editor of an Australian broadsheet. Greg Wilton is no longer here to defend himself against these wilful errors and slurs, so let me put a few things on the record. At no stage was Greg charged by the police and, as his solicitors have said publicly, there was nothing to indicate that he was close to being charged. At no time was he held at the hospital in Geelong—he was a voluntary patient. With regard to the incident on 26 May, Greg never attempted to bring harm to his children. Like many people suffering depressive illnesses, he had a plan in mind but was unwilling and unable to carry it out. As his sister said at the service yesterday, Greg was pulled over by the police as he was driving out of the You Yangs. Finally, Greg did not have a domestic violence order placed on him. There was no act of domestic violence. The Victorian law makes provision for intervention orders, which are not necessarily connected to domestic violence as that term would be understood by the readers of the Canberra Times. I spoke to Mr Waterford about these errors earlier today and he said he was relying on reports from other newspapers and, to quote his words, what he thought had happened. That is: no research, no checking, no calls to the police or Greg’s solicitors, no attempt to verify his story—just another lazy, opinionated, slothful, insensitive grub, and this one edits a newspaper.

While the media’s role in this tragedy has been pathetic, it needs to be understood that these stories could not have been published unless people in the political system contributed to them. They have given new meaning to the term ‘political animal’, because only an animal would go out of its way to pressure and harass someone with a depressive illness. Only an animal would have seen Greg Wilton as a political number instead of a human life. Only an animal would have been so cold, so calculating and so ruthless. What Greg needed was someone who could pick up the telephone and put his worries to rest. Tragically, some of these people—these animals—were on the telephone elsewhere, trailing their coats and their candidates through the Melbourne media. As the member for Wills put it so effectively on Monday:

... people can proclaim their compassion for humanity in the abstract as loudly as they like but there is no such thing as humanity in the abstract, there are only people. If you treat people in your lives with contempt, then your great compassion for humanity in the abstract does not mean a lot.

Corangamite Electorate: Schools Visit

Mr McARTHUR (Corangamite) (7.45 p.m.)—It is my privilege and honour to welcome to the public gallery this evening the young students from the primary schools of Anakie, Inverleigh, Meredith, Batesford, Lethbridge and Shelford. They come from the heartland of the electorate of Corangamite and they represent the flowering of youth that will be the leaders of the next generation.

At the Meredith school they conducted a mock parliament similar to this parliament. On that occasion Amy Oliver from the Inverleigh Primary School was elected as the Prime Minister and James Tantau was elected the Leader of the Opposition. The debate before that particular forum was that students should work for their pocket money. That is similar to the government’s policy that those people who are receiving the dole should work for it. So there was some similarity in a policy sense for those young primary students who argued the case quite vigorously on that occasion.

There were speakers on both sides. Mr Speaker, I was Acting Speaker on that occasion and I showed the same impartiality as you have shown in this parliament today. On that occasion the government had the numbers to win the division—the count took place and the particular proposition was carried. They had a chance to participate in the reality of the parliament and, as the previous speaker, the member for Werriwa, has indicated, national issues are debated here in the parliament. I say to those young students and the people of Australia that here on Monday 57 members spoke about one of their col-
leagues who had taken his own life. That drew to the attention of the Australian people the great problem of suicide amongst middle-aged men and some of our young people. As the member for Werriwa has alluded to in his contribution here tonight, that is a major national issue that this parliament addressed in a very full and meaningful manner on Monday.

Here today, Mr Speaker, as you fully realise, question time was again a focus for attention. Some members did not behave in a parliamentary manner and were suspended by you, sir, from the service of the House for a period of one hour. The young students here will observe the two flags in the parliament which represent the Westminster tradition of this House. Mr Speaker, you have been good enough to donate one of those flags to these visiting students so that it can be a reminder of their visit to this the national capital and this the people’s house. That flag will be a symbol of their visit to the House of Representatives and will remind them of the important traditions that we have here in the House of Representatives.

Likewise, the coup in Fiji reminds all of us of the fragile nature of the democratic process. We have a system in Australia which is fair, and which is perceived to be fair by the electors, and the election of the members of this parliament is done in a manner which the people of Australia accept. More importantly, the conduct of the nation’s affairs is run by the Public Service and accepted by the Defence Force without question; the judiciary continue to adjudicate on matters of law and the electors throughout Australia accept the verdict of the people. So much of this is taken for granted. We have been awakened in recent months to the fact that those nations in the Pacific have not enjoyed the privileges and honour that we enjoy here in parliament.

I would like to acknowledge Mr Michael Kinane, who is the principal of Meredith, who has been coming here for eight years, enduring the 10-hour bus trip. He has been an enthusiastic leader. He is going to leave this year and join the Friends of the ABC. I hope that they provide fair and unbiased coverage. I acknowledge also Rosemary Gargan from Meredith, Peter Kirby and Jenny Peel from Inverleigh and Julie Lamond from Lethbridge. They come from Corangamite, where we have the Great Ocean Road, the Otways, the dairy industry, the wool industry and the cattle industry, which are all going much better, apart from the drought of the last three years. We have had no rain. That is a very real factor in the area that all these young students come from. They are the leaders of tomorrow. We have been very pleased that they have come all the way from the heartland of Corangamite to see the House in action. (Time expired)

Wilton, Mr Greg

Mr DANBY (Melbourne Ports) (7.50 p.m.)—The death of Greg Wilton was the first suicide of a member, I understand, since the death in 1931 of Senator Elliott, a member of the Nationalist Party. Senator Elliott fought at the Neck and at the Somme. He was not able to overcome some of the traumas that he experienced during the First World War and died by his own hand in 1931. It is a fairly dramatic circumstance when this happens to one of our colleagues here—a colleague, like many of us, who would be seen by many Australians as a high achiever simply by virtue of making it to this House.

I agree with the member for Werriwa and want to speak of some of the media coverage since our friend Greg Wilton’s death—coverage that I think has defamed Greg in death. I want to take up some of the remarks made by the member for Werriwa and by Greg’s sister at his funeral yesterday. Firstly, I would like to take up the point that the member for Werriwa made about Greg not having been arrested. Both in a relatively sensitive report in today’s Australian about the funeral and in a piece on the weekend by Adele Horin, the claim was made that Greg was arrested. This is simply not true. These are unendurable facts that his children have to live with. This is part of the public mythology—unless we stand up here and say it wasn’t so. The other thing that particularly distressed me was a column by Mr Brian Toohey who, as the member for Werriwa said, has written about this matter. He had covered himself, I suppose, by using the words ‘apparently after trying to murder his two children’.
This introduction to an article in which the facts have not been checked about someone who has died recently is a disgrace. I think much of this was based on a headline that appeared in last Thursday’s Australian: ‘MP who tried to gas children found dead’. There was no evidence for this headline. I understand a suppression order on this matter was achieved by consent in the Magistrate’s Court in Geelong. This is not simply my opinion but the opinion of a person who is a lawyer and broadcaster on the ABC in Melbourne, Mr Jon Faine, and who raised this issue with the editor of the Australian. He said: ‘Don’t you think that these kinds of matters should not be reported in the way you have reported them because of the potential effects on the children?’ It was simply not so, yet the children will have to live with that kind of headline. For the editor of the Australian, who is quite an educated person, to respond that they had better legal advice than Mr Faine was not an answer to the issues of ethics and morality raised by the member for Werriwa.

To put this in context, there were some very positive media pieces that appeared about the former member for Isaacs, particularly the front page article in the Melbourne Age by Tony Wright, their Canberra correspondent. I wish that kind of article had appeared about Greg in the weeks before his death; it might have led him to take another course.

I want to conclude by referring to a very strange editorial that appeared in the Sunday Herald Sun written under the heading ‘Wise Beazley’. This editorial also referred to what they said ‘appeared’ to be a failed murder-suicide. It attacked the former Premier of Victoria, Mr Jeff Kennett, for daring to criticise their coverage. It said that he had not begged the editor-in-chief of the Sunday Herald Sun to report this matter. In my political career I have agreed with Mr Kennett on practically nothing—except on the issue of daylight saving where I supported his extension of it in Melbourne by three weeks—but I think he said the right thing to the editor of the Sunday Herald Sun and he should not have had to ring him up and beg him to do the right, ethical and moral thing. I think Greg has been defamed in death by these people and his colleagues owe it to him to make sure that the record is set straight.

Rural Industries: Government Policy

Mr KATTER (Kennedy) (7.55 p.m.)—I spoke in another place concerning the emphasis placed by governments in Australia over the last 15 years on balancing the books of the nation. The account books of the nation as a whole most certainly require desperate attention. This nation is trading at a deficit of some $30,000 million a year because, of course, around a third of our entire export earnings come from the agricultural industries of Australia—which are often referred to now as the ‘five pillars of wisdom’—and the collective marketing of our products, and we sell into an oligopolistic situation in the world markets. We also sell into an oligopolistic situation in Australia where 81 per cent of the people of this country purchase food from three firms, although there are arguably only two—Coles and Woolworths.

In relation to the building of dams, three-quarters of the nation’s water is in the top of Western Australia, in the north-west corner of the Northern Territory and in the north-west corner of Queensland, where my family have lived for some 120 years. We have had the privilege and great honour of representing that area for many of those years. There are no dams in any of those areas, and yet these areas contain three-quarters of Australia’s water. It fascinates me that the country continually tries to produce half of its agricultural production from the Murray-Darling system with its lousy little 20 million megalitres of water while the Gulf country of Queensland has 120-odd million megalitres of water, of which none is being used for farming. An absolute bare minimum of $200 million a year for dams is something which must be addressed if this nation is to go forward in agriculture. There is $900 million needed for roads. That is simply the figure that has been taken from rural roads over the last nine or 10 years, most of it of course by Mr Keating who took $660 million in one hit in one year, effectively, off the rural roads of Australia. But I do not have time to go into the details of that this evening.
Another issue of concern is the development banks and the nation’s ability to ride the roller-coaster of prices in the international marketplace. A classic example at the present moment is the sugar industry. We have always had development banks in this country. People said: ‘What are you asking for? A subsidy or a handout?’ On the contrary, governments make unconscionable profits at various times out of development banks. The government can borrow money at five per cent and push that money out to the sugar industry farmers. If they put 0.2 per cent on that, they can even make a very handsome profit out of the activity. We also need anti-trust laws. This of course is the other side of the collective marketing coin because we now have a situation where 80 per cent of the food sold in Australia is only sold by three—or arguably two—firms. In the oil industry we need to have conscious parallelism, which is the new phrase we use to explain the phenomenon whereby the world price of oil dropped clean in half. Of course, Australia paid the oil companies double the price in that same period of time—a rather fascinating phenomenon—which yielded the oil companies about $4,000 million or $5,000 million a year, not a cent of which they were entitled to.

In dealing with those problems, I wish to be a little more specific in three areas of the economy that have to be addressed. When the minimum price scheme was introduced in wool, the wool price that this country enjoyed went up 300 per cent over the next 2½ years. When Mr Keating removed the minimum price scheme and undermined the scheme before he removed it, our income from wool went from $6,000 million down to about $3,000 million in that 2½-year period. Clearly an aggressive collective marketing policy for wool would restore the huge income that we once enjoyed from this product, which only a short 10 years ago was providing 10 per cent of this nation’s entire export earnings. Whether we go all the way to a single desk seller arrangement, which has been so enormously successful in the sugar industry—and of course the wool industry is much more suitably situated to aggressively sell its product—or whether we go to a lesser arrangement, something is desperately needed.

In relation to the petrol industry, the reason we could not buy cheap petrol from overseas is that, whenever this has been done previously, and in fact when I was intending to get out of politics—(Time expired)

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

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Dr Wooldridge to present a bill for an act to regulate activities involving gene technology, and for related purposes.

Dr Wooldridge to present a bill for an act to deal with consequential matters arising from the enactment of the Gene Technology Act 2000, and for related purposes.

Dr Stone to present a bill for an act to provide for grants for the recycling of oils, and for related purposes.

Dr Stone to present a bill for an act to make consequential amendments in connection with the enactment of the Product Stewardship (Oil) Act 2000, and for related purposes.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Lowe Electorate: Local History Book

Mr MURPHY (Lowe)—Recently I was privileged to launch A Matter of Grave Importance, a book which, in the words of its author, Mrs Sally Jackson, is a glimpse into the lives of some of those buried in the cemetery at St Thomas’s Anglican Church, Enfield. The research for the book was undertaken by Mrs Barbara Neville. Both Mrs Jackson and Mrs Neville are local parishioners of St Thomas’s and have done a great job to produce this book. The cemetery which surrounds this wonderful 150-year-old church is lovingly cared for by Barry Moore, and the church’s popular pastor is the Reverend Trevor Goodman-Jones. Whilst reading this magnificent piece of local history, both my wife Adriana and I were struck by the sense of community which obviously existed around St Thomas’s prior to the turn of the century—a sense of community that seems to be missing in so many other places today but not at St Thomas’s.

The rector of St Thomas’s from 1872 to 1879, the Reverend George King, was certainly a person light years ahead of his time. The book reveals that, when he migrated from Ireland and settled in Fremantle in 1841, he ran an institution for Aboriginal children and was openly critical of the attitude of settlers and the government towards Aborigines. I am sure that if he were here today he would have participated with us in the recent walk for reconciliation over the Sydney Harbour Bridge. When he later came to Sydney he helped to found the now New South Wales Institute for Deaf and Blind Children. There is much to be learnt from reading A Matter of Grave Importance, and I would encourage other communities to explore their history and, in so doing, follow the good example set by the community of St Thomas’s, Enfield.

Against this background, I recently gave some publicity to A Matter of Grave Importance in my Lowe newsletter. Arising from that, I received a lovely letter from Mrs Neville. I would like to read it to the parliament. It states:

Dear Mr Murphy,
Thank you so much for your letter of 25th May. I did receive a copy of your newsletter. I must admit it is very nice to receive a bit of publicity when one feels they have not achieved much in life. Sally tells me we have sold quite a lot of books due to your publicity. People have come to buy the book with your newsletter clutched in their hand.
Thank you for your help and support. You have really renewed my faith and trust in politicians. Thank you.
Yours sincerely
Barbara Neville

In this job we often get criticised, and it is nice to know that at times our work for our community is appreciated. I certainly appreciate the great work put into this book by both Mrs Jackson and Mrs Neville, and it has been a privilege to share this with the parliament this morning.

Queensland: Labor Government

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration)—The last week in Queensland politics has been another horrid week for the
hapless Labor government and for the stumbling, bumbling, self-confessed ‘media tart’ Premier, Peter ‘backflip’ Beattie.

Mr Hardgrave—‘Backflip’ Beattie.

Mr SLIPPER—‘Backflip’ Beattie indeed. A week ago Premier Beattie announced that the $500 million a year fuel subsidy scheme would be scrapped and replaced with car registration rebates. Beattie and his struggling Treasurer, David Hamill, had prepared themselves, and had booked and had paid for $319,008 worth of government advertising of the new rego scheme. Queenslanders do not suffer fools gladly, and a massive public outcry has caused ‘backflip’ Beattie to change his position once again. Interestingly enough, a number of concerned Sunshine Coast small business people contacted my office, and the common theme was absolutely complete and utter astonishment at what Premier Beattie had sought to do.

Honourable members interjecting—

Mr SLIPPER—Yes, it is a shame. One gentleman wrote to me commenting that this is ‘yet another example of the government treating the people of Queensland as fools’. He said that this will have a disastrous effect on business, with job losses and consequent flow-on effects, and will not help Beattie’s aim of five per cent unemployment. A local plumbing company also wrote to me expressing its outrage over this latest Labor government blunder. It commented:

By changing this legislation it will cost $17000 extra for our five staff members to go to and from work per year. Less the rebate from the rego of $900 that’s a difference of $800 which no one can afford. Thanks Beattie!

Beattie’s and Hamill’s complete lack of any decent political judgment has been borne out through their failure to understand the needs of, in particular, those regional Queenslanders in areas like my electorate.

Of the over 100 people who wrote to me on this issue, many commented on the sneaky, devious way ‘backflip’ Beattie was trying to blame the federal government when prices went up in Queensland. The date of 1 July was chosen only because the introduction of the new fuel tax would have made it easier for the Queensland government to wash their hands of the whole affair. They hoped to hide their subterfuge behind the introduction of the new tax system. Typical, gutless Beattie.

Mr Hardgrave—Sneaky!

Mr SLIPPER—Sneaky as well. Beattie’s position was illustrated well by a constituent who wrote to me commenting, ‘Peter, I cannot believe the way the state government are behaving with the GST when they are such big beneficiaries of the new tax system. The removal of the fuel subsidy is a blatant political play that, hopefully, will be seen for what it is and backfire.’

In Queensland we have a Premier who is on the way out—‘backflip’ Beattie. His ministers are failures and he is a complete failure. He is a media tart and it was interesting to see that he backflipped and backed down because he realised that he had made the people of Queensland absolutely, completely and totally outraged. (Time expired)

Stirling Electorate: Chung Wah Association

Ms JANN McFARLANE (Stirling)—I rise today to tell the House about one of the wonderful, dedicated, committed and caring organisations in the electorate of Stirling—the Chung Wah Association, which is one of the oldest community associations in Western Australia as well as in Australia. The association was set up by the Chinese community in the last century to look after their own community. It has a strong ethos of community service and it works from three perspectives. One is to look after their own families—the elderly, the
children—and their community and help them with living in the new country. The second strand is to give service and contribute to the community by fundraising, by going on committees and boards and by doing volunteer work as an expression of gratitude to the new country for giving them a home and a place. Their third ethos is around skilling themselves so that they can participate fully in the society and the community, and be role models for their children and grandchildren.

In particular, I want to talk about the efforts the Chung Wah Association have made to look after their elderly. Over two years ago I was fortunate to be able to work with a Chung Wah staff member, Teresa Kwok, the welfare worker, who was looking at the needs of the elderly in the community, particularly those who had not learnt English. That culminated in two years of work with the Commonwealth, and I am pleased to tell the House today that the Department of Health and Aged Care has funded the Chung Wah Association for a project called PANDA, a subgroup of the Chung Wah Association which is now moving to incorporation. It has drawn in the interests and talents of the 14 groups in Western Australia who made up the steering committee that put together the submission that got the 15 aged care packages—10 for the Chinese community and five for the Vietnamese community. One of the reasons the Commonwealth funded this project was that it was a joint venture and it encompassed everyone’s needs. Chung Wah has an aged care facility in my electorate of Stirling at Balcatta and it does a wonderful job.

There are three people I want to mention particularly. The first is the President, Tien Shang Su, for his dedication and commitment; the second is Theresa Kwok, the welfare worker; and the third is Edic Hoi Poy, who is an elderly person who has such energy and joy and commitment in working for her community and contributing to Australian society. She has been acknowledged by the Western Australian government by being made an ambassador for seniors in the Year of Older Persons. It is a wonderful organisation and they deserve acknowledgment and I commend them to the House.

Mr CAMERON THOMPSON (Blair)—I rise today to speak about some very important developments in tourism in the Lockyer Valley, which is a very rich and fertile valley in the bottom part of the electorate of Blair. It is made up of the Gatton and Laidley shires, and what is notable about that region is that those shires have agreed to pull together to promote the development of tourism in the area, and to promote an image and an awareness among the people of the wider south-east Queensland area of what the Lockyer Valley has to offer.

There have been three recent events that I would like to talk about in relation to that. Recently, the Lockyer Valley Tourist Association, in association with the shires, put together a massive fireworks display—‘Fire in the Valley’. It was a very successful evening’s entertainment. It was the biggest fireworks that we have seen, and I think it would rate with some of the exhibition fireworks that we see in Brisbane from time to time. We saw a huge fireworks display, an aerobatics display at night, which was really spectacular, and also the launch of a tourism promotional booklet entitled The Lockyer Valley: valley of variety. That booklet has done well. It has gone out around the ridges and has shown people in the south-east something of what the Lockyer Valley has to offer.

I encountered two new developments in the Lockyer Valley at the weekend. Firstly, I attended the dedication of the Ripcord Drop Zone’s new airstrip at Plainland, which is an area where skydiving occurs. I was talking to John Friswell, who is involved in that project, on Saturday at the dedication, and he told me that something like 5,000 overseas and other backpacking visitors have been through that centre in recent times. That shows that a sport that would make many people’s hair stand on end can be a real attraction to tourists.

Mr Slipper—Skydiving—I’ve done it; it’s great.
Mr CAMERON THOMPSON—Not only has the member for Fisher done it; I also did it at the Ripcord Drop Zone. I do not particularly want to repeat what happened to me while I was plummeting from the sky. It was the source of much discussion the following day when I was opening the old gallery at Laidley, which is another example of a good project that is going to help local tourism. You have got people there providing an outlet for local arts and crafts and also ensuring that a valuable building is used for the development of local tourism. (Time expired)

Television: Reality Programs

Mr GRIFFIN (Bruce)—I could not say anything today without picking up on a comment of the member for Fisher in his dissertation earlier about the Premier of Queensland. The House and the Deputy Speaker may not be aware but the member for Fisher is quite a visionary when it comes to Queensland politics—and also national politics in an overall sense. Those of us who have been around for a while will remember that the member for Fisher was one of the first people to work out that the National Party was dead. He made a move 10-plus years ago and actually led the way. I note the raised eyebrow of the Deputy Speaker as a result of these particular comments, but certainly it has been part of a trend that has been following through and we are seeing it now with the National Party conference, the member for Richmond and a whole range of circumstances. The member for Fisher follows a long tradition of Queensland National Party people who have seen a form of light. Sometimes we would think it was a light on the hill, but, in that case, it has been more of a question of the light on the train at the other end of the tunnel. Nonetheless, he has noted that.

I want to bring an interesting article that I saw on the web to the attention of the House today. It was brought to my attention by my staff. It was headlined ‘G’day, Voyeuristic Americans’ and appeared on E! Online. It relates to a program in the US called Survivor—I have not seen it in Australia; I do not know whether others have seen it—and is one of those reality programs, I suppose, similar to The Mole, which was shown recently. It is a show where a number of ordinary individuals are put into a desperate situation where they have to survive. The first series related to a number of castaways, if you like, being put with the Tagi tribe—in Africa, I think—and that involved their having to live off the land. Series 2, which is coming up, is going to be in Australia. Some of the things that are mentioned in the article relate to eating koala kabobs or ‘gator wrestling a la Crocodile Dundee. It will be quite an interesting program. The CBS web site, as quoted by E! Online, says this about the Australian outback:

The Outback, which beat out the Africa wilderness and the Peruvian Andes, offers ‘dry, arid, open land criss-crossed with deep rock canyons, thundering waterfalls, and enormous eucalyptus forests. The only other inhabitants are kangaroos, emus, wild pigs and horses, crocodiles, large goannas (lizards) and exotic bird life.’

All of which go great with Vegemite. Happy snacking.

I think these programs are interesting. We have seen, I suppose, a variation on the term with Popstars. Popstars is a bit like that—a form of reality television which is not very real. It certainly raises some interesting questions about how Australia will be portrayed to our American friends next year. (Time expired)

Moreton Electorate: Brisbane City Council

Mr HARDGRAVE (Moreton)—A lot of businesses around this country are using the onset of the new tax system on 1 July as a marketing tool to incite shoppers to plan their purchases early or perhaps, in some cases, leave them late. But in the City of Brisbane, the Brisbane City Council is using, just like the Queensland government, the new tax system as a measure to try and rip off average Australians. In fact, as a result of the Brisbane City Council budget, there has been an increase in bus fare prices of up to 28 per cent announced, mainly in view of the
fact that the Brisbane City Council has now banned the purchase of weekly and monthly discount tickets. The effect of that, of course, is pathetic in the extreme and a great deal of concern to a lot of people in my electorate.

Right down the spine of my electorate to the South East Freeway a bus road has been constructed for the last couple of years at great dislocation to the community and a lot of people, including the hundreds of thousands who use that road every day. A lot of people in Brisbane are now wondering if, as a result of these savage, Soorley-inspired bus price hikes, we are going to, in fact, see a whopping great white snake, a long white elephant along the South East Freeway.

Of course, the increase in bus fares has been blamed on a couple of things, the GST among them. The Brisbane City Council says that it is also to cover the increases in operating costs in particular fuel. This is particularly sad given that it was the Labor Party who did not pass the government’s tax reform package in its first form and created a circumstance where, rather than getting a massive cut in the cost of fuel to operate things such as the Brisbane City Council buses, the saving in costs of fuel is in fact a lot more modest.

It is incredibly wrong for the Brisbane City Council to mislead people. A 10 per cent decrease in the cost of diesel fuel will still come the way of the Brisbane City Council—not an increase, a 10 per cent decrease. For the clean green buses that Lord Mayor Soorley says he is running in the City of Brisbane, those which run on LPG, there is a 25 per cent decrease in the fuel costs to the Brisbane City Council. It is quite wrong for the Brisbane City Council to blame increasing fuel costs for increasing bus fares. Of course, they have increased the fares, then they have applied the GST, which has in itself exploded the costs even further.

Mr Slipper—It is dishonest.

Mr HARDGRAVE—It is dishonest, as the member for Fisher says, but I want to quote from one of my constituents, whom I will not name. She said that for the last nine years, since she could vote, she has been a Labor voter and she says she will not be voting Labor again. She had always believed that they were the party for the workers, but they have, in fact, left her high and dry and unable to afford her bus fares. She estimates Jim Soorley’s bus fare increases will cost her an extra $125 a month because she uses four buses a day to get from Annerley to Garden City. She goes into the city before she goes out to Upper Mount Gravatt. The costs have risen remarkably. She is very angry—and understandably so.

APPROPRIATION BILL (No. 1) 2000-2001

Second Reading

Debate resumed from 20 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.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.58 a.m.)—It is indeed a privilege to be able to speak on the Appropriation Bill (No. 1) 2000-01 and on the wonderful performance that the Howard government has given to the Australian people since we were elected in 1996 and, more particularly, since we were re-elected in 1998. The 2000-2001 budget is a historic document. It is the budget which marks not only the beginning of a new century but also the commencement of a new tax system.

The gestation period for tax reform in this country has been excessively long and sometimes tortured. We all remember the failed attempts and the backflips by the Labor government in the 1980s. They sought to change the tax system at one stage but, at the end of the day, it simply became far too hard. The new tax system has not had an easy birth by any measure. As we have sadly come to expect, when the ALP were asked to stand up for tax reform, to look to the national interest and to respect the mandate given to us by the Australian people, the opposition regrettably chose the path of obstruction and craveness.

Only the Howard government, Mr Deputy Speaker, has had the intestinal fortitude to tackle tax reform properly and look to the long-term good of our great nation. Tax reform will underpin the continued strong economic growth in the Australian economy over the next few years that is expected to see employment growth, a strong business and investment sector, and continued low interest rates and low inflation. This is a budget which delivers a surplus of $2.8 billion and, again, does not borrow a cent in real terms. The Howard government has not borrowed one dollar in net terms since coming to office in March 1996—an amazing and outstanding achievement. By June 2001 the Howard government will have paid back more than half of Labor’s $80 billion debt accumulated during their last five years in office. The member opposite may well look ashamed because he was a part of that government during that time. With the full sale of Telstra, Commonwealth net debt could be eliminated by the 2003-04 financial year.

As usual, the Leader of the Opposition in his pathetic reply to the budget provided no alternative. His reply was long on windy rhetoric and confected compassion, short on substance and ideas—absolutely no vision. Where are Labor’s policies? They have none. What does Labor stand for? Nothing. Does anyone know or can anyone tell us what the Leader of the Opposition believes in? He is simply clinging on to the trappings of the office of Leader of the Opposition.

We do know one thing. We can look at history and history will tell us that Labor stands for higher taxes. A Labor government always has meant, and always will mean, higher taxes for Australians. Cast your mind back to 1993 when Labor not only grabbed back the promised income tax cuts but also increased indirect tax rates. They said one thing before the election; they got in and broke their promises. They were prepared to do anything and say anything to crawl into office. You simply cannot believe the Labor party.

In contrast, whenever this government has the opportunity, the tax burden on Australians is reduced. We are a government that loves low taxes. The temporary East Timor levy was
scrapped entirely as it was no longer necessary because of recent strong economic growth caused by positive Howard government policies. The coalition stands for lower taxes. Australians know that only under a coalition government will they ever see tax cuts reach their pockets and wallets, and on 1 July this year, only a matter of about 10 days away, there will be massive tax cuts of $12 billion which will see 80 per cent of Australians paying no more than 30 cents in the dollar.

Never in living memory has a budget in Australia so slashed income tax. This budget not only produces the largest income tax cuts ever seen in Australia, it also reduces company tax and scraps forever Labor’s iniquitous, unfair and bizarre wholesale sales tax. It is a low-tax budget, delivered by a low-tax government. It is an example that I would challenge Queensland’s outgoing Premier Peter Beattie to emulate next month in the state budget. This federal budget delivers very significant benefits to my state of Queensland. Queensland will be receiving over $343 million for its roads, over a quarter of total federal road funding. Queensland is to receive $246 million in local government financial assistance grants, the highest percentage state increase in funding. Funding for transport will also increase substantially, including a $15 billion contribution to the Brisbane light rail project and an additional $5.2 million to improve air services to regional and remote areas in Queensland.

Most importantly and perhaps one of the key reforms which form part of the new tax system which these appropriation bills underpin is the historic reform of Commonwealth-state financial relations. The federal government delivers to Queensland a tax bonanza of over $4.6 billion from GST revenue in the year 2000-01. Not a dollar of the GST revenue goes to Canberra. In the case of Queensland it all goes to Premier Beattie’s government to spend. The GST will guarantee growth revenue for Queensland schools and hospitals and roads well into the future.

It is appropriate, therefore, to ponder in this context the position of the Premier of my state of Queensland. You would think Mr Beattie would have nothing but praise for the federal government in the light of the benefits our budget is providing to his state. You would expect him to be smiling from ear to ear and pouring his thanks on Treasurer Costello. You would have expected that he would have been one of the first to ring the Treasurer following the budget to say, ‘Thanks for what the federal Howard government is doing for Queensland.’ No, that is not the case. Yet Mr Beattie alleges, on the other hand, that the confidence of Queensland business is being eroded by the GST. The best possible boost to business confidence is allowing business to get on with business. That is what this new tax system achieves: it reduces business costs and the costs on Australia’s exporters.

Mr Beattie now also claims that the GST will prevent his government from achieving its much publicised and heroic target of five per cent unemployment. Nothing could be further from the truth. The new tax system will spur jobs growth. Premier Beattie’s job target was always impossibly high because of the labour market policies he continues to support and, like his federal Labor colleagues, these are retrograde and primarily driven by the interests of trade union officials. A Labor Party government is always a government of the unions, for the unions, and by the unions. Premier Beattie was more intent on shackling business than on creating jobs.

The Queensland ALP’s workplace relations legislation is inflexible and completely inconsistent with the goal of reducing unemployment. They reversed the very positive policies introduced by the former Queensland coalition government. Beattie’s rigid workplace law changes have unnecessarily sapped small business confidence and employment growth which is so vital to a dynamic economy. The Beattie government has in fact blamed everybody and everything for its own bad performance on jobs and its many shortcomings. Beattie even
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continues to blame a GST that has not even started for his own poor performance. For those who like the cartoon South Park, they would know that Premier Beattie is like the characters from that cartoon who blame Canada for all of their problems. Like South Park, Mr Beattie’s excuse in apportioning of blame is just a story.

The new tax system is about providing the economic framework that will provide opportunities for more jobs. The new tax system will reduce business costs by $7 billion to $8 billion a year. It will reduce export costs by $3.5 billion a year. Fuel costs will be reduced. Mr Beattie should be honest and he should come clean. He should stop cynically blaming the GST and this government for his own failures.

It was in fact surprising that he did not try to blame the GST for the fuel furore he created throughout Queensland last week. The Premier’s public relations disaster over fuel prices has revealed just how out of touch he is with regional Queenslanders, and how little he really understands the concerns of motorists and ordinary people in our society. Make no mistake, his backflip was not created by principle; it was prompted by fear and self-interest and by a belated recognition that the people of Queensland were completely outraged at what the Labor government sought to do in relation to fuel.

Premier Beattie should come out and admit that Queensland is the winner from the historic tax reforms introduced by the Howard government. Most importantly, he should urge his comrades in the federal parliamentary Labor Party to support tax reform when he knows that Queensland is a huge beneficiary from the GST and he knows, as everyone does on the opposition side, that tax reform is good for Australia overall.

Premier Beattie also is aware that the federal Labor opposition so much oppose the GST that they will keep it if ever the country is unfortunate enough for them to attain office once again. Herein lies the blatant hypocrisy that is embodied in the amendment moved by the honourable member for Melbourne. Like Premier Beattie, who is more than happy to receive the billions of dollars of funds that will flow directly to Queensland from the GST, he is still prepared to rant and rail in front of the media. The ALP are prepared to hypocritically adopt the rhetoric of fierce opposition to the GST, but they will happily keep it and its many benefits if they win office. They say they are going to roll it back but when they are put on the spot they cannot tell us how they are going to do it. If they roll it back it means that they will get less revenue from the GST and then they will have the option of cutting services or, alternatively, jacking up income tax or other taxes. So a vote for Beazley is a vote to keep the GST and a vote for higher income taxes.

It is pretty clear from my many discussions with Australians and with business people throughout Queensland and particularly on the Sunshine Coast that there is a desire to get on with the job of implementing tax reform and concentrating on some of its nuts and bolts. The Labor Party, as with so many other policy debates, is still caught in the past and fighting old battles. It is clear to everyone else that Australians have indeed recognised that the government has a mandate for tax reform. We have indeed introduced real and meaningful tax reform. Yet the Labor Party at every opportunity seeks to frustrate the will of the Australian people as expressed at the ballot box.

Tax reform is here in about 10 days time and it is here to stay. We know the Labor Party has promised to keep our tax reform rather than go back to its ramshackle, outdated and disastrous 1930s tax system. The Labor Party is a party which is known for its hypocrisy. The Labor Party has been rejected by the Australian people. The Labor Party clearly is a party without any vision for Australia’s future. The Labor Party will therefore continue to occupy the opposition benches for many years to come. I commend the bill to the chamber.
Ms ROXON (Gellibrand) (10.11 a.m.)—It is interesting in speaking on the Appropriation Bill (No. 1) 2000-2001 to have heard such an enthusiastic account from the speaker before me. We certainly can disagree and debate about the GST, but one thing it does highlight, even if we have differing views about the GST, is that the GST is essentially all this budget is about. I will be touching upon the result of the changes that will be caused by the government’s agenda with the GST, particularly the loss of opportunity in spending that extraordinary amount of money on advertising the GST when that could have been put to so many other useful social purposes. But what I would like to focus on is that, by the government making an active choice that this budget and the appropriations bills are only going to be about the GST, a whole lot of very important social issues are not being dealt with, particularly in my electorate of Gellibrand where we have some key priorities that this government has failed to address with its obsession in focusing on the GST.

Fundamentally, the issues that I want to spend some time on are: the lack of impact of these bills on employment in my region; the lack of support for local industry—obviously I am using examples in my electorate, but it is something that applies across the country—the impact of the government’s decision to essentially ignore education in this budget round; and an issue that is particularly close to my heart, and that is drug use in our community and the government’s avoidance of dealing with this issue as one of the primary social problems facing the country and certainly facing my electorate.

If we start with the issue of employment, we still have an extraordinarily high rate of unemployment in the inner western suburbs of Melbourne. It is not something that I say with any pride and it is something that causes a great many people in my community a great deal of pain. It is therefore frustrating for them to see that the Treasurer would spend so much time in this budget process and in speaking on these bills in focusing on the general rate of unemployment dropping. Although unemployment rates may change as an average across the country, it is very crucial that we are aware of particular regions that may be vulnerable. The unemployment rate in Gellibrand continues to be around 11 per cent; some pockets of it are up at 16 per cent; and the youth unemployment rate, on the latest figures which are lagging a little behind the others, is around 28 per cent. This, by anybody’s measure, is a problem that we must deal with and it is an extraordinarily difficult one.

There are around 9,100 long-term unemployed people in the outer western region of Melbourne which includes my electorate. It is unsatisfying for those people to listen to the Treasurer and the speakers opposite telling us with great delight that they predict that the average unemployment rate will drop to 6.25 per cent by June next year. If that average drops but there remain these pockets of disadvantaged, it will be of no assistance to the people in my electorate who are entitled to have support from their government as well. That is an issue that we are very concerned about. And when we look to the government for some answers in this area, unfortunately we find nothing.

We find a GST which does not have an impact on employment to improve the lot of those who are long-term unemployed. Certainly there is a view that the support that they receive from the government is not being adjusted sufficiently to deal with the loss that they will suffer due to some price rises as a result of that GST. It is something that I will be very keenly monitoring in my electorate, as will those on our side of the House who have already spoken about this issue.

One of the issues that flows from the government’s lack of focus on employment is that maybe you would say a conservative government might be focused on industry although it might not have the same compassion towards individuals. We like to present it as a difference between the parties that our focus might be on the individual people, and therefore maybe the government is actually supporting industry, which will therefore have some flow-on benefits
in employment. But we find, when we look desperately through the appropriation bills and the budget speeches, that there is really nothing that supports industry development, regional development or anything that will then have the flow-on benefits to create employment in these areas that are so desperately affected by unemployment. There is nothing to turn around the decline in expenditure on research and development. The government, I think, has indicated again its lack of understanding of the changing nature of work and the support that might be needed in investing in innovative industries for the future, or at least providing some incentives for companies to start up in that area.

An initiative that we have undertaken in our electorate, with the assistance of our Western Region Economic Development Organisation, is to pick up on an earlier plan, the Pooled Development Fund Plan, to which the government made some changes earlier this year. It was a plan that was set up originally by the Labor government and the amendments were supported by Labor because they were amendments which broadened the base of funds that can come into a particular area. I, along with some local businesses and the Western Region Economic Development Organisation, am investigating the possibility of setting up a regional pooled development fund which will specifically concentrate on attracting funds to our region of Melbourne. We are identifying the significant differences and attractions of our area so that we have something specific to market to the investment community, which we hope will have some flow-on benefits long term for employment in the region. But we see nothing in the budget that deals with these types of initiatives. We see nothing that will actually assist projects such as this, at a grassroots level, to actually get off the ground.

Education is also a key issue in my electorate. In Gellibrand, only about 13.3 per cent of our community has a tertiary education. That is a very low level on average, compared with a lot of other electorates. There has been a great development over recent years with the establishment of Victoria University, which has 10 campuses across the western region of Melbourne and six in my electorate of Gellibrand. It has been a great thing for the western suburbs of Melbourne that they have a local university and that the university so actively supports the community. What, however, has been a tragedy is that in the last four years $10 million has been cut out of the funds for Victoria University. That is not just $10 million across the whole education field or tertiary education field in the country, but $10 million just from Victoria University’s budget. And there has been nothing in this budget which seeks to redress the cuts, to put back any of that money. So we see a university that will continue to struggle, when it actually has as its purpose something that I guess all educational institutions have: to improve the lot of the people that it is seeking to educate.

When we have such a community based education institution as Victoria University we actually create a whole mix of other social problems if we do not support it adequately. The university is doing fantastic work. It is providing further education to a great many families—young people as well as older people who are returning to study for further education, younger people in my community who would not receive that education if that university did not continue to operate in the way it has been able to in the past. So again I am concerned that we can focus so much on the GST that we forget about some of the other crucial things that a federal government should and can do, and the consequences that we might have further down the track.

I could go into it in more detail but I know that we are a little tight for time, so I will not bore the other members of the House by going through the figures which I know some of them have discussed in great detail. However, I would like to add my voice to the many others that have gone before me in saying that we on this side regard education as a key priority. It is a key tool in affecting the very livelihoods of the families and communities that we live in. It affects the capacity of people to look after themselves—something that this government is
very keen to push upon people—but people need the tools to be able to do it, and those tools can only be gained through our education system, a system which needs more support.

Finally, I will just mention briefly the issue of illicit drug use. Many in this House would be aware that Footscray is actually the suburb where my electorate office is. It has the misfortune of being one of the probably five or six key hotspots for heroin drug use in Melbourne. In fact, my office is on a street which is a major street trading area for heroin. It is something that the community has been grappling with and it causes great grief to traders, to the elderly, and really to everybody who is exposed to it in any way.

We had a very moving ceremony on the weekend organised by some local community activists. It involved the placing of a number of wooden crosses in Footscray Park for the 26 people who have just this year alone died from overdoses of heroin in my electorate. These people did not all live in Footscray. Obviously, there are people that use our community who do not come from our community. But it came at a time when we are debating very hotly in Victoria the possibility of supervised injecting rooms, an initiative of the Victoria state government. All of us who support this as a pilot program are aware that it must be—

Mr Slipper—You would support that.

Ms ROXON—I certainly do support it as a pilot program. We must all be aware that it is only one part of a very complex way of dealing with illicit drug use. The other parts that must go with it are sufficient funding for rehabilitation, sufficient funding for detox, sufficient funding for education, and sufficient funding for diversion programs.

I would like to express my great disappointment that the federal government, through its role in providing funding through its Tough on Drugs strategy, did not see fit through this budget process and through its last round of Tough on Drugs funding to provide one cent to the electorate of Gellibrand. There is no doubt that we are a community that desperately needs that money. We have a lot of health providers that are prepared to set up innovative programs for treatment and diversion. This government cannot afford to continue to ignore this vital problem. The GST will not solve in any way the issue of illicit drug use in our community, and the government cannot afford to have a single objective which ignores some of these devastating problems in my electorate.

Mr JULL (Fadden) (10.22 a.m.)—In this truncated debate there are just two initiatives of the budget to which I would like to refer today. The first one is the introduction of a system of federal magistrates to operate in conjunction with family law cases. I put on the record my congratulations to the Attorney-General for this initiative. One of the great difficulties members of parliament have is the number of constituent cases that involve the Family Law Court. In Brisbane, in particular, there would appear to be some very real problems developing in the administration of the system. Over many years, people like the honourable member for Chifley have been raising some of the difficulties of the Family Law Court. In the last 18 months to two years, in Brisbane, we have seen evidence of some of the difficulties that are arising with that particular court.

Mr Slipper—How many days do the judges sit?

Mr JULL—My colleague mentions the number of days the judges sit. He might be referring to a series of questions I put on the Notice Paper some time ago when it was brought to my attention that maybe some of the judges were not quite fulfilling their obligations in that respect. I do not have the physical numbers of days at my beck and call at the moment, but obviously there must be something in the administration whereby we can streamline the
situation. It is not unusual now for family law cases to take up to three years to pass through
the various processes.

One of the things that has been brought to my attention by the legal profession in
Queensland in recent times is the delays in gaining court orders, in particular. Some of these
relate to custody matters. Where just a few years ago a solicitor acting on behalf of a client
could go in and virtually get an order on the spot, these people are now being told to come
back in three weeks time. That is causing some very real difficulties, particularly in terms of
child custody cases. I would hope that there would be a concerted effort by the court to try to
get its act together.

We could argue, I suppose—and it is the usual excuse that you hear—that the court
requires more judges. I would think there probably is a case in point in Queensland where you
could do with an extra Family Court judge. We would hope that the federal magistracy system
would enable a lot of these minor matters to be taken out of the hands of the court. That would
help to clear some of the backlog and some of the delays.

My colleague the member for Fisher mentioned sitting days. There were some other areas
in that particular series of questions that I raised that also concern me and one was attendances
at conferences. There was one case the year before last, for example, where the court was
almost unmanned for a period of a fortnight while judges attended conferences, I believe, in
Hobart and in Wellington, New Zealand. In fact, as I understood it, just one judge was on duty
during that period to take that whole case.

In recent times, it has been reported to me that members of the court have been involved in
a series of visits, I understand, to East Timor, with the idea of helping to establish family
courts in East Timor. I would have rather thought at this stage of the development of East
Timor that some other things would have had a higher priority. Indeed, if this is the case and
they have been away, one would have to ask why. There is a certain judge of the Family Court
in Queensland who is often sent on circuit. It is interesting that this particular judge has a
better record of sitting days than most others in the Queensland jurisdiction. In recent times,
he has been forced to go to places like Tasmania on circuit. One wonders why he in particular
is picked out to undertake this. What it does do is take away the capacity of the court in
Queensland to process some of these cases.

We all get these constituent cases coming through. Some of them are very sad and,
obviously, there are always two sides to a story. I have had one example in recent weeks and
that is part of the reason that I raise this rather delicate issue today. This is the case of a young
gentleman in my electorate—I think he is 37 years of age. He has been going through a very
messy divorce, and nobody would deny that. The procedures have been going on for three
years. He had a case recently when he came to see me in a state of real desperation. As I
say, this has been going on for three years and it is very expensive. He has cashed in his house
and his superannuation and he has borrowed money from his parents. They are just about out
of money now trying to meet the total cost of the legal bills associated with this particular
case. He was halfway through a hearing—this is the third time around—when the judge
decided to retire, so the case is off. His legal bills at that stage were $35,000. He applied to the
court for compensation. The maximum amount of compensation that was available to him was
$4,500. He just does not know where to turn or what to do. All his and his parents’ resources
have gone and the case has got to start again. I really wonder what the administration of the
Family Court system is all about when you get situations such as that.

I think the initiative of the Attorney-General in establishing federal magistrates is a very
good one and we hope that we will see some reform in the system. But I think we have got a
great deal of progress to make before we finally get it. It is a delicate, difficult area but it is
one that I think needs the most urgent attention.
The second matter I would like to raise briefly in terms of this truncated debate today is the ongoing funding of the Australian Tourist Commission. Over the last decade and a half there has been a commitment by both sides of the political spectrum to encouraging and developing the Australian Tourist Commission. I was pleased to see that funding levels have been maintained. In recent weeks, a number of members visited the Australian Tourism Exchange, which is really the major promoter of Australia, under the auspices of the Australian Tourist Commission, which is selling tourist product to overseas operators. There were record numbers of tourists here in this particular year and I understand that record business was written. It is a huge operation and it is worth many tens of millions of dollars to Australians.

But the message that kept coming through there, which was interesting, was the tremendous opportunity that we will have post the Olympic Games. There is no doubt that the Olympic Games will be a tremendous boost to the Australian tourism industry, and the employment benefits that will flow on from the Olympics will be absolutely immense. At any one time, I understand, there will be better than 100,000 visitors in Sydney during the Olympics, and the flow-on into other areas of Australia in post-Olympic tours is a very important aspect of it.

I do not think people realise exactly what the Olympics will do to Australia as a destination. When you look at the television schedules and the opportunities that we will have and, indeed, at past histories of the Olympic Games, I think that, provided the Australian Tourist Commission keeps its focus and the industry is prepared to continue to invest in it, we can almost write our own ticket for the next five to 10 years in terms of tourism numbers. The exposure in every country around the world leading up to the games and during the period of the games itself will create tremendous interest in Australia—and it already has.

At the moment it is quite interesting. If you look at the Australian Tourist Commission information and the surveys that have been undertaken, Australia is the most desirable destination for Americans who want to travel overseas. We are back as the most desirable destination in the UK and Europe. We are starting to go back up the scale in places like Japan and, of course, we have new markets and new opportunities opening at the moment that, in the long term, will provide us with some tremendous opportunities.

I refer particularly to the South American market. In recent years, we have seen the establishment of air routes between Australia and Argentina, and Australia and Chile. The Argentinian economy, after going through some pretty heavy times, and the Brazilian economy which has also had its difficulties, are now starting to strengthen. Traditionally these markets—and they are huge markets—have been going to North America and to Europe. They are now looking at new destinations. It is very difficult for the Australian Tourist Commission to maintain offices in all these potential markets overseas but they have, I think, some great prospects in terms of that South American market. I would hope that, in terms of future investment of funds in the ATC, they might look at areas such as South America as one of those that can be our next wave. There is no doubt that we will double our tourist numbers within five years. I believe that the Australian industry probably has the capacity to handle about 10 million international tourists a year. On a world scale that is a fairly small number. I trust that the government will maintain its commitment to the Australian Tourist Commission so that that those dreams can be realised.

One of the real difficulties they had in Barcelona was to try to get a focus for the Olympic Games—I suppose a trademark really. A special fountain was built—a very spectacular fountain that appeared at the start of each of the telecasts of the games there. It has now become a prime tourist attraction in a city which, I dare say, may not have too much else to attract international visitors. It is not one of the major destinations. In terms of Munich, while
Munich has plenty of other attractions, the Olympic Stadium there from 1972 is still used as a major promoter of tourism into Bavaria. When you see what is going to happen in Australia in terms of opening credits with a magnificent introductory footage of Sydney Harbour, the Opera House, the Harbour Bridge and going right through to Homebush—and I have seen some of this material—it really is the sort of stuff that makes the hairs go up on the back of your neck. It will really mark Australia, I think, as one of the prime destinations in the world. So in that respect, as I say in this truncated debate, I congratulate the present government on maintaining the funding and urge them not to relent on that because we will be so far ahead after the Olympics we will have an opportunity to cash in for many years to come.

Mr Allan Morris (Newcastle) (10.34 a.m.)—This current budget, which was brought down by the Howard-Costello-Anderson government, with its very rubbery figures, fiddles, extortions and false perceptions, brings to mind the words of the late Phillip Lynch. I would like to touch on the three most prominent of those. Firstly, there is the wonderful spectrum sale—the sale of fresh air. The way it is sold is very important to the budget—that is, as if it were an annual, normal transaction. That $2.6 billion is falsely used and falsely represented in trying to secure a budget surplus.

Secondly, there is that wonderful loan that has been given to the states which, when paid back, will be returned to them on the same day—in other words, a dodgy figure. It dates back to the best of the round robin schemes at the bottom of the harbour, but this time it is run by the government rather than by its friends. Thirdly, there is the deferment of payment on the profits of the Reserve Bank from this year until next year, the $700 million there. We all know—that the markets know and the commentators know—that the real people who control the currency markets are now enjoying the games they are playing with the Australian dollar. They know that the surplus is a fraud and that, with the incoming GST and its effects on inflation, the government and the Reserve Bank have to protect the dollar. So between now and probably October and November of this year, we will see them move the currency up and down by 2c, 3c or 4c weekly or daily. They know that the government cannot afford to let it fall too far, so they will speculate against that and take their margins. Of course each time it moves up or down they will take their margin, because they know that at the end of the day the government and the Reserve Bank cannot afford to let it go too far. If the inflationary spike were to be increased by a currency devaluation then that would have even greater consequences.

The idea that interest rates will not go up is illusory, pollyanna-ish and of the best and most dramatic order. We will hear the government later this year saying that it was not their fault: that it was not expected and the markets are being unfair, that the banks are being unrealistic and that it is the jockeys at the screens doing it all. We will hear all this come forward. You can write the scripts now. They are probably already written and sitting in the drawer waiting to be read out. In September, October and November you will see the government trotting out the old lines, but the fact is that this is all of their own making. It is predictable, it is there and it is obvious.

In international markets we are seen as a country that is, for some peculiar reason, doing things to itself that it does not really need to do. I do not see any senior economic advisers or commentators saying that introducing a tax of this nature will end up being good for the country, I talk to exporters all the time. There is not a serious exporter in the country that pays wholesale sales tax on his main ingredients, because it is all avoidable. They know it and we know it. The public may not know it and therefore are being conned—hence the stupidity of those ads that are running.

This budget also has in it a number of other areas that need dealing with. But, before I get to that, I want to mention another aspect of the international scene where this government’s
priorities in spending are so distorted. It is to do with how we are seen in the world. Just recently, I noticed media comments that we appear to be distancing ourselves—pulling back—from the United Nations. That reinforces the perception that we are becoming one of the rogue countries that play fast and loose; we support organisations when they agree with us; when they do not, we blame them and disassociate ourselves. There has been a move by the government and government members for quite some years now—dating back to before they were elected to government—to a form of anarchy, which is usually preceded by the lines, ‘We govern ourselves, and what really matters is what we do.’ In terms of the previous government, we saw that nonsense with treaties and what they would do about that issue. In actual practice, they have not done all the things that they have threatened to do, but they have demonstrated the body language.

Perhaps the most embarrassing thing for me as a parliamentarian is what has occurred in terms of our liaison with other countries, other governments and other parliamentarians. We used to be seen as the fairest country in the world by most people I have ever met from overseas. That has now gone. We are increasingly sinking into a mire of intolerance, ambivalence and uncertainty. The fact that we are currently being featured by a number of UN committees, which are looking at how we do things, would have been unthinkable just five years ago. At the same time, the government is pulling back from the UN saying, ‘It’s not really our fault; it’s all their fault; this is a nasty international plot.’ That is not just paranoia of the worst order; it is arrogance of the worst order, and in the years ahead future governments will have a lot of work to do to repair the damage.

We are a small country, but we were seen to have significance because we were always seen to be so fundamentally fair and decent. That is no longer the case now. I remember an interchange in Tromso in Norway just over a year go with the first president of the Sami parliament when we had a discussion with him about the rights of indigenous people. At the end of the discussion he said to us, ‘And what are you people doing to your Aboriginal people?’ The leader of our delegation, as the speaker of the day, made some comment about it being a bit exaggerated and not really being true. He replied, ‘Don’t tell me that; I know what’s happening. I have many friends in your country, as we do all around the world. I know what you’re doing and why you’re doing it.’ That was said in a little town in a small country on the other side of the world. What he thought of us was absolutely embarrassing—and he was correct. Furthermore, he was very gentle, very polite and very kind. He did not make a big thing of it—those comments were made at the end of our discussion, not at the start of it. I think that the events of recent times will come back to haunt members of this government.

The previous speaker mentioned the Family Court. I find that ironic. He was complaining about delays, but this government has cut the budget for the Family Court every year since it got in. It has cut legal aid virtually every year. The introduction of the Federal Magistrate is a con trick because it is being funded out of the Family Court. Since it requires its own infrastructure, the resources for court activities are reduced because a certain amount of it is now going into administration—and we are going through yet another downsizing in the Family Court. The reason for delays, apart from the fact that Family Court staff are leaving through exhaustion, disillusionment and disappointment, is that this government is intent on the Family Court not working. For example, in Newcastle we have lost a judge; we are going to lose a registrar and we are going to get one magistrate who will do other work as well as work for the Family Court. We are having our Family Court services reduced almost weekly, and to have members on the other side complain about the Family Court is absolutely appalling.

This budget will come back to haunt this government and it will haunt it for years and years to come. When it does, do not blame the world; accept your responsibility. It is your budget;
you put it there and you are all defending it. Let us see how well you defend it in two and three years time.

FRAN BAILEY (McEwen) (10.45 a.m.)—I am very pleased to be able to have the opportunity to speak on the Appropriation Bill (No. 1) 2000-2001 on behalf of the constituents in my electorate of McEwen. I am particularly pleased because, in spite of some of the comments by the previous speaker, the member for Newcastle, I want to place on record that contained within this legislation are some of the best measures for restoring services, especially in regional Australia, that we have seen for a very long time. We are able to restore these services especially into regional Australia because of the record of this government in repaying debt.

When this government came into office—aftersl, I might add, years and years of budget deficits—we inherited that huge debt of around $80 billion. This government has paid off $50 billion of that Labor debt we inherited. As I often say to groups as I go around my electorate, a debt that a government has—a huge debt like the one we inherited—is really no different from the debt that a family may have. If a family are burdened by a huge mortgage debt and all of their efforts, all of their income, are going into servicing that debt, they have very little left over for all of those things that in many cases are the essentials of life. A government is no different. If a government is burdened by debt the government has got to reduce that debt in order to provide all of those essentials and all of those extras that all those in the community are looking to government to provide. That has been an enormous challenge for this government, but it has done it and it has repaid $50 billion of that $80 billion worth of debt.

The services that this legislation is going to enable to be restored into our communities that I want to speak about in particular today are: health services in regional areas and some of the measures particularly for regional areas; education and employment; the small business area, which had long been neglected before this government got in to office; the environment; and some specific measures for older Australians and veterans. But it must be understood that, while this legislation is putting this emphasis on these services, this would not have been possible had we not reduced the debt, had we not enabled 650,000 more people to be in jobs since 1996, and also that, remembering that throughout much of this period we have been operating in an Asian financial crisis, our Australian economy has grown by 4¼ per cent, with the potential for growth between 3½ and four per cent over the next few years. That is an absolutely incredible effort. It is only because there has been tight discipline and there has been that emphasis on growth that we are able to provide the services.

The first of the services I particularly want to talk about are health services. With regard to Medicare, everyone in the community has the highest regard for Medicare and really does depend on it. The coalition government is continuing to work hard for a very strong and viable public and a private health system. One of the things that has taken a lot of the pressure off the public health system has been the 30 per cent rebate on private health insurance that has benefited 7,500,000 Australians.

Previously, the average cost of a private health insurance premium, with a few of the ancillary benefits for which families are interested in taking out cover, was about $2,400. The 30 per cent rebate scheme means a saving of around $800 a year. As well as that, Lifetime Health Cover rewards those who have chosen to take out private health insurance at an earlier time in life, thereby locking in those lower premiums. The net effect of this is to take pressure off the public health system and to allow more to be put into that public health system. I see my honourable colleague opposite shaking his head, but that is the reality. You cannot argue with that reality.
Another thing that the government is doing in this legislation is to provide $22 million to prevent and treat diseases in children. This is particularly close to my heart because I often say to people that, perhaps unwittingly, I came to the genesis of my becoming a politician when my first daughter was born with a very serious illness. I had to learn at a very early age to stand up for her and for her rights, and for further research to be found to treat her particular disease. If we do not, as a society, put that funding into treating diseases specifically of children, we are abrogating a responsibility and we are not ensuring that we are going to be looking after our leaders of the future. So I want to compliment the government in particular for putting that extra $22 million into specifically treating those diseases that affect children.

Another $32 million goes to the Australian Blood Bank and, importantly, just over $17 million to tackle depression. Very sadly, in this place just recently many of my colleagues have been suffering the loss of one of their colleagues. That occurred as a result of depression. Depression can affect anyone, at any age. The government is certainly to be commended for enabling extra money to be put into specifically tackling a disease which sadly is becoming far more prevalent in our society.

I want to pay particular attention to the $562 million health package specifically for regional areas. Those of us in this place who represent regional electorates know only too well the sad reality that many of us face in our electorates. I will mention in particular just two towns in my own electorate.

The town of Nagambie is a drive of roughly about an hour and a half out of Melbourne. It does now have a general practitioner, but for some time—in a town of around 3,000 people with a surrounding population of another couple of thousand—we could not get a general practitioner to come and practise in the town of Nagambie. At that time I made a rough survey, looking at, for example, the area of Malvern, in Melbourne. On a radius of five kilometres around the suburb of Malvern there were over 300 GPs. At that same time we could not get one GP to come and practise in our small country town of Nagambie.

The town of Marysville is yet another example. While that is a very small community Monday to Friday—roughly 600—of a weekend the population swells to nearly 6,000. Not to have access to a GP within that town is a very sad reflection on what has been happening in country areas and what has been happening to health, particularly in regional areas.

We all know that this problem cannot be fixed overnight but, most importantly, this $562 million regional health package is going to improve access to training by providing those important scholarships for young students from regional areas to get into university to study medicine. Placing them on a bond for six years ensures that the public funding being used for their education to specifically get GPs into rural areas actually results in those young people practising in rural areas.

Another aspect of this particular package that I want to comment on is the $48 million that has been provided towards incentives and travel costs for specialists. Whilst many of the towns in my electorate do have GPs—excluding those areas I mentioned—and we do have access to some visiting specialists, if, for example, people are suffering from rheumatoid arthritis it is very difficult to get access to specialist services. The reality is that people living in small country towns have the expense of travelling to one of the larger provincial centres or to Melbourne to access specialist services. It often means a lot of time off work or that other family members or friends have to take time off work to assist with transport to the city or large provincial centre. These are circumstances that most people who live in the large metropolitan areas have absolutely no concept of. Again, that is a very important measure.

Another measure is the $42 million over four years to improve access to quality pharmacy services in rural and remote areas. That funding over the four years is an important aspect of this budget because it is saying to people that this funding exists beyond the life of this
particular parliament—we are going to have continuity of funding. That says a lot about the
level of commitment that this government is making to those regional areas.

Another very important aspect for regional Australia, apart from the $562 million regional
health strategy, is the $130 million to improve access to youth allowance for children of
farming and small business families living in rural areas who want to continue their studies.
Once again the reality is that it costs far more to educate children in regional areas. Mr Deputy
Speaker Hawker, I know that you have to send your children away to be educated and, as do
many of us here, have a thorough understanding of this. The reality is that it does cost more to
educate children of families living in rural areas, and this measure recognises that and does
something about it.

The other important aspect in the regional package is the fuel sales grants scheme of $500
million. It is no secret that I was one of those MPs who was very outspoken on this issue
because I was concerned about the introduction of the GST—we already know the differential
that exists between country and metropolitan fuel prices. Although this government tried to do
something about it in the Senate, unfortunately, the colleagues in the Senate of my colleagues
opposite would not join with the government in trying to do something about that differential.
It does exist, but the $500 million is going to maintain the petrol pump price of petrol and
diesel in rural and regional areas and is going to ensure that people in rural areas who depend
on their private vehicles so much—far more, once again, than those living in the city—are not
going to be further disadvantaged.

In summary, in dealing with those regional matters I want to say that this particular
legislation is recognising the differences between city and country, but importantly it is also
doing something about them. I want also, in the small amount of time that is left, to talk about
another important measure in this legislation dealing with defence and veterans. The conflict
and Australia’s role in East Timor heightened the needs of our Defence Force reserves. There
has been an allocation in this budget of $100 million for information management systems
and logistics to assist with this. I think that is a very important measure.

There are two other very important measures here. Some $32 million is being made
available for Vietnam veterans and their families who are suffering ill health. Out of all our
returning defence personnel during our history, our Vietnam veterans have been treated the
most appallingly. I think that this $32 million is long overdue. It is one of the very worthwhile
aspects of this budget. The other important measure is the full repatriation benefits to 2,600 of
our veterans involved in the Malayan emergency and other South-East Asian conflicts
between 1955 and 1975. While that does not come into effect until 1 January next year, I have
already checked with the Minister for Veterans’ Affairs, Bruce Scott, because some of my
constituents were concerned about this, and they can start applying now so that their
applications are ready for processing. On behalf of my constituents in McEwen, who fit into
this category, I was very pleased about that.

I want to acknowledge Mr Ian Donges from the National Farmers Federation for
congratulating the government on targeting rural health as its top priority. I pay tribute to that
because the NFF has certainly been applying a lot of pressure to governments over probably
the past decade or more.

There is one measure in the budget that I particularly like. This is the local communities
leadership initiative of some $31 million. When the Standing Committee on Primary
Industries and Regional Services was conducting its inquiry into regional infrastructure, one
of the messages that was coming through loud and clear from all regional communities was
the depletion in the level of skilled human resources. The effect that that has had on
communities has led to a depletion of leadership skills. This measure in the budget is
tremendously important. It is important to know that, in a lot of investment that companies
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were willing to make in regional areas, one of the hurdles that they were constantly coming up against was this lack of leadership. Now, importantly, we are going to provide opportunities.

It was very sad for me to see, driving through the area of Whittlesea in my electorate just a couple of weeks ago, that the CFA have a sign up outside Whittlesea calling for volunteers. When important local community organisations such as this have to call on the public for assistance we know that this sort of program is going to be of tremendous benefit. I commend this legislation to the House. (Time expired)

Mr PRICE (Chifley) (11.05 a.m.)—I want to agree with the honourable member for McEwen in being pleased to see some money being allocated for reserves in the ADF, and also to acknowledge the great role that they play in East Timor. The point that I would make, and I hope it is not a cheap political debating point, is that it is unfortunate that we have not yet defined an appropriate role for our reserves, that is, that we are using them merely to fill gaps in the regular forces rather than using them in formed units.

My time to speak in this debate on the Appropriation Bill (No. 1) 2000-2001 is regrettably short, so I want to run through a few things fairly quickly. I am excited about a local initiative we have taken in the electorate of Chifley concerning public housing. We have a major problem of arrears of payments of rent. It is so bad that when longstanding tenants of 20 or 30 years standing who have not missed a beat seek to have some repairs done on their house or unit, there is just not the money in the maintenance budget to do that.

The local state member, Jim Anderson, and I have talked to both Centrelink and to the Department of Housing about this matter. We are certainly promoting the deduction scheme that is available from Centrelink payments. I understand that there will shortly be significant displays in the Mount Druitt Centrelink office and also we are hoping to get a Department of Housing officer there to be able to talk to people about the benefits of the scheme. But there is a problem with the system. When people get into severe arrears you cannot contractually force them to make deductions from their Centrelink payments. By that I mean they can agree, they can actually sign a form and those deductions can commence, but if at any time they decide to revoke their agreement, it is revoked.

So in policy terms we have got a dilemma, and that is the inalienable right of people to social security benefits. I do not think there would be too many people from either side of this House who would want to take away that right. It is worth protecting and preserving. But our failure to actually get them into a situation of having their rental deductions taken out of their payments may very well lead to them being forced out of public housing. To develop a suitable scheme it may be appropriate to look at the private sector rental market as well to see how appropriate that is. We need to work our way through that.

I am hopeful of talking to the relevant minister to develop a scheme whereby there may be compulsory deductions for 12 months or 18 months so that we can develop good habits. I would hope that, after having developed good habits during those 12 months or 18 months, there will be an absolute desire to voluntarily stay in the scheme. If we are successful we are going to make a huge impact, particularly in the manner that I have described.

Turning now to another matter, the honourable member for Fadden talked about the changes to the Family Court. I have never said about our Attorney-General that he has not been prepared to embrace change, but what I have said is that the changes are, at best, very incremental and are not making a fundamental difference to the Family Court situation. Mr Deputy Speaker, you may know that I am interested in introducing a private member’s bill to remove section 121, that is, to lift the lid on the secrecy of the Family Court. There are very
good legal arguments why you might want to do that, but in the broader rub of things I do not believe that that is the biggest change that we need to contemplate.

I would like to place on the Hansard record that I am working on proposals that involve a unified Family Court—that is, one that wants to make a real difference in terms of care and protection of children. So there would be a children’s criminal division, a children’s family division and a matrimonial division. One of the biggest problems with the Family Court is that it is a Rolls Royce court with a ‘one size fits all’ approach, and we shove so many people through.

We really need to provide choice for people and particularly choice for plain ordinary cases. In the past, I have advocated a ‘no frills’ tribunal. Given the difficulty of the Brandy decision, a decision of the High Court that I think has been terrible in relation to what it does in the federal jurisdiction, I finally capitulated on a tribunal. But I do believe there is an opportunity to provide something that may very well prove just as effective, and that is a conciliation service where people can receive advice and can be brought together on all those matters that are involved in dealing with a breakdown of a relationship or of a marriage. When eight out of 10 matters can be conciliated, we would have a situation where a court only deals with the other two. The conciliation service would be completely lawyer free. So we would be able to provide for plain ordinary divorces a method where people are not spending thousands of dollars in the actual separation rather than on their children and getting on with their new lives.

But if we are really going to make some differences in the family law area, we need to address a couple of serious problems. Australia is awash with AVOs. I am surprised that we do not hit world’s best practice. Yet if you go and talk to those who are involved in domestic violence, they will say that it is doing nothing to protect women and their children. If we are to get rid of those AVOs that are used as weapons in the separation, we need to really deal more effectively with the AVOs that are real, and we are not doing that. If you look at AVOs, the system swings into operation once it has been breached. No wonder these people claim that it is not protecting women and their children. So we need to develop a system that uses an AVO as a point of intervention.

Secondly, in terms of allegations of child abuse, if we are to deal with the false allegations—that is, again, those allegations that are used as weapons in the warfare that can sometimes encompass relationship breakdown—we need to deal more effectively with the real ones. I want to say publicly that, if we are going to deal with the wilful denial of contact and if, as the Attorney-General has suggested, we are going to jail women who refuse it, I will never support it because I can never see a woman being jailed where there is a reasonable apprehension by her—and, I might say, by some community workers—that the child is at risk. Again, we need to have a much better and much more effective system. I hope, as I move along this trail, that I will have a greater opportunity to talk about it.

I want to very quickly talk about the changes to child support which will be coming in by way of legislation. Time does not permit me to go through them, but I broadly support them. I do regret that the minister has not provided us with more information about what has underpinned those changes. He needs to take us more into his confidence.

Some members talk about the feminisation of poverty, and I think that is a really important issue. But it is a self-evident truth that if you have an intact family and then you set up two separate households, those individual households cannot be as well off as they were when they were intact. Secondly, the Commonwealth has to decide whether or not supporting women and their children is a higher priority than clawing back social security payments—and I have to say that both governments have been guilty of that.
Education is a passion of mine, and I am absolutely appalled that we are the only country in the OECD that is disinvesting in education. It is an absolute truism—and here we have a conservative government—that we need to invest in the young people of Australia no more importantly than in education. In the United States, Al Gore has pledged to increase investment in education by 50 per cent over a 10-year period. Singapore has recently announced a 20 per cent increase. What have we announced in this budget? A lousy $62 million—86c per Australian per year. This is an absolutely short-sighted approach. Five years ago our spending on education was 2.2 per cent of GDP. This year it is going to be a miserable 1.8 per cent. Kim Beazley wants to be known as the education prime minister of Australia, and this government is giving him every opportunity to realise that dream.

Mrs DRAPER (Makin) (11.17 a.m.)—I have great pleasure in rising to speak today in support of the Appropriation Bill (No. 1) 2000-2001. In past years I have spoken on the relevant appropriation bills underlying budget expenditure and have endorsed the Howard government’s initiatives and commitment to the sound financial management of the economy. This year it is no different. We should remind the House of the $10.3 billion deficit which was inherited from the Labor government, the complete turnaround of the Australian economy and the bright future that now lies ahead for each and every Australian due to the sound economic, financial and social management by the Howard government.

The growth that we see today in our economy has not been reflected in the Australian economy for over three decades, since the period June 1968 to March 1971. This is certainly a good position to be in coming into the new century and provides a sound basis for our children and for future generations. The government is continuing to repay billions of dollars of debt, easing the financial burden on the head of each Australian and establishing sound, insightful and astute policies for the future—policies which need to be undertaken, which are long overdue and which will be the basis of future economic prosperity and development.

Now that the financial mess has been largely contained, the government can spend taxpayers’ money on measures such as health and assisting families. I therefore completely dispute the comments by some opposition members, particularly the member for Melbourne, about the degeneration in fiscal management by the Howard government. His statement that ‘We have seen a slow and steady deterioration in the fiscal health of the nation’ is, I would argue, completely incorrect and inaccurate.

The introduction of the new tax system, the abolition of the wholesale sales tax and provision for the new income tax cuts will certainly affect revenue. But, according to the budget papers:

The fiscal balance is expected to be in surplus by $5.4 billion or 0.8 per cent of GDP, in 2000-01, an improvement of $1.0 billion on the corresponding estimate at the time of the Mid-Year Economic and Fiscal Outlook 1999-2000 (MYEFO). This follows an estimated surplus of $9.7 billion in 1999-2000.

The budget papers also state:

In cash terms, an underlying surplus of $2.8 billion or 0.4 per cent of GDP is expected in 2000-01, an improvement of $2.3 billion on the corresponding estimate at the time of MYEFO. The outcome for 1999-2000 is estimated to be much stronger than forecast at the time of MYEFO, an improvement of $4.4 billion to an estimated outcome of $7.8 billion.

The national accounts for the March quarter clearly indicate that, in the March quarter of 2000, GDP grew by 1.1 per cent to a high of 4.3 per cent. This is the 12th consecutive quarter where the Australian economy has grown by four per cent or more. As my colleague the Hon. Peter Costello, Treasurer, pointed out in the House on 20 June, this 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.

A growing Australian economy with more jobs, low unemployment and low inflation is certainly a good and sound position to be in. Although unemployment is now at the lowest level it has been in 10 years and is forecast to fall even further to 6.25 per cent by June next year, this does not mean that the government will discontinue its policy priority of job creation. Reducing unemployment is still a key priority as the last recession is still at the forefront of the government’s mind, as it is for many of my constituents in Makin. It is important that we continue to have sound economic policy and tax reform to ensure that everyone reaps the benefits of a more prosperous country.

Of particular interest is the recent High Court decision on award simplification. As the House is aware, the government’s reform process has been very successful and the modernisation of this decayed and outdated system will rejuvenate the business community. As the Hon. Peter Reith, Minister for Employment, Workplace Relations and Small Business, recently stated, over 466 individual awards have been simplified and over 1,200 obsolete awards have been removed. Minister Reith gave a very good example of the clerks award. This is an award which has not been properly maintained in the past and, as a result of simplification, the minimum rate increases have been up to $100 per week. Work arrangements are now becoming more flexible and adapting to the needs, opportunities and requirements of workers. Outdated, obsolete, old and damaging work practices are slowly beginning to be removed and be replaced by modern flexible and adaptable ones.

I certainly support Minister Reith’s comments that the Labor Party is backward on this issue. Although they promised to simplify the award system when Paul Keating was Prime Minister, the other side has done nothing but oppose it and argue for the complexity of an older, outdated system to remain.

During this debate, much has been said by the members opposite about the GST and the new tax system. I would like to reiterate to the House, and for the benefit of my constituents in Makin, that on 1 July this year the new tax system will deliver the largest personal income tax cuts in Australia’s history. These tax cuts are in the order of $12 billion a year and all taxpayers will be paying less tax. The taxation revenue will now be spread more fairly and families will be better off. My constituents in Makin can be assured that family benefits will be increased by $2.4 billion a year and all pensions and allowances will increase by four per cent. These tax cuts and pension allowance increases will compensate people for any one-off impact on prices.

These appropriation bills continue to reflect the government’s commitment to be fiscally, economically and socially responsible, and ensure the delivery of strong policy priorities. Our nation will be strengthened in many areas, including employment, social infrastructure and health, and in the regional and remote areas of Australia. I commend these bills to the House.

Ms GILLARD (Lalor) (11.24 a.m.)—I intend to direct my remarks in this debate on the Appropriation Bill (No. 1) 2000-2001 to the question of foreign aid. I have determined to raise this issue because of the interest shown in the question of poverty reduction and the Jubilee 2000 campaign by the year 9 religious education students of MacKillop College in my electorate. As I am sure members are aware, the Jubilee 2000 campaign is a worldwide movement which was launched in 1996 and which is campaigning for:

- A one-off cancellation of the backlog of unpayable debt for the world’s poorest countries—which either cannot be paid, or can be paid only with enormous human suffering. This wouldn’t be setting a precedent for cancelling all debts repeatedly. Rather, it would be a once-only gesture to mark the millennium, a gesture showing that creditors and debtors alike have made mistakes and that the slate
needs to be wiped clean ... This would change millions of lives, without taking away the responsibility of debtors to pay their future debts.

The Jubilee 2000 campaign calculates that the 92 poorest countries in the world owe more than $1,500 billion, a debt that for many of these nations is completely unserviceable and escalating as interest debts compound the amount owed. Taking an example with which we would all be familiar, Africa, which faces huge challenges in terms of poverty and disease and particularly the enormous incidence of HIV-AIDS, if we look at Sub-Saharan Africa we find that in 1990 it owed $US$84.1 billion. That debt has now escalated to $US$222 billion, or 71 per cent of its annual combined output. We can see from that example the degree to which debt escalates and how quickly the debt burden becomes completely unserviceable. It is these sorts of nations that need the benefit of the Jubilee 2000 campaign.

The children of year 9 at MacKillop College have considered these questions. I received from them, prior to the budget, 32 letters under a covering letter from their teacher Paul Rogers. He wrote to me:

I began a course on ‘Jubilee 2000’ focussing on breaking the chains of Third World debt. I was surprised and delighted at the students’ eagerness to enter the lessons. We entered into the historical setting of Judaism and Jubilee, followed by Christian and present day community programmes. The lessons ended by taking a positive stance and the belief that we are not powerless. In some senses these letters embody a prophetic voice in a society often seeking silence.

We ask you to read these letters and we hope that the reading and reflection will enliven the spirit of jubilee within you. May you voice their message within Werribee and inside the walls of Parliament.

Having read these letters, I am doing precisely that today—acknowledging their receipt and acknowledging the very real and heartfelt sentiments within them. And I will specifically acknowledge each of the contributors who have sent a letter to me.


I will give you an example of the sort of letter that was sent, Mr Deputy Speaker. I have selected the example from the class captain, whose name is Rommel. He writes:

As a student of MacKillop College 9 Blue, I would like to bring the issue of Year 2000 debt free Jubilee. This is the year of rejoice and alot of happiness. Although, there are countries that live in Poverty and Slavery. My class and I are on the issue of a debt free year. We as a class have talked about the rigours of humans and how they are to be treated. Many countries are in debt with other countries. “Cancel the debts” they say this year, but is anyone listening to them. We (students of 9 Blue) would like you to bring up the issue of “Debt free Jubilee” and save lives, cancel debts and fight for human rights. I am the class captain of my class, and I think I should be setting examples for other students. So if you could just discuss these issues that us student’s of MacKillop College are talking about with your fellow M.P’s, it would be most appreciated by us.

I believe those sentiments would really move most people in this place, and it should be recognised that Australia clearly needs to do more on the question of assistance to indebted nations.

Australia has supported the World Bank-IMF Heavily Indebted Poor Countries Initiative, which is a more limited proposal than that of Jubilee 2000. The Heavily Indebted Poor Countries Initiative is directed towards the debt of the 41 poorest nations, and Australia has contributed $30.5 million in debt relief to these nations. However, some very poor nations
indebted to Australia, such as Bangladesh and Bhutan, are not caught by this initiative. On behalf of the students of MacKillop College I urge the government to consider doing more on this question. Debt relief is one way of assisting our poorest countries throughout the world. Another way, clearly, is the provision of aid programs that not only fight immediate poverty and provide food and other relief but also build up a nation’s capacity to the stage where it can achieve economic self-sufficiency and begin to provide an appropriate standard of living for all its citizens.

When we turn to the government’s budget, which is the subject of today’s debate, we find a complete and miserly failure in this regard. The allocation of $1.6 billion for overseas development assistance is significantly less than the final foreign aid expenditure for 1999-2000, which was $1.65 billion. We have seen a real reduction in this very important area of overseas development assistance. We also find that Australia’s foreign aid as a proportion of GNP is projected to fall from the 0.28 per cent level achieved in financial year 1999-2000 to 0.25 per cent. That is the lowest level in 30 years. The commitment on overseas aid falls well short of the effort urged by the Australian Council for Overseas Aid which, in its pre-budget submission, recommended that this government consolidate the volume of foreign aid at last year’s 0.28 per cent of GNP. It should be noted that foreign aid constituted 0.32 per cent of GNP in Labor’s 1995-96 budget. We have seen a fall over that period from 0.32 per cent of GNP to 0.25 per cent—the lowest level in 30 years.

These figures need to be assessed against the internationally agreed aid volume target of 0.7 per cent of GNP for overseas development assistance. Anyone looking at those figures would clearly say that Australia needs to do more on this critical question of overseas aid. It is a question that is not only critical within our immediate region but also critical worldwide—and I have already referred to the major challenges facing Africa, for example. To see in the last few years the slide towards the lowest level of development assistance in 30 years is very distressing indeed. It is the sort of matter that really needs government attention.

If we properly assess the community sentiment—and the letters I have received from MacKillop College are an indication of the kind of community sentiment out there—people are concerned about worldwide poverty. They are concerned about the fate of our brothers and sisters overseas and they would be prepared to see the government do far more on this vital question. Sometimes we get overly cynical about whether people are just looking towards their hip pocket or more broadly, but I think that this is an area in which there is a great deal of public sympathy. People are prepared to support well directed aid programs and they have a real spirit of generosity in relation to those matters. If the Australian community at large can have that spirit of generosity, then I see no reason why this government should not have that spirit of generosity as well. Thank you.

Ms BURKE (Chisholm) (11.34 a.m.)—In rising to speak on this bill, the Appropriation Bill (No. 1) 2000-2001, I wanted to tackle one area of growing importance to all of us in our constituencies and, indeed, to all Australians—the area of aged care. There is no doubt that aged care is one of the biggest issues for governments to grapple with this century, with a huge impact on budgets both now and into the future. The rest of the world and Australia have an ageing population. The Australian Bureau of Statistics predicts that the proportion of the population aged over 65 will increase from 12 per cent in 1997 to between 24 and 26 per cent by 2051. The big increase will happen in the second and third decades of the century as the baby boomers enter the aged population. Some of the people represented in our parliament will fall into that category, of course.

Many doomsayers have predicted a decline in the standard of living due to the burden of extra older people on a declining amount of taxpayers. I would like to focus on some of the
opportunities an ageing population presents and then look at the challenges we as a society must meet.

With life expectancy rates at 81 for men and 86 for women—it is nice to see that women get an advantage somewhere; we will live longer than men—we will have the benefit of having our mothers, fathers and grandparents around for much longer than our parents did. Older people are our memory and our link to the past. I am sure all members would agree that older people have an enormous amount of knowledge that they can pass on to younger generations. I am thoroughly convinced that with age and experience come wisdom. I certainly hope so.

Many of those aged 65 and over are involved in volunteer work in the community. In fact, in my experience, older people are much more community minded than those younger than them. They are tireless workers behind charities, church activities, sporting groups and organisations such as the RSL. When I held my Seniors Awards last year I was amazed by the breadth of activity of so many unsung older people in my electorate of Chisholm. I know this is replicated Australia-wide.

As a community we need to keep our older people physically and mentally active. Whilst financial poverty is a problem we must address, we must also ensure older people do not suffer from social isolation that is so often the by-product of old age. A few weeks ago I had the pleasure of launching the Box Hill RSL Day Club aimed at keeping older people in touch with members of the community, and also active. It is programs such as these which are important to the spirit and mental wellbeing of older people that need to be promoted along with a focus on health care. However, as well as celebrating the fact that we will have our older residents around for much longer, we do need to provide for their care. The provision of services and assistance to the aged comes from an array of government programs plus services from the not-for-profit sector, from the private sector and from what goes unrecognised a lot: family and friends.

Obviously, the Commonwealth government provides the vast bulk of income security payments such as age pension, disability services, residential services such as funding for nursing homes and hostels, medical benefits and acute care through public hospitals, and home and community care programs through local councils. The majority of assistance is provided for the most sick and frail, those over 75 years and in the last two years of their life. Only six per cent of the aged population are in nursing homes or hostels, yet this is where the majority of government funding goes.

So what for the future? Firstly, I believe that those not in resident care facilities will demand a greater share of the cake. Almost universally, most people would prefer to stay at home during their twilight years. I think there will be a push for increased funding of home and community care packages which will keep many older people out of residential care and in the more comfortable and familiar surroundings of their home. This is important as there becomes a greater understanding of the toll that being a carer takes on the carer themselves and the need for assistance. Governments must also look at home care as an alternative to the expense of nursing homes. Currently, subsidies are up to $120 a day from government per resident.

Secondly, there will be a continuation of the move towards user pays. The Howard government’s unpopular introduction of accommodation bonds in 1997 showed us their desire to encourage the aged to pick up more of the tab. With the trend towards early retirement, governments will need to look at stronger incentives for people to provide for their own retirement and health care. Look at the government’s program of blackmailing people into private health insurance. I have no doubt that this will be the ideology behind future aged care proposals of this government. The challenge for Labor will be to implement a system that
balances the need to encourage those that can afford private health cover into funds whilst still maintaining a strong public health care system for the elderly.

Certainly the movement of baby boomers into the aged care bracket will necessitate more funds being poured into aged care and the age pension. How, as a society, we should deal with this is very complicated. Certainly my party supports increased national savings. Indeed, Labor was the architect of the world-class superannuation system Australia once enjoyed—again, another system that this government has whittled away. They are the ones who will rue the day that they did not support its ongoing nature.

I am also supportive of getting those who can afford it to contribute to their costs, but I think a tightening of access to the old age pension is problematic. I read a few weeks ago a pretty good letter to the editor talking about Work for the Dole schemes: nannies, aged care and disability people would be working for their benefits as well. I think we will see more of that into the future, as undoubtedly the welfare reform review has indicated that the government is going to be looking at those aspects. I fear that, where we are currently a society that ensures an underpinning for those most disadvantaged, in the future if this government has its way we will see those people having to justify their existence for those benefits. My fear is that we will open the doors to the government shirking its responsibility as it does in many other ways and in many other areas of social need.

Other ideas explored in ‘how to deal with the imminent influx of age dependents’ are to institute a supplementary age care levy that could be tacked on to the Medicare levy, or the establishment of aged care insurance for those able to contribute. These sorts of proposals need to be widely debated in the community, but it is my prediction that we will see vigorous debate on these options, plus others, to try to meet the increasing cost of aged care.

Thirdly, I think there will be changes to the administration of aged care facilities. At present, most private facilities are mum and dad operations run almost like a cottage industry. Industry experts are predicting that the future of the industry will be in big nursing homes run by corporations, with more beds and many more facilities under the one banner. This approach has both strengths and weaknesses. On the one hand it will mean that many residential care facilities will be built and existing ones upgraded. Presumably, there will be more choice and better care available and a far more professional approach to the running of these homes. The downside is that, in bigger hostels and homes, patients can get lost in the system as they become just another number. I think we have seen that on many occasions. In my own electorate, where I have dealt with many nursing homes because I have a significant over-65 population, one of the little gripes—actually, not such a little one—is that you do not actually get back your own laundry. You send out something of yours and you get back just anybody’s washing. You become just part of the system, as opposed to a human being living out their twilight years. Families worry about this. Families will worry that the individual care given in smaller facilities will not be able to be replicated in bigger and more impersonal facilities. It will be a real balancing act as these new places move into the market.

I can also envisage a continuation of the involvement of charities and churches in the not-for-profit sector in aged care. This is a trend that should be encouraged, as having a caring philosophy is exactly what we want in those who run such care facilities. We need to have those facilities as the benchmark for the other sector. The countless unreported cases of patient neglect are examples of the profit motive overpowering the duty of care all operators must comply with in both spirit and law.

The fourth and final point I will make today on changes to aged care is one I have already touched upon: the influx of the baby boomers into the aged population. People in the baby boomer generation are generally articulate and well educated, and many are in positions of power in society. They have been brought up during a time when questioning all forms of
authority were encouraged as in no era before. Unlike many current older people, they will not silently accept second-class facilities or standards of care. They will not defer to the whims of the medical profession. Most of them have been taught to assert their rights and the advent of ‘grey power’ will see a far more forceful group of people enter the aged care bracket. I believe this will be a good thing. For too long older people have suffered poor treatment as they have not felt confident enough to speak up. Many family members are being equally reticent, not pointing out examples of poor standards of care due to the fact that they suffer from enormous guilt when they admit a loved one into care. The advent of the baby boomers into aged care will blow this away.

As the aged population swells, family members will feel more inclined to blow the whistle on bad homes as aged care facilities become part of the norm for older people. The combination of this feisty group entering old age and revelations such as those at the Riverside Nursing Home will ensure that more substandard homes will be brought to the attention of authorities. There must be more efficient accreditation programs in place to identify unclean and poorly run facilities in a timely manner, and there must be more spot checks to catch offending operators unaware.

In conclusion, I would like to say how wonderful it is that life expectancy is increasing. As a politician I see it as part of my duty to advocate policies that provide for a social safety net that protects older people from loneliness, poverty and the problems of being frail and ill. It is often said that the true test of any society is how it treats its older people. As a country that considers itself modern and progressive, we must pass that test with flying colours.

Mr MOSSFIELD (Greenway) (11.44 a.m.)—On speaking on the Appropriation Bill (No. 1) 2000-2001 before this parliament, I want to express some disappointment with the lack of funding for education in the budget. There is no more important issue for the government to address than the investment in the future of our nation in the form of quality education for our children. Yet this budget contains the lowest level of new education spending in any of the coalition’s five budgets. Even the slash and burn budget of 1996 had more new education spending than this budget.

Total new education spending in the year 2001 budget is $62.1 million over four years. The funding for the GST education is at more than $410 million, which is some six times more than the total new education spending in this budget for every school, TAFE and university in the country. We can say with some certainly that, if the GST had been an HSC subject, there would have been no shortage of funds for education. When it comes to promoting its own policies, the Howard government is very generous with taxpayers’ money. But when it comes to educating our own children, they leave a lot to be desired. In the vocational education and training field, the federal government claims to be maintaining the real level of funding but admits to a 2.8 per cent growth in demand. The real level of demand, I believe, is likely to be twice that figure. According to figures produced by the Commonwealth-state working party, an extra $234 million will be needed for vocational education and training within three years, but this government has provided no growth funds in this budget.

I touch on another very important area in the field of education: the enrolment benchmark adjustment formula, which is also resulting in funding cuts to the public education system. The EBA is an adjustment made to general Commonwealth recurrent grants to the states for government schools in response to increases in the proportion rather than the actual numbers of non-government students in the states or territories. It is designed to allow the Commonwealth to recoup approximately half of the savings that states and territories allegedly make each time a student from a government sector transfers to a non-government sector. States and territories retain 50 per cent of the national savings as a concession to fixed cost commitments such as expenditure on buildings and equipment. That remains constant.
regardless of the number of students. As Clive Haggar, the President of the Australian Teachers Union, said in the *Canberra Times* of 7 February of this year:

> Because the EBA is calculated on the proportion of students in each schooling sector relative to the benchmark it reduces Commonwealth funding to government schools even when enrolment in that sector remains constant or increases.

The Australian Teachers Union has recently reiterated its position on the EBA. It said:

> Part of its inequity is that it operates on the changing proportions rather than actual numbers. Because of this state/territory governments lose federal funding for government schools through the EBA even though the number of students in government schools is increasing.

> Recently ABS data revealed that in 1999 there was an increase of 6,299 students in government schools, and yet the EBA will cost government schools Australia-wide almost $40 million this year.

> As an example, the Queensland government school enrolments increased by 4,639 students, but they will still lose almost $6 million of federal funding through the EBA. In NSW a mere 239 fewer students will cost the public school system there at least $16.6 million.

Information provided by the Parliamentary Library indicates the bias of the EBA. Comparing Tasmania with Victoria, since the introduction of the EBA the proportion of students enrolled in government schools in Tasmania has increased by 0.64 per cent, while in Victoria it has declined by 0.63 per cent. However, the result is that Victoria will lose about $3.6 million this year, despite the fact that actual enrolments have increased by 7,767 since the EBA began. Tasmania, on the other hand, will get nothing extra from the federal government. The EBA is contrived to ensure that government schools lose no matter what the figures are.

While it is true that the EBA does not directly benefit individual private schools, it is a mechanism designed by the federal government to undermine the capacity of states and territories to provide public education. This system ensures that every time the market share of students in the public systems increases at a slower rate than the increases in private schools the public system loses money. During the term of this government state schools have lost over $57 million in federal funds because of the EBA, even though over that period 28,000 students have enrolled in the system Australia-wide.

While Mr Haggar, whom I referred to earlier, has stated that ‘the EBA does not directly benefit individual private schools’, the EBA does have a capacity to create divisions between the sectors. The executive director of the Queensland Catholic Education Commission was reported as saying in the *Courier-Mail* of 5 February:

> While the change in the state school funding did not impact directly on private or Catholic schools, it created an ‘us against them’ debate between the sectors. It is an unfortunate link that the Commonwealth has made and it creates all sorts of tensions, bad feelings and even bitterness.

The EBA system ensures that every time the market share of students in the public schools increases at a slower rate than the increase at the private schools the public system loses money. The federal government has reduced federal funding for New South Wales public schools by $10 million this year because the government school sector, while growing slightly, has lost market share to the faster growing private school sector.

I would like to return to the ill-thought out, ill-planned so-called simple GST and the effect that this will have on education in New South Wales. In doing so I would like to refer briefly to a press release that has been put out by the three state Labor education ministers and I quote:

> ‘Only 54 days to go—five minutes to midnight—before the introduction of the GST, and the tax office still cannot give a clear guidance on what can be taxed’, they said.
'Unless there is a decision immediately there should be a moratorium on the introduction of the GST on education.

'Every child in every school in Australia will feel the effects of the GST, even though the Prime Minister promised before the last election that education services will be GST free.

'Parents and schools need to know now whether they will be paying GST for meals on school excursions and tickets to school plays.

'However, what is clear is that they will be paying GST on everyday items such as school uniforms, calculators, computers, musical instruments, sporting equipment and even second-hand books.

'There is nothing more fundamental to the education than a school uniform. It is a big lie that education is GST free.

'The Howard government has broken its promise and turned the goods and services tax into a government school tax.'

Just to complete my comments in that area, the total cost of implementing the GST within the Department of Education and Training including TAFE in New South Wales is estimated to be $9.95 million—an extraordinary amount just for the introduction of a new tax.

In the time left available I would like to move to another area. I refer to the funding cuts to the operation of the Family Court. I am advised that the appropriations show that there has been a $15.413 million cut in the operation budget to the Family Court over four years. An internal memo from the court’s chief executive officer confirms that in the order of 80 jobs will be lost as a result of this funding reduction. I chaired a meeting of over 200 people at the Blacktown RSL recently where the Child Support Agency reported. The meeting highlighted the many concerns that both custodial and non-custodial parents have with the operation of the CSA. In spite of the very patient response of the CSA people, and I compliment them on their handling of the meeting, there was still a lot of confusion and resentment, confirming the need for efficient counselling and dispute resolution. I make the point that I have some concerns in the area of funding cuts for the Family Court.

I will conclude on the point I want to highlight in my speech. We referred earlier to the cost of the GST education program that the government has introduced—$410 million. You, Madam Deputy Speaker, would have projects within your electorate, as would all members of this House, that you would like that money spent on. We would all like that money to be spent in our own electorates. If I did have the choice, I would spend it on the Western Sydney orbital road system, which is something I have campaigned for ever since I have been in this place: I have raised it in every appropriation bill speech and on several other occasions. But, of course, I am not alone and I am sure you and many other members in Western Sydney are supporting this project.

I would like now to refer to a press article in one of our local papers that refers to comments by the mayor of Blacktown. The article is headlined, ‘Delayed orbital is intolerable: mayor’. It says:

The Western Sydney Orbital should have been built yesterday, Blacktown mayor Alan Pendleton said.

Mr Pendleton has welcomed comments from the chairman of the Greater Western Sydney Economic Development Board calling for the immediate construction of the Western Sydney Orbital.

Chairman Jim Bosnjak said a three-year wait for the road proposed by the Federal Government was too long.

"We need this road yesterday," Mr Pendleton said.

"Sure, we have to get the planning right for the road and I understand there is an Environmental Impact Statement that still needs to approved.

"But a three-year wait for the commencement of construction is ludicrous."
“We have regional and interstate traffic trundling through our residential areas, tearing up our roads and causing untold environmental damage.

“This is all because of a lack of foresight on the part of those responsible for funding this road. It’s insane.

“It’s not good enough to say the trigger for building this road is the construction of the airport at Badgerys Creek.

“Airport or no airport, the Western Sydney Orbital is essential to the economic and environmental well being of western Sydney.

Mr ANDREN (Calare) (11.57 a.m.)—As is the case in debate on the Appropriation Bill (No. 1) 2000-2001 I intend to range across several issues impacting on my electorate, but first I wish to make a general summing up of my reaction to this year’s budget. The government made much of its $1.8 billion commitment to rural and regional Australia in its budget publicity and, to the extent that these programs include meaningful health initiatives, it is to be congratulated.

I certainly welcome the initiatives to attract more doctors to rural areas, particularly the bonded scholarship scheme, and the allocation of provider numbers to young doctors who agree to work in country areas for six years. However, I do wonder what will be the take-up of this offer when young trainee doctors have to commit themselves to country service six or seven years out when their personal circumstances may have altered considerably by that time. I rather think the allocation of provider numbers to communities would be a far more effective way of attracting experienced doctors to rural areas. After all, these people are trained at some substantial public expense and if we expect police and teachers to head west and, in most cases, they love the work when they get there, what is so special about doctors?

While it took the government four years to deliver on its promise to relax the youth allowance asset test for farm families, I am glad the government has recognised the legitimacy of these needs. I particularly applaud the extension of the retirement assistance for farmers until 2001, but there must be changes made to the eligibility criteria if this is to be fair for all. In saying that, I continue to be saddened by the inability of the government to meet the estimated $1.03 million—that is the department’s figure—to extend Gold Card entitlements to all surviving veterans. Whether you were on Bathurst Island before or after the Japanese hostilities in the region, whether you travelled to Perth by ship or train, whether you crash landed in training at Narromine or at the front in Lae, it seems to me to make no difference in terms of one’s commitment to defending one’s country. This amount of money seems to be a quite paltry contribution to the recognition that these people were prepared to put their lives on the line, and it continues to be an issue that causes a lot of heartache amongst our veteran community.

There was a complete absence of the word ‘environment’ in the Treasurer’s speech on budget night, and there is no indication of how environment programs will be funded after the Natural Heritage Trust Fund runs out in 2003. The sad inadequacy of the heritage billion dollar fund was emphasised at Yass last month, I think, when the National Farmers Federation and the Australian Conservation Council put a $60 billion price tag on the cost of rehabilitating the salinity damage in the Murray-Darling basin alone.

Even the Macquarie River, upon which so many of our central western New South Wales communities depend, is badly affected. If we do not urgently address this problem, the Macquarie River’s salt content is predicted to exceed safe drinking levels in 20 years. It is a similar story, as we all know, right across Australia. I think a salt tax or an environmental levy

“representatives main committee
is inevitable. Landowners cannot and should not be expected to do it alone. It is a crisis that belongs to all of us, and flogging off Telstra is certainly not the answer.

As for Telstra, there is a strong and, indeed, growing feeling out there in rural and regional Australia that Telstra should remain in public hands. My office has dealt with 360 serious protracted Telstra complaints in the past two years, complaints I detailed in a submission to the current inquiry into Telstra’s regional performance. Again, while I welcome the Telstra Country Wide initiative, it only partly re-establishes the local presence that Telecom once had. Local corporate knowledge of networks has been lost, and there are 16,000 backlogged jobs in central and southern New South Wales alone waiting to be completed. Many of these require substantial upgradings of infrastructure. What will be the fate of such backlogged services if Telstra’s bottom-line responsibility to private shareholders becomes it major responsibility?

However, it must be remembered that the rural health package, including the welcome rural doctor traineeships, has been costed at $562 million while, in the same breath, initiatives that I will spell out in more detail in a moment to target so-called hobby farmers will drag $570 million back from the rural economy. Those measures are ill-advised, as I will point out in a moment.

While the Treasurer made much of the government’s renewed commitment to rural and regional Australia, there was little in the budget for concrete infrastructure. For instance, while $1.3 billion is allocated for roads, this is down from the $1.7 billion in the 1998-99 budget. Oberon Shire Council in my electorate reckons it needs $30 million extra funding just to bring its roads up to acceptable standard—roads, I might say, that carry a huge volume of quarry gravel, timber and rural products that benefit all Australians, while the fuel tax revenue from such transport movements goes straight to government, with a tiny fraction returned. There was no sign in the budget of any response to the primary industry committee’s inquiry into regional infrastructure—of which I was a member—which recommended that 2c of the federal excise be returned to rural roads.

This week I presented a submission to the Senate Economics Legislation Committee on the impact of the New Business Tax System (Integrity Measures) Bill. I am no defender of tax avoiders, but I have grave concerns about the impact of this legislation on my rural constituency. I believe the legislation, as it stands, will encourage tax avoidance by the top end of town while penalising many legitimate small farmers and rural supply businesses. I presented evidence to the Senate inquiry from the Valuer-General showing that 96 per cent of rural properties in New South Wales are valued under $500,000, one of the triggers for determining the validity of claims to offset off-farm income with expenses incurred in operating a farm.

A map of shires in New South Wales prepared by the New South Wales Farmers Association shows the shires of Harden, Boorowa, Gunning, Oberon and Wingecarribee on the Southern Tablelands are close to major population centres and can easily, and do, attract valuations of $500,000 plus. The further you get away from the major centres—and that includes the adjacent shires of Evans, Cabonne, Cowra and so on—the more the value of the land drops, except in high value irrigation areas, and the more often you find smaller farms are under that $500,000 level. Yet, as I told the Senate inquiry, these properties are in many cases operated by family farmers, many of third or fourth generation, who earn the majority of their income off-farm, mostly in farm related activities like shearing, contract harvesting and even weed spraying.

I wonder whether the sorts of policies that we are adopting are socially engineering farm families out of the equation—and, again, I am absolutely no defender of tax avoidance by the sorts of hobby farm activities I do see in some cases that are non-legitimate and which are
only a lifestyle choice. But these family properties, given a chance and the investment that is ploughed back in terms of their tax refund and the money they earn off-farm, are holding together the farm family fabric of these rural communities. I have made suggestions on how this legislation can be made fairer. Indeed, unsolicited came a submission from Alan Cummine, a member of the New South Wales farmers Australian Superfine Wool Growers Association and national policy director of Australian Forest Growers. He is most concerned, as I am, at the impact of this legislation as it stands. He has suggested three options to amend the bill including: lowering the threshold for all tests to a more realistic and achievable level such as assessable income of $10,000, real property value of $200,000 and other assets $40,000; profit in two of the last five years; and raising the primary producer off-farm income to a more realistic threshold like $60,000 to $70,000.

A major rural supplier in Bathurst estimates that the legislation as it stands will penalise 40 per cent of his clients and risks a $10 million per annum revenue flowing through the local economy. Yet what did the Senate inquiry decide? It noted my concerns about the environmental impact of this bill, if passed, supported by the National Farmers Federation which supported my point of view that there is a likelihood of a dramatic falling away in environmentally linked investment in these small properties in land care and weed control. Despite all the evidence, the coalition members of the committee recommended the Senate pass the bills. The Labor Senators reserved their position. The Australian Democrats recommend that the exemption proposed for primary producers be extended to include professional artists. I am hopeful the Democrats rural spokesman will have a closer look at my submission before his party signs off on these bills.

Herein lies part of the problem in our political process. The Australian Labor Party in debate on these measures in the House concentrated on the perceived impact of this legislation on the arts community. So, too, have the Democrats. The National Party ignored the debate although I suspect there are members who recognise my arguments as very pertinent to their own constituencies. But they appear totally locked into the Liberals’ position which treats genuine small farms with almost contempt and proposes to reclassify many of them as hobby farms while giving a free kick to Pitt Street farmers. The Democrats seem blinkered at the moment in concentrating only on the artistic community, genuine though their concerns may be. When we drew their attention to our concerns the initial and, it seems to date, continuing reaction was that the provisions were generous enough.

Unless meaningful amendments to this legislation are introduced in the Senate the major parties will be punished by the people affected by this legislation, drafted by people with no understanding of small farming as it stands at the moment in rural Australia where there are legitimate farmers who, I have been told, nod off on the production line at Uncle Ben’s and other factories around the central west and work 12-hour shifts to maintain properties they have had in their families for many years. They may have been impacted by ovine Johne’s disease at the moment on those properties. They will, if given the chance, be profitable again but they need to be recognised as legitimate primary producers.

Finally, with less than two weeks to go before GST day, I would like to make a few comments about the new tax system. I went to the last election with a platform including opposition to the GST. By voting me in the way they did, the people of Calare sent a strong message that they, too, had grave reservations about, if not total opposition to, the proposal. I did not reach my position on the GST lightly. It came after extensive research into the tax after looking closely at what the taxes meant in other parts of the world. It came after giving the issue the objective, considered analysis that I try to give every policy. To a large degree my position on the GST was reached by weighing up the social versus the economic aspects, the small business versus big business impact. The more I looked at the GST the more it
became clear that, despite some benefits, most notably in its revenue raising capacity, it is a regressive tax not only for individuals but for small business as well. It is a tax which ignores capacity to pay, a tax which taxes someone with no discretionary income at exactly the same rate for essential goods and services as it taxes someone with millions in the bank.

The only way to avoid the GST is to not spend your money, to leave it in the bank or, of course, to deal in the cash economy which, according to my research and contrary to the government’s claims, has flourished in countries with the tax. For those without that luxury, for those who spend every pay week to week, there is no such option. With recent media commentary focusing on the growing divide between rich and poor in Australia, it is sobering to note that the GST, the cuts skewed to higher income earners, the halving of capital gains tax and the sort of thing I referred to in the so-called hobby farm legislation—the favouring of speculative investment over hands-on investment—will all serve to further increase that gap.

Having said that, and since the new tax became an inevitability on 31 May 1999 when the Democrats signed off on their deal with the government, I and my small staff have done our best to help business, community organisations and individuals come to grips with the tax. I pay particular tribute to my senior staffer, Tim Payne, for the tireless work he has put into understanding this legislation and, in fact, offering a de facto tax office service to my constituents. To a large degree, my office—like many other MPs’ offices, I guess, regardless of their political affiliations—has become a GST clearing house. Constituents fed up with getting the 1300 number run-around and wanting to speak to someone at a local level have sought information about the tax through my office. We have done our best to help them. I will not go into any great detail about this, but in a letter to exporters the Minister for Trade said:

What you may not be aware of, however, is the degree to which these changes will benefit exporters such as yourself ...

And he goes on to say this is to the tune of $3.5 billion annually for the export industry. According to Greenham and Sons, exporters, of Melbourne:

... the cost to our business in terms of financing the negative cashflow as a result of the Goods and Services Tax will far and away exceed any sales tax saving.

We have estimated we will be out of pocket by at least $1,000,000 worth of GST in this period ... The financial cost of funding the GST for the year may be as much as $100,000 in interest alone.

So they do not accept that they will be better off under the new tax system. There are many stories like that out there. Let the next few months and the next year or so be the test of this, and I think it will come back to bite this government very viciously.

Mr GRIFFIN (Bruce) (12.12 p.m.)—The elderly and people on health care cards are some of the big losers from the Howard government’s GST and health policy. While these changes will affect all areas of their lives, I would like to concentrate on one area: the cost of the medicine these people rely on for health and quality of life reasons.

Before I move on to the alleged GST-free area of health, I want to remind the House of the surprise move in the recent budget to remove nasal sprays from the Pharmaceutical Benefits Scheme. For the hundreds of thousands of Australian health care cardholders and pensioners who suffer from asthma, hay fever and allergies, the removal of nasal sprays from the Pharmaceutical Benefits Scheme will add $10 to $30 to the cost of their medication. The cost of these nasal sprays will be going up from $3.30, the subsidised price, to between $13 and $31, depending on which nasal spray they buy.

It is the pensioners who will be paying most of the $61 million in extra costs over the next three years. Based on the Howard government’s own figures, a private prescription for the cheapest prescription-only nasal spray will now cost up to $31.05, depending on the pharmacist’s profit margin. That is $28 extra for each prescription for health care cardholders.
and the elderly. Over a year this extra cost will be a significant financial burden. Those nasal sprays that are available over the counter will no longer be subject to cost constraints imposed by the PBS. That means these sprays will now be open to unrestricted price rises. Who knows what they will cost in a year’s time?

According to the Howard government, the chronic illnesses these products prevent and treat are no longer serious enough to warrant being subsidised. I doubt that any hay fever sufferer agrees with the Minister for Health and Aged Care and the Treasurer. Hay fever, with symptoms that include uncontrollable bouts of sneezing, red and puffy watering itchy eyes, an irritating cough and blocked nostrils and ears, is a physically debilitating condition. Asthmatics also require this medication to prevent allergies from triggering an attack—and asthma, as we know, is certainly not what you would call a minor illness.

I have also spoken with a constituent who, as a result of having polio as a child, has problems breathing at night and has to use oxygen to stay alive. In order for the oxygen to reach his lungs in a consistent manner, he must breathe through his nose. He uses nasal sprays every single night to do this; without them, the potential for him to die in his sleep is a real one. Given these examples, I was appalled to read answers to some questions on this decision raised by my colleagues in the Senate. I would like to share with you the exchange between Senator Crowley and departmental personnel on the issue of how this decision was made:

Senator CROWLEY—How many members of the Pharmaceutical Benefits Advisory Committee were actually consulted about this change? Was the secretariat involved or outside experts—allergists, for example?

Mr Lennon—The Pharmaceutical Benefits Advisory Committee is a committee of scientific and medical experts. There are approximately a dozen members on the committee and they have a wide range of expertise in health and scientific areas.

Senator CROWLEY—Are any of them experts in allergies or ear, nose and throat?

Mr Lennon—I am not aware that any of them are experts in allergies but there are a number of general practitioners as well as medical specialists. While they have no special expertise in allergies, they have a very broad base of expertise across a range of medical conditions.

Senator CROWLEY—Any ear and nose and throat experts?

Mr Lennon—No, there is no specific ear, nose and throat expert. Again, there are a number of general practitioners on the Pharmaceutical Benefits Advisory Committee who would be familiar with treating those conditions.

Senator CROWLEY—Yes, you have told us that, thank you very much, Mr Lennon. Did the PBAC seek contact or seek out any allergist or ear, nose and throat specialist in the process of making this decision?

Mr Lennon—The PBAC regularly looks at drugs or particular classes of drugs and has looked at issues around the listing of nasal sprays—either specific nasal sprays or the general issue around listing of nasal sprays—from time to time. I am sure that over a period of time the committee has consulted widely in this area in relation to the specific decision to take, or to recommend to the government that it should consider taking, nasal sprays off the PBS. I am not aware that there was a specific consultation process with the particular specialists that you mentioned.

A decision affecting the health and quality of life of hundreds of thousands of Australians is made and the government cannot even be bothered to talk to specialists in this area to find out what the impact is from a medical perspective, let alone look at the financial impact on this most vulnerable group in our society. So, by cutting these medicines out of the PBS, the government plans to save some money in the budget. However, as we all know, the overall health care budget, including money spent by the states in the hospital sector is a bit like a balloon. If you squeeze it in one area, it pops out in another. Where, then, will the pop-out be in this decision? Firstly, and most obviously, it will affect consumers’ budgets. But, given the
serious ramifications in some instances of people not taking this medication, the cost may well shift to the public hospital sector. However, at the moment we cannot be sure.

As Senator Crowley discovered in estimates, the government has not even considered these implications. Again, I think you will find this exchange enlightening:

Senator CROWLEY—Have measures been taken—and, if so, what—to assess the additional cost to MBS and public hospitals as a result of adverse events caused by people not taking their medication because they can no longer afford it?

Mr Lennon—No, specific steps of that nature have been taken because we do not believe that the adverse medication events to which you referred will be a problem.

Senator CROWLEY—What evidence or assurance do we have of that claim, particularly as some people do say that nasal sprays are used in the treatment of hay fever and often are a preventive step in the development of asthma?

Mr Lennon—I am going to ask Dr Peter MacIsaac, our chief medical officer, Pharmaceutical Benefits Branch to respond to that question.

Senator CROWLEY—Thank you.

Dr MacIsaac—Senator, would you mind repeating the question for me please.

Senator CROWLEY—I am not sure which question. There was no anticipation that changing the status of nasal sprays would lead to any increased illness or pathology. But some of us are concerned that nasal sprays are used to manage hay fever or other allergies and that these sometimes, if not managed, do lead to or often trigger conditions like asthma.

Dr MacIsaac—the first issue is that the Pharmaceutical Benefits Branch would not expect that patients who need these treatments for management of conditions like hay fever would stop taking them, but patients would continue to use the best treatment for their condition which their doctor recommends. The nature of the sort of problems that these drugs are commonly used for, such as hay fever, is that they are used for relatively short periods over the difficult months of spring and summer. They will doubtless continue to be used in that way. In terms of your question about are we likely to see an increase in hospitals admission with asthma and preventable diseases, it is my professional opinion that it is unlikely to occur.

Senator CROWLEY—we might have to ask you how you are going to measure that professional opinion, Dr MacIsaac.

So, just a week after this budget measure was revealed, Dr Wooldridge announced that a—

Mr Lieberman—I wonder if the member would be kind enough to agree to table the transcript that he was reading from to help members in future.

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—The member for Bruce made it very clear that he was reading from the Senate estimates committee, but I am sure it will be tabled.

Mr Lieberman—It is usual to table the document.

Mr GRIFFIN—Madam Deputy Speaker, that is no problem. It is part of the Hansard already, but I am happy to table it. Just a week after this budget measure was revealed, Dr Wooldridge announced that a drug for the treatment of arthritis would be funded on the PBS under certain circumstances at a cost of $217 million. This is a good thing. Products that are effective and cost beneficial should be made available to Australians at a subsidised price.

While, as I said, the decision to fund the new arthritis drug is welcome, it must not detract from the fact that, for sufferers of allergies and asthma—particularly the elderly and pensioners—the decision to de-list nasal sprays will have an enormous negative impact and effect on their quality of life and health.

It is also interesting to note that one of the benefits of the new arthritis medication touted by Dr Wooldridge is that the drug will cut illness and hospital admissions. As I have already shown, the loss of the same benefits associated with nasal sprays was not even considered by the Howard government. For the elderly and those on low incomes, the nasal spray decision...
just adds insult to the injury that will be caused by the introduction of the GST on health products such as skin medicines and complementary health products. An estimated 1.3 million Australians, again many of them elderly and with low incomes, use over-the-counter products to treat their skin diseases. Use of these preparations, which are currently sales tax exempt, save the PBS and Medicare millions of dollars in prescription costs and GP consultation costs. After June 30 this year these products will be hit with the GST. In the majority of cases, skin conditions are chronic. People need medication every day of the year for the whole of their lives. The question now is whether they will be able to afford them.

Public disgust at the imposition of a GST on therapeutic products used to treat skin diseases was highlighted earlier this year when a petition signed by more than 14,000 Australians sent a blunt message to the Howard government. At the time, it was one of the largest anti-GST petitions, exceeding even the tampon petition, with signatures from Australians living in every state and territory. Government correspondence trying to justify the decision on these products stated that, to gain an exemption for a medicinal product, the ‘important principle in providing GST-free status is to ensure that the tax should not apply to the treatment of those who are sick.’

Are they really saying that people who suffer from skin diseases that cause crusty, oozing skin rashes, and that if left untreated can lead to hospitalisation for staph infections, are not sick? Or maybe they are just not sick enough for GST purposes. It is offensive. Again, as we saw with the nasal spray decision, the Howard government did not consult the experts in this field on the impact of a GST on skin medicines. Australia’s leading dermatologists have in fact condemned this tax on skin disease from the start, but their protests have obviously fallen on deaf ears.

Just as an interesting medical aside, for genetic reasons, many people who suffer from skin diseases such as eczema or dermatitis also suffer from allergies. For those people and their families, government policy has dealt a double financial blow. While the dermatology petition contained in excess of 14,000 signatures when lodged, this has recently been eclipsed by the handover of a petition by the Complementary Healthcare Council relating to the GST on complementary health products. Again, these products were sales tax free; again, the use of these alternatives will have saved the PBS a lot of money; and again, it is the elderly and those on low incomes who will suffer most from this decision.

For those battling osteoporosis, the cost of their calcium will go up. For those with poor diets, their vitamin costs will go up. And for those who have chosen to go down the path of preventive health care, it will be cheaper to succumb to sickness, see their GP and get a script. In the end, little will be saved for the government. The health care balloon will keep expanding and the quality of life, the health and the financial future of those in society we need to care most about will be destroyed.

Madam DEPUTY SPEAKER—Before the member for Bruce takes his seat, as requested by the honourable member for Indi, would you request leave to table the information you were quoting from in Senate?

Mr GRIFFIN—Madam Deputy Speaker, I seek leave to table the document.

Leave granted.

Dr LA WRENCE (Fremantle) (12.25 p.m.)—In the brief time available to me today I want to address what is a very large problem and one I am pleased to see has been taken up by our major national newspaper of record, the Australian, in recent days. It is an issue that has not had much discussion in detail in the Australian community. It is the question of inequality between Australian citizens. I do not want to talk today about inequality in rights, inequality
in education and inequality in access to services, although I will touch on those things. What I want to underline is the importance of an open discussion of what is happening in Australia in inequality in incomes and wealth.

A lot of us hold the view—and this is probably the starting point of the Australian’s work too—that ours is an egalitarian society of which we can be proud. We throw around phrases like ‘The land of the fair go’ or ‘This is a place where Jack is as good as his master.’ All of those phrases are ones that we would be familiar with, but I want to ask the question of whether indeed this is really the nation of a fair go and whether it is actually the ethic that governs our private and public relations.

As part of trying to push this debate ahead, I actually gave a journalist at the Australian a copy of a paper that I delivered toward the end of last year, and I would like to think that it may have had some influence on their decision to go ahead with a major investigation of inequality. It may not have, but, in any case, all I want to say is that I am pleased that they are doing it because it is a very big issue.

Despite some observations, inequality is actually something of a taboo word in our current political lexicon. People do not like to talk about it very much. They want to skirt around it and say, ‘There may be some problems with outcomes, but essentially everyone gets the same opportunities.’ So they say that we have equality of starting point and any inequalities that result are the consequences of people’s innate abilities, or the marketplace, or something of that kind.

But there is considerable evidence that those societies which have big inequalities in wealth and income are also the ones that have unequal access to other resources such as education, power and influence. You tend to get a division of society that mirrors the divisions in income and wealth. Those societies that have the greatest income inequality are also the ones likely to discriminate against minorities and limit universal access to public goods, such as education and health services. There is a lot of work being done internationally to underline this. In other words, if you like, the greater the inequality in wealth, the greater the social distance too between citizens. It is also typically very difficult for the least well-off to move up the ladder of income and outcome and ‘elites’ are more likely to exercise control and dominate positions of power. People get stuck in their relatively lowly positions in the community.

This is not a phenomenon that is restricted to Australia. In fact, in the scheme of things, we are a moderately unequal society, if I can put it that way. The so-called new economy globally has also been accompanied by new inequality, and there is actually quite a lot of interesting discussion going on around the world now about exactly what is going on. Even conservative economists who have been great enthusiasts for the free market, for international trade and for deregulation have begun to draw attention to what they call the ‘dark side’ of the new economy. It is writ largest in the US where the experiment, I suppose, has been at its most profound. Debate has been growing there—and not just amongst the activists who turned up at Seattle and Washington to discuss trade—about how to reverse the trend to growing inequality, locally and globally.

The UN Conference on Trade and Development Report of 1997 pointed to what they called another ‘big story’. Their major big story was the growth in trade, but their other big story, as they described it, was the growth since the 1980s of rising inequality. In fact, they said that since the early 1980s the world economy has been characterised by rising inequality and slow growth and that ‘income gaps between north and south have continued to widen’. So this is a global phenomenon.

In 1965, the average per capita income of G7 countries—they are typically the wealthiest—was 20 times that of the world’s poorest seven countries. That was in 1965. In 1995, 30 years
Later, it was 37 times as great. This trend is obviously seen at its most extreme in South America and Africa, but even today, as the report put it, the middle stratum of nations ‘is thinner today than in the seventies’. This is something similar to what is happening in Australia.

Another UN report, *Globalisation with a human face*, makes explicit comparisons with the end of the 19th century when there was a comparable period of growth in trade and global integration. Then, as now, convergence in incomes, opportunities and wealth had been expected to result. What has in fact happened is an ‘increasing concentration of income, resources and wealth among people, corporations and countries’.

So some people have managed to acquire more of the goods and services and wealth and some countries have acquired more than is perhaps reasonable to expect.

As I indicated earlier, accompanying this increase in global inequality has been a big increase in income inequality within countries, and that includes the developed world, including Australia. I am pleased to see it is now receiving greater attention, but a lot of people—and even commentators in the *Australian* this week—seem to see it as a necessary consequence of economic globalisation and the unimpeded operation of free markets. They see it as a kind of black rain which really cannot be avoided—you can moderate it at the edges but you cannot really turn it around. In Australia, as elsewhere, one of the key indicators of inequality has been income inequality and the results there show very clearly that there is ‘an increase in measured inequality of incomes in most developed countries’.

It is happening everywhere and obviously we have to look for some global forces to explain it. A recent OECD report of income distribution in the most wealthy OECD countries showed a general—although I underline not universal—trend toward greater income inequality. Some countries have managed to resist it if not reverse it. It has to be said, and I have only a little time to speak so I cannot go into this in detail, that it is very clear that those countries that have active policy measures to reduce inequality by and large succeed in doing so. It is when governments withdraw that we see the biggest increases in inequality.

Again, in the developed countries the income share of the richest has typically risen at the expense of the poorest, and nowhere is that more evident than in the United States. In Australia too we have seen a widening gap between our citizens. A lot of that is evident in before-tax incomes, but shifts in tax policy, in benefit payments and in non-cash benefits now appear to be widening rather than narrowing that gap. It is very clear from a lot of published data that, in the 1980s as a result of deliberate policy, the gap in market based incomes, if you like, was moderated by government policy. Nonetheless, the gap continued to emerge. S. Long, one of the few journalists who looked at this in detail prior to the *Australian*’s recent efforts, said a map of Australia depicting the distribution of income and employment would ‘show a nation fracturing along class, residential and ethnic lines’. That gap, I think it is fair to say, is not just between the rich and the poor but between the rich and the rest of us. The middle class has also been left behind.

The National Centre for Social and Economic Modelling, which has done a lot of work in this area, calculated that in 1990 the richest 10 per cent of Australian families received 23 per cent of the national income—and that has increased by nearly two per cent since 1982—while the poorest 10 per cent received less than three per cent—and that represents a decline. These disparities in income are reflected by even greater disparities in wealth—that is, what is accumulated over time. The top 10 per cent own at least 52 per cent of the nation’s wealth, by some indicators. In other words, the 90 per cent of the rest of us own slightly less than half.
Since 1993 the share of the nation’s wealth held by the richest 10 per cent has increased by five per cent, so this is not a phenomenon that is entirely historical.

Unfortunately—and I do not know why they are doing this; they have done it in their recent analyses for the *Australian*—NATSEM stop at 1996. I do not know whether they are afraid of having their funding cut by the current government if they report on what has happened since the Howard government has been elected, but it is time that we had some more contemporary data on these questions. What little analysis has been done indicates that, since 1996, this concentration of wealth, for example, has become even more exaggerated. So the richest one per cent increased their share of wealth from 12 to 15 per cent since 1996. That is a pretty substantial increase and I imagine we would see that reflected across the wider community.

A lot has been made by this government particularly of growing share ownership in Australia, but the figures contradict the notion of a classless shareholder democracy with an accumulation of wealth through that means. Such ownership even after the Telstra float remains heavily concentrated amongst the wealthy. The richest 10 per cent own 90 per cent of the shares directly, and private investors hold most of those shares. Some of us, of course, acquire them without our knowledge through superannuation contributions, but by and large it is that 90 per cent who hold the shares.

The economic distance between Australians is growing. It is not that we have, if you like, a diffuse distribution of inequality—you can locate it. It is partly urban-regional. It is partly outer urban-inner urban. But it is also concentrated in some census districts. Between 1976 and 1991 the mean income of households in the top five per cent increased by 25 per cent while for the lowest five per cent it fell by 23 per cent. Again, that has accelerated so we are seeing a divide growing in the community.

As one of the workers in this field concluded, we are confronting an increasingly polarised society in which she says ‘it may be increasingly true to say that one half of Australia does not know how the other half lives’. I think we have seen that in the current government’s policies where it is very clear that, by means of taxation benefits and what are called non-cash benefits, you can significantly narrow the gap that exists between citizens when you only look at income. In other words, if you do not have to pay for your health services at full cost, if you get child-care subsidies, if your benefit payments keep up with inflation and better—if they reflect the rises in living standards that everyone else is enjoying—then you will reduce that inequality.

Instead, what we are seeing at the moment are pressures in the other direction: a user-pays basis which falls most heavily on the poor; a reduction in benefits in many cases—for instance, in child-care assistance; and young adults having to rely on their families for their incomes, which puts greater pressure on them. The introduction of the GST, which is a flat tax, will further exacerbate that gap. Everybody knows, despite the publicity, that it is the low income earners who will suffer disproportionately. So, proportionately, that will blow it out. In addition, the tax cuts on 1 July will benefit the higher income earners substantially more than the lower income earners, and we have seen very large sums of money spent on advertising those changes which benefit the least well off in the community not at all and which, in many cases, will send them backwards.

We now have a series of government policies which in the past were designed to hold the chocks under the least well off in the community and to ensure that those market based income inequalities were not, if you like, writ large in the wider community. But when you change taxation policy—reduce benefits, cut back services, ensure user pays, introduce flat taxes and all those deregulatory elements—you are in fact widening the gap in Australia. That matters, because what happens in the end is that those people who are comfortable and well...
off start to say, ‘Why should my taxes be used to support the least well off?’ You get dispute about welfare payments—and we are seeing that—and you get dispute about assisting the least well off in our community. You also start to have a society divided by those who have and those who have not.

The social problems connected with these inequalities have been well documented: health deteriorates, crime statistics worsen and education outcomes are poorer. Inequality is a blight on the Australian community. It is something that, as policy makers, we should be resisting, not contributing to. Although I do not have time to talk about it today, there are measures that good governments can take both locally and globally in ensuring, for instance, that minimum wages are applicable, that unions protect the rights of workers and that government policy does not contribute to inequality. We, as legislators, should be aware of these measures and should embrace them.

The current government in all of its policies seems to be blind to this rising problem in the Australian community. It wants to talk about the rural-urban divide and it is worried about the fact that rural and regional Australia is complaining, but it is not examining the real issues. In fact, it is throwing money around in an uncoordinated way, with an outcome that will not benefit this very severe problem that we confront.

Ms PLIBERSEK (Sydney) (12.38 p.m.)—Yesterday in my electorate of Sydney there was a protest of artists who met, firstly, outside state parliament house and then moved to protest outside the Prime Minister’s office in Phillip Street, Sydney. There were also artists protesting outside Parliament House here in Canberra this morning. The reason they are protesting is that they have realised that the New Business Tax System (Integrity Measures) Bill 2000 will have a dreadful effect on the arts community in Australia and that these changes will come on top of a number of other changes that disadvantage artists in the Australian community.

As I was at the artists’ protest this morning, I got to thinking: how would the characters in Puccini’s La Boheme have dealt with the changes that this government has inflicted on artists in Australia? While the opera is set in the Latin quarter of Paris, I thought maybe we could transpose those artists into a similar sort of accommodation in Darlinghurst in Sydney in my electorate. They are the inseparable quartet: Rudolfo, the poet; Marcello, the painter, Colline, the philosopher; and Schaunard, the musician. Various other characters come into the opera later on, including Mimi, who embroiders flowers for a living.

The opera opens with Rudolfo at his table writing and Marcello at work on a painting called The Passage of the Red Sea. They have just heard about the New Business Tax System (Integrity Measures) Bill 2000 and they have learnt that their annual income from their artistic activity must be greater than $20,000, they must have assets of over $500,000 if real property is included or $100,000 worth of other assets, or their business must have shown a profit in at least three out of five years. Of course, most struggling artists, and certainly the sorts of struggling artists that we know of both in popular culture and the ones that are contacting our offices day after day, would meet none of these criteria. The shame of these criteria being the criteria applied when artists are wanting to deduct their artistic expenses from income from other sources is that very few artists in Australia would ever meet these criteria.

The Australia Council says that the majority of artists in Australia earn less than $40,000, but also the majority of them earn much less than $20,000 from their artistic endeavours. This does not mean that they are bad artists; it does not mean that they are not contributing to the Australian community. It is part of the historical undervaluing of arts in the Australian community that, no matter how good their work, no matter how difficult their endeavours or how committed they are to their work, very few artists make a profit from their work in their lifetime. It is certainly not a regular profit and it is not $20,000 a year.
Rudolfo might be writing the quintessential Australian poem and Marcello might be painting a painting that is later hung in the National Gallery in Canberra. Yet the fact that they are unlikely to ever earn this sort of money on an annual basis means that they are not considered artists by this legislation; they are considered hobbyists. As well as the financial penalties involved in this legislation, the insult of calling people hobbyists when they are people who have dedicated their life to artistic pursuits just adds insult to injury.

It is amazing as well that artists are included in this measure. I do not think that this was an intended consequence of this legislation because the truth is there are not hundreds of thousands of artists out there doing their best to evade tax. The truth is that the majority of them are on very low incomes. The very people that it was intended to affect, the Pitt Street farmers, have been exempted from this legislation. So, not only do we have the unfortunate consequences for people in the artistic community, we have this legislation in fact not applying to the very people that it should be applied to, people who are deducting their olive grove expenses and their deer farm expenses from their incomes as stockbrokers and lawyers working in the city.

We will go back to our artists struggling away in their garret. They are cold and they are hungry, and the GST just makes that worse. The sort of food that these boys are used to eating is not the sort of slow cooked lentils and health food that the Democrats have made sure are exempted from the GST. They are not used to buying cold, freshly cooked prawns, which are also GST exempt; or raspberries flown in from Tasmania which are also GST exempt. They are used to buying cheap takeaway food because they do not have cooking facilities in this garret that they are living in. That is not unusual in the inner city; it is certainly not unusual in the area that I represent. I see very many people who are struggling on pensions who buy their one meal of the day from a cheap takeaway place or a cheap restaurant because they do not have cooking facilities. It is not because they are wealthy people who enjoy dining out every day; it is because they do not have the facilities to cook complicated meals. The cold is going to get worse as well because their electricity and gas bills are going to go up.

Their friend Schaunard, the musician, comes in with food and fuel. He has just made some money from a three-day engagement with an eccentric Englishman. Fortunately, he is one of the lucky people who had no trouble getting his Australian Business Number. His ABN came several weeks after he applied for it. He did not get his $200 bonus, but he did get a Business Number. That was lucky because otherwise the eccentric Englishman who had employed the musician for three days would have had to have withheld 48 per cent of the money that he was being paid.

Of course, Schaunard’s first task when he walks in the door is to sit down and do the paperwork. All of the artists living in this garret have found they are spending an awful lot of time doing their paperwork because if they do want to claim any of the input costs from the GST they are having to keep much more careful and regular notes than they have ever had to in the past.

There comes a knock at the door. It is the landlord, and—guess what? The rent has gone up. It has certainly gone up much more than the government predicted. They said that rents would not be affected by the GST but the landlord has claimed that, with the cost of plumbing and all of the other services going up, the rent is going up. It is not surprising that the rent is going up more than the government predicted, because a whole lot of things are going up more than the government predicted. I hesitate to use a stereotype, but these struggling artists are very upset about the cost of beer going up more than the promised 1.9 per cent.

Incidentally, the landlord, of course, is still able to claim deductions from the rental properties against income from other sources, because the New Business Tax System (Integrity Measures) Bill 2000 has exempted the rental properties and income from share
investments as well. The landlord is doing pretty well, actually. He was a bit worried that his family trust might be affected by the Ralph review into business taxation and that criteria around family trusts might be a bit tightened up. But he should have been confident that, with more than half of the frontbench of the coalition having family trusts, this was certainly not going to be an area addressed in taxation reform.

I could go into Rudolfo’s first meeting with Mimi. She is complaining about the fact that tampons are going to be taxed while his condoms are not, but I will not go into too much detail there. The more general point is that this government’s tax changes and policy changes will have disastrous effects for artists in the Australian community.

I have talked about the integrity measures and the effect that that will have on artists’ ability to deduct expenses incurred making their art, but there are other disastrous effects as well. The GST will have, by every prediction, a dramatic effect on attendance at theatres and cinemas. As the cost of these discretionary items goes up, it is inevitable that people will attend theatres, cinemas and galleries less. They will buy fewer artworks. They will also, I predict, be buying fewer books because, although the Democrats originally said books would be exempted, that is another area in which they have broken a promise.

The cost of living for people struggling on low incomes—and these artists are on low incomes in any case—will also go up. We know that in many areas costs are already going up. I have constant reports in my office from people who have noticed that supermarkets are putting prices up already. Anyone who believes the government’s predictions on price increases I think is naive at best.

Artists were previously able to buy many of their materials wholesale sales tax free if they could prove that these materials were being used in the pursuit of earning income. They may be able to claim the GST back as an input cost down the track. They may manage to organise their paperwork in a sophisticated way as a small business should. I think that that is a little optimistic for a lot of people. Certainly if they are doing that they will be spending a lot of hours doing their paperwork that they are not spending doing their art.

The final thing I would like to say is that, while many of these artists are working at second jobs to earn an income, they are often working at jobs that they do not like—any sort of job just to make a living. The effect of this government’s industrial relations regimes on many of those jobs, which are hand-to-mouth sorts of jobs, means that their expenses are going to increase, any favourable tax treatment they once had disappears and their wages are likely not to increase, or probably will decrease in real terms.

Mr HATTON (Blaxland) (12.50 p.m.)—In dealing with this Appropriation Bill (No. 1) 2000-2001 for the government’s fifth budget I would like to start by saying very quickly that even though the time is abbreviated at least I get to speak on this appropriation bill, unlike last time in 1999 when I was completely gagged and they guillotined it through.

Ms Plibersek—They were scared of you.

Mr HATTON—True, they were scared of me, no doubt—the member for Sydney is probably quite right. I want to take a general overview of not only these appropriations but also where they fit into the context of what the government has been about since 1996. This is an end process and a beginning that is marked in the 2000 budget by the undergirding of these budget appropriations, and that is the GST. I will start there but come back to it later because the implications of that are immense for not only this budget but future budgets.

When this government came to power and inaugurated the National Commission of Audit, and then followed that up with their budget honesty legislation, they put forward the very simple proposition that the real purpose of a federal government is basically to sell itself out
of business and that the federal government should provide no direct services to any single individual in Australia. That was in the National Commission of Audit and it is in the response of this government. The 1996 and 1997 budgets ripped and tore away at existing programs and services countrywide—in the cities, dramatically in Canberra, and in the bush. They believed that they were doing the right thing. They had utterly convinced themselves that that was the case.

What have they put in its place in those first couple of budgets? Because of the sale of a third of Telstra they came up with the Natural Heritage Commission so they were plugging funds into the bush. That was the payback for people losing a third of the greatest company that Australian people owned and still own two-thirds of—although the government would like to sell the lot off. So they provided an ad hoc program that looked good on the outside where the words that covered it seemed to be very promising, but there was little of real substance as the basis of it. In fact, there was only $84 million worth of extra funding over and above what had been previously provided by the Labor government in those areas. So it was repackaged, rebadged, and flogged to the people as a billion-dollar program. In fact, that was false.

They then continued to rip away services, sell things off and take away from country and regional areas in particular the opportunities for people to plug into local services. We have seen the results of that in the last couple of years as people have increasingly come to say that one of their greatest concerns, rising almost to second place, is the real lack of services. The government have achieved their objective in that regard but they have covered it with the language that all of their budgets are supposed to be transparent, that there is no opaqueness, that they are telling everybody straight up-front what they are doing.

We know from experience that that is not the case, particularly with the last two budgets. To get to the detail of what the government is doing is extraordinarily difficult. It is only because we have the Senate estimates committee process that we can drag out of them, bit by bit, details of what they actually are doing in the programs, because like all good behaviourist approaches—and that is what we have got in the new form of accounting—all we get is a set of principles, aims and objectives which are so general that anybody could satisfy them. But we do not get what we had before and what was still in the last budget: a programmatic detailing of exactly what was being done and what changes were being made. All of that has been covered up. For the broad panoply of these appropriations you get a couple of lines saying, ‘We will do A, B and C, and aren’t we terrific? If you actually want to find out what we are doing at a departmental level, turn up at Senate estimates and grill us and you might be able to extract that information.’

I do not think that is good for public policy and I do not think it is good for the people of Australia, effectively, to have their access to information, their access to knowledge, whittled down and locked away from them. One of the key things we have to do when we come back to government is to open that up again and to be really open about what we are doing in our programs.

It serves this government’s purposes extremely well to operate on that basis. If you do not have to explicitly say what you were doing, what you intend to do now and how much money will be taken away from particular programs, you can just say the whole of what you attempt to achieve is being successfully done. In regard to the House of Representatives and the Senate you can simply say that there are a series of things that you have to do: one, two, three, four, tick them off—‘Yes, we are doing that job’—but give no detail of where the problems are, where the difficulties are that need to be fixed up.
This is particularly seen to be so when you look at infrastructure spending. There is no more important thing for the 21st century, the next century that Australia is about to enter at the end of this year, than to have a clear insight into what the priorities are for us in infrastructure terms and in the maintenance of that infrastructure, which increasingly will be a massive problem for us because so little maintenance work and investment has gone on for the past number of years, at both state and federal levels. There will come a time when the demand for that is much greater than it has been in the past, because so much of it is being run down and we are losing the capacity that we need.

We do not need guided adhocery, which is what this government is providing. We do not need a Natural Heritage Trust program here and a Networking the Nation program there—when you go out into the regions and you talk to the people who say they are proudly putting those things into place, you find there is a mess. There is no basic structure to it. The approach is to put the money out and let people decide what they want to spend on, and somehow the nation will get hooked up together: people will be able to communicate better and they will be able to do more things. You need a planned process where you get down to basics and try and work out what Australia’s telecommunication infrastructure needs are and how we should plan those through into the future to make sure that we do actually bind the nation together and make it a powerful economic, informational and knowledge based unit in the next century. There is a massive problem in regard to that, and those are part of the services that are being whittled away.

I will finish on the core in this, which I mentioned at the start: the goods and services tax. In 1974 the Asprey committee recommended it. The Prime Minister came into parliament in 1974. We are now having imposed upon us one of his historical fetishes. It is understandable. It is the case, both for parties and for people, that one can become so bound up in a particular view of the world or the way things should be done, or a particular report that comes forward, that that can become a token of what the person or party is, and a fetish—something that is not thought through, something that is not flexible, something that binds the person to a particular place and time. This is a 1960s French Socialist tax. That is what the Prime Minister is supporting. That is what he is imposing.

There are two great elements of damage in this distorted budget that we have got because of the enormous cost of implementing this tax. One is a positive for the coalition but a negative for the entire community. The coalition will have succeeded in dramatically altering the tax base so that the vast majority of Australian people will pay more money through the goods and services tax. The great weight of the tax system has been deliberately shifted onto them.

The second part of this is that the fetishism lies not just with the Prime Minister but with Treasury. They have chosen a value added tax system. It is so dumb, it is so stupid, it is so reprehensible, because in the year 2000, with all the changes in computation we have seen over the last many years, you do not need to be tied to a paper based administrative regime as you had to be in the value added tax system that the British and others put in. There are other ways to do it, much simpler ways that have been done in the United States, and as we have proposed elsewhere.

These budget papers are of a pattern. The fifth is of a pattern with the rest. It is a denial of services, a denial of thinking forward, a denial of planning, a selling off, but with the GST imposition imposing greater administrative burdens on all of the Australian people, but in particular Australian business. It has underlining it a lack of flexibility of thought and a lack of openness to the future because this has been produced by a party and a Prime Minister who are prisoners of the past and prisoners of their fetishistic history. Thank you.
Dr THEOPHANOUS (Calwell) (1.00 p.m.)—It is my pleasure to be speaking on the Appropriation Bill (No. 1) 2000-2001. For various reasons I am the last speaker. I was away in the crucial week when I became a father and therefore was not in a position to put my name down at that time. I am pleased the minister is here because I want to cover a number of issues in this speech on the appropriations.

Perhaps I could begin with a reference to today’s Australian and an excellent article by Paul Kelly entitled ‘Rhetoric is no remedy for inequity’. The subheading is ‘Replace the phoney debate with targeted policy’. What he is referring to here is the challenge that we all have in the context of globalisation of the economy, of society, of the communications systems, and of the Internet. In the context of all this globalisation it is not easy for any government to determine exactly what it can do. We do have, as he spells out in the article, two responses that have become quite commonplace to the problems of globalisation. I outlined what is his first response in a paper that I gave at a conference a couple of years ago, so things have not changed much since then according to this article by Paul Kelly.

The first response is the one which goes, ‘Economic globalisation is inevitable. The forces of the market will determine things economic. Therefore, government has a very limited role, and because government has a very limited role you are virtually at the mercy of the market. So, the best thing to do is to kind of go with the flow and allow economic globalisation and the marketplace to do its darndest and whatever happens shall happen.’ That, according to Paul Kelly, is the approach of the Prime Minister, Mr Howard, and of the government.

To be accurate, although there is no doubt that the Prime Minister is of this view, it is not accurate to say that everyone in the government is of the same view. There are some people in the government who recognise that there has to be a certain level of government intervention, even in an internationalised economy, even in a globalised economy, otherwise the very forces that are at work will create a situation in which inequality increases.

And that, of course, is the point of this article—inequality has increased dramatically in Australia. I am talking here about the inequality of wealth rather than income. The figures are quite staggering. There has been an increase, especially in relation to the top 10 per cent, of nearly 50 per cent in the proportion that own the gross amount of wealth. You have a situation in which the top 10 per cent own more than 49 per cent of the wealth. Amazing! Ten per cent own 49 per cent of the wealth. That has gone up from 44 per cent. We now have a situation in which the forces of globalisation of the economy, which one can argue are a necessary feature of the modern world, have this impact on the economy in creating greater inequalities, especially in wealth. The question is: how do you deal with this? As I said before, the government’s approach has been dominated by the philosophy of the Prime Minister—

Mr Fahey—And the Minister for Finance and Administration.

Dr THEOPHANOUS—I have not mentioned the finance minister; you choose to mention the finance minister. I know that the finance minister has slightly different views from the Prime Minister on these philosophical issues. He may have kept quiet in recent times about his views but the fact is we know from his history that he does have slightly different views from the Prime Minister on this very critical question.

Mr Lee—And on football teams.

Dr THEOPHANOUS—Is that right? If you really mean that then I am disappointed. I understand where you are coming from in terms of being tied into cabinet solidarity. What is pointed out in this article by Paul Kelly, and it has been discussed in the literature on globalisation, is that the approach of simply minimising the involvement of government and hoping that the outcomes are going to be positive in terms of social consequences—poverty,
unemployment and the distribution of wealth—is not going to work. The question then arises: should we go back to the old formulas? Paul Kelly is critical of those who use the rhetoric of equality and equity to propose formulas which somehow suggest that we can close up the national economy—forget about the internationalisation of the economy—and resolve the problem of equity by the kinds of things that I regret to say Pauline Hanson was talking about some time ago when she was here: nationalistic type policies that suggested we can insulate the Australian economy completely from international forces.

Those who have their hearts in the right place and who want to have equity must understand that this globalisation process is going to continue because it is not just an economic process. As I mentioned when I began, it is a social process, an information process and a process that involves changes in technology and interaction between people. As a consequence, it is necessary for us to find ways in which we can achieve social justice and greater equity without at the same time undermining the globalisation process. How are we going to do that? Paul Kelly raises the question but offers no answers in his article. I believe that the only way to do that is through much greater cooperation at the international level in the economic realm. I do not know whether the minister is listening to this, but I stress ‘in the economic realm’, because the only way in which countries can come together and resolve these issues is to say, ‘If we all go back to the old days, put up tariff barriers and protection, we are going to hurt one another and we are going to be going against the trend of history.’ The only way forward is for us to accept and agree about what we are going to do.

There was a meeting in Europe of the major Western governments—not all of them, but governments of a persuasion that might be called centre and left of centre—which President Clinton attended. The Prime Ministers of Britain, France, Germany, Greece and many others were there. The vast majority of the governments of the Western world at the moment are left of centre, Australia is an exception and therefore was not invited to the meeting. What did this meeting do? It focused on the question of how we can at the same time continue the economic globalisation process and address the social issues. It came out with a communique which very clearly indicated that we do need to address those social issues in a big way, and that, unless the social issues are addressed together with the economic issues, we are going to have big movements of rebellion against the globalisation process itself. We are going to have ethnic conflicts, regional conflicts, all sorts of very serious conflicts unless we have a situation in which we address the social dimension of that.

What do the Minister for Finance and Administration and the Treasury have to say about this? Are they interested in addressing the social issues as well as the economic issues? I know that is not the primary responsibility of the Treasury but I believe that it should be part of the exercise of the duties of the Minister for Finance and Administration and the finance department. The finance department should not merely be addressing the question of the economic dimensions of matters; it should also address the question of the social consequences, especially poverty, homelessness and the associated issues of people who resort to crime because of poverty. Those sorts of issues need to be addressed by a decent department of finance and minister. It is not good enough merely to look at the economic questions. You have to look at the social dimensions of things. I believe that is very important. The minister ought to get a copy of the communique that was issued by those governments about the way forward and the necessity for the social dimension to be taken into account.

Let me give an example. If we do not have an internationally enforced agreement about child labour, across the world, some countries are going to take advantage of the fact that they have got child labour and they are going to produce goods and services using virtually slave child labour. Therefore, they are going to advantage themselves vis-a-vis other countries.
What is that going to do to the international system? It is going to mean that in an open international market they will have a benefit which they do not deserve to have. Therefore, issues of this kind need to be addressed.

The same is true of certain environmental questions. If one country is able to ignore totally environmental issues and produce certain goods or services—primarily goods—without regard to the environment, and other countries are doing the decent thing and sticking to rules and regulations in relation to the environment in their production processes, why should the country that is ignoring the environment benefit in terms of the market?

It is very important that, at least as a starting point, we look at these international agreements where the production of goods and services involve what might be called dysfunctional, non-social behaviour which is uncivilised and unacceptable in terms of human rights. That could be a start. In that regard, I am absolutely amazed at the decision of the government not to send a ministerial representative to the UN Conference on Social Development. I am just wondering, Minister, what got into the cabinet when they made this decision? Is this merely the attempt by the Minister for Foreign Affairs to try and give a bit of a slap across the face to the United Nations? Is that what he thinks he is doing? Does he understand that these conferences on social development by the United Nations were participated in in a very big way by Australia in the past? Australia had a major role in the drafting of the agendas and participation in these conferences.

In 1994, Australia was represented by two ministers and a parliamentary secretary, as well as a large delegation including our then Ambassador to the United Nations, Richard Butler, at the conference which discussed the sorts of issues I am raising. Senator Bolkus, Gordon Bilney and I were there, with Richard Butler and a whole contingent of experts from Australia which actually played an important role in the drafting of the communique and the agenda. And what do we find has happened now? The government has made the decision for whatever reason. I wonder whether it was because the Minister for Foreign Affairs fell out of the wrong side of the bed and decided he was going to punish the UN because they have been critical of us on human right issues. Is that what it is? It is quite extraordinary that for the first time we are not being represented at a ministerial level. And it does not have to be the foreign minister—the finance minister might be interested in going and hearing something about social development and social issues; why not? To have no minister going there is quite extraordinary. I am just amazed at this development and I think something ought to be done about it.

It would have been good if we had some idea of whether the government has any intention to pursue further international agreements in relation to some of the social issues that I have mentioned. It is only through such international agreements that we can, in a sense, humanise the globalised economy. What needs to be done in the 21st century is the humanisation of the globalised economy, just as what happened at the end of the 19th century and the beginning of the 20th century was a massive effort to humanise economies in individual nations. I am talking about the Western countries, of course, but that set an example to the world.

To achieve this humanisation you need to be conscious of the fact that the economy by itself, without some forms of regulation, without some agreements for regulation across countries, is not going to give you the social outcomes that you want. It is going to increase the gap between rich and poor. It is going to make the situation much more serious for Third World countries. It is also going to create more by way of underclasses in the Western countries. If that happens, what you are going to get is reactionary movements whose major focus is going to be, ‘If this is what globalisation means, I don’t want a bar of it.’ Therefore, you are going to get an attempt to close up the economy; you are going to get attempts to
blame other people, including other ethnic groups, for what is happening. This is actually part of what happened with the Hanson phenomenon.

We had people who were suffering as a result of restructuring—the impact of the globalisation phenomenon on Australia—and they started not merely to demand an end to globalisation of the economy but also to blame other groups in the community, including other ethnic groups. This phenomenon is not unique in Australia; it has happened in a number of other Western countries.

In conclusion—I will have more to say when we come to the estimates on Foreign Affairs and Immigration—the human rights issue in relation to our refugee and immigration policies is very important. It is very important that internationally and nationally we be seen to behave in a way which gives proper rights to refugees and to migrants and that we do not get caught up in the current wave of what is perhaps the worst form of nationalism—a kind of racism against refugees, against migrants and against other foreign people in which we attempt to blame them for the situation. (Time expired)

Mr FAHEY (Macarthur—Minister for Finance and Administration) (1.20 p.m.)—I rise at this stage to bring the second reading debate on Appropriation Bill (No. 1) 2000-2001 to a close. Before making some broad comments, let me quickly acknowledge some of the issues which the honourable member for Calwell has raised in his contribution to this debate. He made reference not only to a communique that was issued following an international conference but also to President Clinton. I listened to President Clinton give a very powerful speech on the topic raised by the honourable member at the World Economic Forum in Davos earlier this year, a forum at which I have represented the government for the past four years. Perhaps the best speech on this subject—one of the better speeches I have ever heard—was a contribution made to the same conference a year earlier by President Clinton’s wife. She spoke in a brilliant way about the linkage between economic matters and community matters and the interwoven nature of the two concepts. I say that to indicate clearly that, as a member of this government, I assure you that that topic—those linkages—is very much at the forefront of much of what the government seeks to achieve. I would argue very strongly, as we bring to a conclusion the second reading debate on this year’s Appropriation Bill (No. 1) 2000-2000—the fifth of such bills that this government has been responsible for—that there is a clear indication that the continuing economic reform of earlier years is bringing a dividend in a community sense. I will elaborate a little more on that in my remaining remarks.

Broadly, this bill embodies the government’s continuing commitment to sound financial management of the Commonwealth. The debate itself is wide ranging. It is one of the few debates that we have in parliament—in any parliament, for that matter—which allows members a degree of latitude. The views expressed range from fulsome support of many of the government’s programs to constructive and objective comments on aspects on which members feel strongly about what the government have done or perhaps what they could have done. It sometimes deteriorates to political, negative comment, which is designed simply for that purpose. I thank all members who have contributed for the spirit in which they have conducted themselves throughout this debate. I cannot, in the time permitted to me, comment on each contribution that has been made, but as I was present during the honourable member for Calwell’s contribution, I guess he will remain the exception. I will now deal with the social and economic objectives of the bill.

This bill alone does not achieve these objectives—the other budget bills are necessary as well—but combined they have as objectives implementing, at long last, a modern, fair and effective taxation system; improving the living standards of all Australians and the future economic prospects of all Australians; and supporting—specifically this year—rural and
I turn now to the economy. The government has placed Australia in a strong financial position. This is the fourth budget in a row which has a cash surplus. We are justifiably proud of that record, particularly in light of the fact that the $80 billion increase in net debt, run up over the last five budgets of the former Labor government, has now been reduced significantly due to the economic management of this government. By the end of June 2001, we expect to have paid back some $50 billion of that debt, significantly reducing interest payments. The reduction in interest payments will go a long way to securing a better financial future for our nation.

Our economic growth prospects remain sound, and unemployment is forecast to continue moving downwards to 6¼ per cent by the end of the next financial year. In addition, we have seen the interest rate components, the forecasts on inflation and the productivity that has occurred in our nation in recent times, all of which make us the envy economically of the world.

More than anything, the stated government policy on tax reform before the last election is delivered in this budget. The comments have been varied on the GST. But whatever might be the day-to-day skirmish, the day-to-day example, the day-to-day minor issue in the context of the GST, no-one can take away the fact that from 1 July onwards the new tax system will deliver the largest personal income tax cuts in our history to Australians in the work force—some $12 billion a year; no-one can take away the fact that more than 80 per cent of taxpayers will face a top marginal rate of 30 cents in the dollar; no-one can take away the fact that, under the new tax scales, income tax will be reduced for all taxpayers, and spread more fairly, so that everyone pays a fair share of tax—I am sure the honourable member for Calwell would never argue with that concept; and no-one can take away the fact that, within this budget, there is an increase of some $2.4 billion a year in family benefits and that all pensions and allowances will increase by some four per cent. Those allowances are guaranteed to remain two per cent above what would otherwise have been the case. The government’s tax cuts and the increases in benefits and allowances will compensate for that one-off impact on prices due to the changes in the indirect taxation arrangements.

The budget addresses a number of key priorities. I go to rural and regional Australia in particular: some $1.8 billion in assistance is contained in this budget for rural and regional Australia. I will break that down quickly. This includes some $562 million in major new initiatives in rural health, some $501 million in assistance to reduce the pump price of petrol and diesel in rural and regional areas, $309 million in assistance over four years to farmers through the program entitled Agriculture—Advancing Australia package, some $240 million in the stronger families and communities package, some $262 million in non-defence aid and assistance to East Timor—to move on to another area. Again, Appropriation Bill (No. 1) 2000-2001 is part of a fiscally responsible budget that delivers the fourth consecutive budget surplus. It lays the foundations very much for continued strong economic and employment growth and it provides for further reductions in government debt.

In concluding my remarks, I state again very strongly that the budget contains a range of new initiatives to strengthen our social and economic infrastructure—they are the sentiments expressed in the remarks of the honourable member for Calwell—specifically this year in rural and regional Australia. No-one could argue that with the changes—he they through globalisation or other factors in our nation—that very important part of Australia required some assistance, and they have got it from this government. More importantly, the budget lays the foundations for future generations with reform in the tax system. It also delivers taxation
reform, creates a robust tax system for the future and at the same time gives the largest income tax cuts in our history. I commend the bill to the House.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

**Consideration in Detail**

**Mr DEPUTY SPEAKER (Mr Mossfield)**—The Main Committee will now consider the bill in detail. In accordance with standing order 226, the committee will first consider the schedule of the bill.

**Mr FAHEY (Macarthur—Minister for Finance and Administration)** (1.25 p.m.)—I suggest that it might suit the convenience of the Main Committee to consider the items of proposed expenditure in the order and groupings which are shown in the schedule, which has been circulated to all honourable members. The consideration of the items and groups of departments has met the convenience of the House and the Main Committee in past years. I also take this opportunity to indicate to the Main Committee that the proposed order for consideration of departments’ estimates has been discussed with the opposition and Independent members and there has been no objection to what I have proposed.

The schedule read as follows—

- Department of Education, Training and Youth Affairs
- Department of the Environment and Heritage
- Department of Defence
- Department of Veterans’ Affairs
- Department of Foreign Affairs and Trade
- Attorney-General’s Department
- Department of Communications, Information Technology and the Arts
- Department of Transport and Regional Services
- Department of Agriculture, Fisheries and Forestry
- Department of Family and Community Services
- Department of Health and Aged Care
- Department of Immigration and Multicultural Affairs
- Department of Industry, Science and Resources
- Department of Finance and Administration
- Department of the Treasury
- Department of the Prime Minister and Cabinet

Department of Employment, Workplace Relations and Small Business

**Sitting suspended from 1.34 p.m. to 4.30 p.m.**

**Department of Education, Training and Youth Affairs**

Proposed expenditure $994,606,000.

**Mr LEE (Dobell)** (4.30 p.m.)—Madam Deputy Speaker Kelly, I am sure you, like all honourable members, are aware of the importance of education, training and youth affairs for the nation. I am sure you, like many other Australians, are very interested in how much this government is prepared to invest in education, training and youth affairs. The great difficulty that the opposition has with the proposed expenditure that the Minister for Education,
Training and Youth Affairs, Dr Kemp, has proposed is that, despite his many claims to the contrary, the total amount of new additional spending that was not in the forward estimates amounts to only $62.1 million over the forward estimates over the next four years. This is a record low. I have done a lot of research and we have gone back many years, but I cannot find a budget when less than $62.1 million over four years was all the government could find, certainly in a budget of this size, to commit to new investment and education, training and youth affairs. This works out at about 86c per person a year. It is a national disgrace that the government could not find any more than the cost of a cheap biro as its new initiatives in education.

Many people may have seen the various press releases that were put out by Dr Kemp on budget night. In fact, I am afraid to say that some of the members of the press gallery were fooled by these press releases. Many people perhaps should have a close look at the way Budget Paper No. 2, especially page 31, explains the number of real new initiatives that are contained in this budget. The minister claimed, for example, that education spending was up $382 million next year, but the truth is that the total new spending in the year 2000-01 is only $17 million. He claimed that there was $2 billion for new apprenticeships over the next four years, but the truth is that the new spending on vocational education is a massive 200 times less at $10.3 million.

He put out a third press release claiming that there was a 32.6 per cent increase in school funding for the next quadrennium, but the truth is that the total new spending on schools is only $16.6 million over four years or an increase of only 0.07 per cent. His fourth press release claimed that there was a $13.4 million boost to continue civics, which verges on the truth as, like so many measures in this budget, it is nothing more than a continuation of an existing program. Finally, he made the great claim that there was $138.7 million in funding for language, literacy and numeracy for the unemployed, but the detailed budget papers show that he has merged two existing programs and cut the funding by $20 million.

How can the community have a serious debate about the importance of education, about the need for us to lift our investment in education if the Minister for Education, Training and Youth Affairs cannot be trusted to put out honest figures on the current state of education, if he cannot be trusted to put out accurate figures on the contents of the budget? I hope that the Department of Education, Training and Youth Affairs did not prepare press releases that are as misleading as this. I have every confidence that these were prepared within this building, not in the Department of Education, Training and Youth Affairs. For the minister to try to mislead the public in this way simply exposes the government to absolute ridicule.

At a time when other countries are lifting their investment in education and national research and development, in Australia we have a minister who could only persuade his colleagues in the cabinet that they should invest an extra 86c per person a year in this budget. It is a disgrace. At a time when Australia’s private research and development effort is declining, and when public research and development has been hit by the massive cuts to universities across the country, there is a great need for the nation to lift its national investment in education, training and youth affairs, as well as in research. A Beazley Labor government has committed to increase the proportion of national income invested in education, training and research. Perhaps later in this debate we will have a chance to put some specific questions to the minister if he turns up or to the parliamentary secretary who may be representing him here this afternoon.

Mr MOSSFIELD (Greenway) (4.35 p.m.)—In my speech on the appropriation bill, I lamented the lack of new money for education. As the shadow minister has already indicated, there is only $62.1 million over four years. I want to take the argument a bit further, building on what the shadow minister has already said, and refer to some of the initiatives that I think
the Labor government will make and what this current government should do relating to education.

In contrast to the coalition’s lack of vision in education, Kim Beazley has moved to make education Labor’s number one priority as we move towards a knowledge nation. Labor recognises, as we believe this government should, that lifting the quality of teaching in Australia is a critical part of laying the foundations of a knowledge nation. In a speech to the Sydney Institute in March, the shadow minister for education, Michael Lee, announced two new initiatives: teacher development contracts and teacher excellence scholarships. We believe this government should follow the lead already set by the shadow minister.

Teacher development contracts will be a partnership between the federal Labor government and teachers who share a commitment to improving teacher results by lifting teacher quality. Teachers will be offered the opportunity of undertaking a course of study to improve their teaching skills by their employer, state or private. If a teacher decides to take up a teacher development contract, the course will be funded by the Commonwealth government. We believe something like this should have been in this current budget. The teacher will also receive an incentive payment from the government, upon completion, of $2,000.

The majority of the teacher training would have to be in the teacher’s own time over school holidays, evenings and weekends. The first priority for the teacher development contract would be to offer incentive courses for teachers who are forced to teach outside their areas of expertise. Teacher development contracts may be offered to assist teachers to make better use of information technology. A Labor government would work with the states, the deans of education and teachers to develop appropriate courses to improve classroom teaching practices.

I would ask this current government to offer scholarships to high achieving school leavers to study education with a focus on areas of undersupply, which are currently maths, science and IT. Certainly, an incoming Labor government would also do so. Recruiting high performing students into the teaching career would be a 30-year investment in raising the standard of teachers. I believe this is drastically missing in the forward estimates for this portfolio. The shadow minister advised in the speech I have been referring to that ‘the quality of student results will be enhanced as more students are taught maths, science and IT by teachers qualified in and passionate about their disciplines’.

The scholarships would be structured so that each teacher’s debt would be paid by the Commonwealth government each year they remained in teaching. This means that a teacher would receive about $1,500 a year for up to 10 years if they stayed in the profession. We would encourage each state government to contribute matching funds to make scholarships even more attractive to students in their state. The precise number of scholarships to be awarded each year would be announced in Labor’s education policy.

I now want to refer to some good news relating to education in New South Wales and in my electorate of Greenway. Maybe there is some Commonwealth funding in this particular project—I know it is one that the Labor government would fully support—and that is the Nirimba education precinct. Nirimba is a joint education venture entered into by the University of Western Sydney, the New South Wales Department of Education and Training and the Catholic Education Office. These education providers are working in a cooperative manner to improve education opportunities for all students attending this precinct. This precinct is the home of the University of Western Sydney Hawkesbury campus, the Western Sydney Institute of TAFE, the Wyndham Senior State School and Terra Sancta Senior Catholic High School. If I have time later on, I would like to expand on that particular project. (Extension of time granted) The precinct was established in 1995 but the final link between the four education institutes was completed only last month when the state’s first multicampus
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school, Wyndham College, was officially opened by the New South Wales Education Minister, John Aquilina, and the member for Parramatta, Ross Cameron was in attendance, representing the Minister for Education, Training and Youth Affairs, Dr Kemp.

Wyndham College has been built at a cost of more than $11 million and includes learning spaces for 800 students, science laboratories, material workshops, a visual arts space, computer rooms and administrative and staff facilities. The library, gymnasium, multipurpose hall, performance workshop and canteen are shared by the Terra Sancta College. The year 10 students from Quakers Hill, Riverstone and Seven Hills high schools, which are all in my electorate of Greenway, have access to Wyndham College to complete their secondary education in years 11 and 12. Students then have the advantage of a well-developed linkage with TAFE colleges and university, and they are able to select from a broader range of subjects than would be possible in most other high schools.

I mention this bit of good news as I believe it is important that while we do have arguments from time to time on funding and the approach the various governments do have to education, it is fundamental that there should be cooperation between the federal government and the state governments in working together to ensure that all Australian children, both in the private and public sector, receive the best possible education.

Mr RIPOLL (Oxley) (4.42 p.m.)—I want to take a few moments to reflect on the budget and the real commitment that this government has put forward in terms of education and where it sees education going in the future. The government has budgeted $64 million over four years, which equates to roughly 86c per person. This is an absolutely disgraceful education budget. I think most people in the community are as grossly offended as I am that this is the only commitment we could get out of the government—86c. If you really think hard about what $64 million represents today then it is a disgraceful budget. If you want to weigh up that $64 million and make some comparison, weigh it up against what the government is spending on the so-called education that is being screamed from the rooftops—that is, the GST propaganda education campaign. For that they could spare $430 million to date, at least, with a growing figure weekly. But for education, for the future of our country, for the youth of Australia, what do we get? We get 86c. That is the level of commitment we are seeing from this government.

It is part of what I see as a whole range of broken promises. As the government always claims, you have core promises and non-core promises. Some of them you could almost let the government get away with, but I think that to break a promise to our young people on education is the worst broken promise of all. They are the future of the country, they are the people who will be the leaders of tomorrow; but not with this sort of budget, not with this sort of government. These are not the things we need to see. We need to see a government that actually has a plan that has some sort of vision for the future of education. We want to see a little more commitment than $64 million.

The government talks about a whole range of policies and issues and moving into the 21st century, yet none of it is reflected in its policy. Certainly none of it was reflected in the budget. But I think it goes much deeper than that. The minister has shown a clear lack of understanding of his own portfolio, a clear lack of what is education in this country and a clear misunderstanding of who the benefactors really are at the end of the day when you spend money.

It is not money spent; it is money invested. It is money he should put forward so that people have a solid future. But, of course, when you come from the sort of background that most of the ministers on the government front bench come from, you do not have to worry about that sort of investment. They have it already. It is just that, unfortunately, most other young Australians do not have that same handout from an early age.

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Issues such as up-front fees and things that the minister clearly wants to change in the future are some of the real problems not only with the budget but also with the overall agenda of the minister. It was not that long ago, I remember quite well, when the minister let slip—and a very secret document became available—his real agenda in education. It had nothing to do with funding. It had nothing to do with trying to do more or to ensure that more young people have opportunities for education. Quite the reverse: it was about restriction, about making it more difficult and about more of the bad old days, a return to the old school tie, the ivory tower—making it so that it does not matter whether it is merit, whether you have worked hard at school, whether you really deserve to go to university or get further education. It really came down to one thing: could your parents really afford to send you? Could you put up front the fees that were required? This is what the government agenda on education really is. It is not about the quality of education. It is not about who is going to get to university, who is going to have access to further education. It is not about TAFE. It is not about trying to actually give people more options and choices. It is about trying to restrict them.

What has happened with this budget, the $64 million, is that it is a complete and utter reflection of what the minister considers is important in education: not much at all. An amount of 86c is an absolute disgrace. I think everybody in the community knows it is a disgrace, and that disgrace will be shown at the ballot box in the not too distant future. The minister should take some of the words I say and have a clear think about it. If this is the best that he can do in his caucus, standing up for young people of this country, then he should not be there at all.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (4.47 p.m.)—I recognise that members of the opposition must feel that they have political points to make. In the past, the shadow minister has issued press releases which, unfortunately, show that he does not understand or does not want to understand the figures in the budget. To be talking about $64 million is really just a joke. Put simply for those opposite, the Commonwealth budget for schools alone, for instance, provides—over that 1999 figure—an extra $339 million in 2000-01, $690 million in 2001-02, $1.041 million in 2002-03 and then $1.443 million in 2003-04. So it is simply misleading to suggest that education spending is at an all-time low.

In 2003-04, the total funding for schools will be $6.2 billion compared with $3.5 billion in 1995-96, when Labor was last in government. This is a very significant increase in anyone’s terms and it represents a major investment in the future of our young people. Allegations such as have been made in the past—although not today—that the Howard government spends $5 billion less on schooling than the Fraser coalition government did are of course wrong. Comparing Commonwealth direct expenditure on schooling in 1997 and in 2000 on the same price basis shows that the Howard government expenditure is 125 per cent greater in real terms. So the funding in this budget demonstrates the government’s commitment to improving the learning outcomes for all young Australians in literacy and numeracy, science, vocational education and information technology, and across all the other areas of schooling. Even more significant is the long-term commitment represented by the massive increase in the resource base available to schools over the two terms of this government. Direct Commonwealth funding for 2001-04, as compared with 1997-2000, will have increased by $5.5 billion or 32.6 per cent.

The Howard government challenges the state and territory governments to legislate for the next four years to increase their government school funding so that it meets or betters the Commonwealth’s 21 per cent increase. It is so easy for state governments—particularly the government of New South Wales, I might add—to attempt to score cheap political points, claiming that they are having difficulty in funding. As the Commonwealth increases its funding, they have been decreasing their funding.
The new language, literacy and numeracy program, which will provide more flexible and integrated assistance, which the shadow minister has alluded to today, will draw on the best features of two existing programs—the advanced English for migrants program and the literacy and numeracy program. We are committing $138.7 million over four years to this program. The important thing is that it will provide a range for all job seekers—there will be advanced and basic English and literacy and numeracy—so that people can move from one area to another in a far more coordinated way than is available to them now.

In the area of higher education, the government has continued to boost university spending in this year’s budget with an additional $62.9 million announced for research and research training under the Strategic Partnerships-Industry Research and Training Scheme 2002-04 and a further $16.3 million for the Research Infrastructure Equipment and Facilities Scheme 2001-04. The government also provides more fully funded undergraduate students than has ever been the case—an extra 30,000 equivalent full-time students than under Labor. More students will have access to first university qualifications under this government.

The shadow minister’s analysis of education spending compared with GDP is wrong when at times he has analysed this and fails to take into account the transfer of Austudy payments out of the education function in 1998-99. In any event, there needs to be proper recognition that there are different forces driving movements in two parts of this ratio—that is, education expenditure and the GDP. (Time expired)

Mr LEE (Dobell) (4.52 p.m.)—First of all, I compliment the Parliamentary Secretary to the Minister for Education, Training and Youth Affairs for bringing along so many officials from the department. They look so interested in the debate that is taking place in the Main Committee this afternoon, that I assumed they are all from the department; perhaps they are not. I intend to ask a few specific questions. If the parliamentary secretary wishes to have some time to talk to the officials, I am happy to lengthen my comments in order to give her time to do so.

I would like to respond to the parliamentary secretary by saying that, while we on this side of the Main Committee might hold her personally in high regard, we do not accept some of the statements she has made. Firstly, I would like to comment on the parliamentary secretary’s challenge to the states to legislate for the next quadrennium for funding for government schools. I do not know whether those remarks were written by the office of the minister for education, but it is a rather foolish statement to ask you to make in this committee, given that it is now 400 days since the last budget announced that the government would change the funding system for non-government schools—the proposed socioeconomic status model. Four hundred days later we still have not seen the legislation; 400 days later we are waiting for the Commonwealth government to introduce its package of legislation to implement the new funding mechanism that was announced in the last budget. We did expect it to be introduced into the House of Representatives some time this week. I would like the parliamentary secretary to confirm what the minister’s intentions are on the legislation to implement the new SES funding model, especially if she is going to challenge state governments to pass legislation committing states to quadrennium funding for their schools.

The second issue I would like to raise is the parliamentary secretary’s reference to the new program for language, literacy and numeracy for the unemployed. This was the $138 million program which you referred to just previously. It is my understanding that page 68 of Budget Paper No. 2 makes it clear that this is actually the merging of two existing programs and then a reduction of $20 million. Could you please confirm whether that is correct and, if it is not, why that is the only conclusion that you can draw from page 68 of Budget Paper No. 2?

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (4.55 p.m.)—There is a merging of two existing programs, but that is to
improve them. To have these areas just set in concrete so that you have to be in one program and not have access to another has proved to be bad policy. But there will be time for consultation; this is not being immediately implemented. It is not a money saving factor, but a policy change to bring two existing programs together so that it is easier for those needing language programs to access those.

Mr LEE (Dobell) (4.56 p.m.)—I thank the parliamentary secretary for confirming that the new program follows the merging of two existing programs. Having confirmed that, will she confirm that the total funding for the new program is $20 million less than the sum of the two previous programs? The reason for that is that Budget Paper No. 2 on page 68 does tend to make it clear that there is $20 million less allocated for the new program than there was for the two existing programs. If the government wishes to claim there are some efficiency savings that mean there will be no impact on the services provided I am happy to listen to that argument, but I would be grateful if the parliamentary secretary could confirm whether or not there is a $20 million reduction in the funding for the merged program when compared to the two previous programs.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (4.57 p.m.)—There is a $20 million saving, but it is not just for cost saving purposes, as I have said. Everyone who has been assisted under both schemes now will be assisted in the future, and others that require access to those programs will have it.

Mr LEE (Dobell) (4.57 p.m.)—Could I now turn to the question that we started on, and that is about how much of an increase education has received in this budget. Both the minister and the parliamentary secretary have made claims about enormous increases in funding for education in the budget. I would say to the parliamentary secretary that the reason I claim there is only $62 million allocated for new initiatives in the budget is that on page 31 of Budget Paper No. 2, which lists the number of new spending initiatives in various years, it has got only $17 million for the year 2000-01. So I would put to the parliamentary secretary the question as to whether she claims Budget Paper No. 2 is incorrect, or whether the government is in fact claiming credit for programs that are simply being rolled over or programs that are already funded in the forward estimates? Isn’t it true that the only new funding initiative listed on Budget Paper No. 2, page 31, is $17 million for all of education, training and youth affairs?

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (4.58 p.m.)—The reality is that programs and moneys allocated in previous budgets are not simply taken away because there is another budget. Just to give a classic example which I would be particularly familiar with within the portfolio, the Green Corps program got $90 million announced in last year’s budget over four years. So it is not just a question of rolling things over as if that is something quite extraordinary. Most of our providers, for instance, would be particularly pleased when funding is announced over a period of time.

Certainly there are existing programs that are funded, but the government has allocated more than $11.6 billion in this budget to continue its commitment to building a stronger education sector, based not only on education but also on training, because it is recognised that Australia’s future is a global economy. We cannot have good community and social outcomes if we are not providing for our young people and for those who need retraining.

Mr LEE (Dobell) (5.00 p.m.)—My problem is that page 31 of Budget Paper No. 2 says that there is only an extra $62 million. These budget papers are either right or wrong. I would be very surprised if John Fahey and Peter Costello had put their names to incorrect budget papers.

Budget Paper No. 2 on page 31 says that the education portfolio in total only gets a net addition to the forward estimates of $62.1 million over the next four years. Does the
parliamentary secretary challenge the claim that page 31 of Budget Paper No. 2 indicates that education only gets an extra $62.1 million? I have said this three or four times now to give the officials a chance to provide the parliamentary secretary with different information if she wishes to dispute that. I think the parliament is entitled to know that, when Dr Kemp gets up in the parliament and, I assert, misleadingly claims that there are billions of dollars extra for training and for schools, the budget papers only show there is an extra $62.1 million over four years. We are entitled to know who is telling the truth. Is it John Fahey and Peter Costello in Budget Paper No. 2, which says it is only up $62.1 million, or is it Dr Kemp when he claims that there are billions of dollars fluttering around like confetti?

As the official is passing something to the parliamentary secretary, we will give the parliamentary secretary time to consult with the officials. This is a very important point because it is the basis of our claim that only 86c per Australian per year is funded for education, training and research in this budget.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.02 p.m.)—The figure of $62.4 million relates to new measures. There was $229 million in lapsing programs that the government made a conscious decision to continue. So previous funding that was made over a three- or four-year period for programs is continuing. So the total increase is $271.4 million, not $62.4 million.

Mr LEE (Dobell) (5.02p.m.)—I thank the parliamentary secretary for clarifying that matter. The last issue I wanted to raise was the question of funding for tertiary education. This was mentioned in passing by the parliamentary secretary. Since the member for Oxley has raised the infamous leaked cabinet submission on higher education, I remind the parliamentary secretary of several things that the minister for education said in the leaked cabinet submission. In October 1999, he said:

Universities are currently in a difficult financial position.

He went on to say:

Higher student staff ratios, less frequent lecture and tutorial contact, the persistence of outdated technology and gaps in key areas of professional preparation, including practical skills development, are fuelling a perception of declining quality.

The question I put to the parliamentary secretary is: what initiatives are contained in this budget to address the concerns that the minister for education outlined in private to his colleagues in the cabinet submission last year?

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.04 p.m.)—The shadow minister saw a cabinet document which I did not see. As the Minister for Education, Training and Youth Affairs himself has said, we would all be less than honest if we pretended that everything was perfect and did not examine these issues or take an open approach to how things could be improved, because we also know that we are moving in a world where there is rapid change.

Higher education is most certainly a very important area for the government and this budget does build on the new framework for higher education, as I mentioned. The research training announced by Dr Kemp last year in his white paper ‘Knowledge and innovation’ is providing additional funding for research. The budget provides funding of $79.1 million over four years for the Strategic Partnerships with Industry research and training scheme and also the Research Infrastructure Equipment and Facilities Scheme, and this funding will be used to strengthen university-industry collaboration in research and provide more research opportunities for students and researchers.
The government—as I am sure you would appreciate, Madam Deputy Speaker—is the first to recognise the particular health care needs of regional communities by providing bonded scholarships for 100 new medical school students who commit to work in rural areas, as well as offering an incentive for new medical graduates to work in rural areas by providing them with the HECS reimbursement. There will be 100 new medical places for universities from next year, growing to around 500 places in five years. Despite not having a lot to do with the universities, for those universities that I have had some experience with and also those that are involved with industry I think it is an exceptionally healthy way to go. The government has been quite innovative in taking this approach, because there could easily be a tendency for students to go on studying in areas where there is not going to be in any particular need. While we applaud a broad education, to have industry involved so that there will be students researching and gaining experience in areas where there is need is a great positive. I compliment the government on this approach.

Mr LEE (Dobell) (5.07 p.m.)—I wish to make it clear to the Main Committee that in many ways I do not expect the Parliamentary Secretary to the Minister for Education, Training and Youth Affairs to respond to some of the questions I am putting to her this afternoon, in that we hold not her but the minister for education responsible for the inaction in many of these areas. As she is here representing the minister, however, I am sure she understands that she is the one expected to answer these questions.

I would say to the parliamentary secretary: surely you do not seriously expect people involved in higher education in Australia to think that the minuscule amount of additional funding for research would in any way address the concerns that Dr Kemp admitted in private, in the leaked cabinet submission when he spoke about the massive increase in student-staff ratios, the cutbacks in tutorial times, the fact that some campuses were at risk and the fact that universities are in a state of crisis. Surely you are not arguing that a minuscule increase in funding for research can in any way address this enormous need in higher education. What does the minister intend to do to address the crisis? Or is the truth that Dr Kemp still has that plan, that leaked cabinet submission, in his top drawer, waiting to bring it out as soon as the next election passes?

Madam DEPUTY SPEAKER (Mrs De-Anne Kelly)—The member for Dobell should put his questions through the chair.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.08 p.m.)—I am not quite sure what the Minister for Education, Training and Youth Affairs keeps in any one of his drawers, but I know that he would be concerned about the issues of the universities. I am sure that he will keep a very close eye on what is happening there. I know he speaks frequently with the universities and has had first-hand experience of working there himself.

I would also like to affirm to the 70 per cent of the population that do not attend a university that we are interested in all young people, not just those that go to university. If there was one legacy that we received when we came to government, it was that there had been a lot of emphasis on the 30 per cent. I would like to think that there will be huge amounts of money to spend in every educational institution throughout the country, but when we came to government we found ourselves with a more than $10 billion deficit. That is not going to help any student, whether they are at TAFE, whether they are at university or whether they leave school at the age of 15. Dr Kemp and I and many members of the government have a very keen interest in education and we will be doing our very best to ensure that all receive the education which they need and which is appropriate.

But there are some international comparisons which are worthy of note, and claims that Australia is not investing adequately in higher education or is lagging behind other countries
cannot be sustained. Australia performs well in comparison with other countries. Spending on tertiary education in Australia is above the average for OECD countries at 1.9 per cent of GDP. Public spending on universities is in the top third of OECD countries. In fact, it ranks seventh out of 22 countries. And Australia currently ranks fourth in the OECD for its expenditure on higher education R&D. So I hope that the shadow minister feels somewhat comforted by this latest information.

Mr LEE (Dobell) (5.10 p.m.)—I thank the parliamentary secretary for the information she provided. But the point I would put to her is that in Dr Kemp’s leaked cabinet submission last year he said that, despite the fact that Australia currently might be in the top third of OECD funding for the tertiary sector, universities are operating in a difficult financial position. He said eight institutions were at risk, and he said that those student-staff ratios and the cutbacks in tutorial time were fuelling a perception of declining quality.

The question that I put to the parliamentary secretary representing the minister for education and the Howard government is: in the leaked cabinet submission, Dr Kemp, the minister for education, argued for fees to be deregulated. It is no secret that a number of the vice-chancellors are out there in the public arena arguing for some or all fees to be deregulated. On behalf of the Howard government, before or after the next election, will the parliamentary secretary rule out (1) any deregulation of fees, or (2) any increase in fees or HECS beyond what is already provided for in legislation?

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.12 p.m.)—I remind the shadow minister that this was a leaked document. It had not gone to cabinet, it was not a government decision, and I am sure he would not be arguing that different ideas should not be put forward for consideration. It is also my recollection that the Prime Minister ruled out deregulation of fees at that time.

Mr LEE (Dobell) (5.12 p.m.)—The question I have for the parliamentary secretary is: on behalf of the Howard government, is she ruling out any increase in fees for university students in this term or the next term?

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.13 p.m.)—It is my recollection, as I said, that the Prime Minister has already ruled that out.

Mr LEE (Dobell) (5.13 p.m.)—The statement that was previously made by the parliamentary secretary is correct, that is, the Prime Minister ruled out deregulation of university fees, but he has not ruled out any increase in fees. The parliamentary secretary is here today representing all those officials from the department, and she is representing Dr Kemp because he has not bothered to turn up here this afternoon. That is why I am asking the parliamentary secretary to go further and give this committee an assurance that there will be no increase in student fees, other than what is provided for in legislation, this term or the next term. If she is not in a position to give us that assurance—and Dr Kemp, if he is not watching has not sent up a message to tell her that she can give that assurance—then we think the Australian people have a right to know that the Howard government is declining to give students that assurance.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.14 p.m.)—I am sure that at the appropriate time, in a full and honest and open way, the people of Australia will know exactly what is planned in this area, as well as in any other area.
Mr MOSSFIELD (Greenway) (5.14 p.m.)—I want to touch on two points and maybe I can get a response from the parliamentary secretary on these. These are two points that I did raise in my speech on the appropriation bill, but I will refer to them in a briefer form now. One relates to the funding for vocational education and training. The government claims to maintain the real level of funding but admits to a 2.8 per cent growth in demand. Therefore, if you are only maintaining the current level of funding, why are you not increasing that to take account of the increase in demand, which I believe would be higher than what has been predicted? Further, according to figures produced by the Commonwealth-state working party, an extra $234 million will be needed for vocational education and training within three years, but, as we have said, the government has not approved any growth funds in this budget.

I also want to refer to the effect of what is referred to as the EBA, the enrolment benchmark adjustment, formula and how this is impacting on the budget. Since the introduction of the EBA, to give you an example, if you compare Tasmania with Victoria, the proportion of students enrolled in government schools in Tasmania has increased by 0.64 per cent, while in Victoria, it has declined by 0.63 per cent. But the result has been that Victoria will lose about $3.6 million a year despite the fact that actual enrolments have increased by 7,767 since the EBA began. Tasmania, on the other hand, will get nothing from the federal government. The EBA is in fact contributing to ensuring that government schools lose, no matter what the figure. While it is true that the EBA does not directly benefit individual private schools, it is a mechanism designed by the federal government to undermine the capacity of states and territories to provide public education. This scheme ensures that every time the market share of students in public systems increases at a slower rate than the increase in the private schools, the public system loses money. It might be that the parliamentary secretary would like to comment on those particular points. During the term of this government, state schools have lost some $57 million in federal funding because of the EBA even though over that period there has been an increase in enrolments of 28,000 students Australia-wide.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.17 p.m.)—Madam Deputy Speaker, to the first question on demand, the ANTA working party did not recommend additional funding. On the EBA issue, that policy is to prevent the states cost shifting to the Commonwealth. The funding, in effect, as I am sure members opposite actually understand, is to follow the student. There is increased funding for government schools and also for non-government schools. The increased funding for the non-government schools is based on a socioeconomic status so that the funding goes where it is most needed. That is to children who are living in poorer areas so that they will be able to attend private schools but will not be relying on their parents earning a lot of money or having a higher income. But, as I say, the chief reason for this is to avoid the cost shifting. I am sure that when the shadow minister was in government he experienced increased funding to states for things like education and training and saw them claw it back. That is actually what it is all about.

Mr Mossfield—Only Liberal governments.

Ms WORTH—No, I am sure it was not. That is really what it is all about. But the bottom line is that there is increased funding for both school sectors. I am sure that members opposite would not want those small Catholic schools in their electorate to be missing out because parents choose to send and educate their children in those schools.

Mr LEE (Dobell) (5.18 p.m.)—If the parliamentary secretary is as keen as she sounds to introduce the new SES funding model, could she tell us how many more days in addition to 400 we will have to wait to see the legislation that will actually implement the budget decision announced last year. I am not sure she understands that, given that this legislation will determine the funding for non-government schools after 1 January 2001, the non-
government schools, including some of those needy Catholic schools she mentioned, are getting very nervous that the government, after 400 days, has not yet been able to finalise the legislation. I am sure it would be of great comfort to them if the government could give a commitment to ensure that the legislation is at least introduced to the parliament so that both houses can commence consideration of the very complex legislation which will require some close scrutiny.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.19 p.m.)—I am sure that the shadow minister understands the way the legislation is ranked and when it is put into the parliament. There has been and continues to be quite a heavy legislative load, but I am sure that, with a lot of cooperation from the opposition, the legislation will be introduced in due time.

Mr MURPHY (Lowe) (5.20 p.m.)—In terms of the universities’ research budgets, it was not so long ago that I asked a question of Dr Kemp—question No. 934—and the response I received was a perfect example of the type of misleading and inaccurate statement that characterises the output of the minister and the government. In particular, the minister, in response to the direct question for a statement of cuts to basic research funding in Australia, produced a table that purports to show that Australia is leading the USA, Canada, the UK and Japan in R&D spending. As is well known to people other than the minister, Australian research and development is in fact in a state of collapse because of the withdrawal of funding by the government.

I would refer the minister to Research Paper No. 19 of 1996-97, ‘Productivity growth and economic policy in Australia’, produced by Dr Glen Otto and available from the Department of the Parliamentary Library, which says:

Australia’s total expenditure on R&D has tended to below the OECD average.

Part of the explanation of this situation, according to Dr Otto, is that private sector R&D investment in Australia has been low by world standards. The minister has attempted to mislead the parliament by conveniently ignoring this fact and has tried to represent government and university R&D spending totalling 0.85 per cent of GDP as a high level of investment, when in fact the OECD R&D spending average is around 1.87 per cent of GDP. Do the minister’s figures indicate there is now no R&D spending by industry in Australia? No doubt current figures, if they were available, would show a situation now even worse than Dr Otto reported in 1997.

Despite the obvious need to encourage R&D in Australian industry, the government has abandoned the 150 per cent R&D tax refund introduced by Labor and has effectively stopped Australian industrial research in its tracks. Incidentally, Labor’s 150 per cent R&D tax scheme, despised by this government, was good enough to be taken up by the present government’s mentor, the British Conservative Party.

There is a strong perception in some circles that the government has decided to abandon R&D in this country and instead rely on the charity of other countries. If this is the case, then the government’s policy is heading down the same track that substantially contributed to the defeat of the Third Reich. It is well documented that the German government, after the victories of 1939 and 1940, decided to abandon numerous research projects, such as atomic weapons, jet fighters and computers, on the grounds that ‘the war will soon be over and there will be no need of such things’. At the same time, the Allies, facing defeat, greatly expanded their R&D. By 1943, the tide of war had turned against the Axis, largely because of Allied scientific advances, especially in radar. The Germans, realising their mistake, boosted their research effort but, fortunately for us, it was too late.
On the evidence, the Howard government is making the same mistake as the Germans made and the same mistake, incidentally, that the Menzies government made in the 1950s. Members may not be aware of the fact that Australian scientists and engineers played a minor but significant part in the research and development work that led to the defeat of the Axis powers in World War II. I would like to acknowledge the contribution of these people, a number of whom are still alive today.

To explain: at the height of the Blitz, the British government sent one of its top defence scientists with a collection of its most secret radar devices to the US in order to brief the Americans on Britain’s radar technology, then the best in the world. The result of this visit was the establishment of the Radiation Laboratory at the Massachusetts Institute of Technology with the specific purpose of developing war winning radar technology. The Red Lab, as it came to be known, opened a small Australian branch to provide microwave radar expertise to General Douglas MacArthur’s forces. Two hundred staff worked on the development of rugged, lightweight, early warning radar sets for use in tropical climates. The work was carried out at the then CSIRO Radio Physics Division, situated in the grounds of the University of Sydney. From this experience came Australia’s early participation in radioastronomy and the development of one of the world’s first computers, which incidentally still exists.

At the end of the war and in the early 1950s Australia was at the forefront of world beating technological research and development. Yet, because of ignorance of the significance of this work, the Menzies government chose to abandon high technology and concentrate on low value added commodity exports. The consequences of this blunder are still with us today. Despite the warning that this episode provides, the Howard government, with its attacks on universities and government research institutions such as the recent requirement that the CSIRO ‘operate like a bank’, is determined to repeat the mistakes of the Menzies governments of the 1950s.

One should look to the difference in performance between the Japanese and American economies for a further example of the way in which a high level of spending on properly directed research and development can produce positive outcomes. Put simply, the Japanese concentrated on what are termed ‘commodified products’ while the Americans spent their money on developing products—such as computer software—that have a high level of intellectual input. The Japanese—and the other Asian tigers—may have produced vast numbers of computer memory chips at low cost but it is no wonder that the richest man in the world today owns an American software company. What is the use of a computer without software? (Extension of time granted)

Bill Gates put his money into a business that developed in large part from the American government R&D spending. IBM built its first computers for the US government. Silicone chips were originally developed for the Minuteman ICBM. The Internet is a derivative of the US government’s DARPANET—Defence Advance Research Projects Agency Net. Now that the United States is turning its swords into ploughshares, all the money invested in its government R&D is paying enormous dividends. Finally, when will the Howard government realise that spending money on R&D is an investment in the future that Australia cannot do without?

Mrs HULL (Riverina) (5.26 p.m.)—In speaking to this Appropriation Bill (No. 1) 2000-2001 today I want to emphasise the absolute need for education to be equitable for all Australians. The issue is: how do we access education in the best possible form for all the people? I recently received a letter from one of my constituents which typified the problems associated with country people trying to get the best possible education for their children. The stress that is placed on country families to obtain a satisfactory education for their children is
not understood in urban political life, so we have negative attitudes bearing on politics regarding private school funding which are not appropriate. At the same time, there is a critical need to ensure that funding for public schools is increased to ensure all children have equitable access to quality education, and this is one thing that the minister is absolutely committed to.

My constituent indicated that his grandchildren step on to a bus at 7.20 a.m. and get home after 5 p.m., and that to meet the bus requires a four-wheel drive cross-country trek. Their inability to meet the available transport means that their home study time is severely limited, and it also prevents them from participating in extracurricular activities. I must note that the value of sport and exercise to stimulate both mind and body cannot be denied. For these children to participate in their sport with their school friends requires a large commitment by their parents and requires them to be away from the farm for lengthy periods, which is difficult during certain peak times such as cropping and harvesting.

In light of these problems, parents make an incredible effort to fund private school fees for the senior years just to get them onto the same playing field as children in our cities. That is not to say that to fund them in public education is not the desired result at any time, but these people have very little choice in the obvious areas of accommodation for their children away from home, particularly in country areas. This leads to tension. Fathers work very long hours and mothers usually continue employment to raise extra funds.

The farm enterprise is also compromised by the high cost of school fees, resulting in older rather than updated machinery being used. Wives are called upon to assist with farm duties and commonly fathers are required to work and to mind small children at the same time—dangerous but sometimes necessary. All of this places a very heavy personal cost on the family—all so their children can access the same educational opportunities as their urban peers. A further issue arises when older children leave secondary education and progress to university. The minister is so concerned about this that he has discussed ways in which he can assist country children to access an excellent university education without the associated costs.

Large costs must be borne by the farming family as most farm incomes and assets are deemed to be too high and preclude the undergraduate from gaining government assistance. The demands on the farm income are such that to plan to access government assistance requires that the farm business be rendered non-viable. The education costs of country children need and do have more understanding, but our children should have access to the best available education, enabling them to develop to their full potential.

It is pleasing for me to note that each time I have spoken to the minister for education his understanding of this issue is quite critical and he has great concern for the concerns of country people and for equity in education. I am very pleased to stand here in this chamber today to give support to the minister and Appropriation Bill (No. 1) 2000-2001 for his education efforts to ensure equity for all Australians for access to and equity of education.
taxpayers’ money. That way, if you think about it carefully, you do not always run up these deficits of over $10 billion.

I remind members opposite that Australia ranks fourth amongst OECD countries in expenditure on higher education R&D as a proportion of the GDP, and that it is higher than the United States of America, Germany—despite some of the strange things the member said—Japan, Canada and the UK. And since assuming office the government has announced decisions which will increase funding through this portfolio by more than $350 million by 2004. Of this, around $200 million will have been invested in higher education and research infrastructure, including an additional $16.3 million for the research infrastructure equipment and facilities which I mentioned before.

I also remind the member for Lowe that R&D does not just relate to this portfolio; R&D goes across portfolios. It involves science, industry, technology and even health. While he might have got a few things off his chest and on the record, I think perhaps this is not quite the place always for those matters. In the time that has elapsed, a phone call has been made, so I can assure the shadow minister that the relevant legislation which he has been inquiring about is listed to be introduced on either 28 or 29 June.

Mr LEE (Dobell) (5.33 p.m.)—I think my colleagues are ready to move on to a new area so I will be very brief. I was interested in those OECD figures. Could the parliamentary secretary, in her next response, indicate which year they were for. That is the first point. If she does not have the answer to that question now, I am happy to let that one be taken on notice and a response given by mail, if she would prefer.

The second point is that it is my understanding that the ABS figures show there was actually a decline in private expenditure on research and development for the last two years. Could the parliamentary secretary confirm that this is the first time ever in Australia we have seen private R&D actually go backwards—this is in nominal dollars, not in real terms—and could the parliamentary secretary indicate whether the government intends to do anything about this decline in private R&D expenditure.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (5.34 p.m.)—As that would involve other portfolios as well, it would be appropriate that that be taken on notice. I do remind those opposite that there is a budget to be passed and the government has, I think, been very considerate this week of the opposition in the times allowed for various debates. I understood that there was some agreement that about 20 minutes each would be allowed for these debates. I remind the shadow minister of the time we started and the time that it is now and, while I am happy to sit here for the whole of the afternoon because I do not have any other commitments, I think we should display some courtesy to other colleagues.

Mr MURPHY (Lowe) (5.35 p.m.)—I will just very briefly respond to the parliamentary secretary and make the point that the 150 per cent R&D scheme of the Labor Party which was despised by this government was taken up by a British Conservative government and that the table the minister presented to me in my reply to question 934 totally misrepresents the fact that Australia is leading the USA, Canada, Japan and the UK.

Proposed expenditure agreed to.
Department of the Environment and Heritage

Proposed expenditure $632,413,000.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (5.36 p.m.)—This budget continues to provide for record levels of funding for the environment, natural resource and heritage needs around Australia. During its term in office, this government has spent a record amount to protect and restore the Australian environment. I think most Australians understand that in the last 200 or so years we have left an extraordinary legacy of soil and water degradation. We have a great deal to learn from our indigenous original owners about how to manage a very fragile environment, and a great deal of work needs to be done so we in fact can sustain our natural resource foundation in this country.

Where previous governments may not have understood that and certainly did not commit the resources, since 1996 this government has done an extraordinary job, firstly, in identifying significant amounts of funding and then, secondly, working in partnerships with other agencies, from local government communities to state governments, to make sure there is a holistic approach to natural resource management.

In particular, the $1.5 billion Natural Heritage Trust and the almost $1 billion allocated to greenhouse gas reduction programs are the largest environmental funding commitments in Australia’s history. That is an extraordinary commitment of a government but, as I just mentioned, it is not an unrealistic amount of commitment, given the state of the environment in Australia. This year alone the government has allocated more than $880 million to the Environment and Heritage portfolio, including funding to the Australian Greenhouse Office, the National Oceans Office, the Great Barrier Reef Marine Park Authority and the Australian Heritage Commission.

As I mentioned before, in particular one of the reasons for the coalition’s environmental success and its ability to leverage the dollars that the federal government has put into various projects has been the partnerships that we have nurtured and contracted with community, industry and state and local governments.

During the next 12 months, the framework for managing Australia’s environment from the Commonwealth level through to the community level will in fact be strengthened and, in particular, that will be achieved through our Natural Heritage Trust. We have allocated over $361.3 million for trust projects in 2000-2001. These projects will continue the work undertaken through the trust program, such as Bushcare, Landcare, Murray-Darling Basin 2001 and Coast and Clean Seas. But the budget also provides $6.5 million over four years to implement the government’s mandatory renewable energy targets and I will come back to those in a minute.

Australia is the first in the world to resource a greenhouse office. We have amongst our programs some of the first programs to address issues like renewing or saving used oil and returning it in re-useable form. We are already receiving commendations internationally for the amount of effort we are putting into dealing with the issues of climate change induced by human activities. The government has committed more than $1 billion to honour Australia’s obligations under the Kyoto Protocol, and 2000-01 is the first year in which a full suite of greenhouse programs will be funded. In this budget year, the greenhouse measure totals will be over $200 million in funding. They include $6.5 million over four years towards meeting the national renewable energy target of 9.500 gigawatt hours a year. That is to be achieved by 2010. There is another $100 million for the greenhouse gas abatement program.

There is $66 million to help rural and regional Australians not connected to the grid to replace diesel generators with renewable sources of power. It is this government that understands better than any other government that there are a lot of people beyond the tram
tracks. A lot of them have to depend on alternative sources of energy because they are way past the energy sources most of us take for granted. There is also $4 million for the photovoltaic rebate program supporting the use of systems for residential buildings. Those are just some of the commitments of this government through this budget that I am very proud to help with as a parliamentary secretary for the environment and heritage. Further on in this debate I may talk about some more of those budget areas.

This is an extraordinarily balanced budget. It is one that has seen increases in spending and one that has achieved a lot of commendation from those who understand the needs of natural resource management in a sustainable way in Australia.

Proposed expenditure agreed to.

Department of Defence

Proposed expenditure $16,107,509,000.

Department of Veterans’ Affairs

Proposed expenditure $406,619,000.

Mr BRUCE SCOTT (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (5.42 p.m.)—I am pleased this afternoon to rise in the Main Committee to speak on Appropriation Bill (No. 1) 2000-2001 which represents the Defence appropriation in this hearing here today. This budget reflects the government’s continuing commitment to a strong and effective defence organisation. Since coming to office in 1996, the policies of this government have produced a sharper Australian Defence Force. It is one that is more combat focused, better equipped, more mobile and more operationally ready.

In line with election commitments, we have maintained Defence funding in the forward estimates. In fact, we have delivered additional funding as required to support our contribution to major operations such as those in East Timor and Bougainville and provision of safe havens to Timorese and Kosovar refugees. At the same time Defence has implemented a substantial reform program that has realised re-invested savings resulting in more capability for the same dollars, delivering $713 million per annum from 2000-01.

We do not see an end point in the pursuit of defence efficiencies and have initiated a series of defence financial and management reforms that are expected to deliver even more savings in the future. In particular, the government is committed to further reforming the management and administration of Defence and in establishing a new leadership team that will play a significant role in achieving further improvements in the operation of the ADF and the Department of Defence.

Significant financial reform is presently under consideration by a joint Department of Defence and Department of Finance and Administration review team, with the results of that review to be considered by government in the next month. We are also looking at other areas for reform, including project management, acquisition processes and the management of defence estate. These reforms are occurring against the backdrop of the development of the defence white paper, another major government initiative.

An important milestone will be the release of the public discussion paper next week. This paper will outline the key questions and options facing our future defence needs so that the public can have a better input into and understanding of issues the government must take decisions about. As part of that process, the public discussion paper will consider: Australia’s current and future strategic environment and interests; the reform process and efficiency within defence; current capabilities and the technological options for future planning; and options for capability development over the next 15 years.
The 2000-01 Defence budget therefore addresses urgent financial requirements ahead of consideration of the defence white paper. The government has also taken the responsible step to restrict the number of projects that are to be approved and brought to contract in this financial year. The budget provides further funding to sustain Australia’s ongoing contribution to peacekeeping operations in East Timor, with $740 million in 1999-2000 increasing to $949 million in 2000-01. The additional funding will also enable the Army to maintain two additional infantry battalions at high readiness for future rotations or other contingencies.

At this point I would like to pay tribute to the magnificent achievement of our Defence Force—the men and women of the ADF—in helping to secure peace in East Timor. It is a magnificent effort and one that has given great pride to our nation. I would also like to acknowledge the enormous support of the Australian community for those on operations in East Timor, not forgetting the magnificent job that is being done in Bougainville. It has been a great team effort that has come from all levels of our defence organisation. (Extension of time granted)

One hundred and twenty-eight million dollars have been provided towards the remediation of two Collins class submarines to an operational level of capability by December 2000. Over the coming months the government will consider proposals for further enhancement to the Collins submarines to deliver a fully capable submarine force that can be deployed for extended periods against potential adversaries.

A feature of this year’s budget is the government’s commitment to the reserves. An additional $20 million has been provided in this budget towards improving the proficiency and the flexibility of the reserves. The Minister for Defence has previously announced the intention to make changes to legislation to make the reserves more attractive to young Australians and their employers as well as a more integrated and capable component of the ADF.

In a further budget measure, an additional $80 million has been provided to defence to meet pressures in the areas of logistics support and information systems. In particular, there is capital funding of $40 million for logistic support activities such as ship refit work and remediation of reserve unit equipment used in East Timor, and capital funding of $40 million to be used on corporate management systems that will support the introduction of new resource management frameworks. Including these measures, the net change in defence funding from 1999-2000 to 2000-01 is $304 million, taking the total departmental cash budget to $12.2 billion.

While operational activity levels remain high, investment in new capital equipment continues in 2000-01, including the launch of the sixth Collins class submarine, the delivery of the fifth ANZAC ship and the launch of the seventh and eighth ships, the delivery of the first Seasprite helicopters for the ANZAC ships, the delivery of the third and fourth coastal minehunters and the final delivery of 12 C130J aircraft. Further, there will be the delivery of 32 lead-in fighter aircraft, the production of the first infantry mobility vehicles under the Bushranger project and the first deliveries of AMRAAM and ASRAAM missiles.

Major capital facilities projects are also continuing, including the Lavarack Barracks Townsville redevelopment, the Royal Australian Air Force Base Townsville redevelopment, the Royal Australian Air Force Base Amberley redevelopment, the joint Army deployment facility in Darwin, the HMAS Albatross Nowra redevelopment, the Navy ammunitioning facility at Eden and the co-location of staff colleges here in Canberra.
The government also recognises increasing pressures in the Defence budget arising from
the increased operational tempo; rising real costs to attract and retain ADF personnel; the
need to support ageing weapons platforms; and the cost of new technologies, particularly in
command and control communications and information technology. The government intends
to use the forthcoming defence white paper as a vehicle to address future funding
requirements. In the meantime, we are satisfied that Defence has been adequately resourced in
the 2000-01 budget to enable the Australian Defence Force to meet its mission—namely, the
prevention or the defeat of the use of armed force against Australia and its interests. Since this
is a joint debate and I am on my feet, I might take the opportunity to outline the Appropriation
Bill (No. 1) 2000-2001 in relation to the veterans’ affairs portfolio.

Mr DEPUTY SPEAKER (Mr Quick)—I would rather we dealt with the defence portfolio
and then went on to veterans’ affairs later.

Mr BRUCE SCOTT—That would satisfy me.

Mr SNOWDON (Northern Territory) (5.52 p.m.)—While the Minister for Veterans’ Affairs
is here, I want to raise with him a couple of issues in relation to defence personnel which I
have attempted to raise publicly but to which I have had no response from the minister or his
office. Could the minister respond this evening to the question of remote locality leave travel
entitlements for people in the ADF. I raised this matter with General Willis at a parliamentary
committee hearing, so your office should be apprised of the issue. It relates to the fact that, in
determining the economic efficiencies, the department has done a deal with Qantas so that
they now get air fares at 68 per cent of the normal economy fare. This means that the RLLT is
now worth only 68 per cent of its former value. That means that personnel in Darwin and,
indeed, in Townsville—and anywhere in Northern Australia—who choose to cash out this
entitlement by, say, taking a drive holiday or, indeed, flying to Bali or Singapore, get only 68
per cent of the former value of the full economy air fare. Their civilian counterparts in
Defence are not handicapped by this. They get the full economy fare equivalent.

The minister should be aware that this is a cause of major concern to defence personnel
across all services in Northern Australia. It relates to people in Townsville, Darwin and
Tindal: so much so that because of the deal done with Qantas, in the case of personnel at
Tindal Air Force Base, because Qantas does not fly to Katherine—which is actually at the
Tindal base in any event—air travel between Katherine and Darwin is by the Ansett affiliated
company. However, the leave entitlement is cut by the 32 per cent regardless of who the
carrier is. On top of that, GST is payable, but it is payable by the person purchasing the ticket,
not by the entitlement. And, of course, the department has an Australian Business Number
and because it has an ABN it can claim this as a rebate. But it is not the department’s rebate—it
belongs to the Defence Force personnel. This is an issue which, as I said, I have raised
previously and I have had no response from the department. I know that Defence Force
personnel in Northern Australia are extremely worried and very angry about it and I would
like a response from the minister.

The other issue which I would like to raise tonight is the issue of FBT. The minister would
be aware that we raised this issue last year. What he should know is the effect of FBT on
defence personnel entitlements such as relocation costs. Relocation is FBT exempt in the first
12 months of a new posting. After the 12 months, relocation, for whatever reason, becomes
taxed. An example which has come to my attention has been the planned move of a leading
aircraftman who has been identified as a defence family with special needs, which is an
entitlement providing appropriate housing or services. In this case, the LAC’s spouse is
confined to a wheelchair, and the present accommodation is unsuitable. They have determined
that this person should be moved to alternative accommodation, but because it is beyond the
12-month period of their posting they will be subject to the FBT reporting requirements and
they therefore face an increase in their taxable income in terms of the spouse’s disability pension. This is a direct question relating to FBT.

The question also relates to people who are being relocated in housing because special housing is being made available for them—that is, officer accommodation. What is happening is they are being posted, in this case, to Tindal; they are being put in accommodation which is unsuitable for their rank; beyond the 12-month period, it is being proposed they shift to other accommodation; and, because of the FBT reporting requirements, that shift is subject to FBT. That is not only unfair but unreasonable. I ask the minister if he could respond this evening and tell us how he is going to fix the question of the remote locality leave travel and how he is going to fix the question of FBT for Defence Force personnel in Northern Australia.

Mr LAURIE FERGUSON (Reid) (5.57 p.m.)—I was pleased that the minister referred to the ‘magnificent achievement in East Timor’. In considering the annual appropriations for the Defence portfolio I would like to raise the situation of civilian defence personnel who are or have been serving in East Timor. According to answers provided at a recent Senate estimates hearing, this includes staff of DSTO and from four other branches in Defence—namely, public affairs, resources and financial management, international policy, and management and reporting.

Several thousand uniformed defence personnel have now served in East Timor as part of the INTERFET and current United Nations deployments. The opposition has quite rightly been critical of a lack of employment protection for reservists who have participated in these deployments. Generally, however, there has not been controversy about the entitlements and conditions of service of our ADF personnel, mainly because these were made clear in advance. In particular, uniformed personnel in East Timor quite appropriately received tax-free allowances to compensate them for the trying and hazardous conditions that they faced. Their ordinary salary is also tax free for the period of overseas service. This is consistent with the cabinet decision taken by the former Labor government in May 1993 that salaries and allowances paid to personnel on warlike and peace enforcement service should remain tax free.

Unfortunately, the treatment of the smaller number of civilian defence personnel who have also gone to East Timor at the government’s direction has not been as sympathetic. Whilst these personnel are unarmed, I note that they have all been required to sign an agreement to abide by the provisions of the Defence Force Disciplinary Act whilst there. In other words, they are equally subject to the military justice system and can be charged with disciplinary offences that have no civilian equivalent.

I have been provided with copies of some five separate minutes and submissions dealing with the conditions of service of these civilians. These documents are full of contradictory information and do not make happy reading. Prior to their deployment, a Public Service determination was signed on 28 September last detailing their entitlements. Unfortunately, this determination was totally silent on the issue of the tax treatment of either their salary or their special allowance—$135 per weekday of service and $220 for each Saturday and Sunday. It has been claimed that these personnel were originally advised that their allowances would be tax free. They state that they were later told that the allowance rates would be increased to maintain their after tax value. Defence denies making the first undertaking and says that people who were not authorised to do so perhaps made the second undertaking. Quite frankly, it is a pretty pitiful defence by the department.

It is now more than six months since the East Timor deployment began but the paper war about the tax status of people’s allowances continues to rage daily. To illustrate, let me quote an actual example. It concerns a position within our financial administration in Dili that was
first occupied by a RAAF Wing Commander and then by a civilian employee. Both were Australians with the same responsibilities, faced the same hardships in their living and working conditions and were paid similar amounts. According to a minute I have seen, the Wing Commander was, however, better off to the tune of $1,800 per fortnight because his total income was tax free for the period of the deployment. While this example speaks for itself, the personnel concerned also pointed out that civilian defence personnel who were sent to Bougainville had been granted tax-free allowances. They also pointed out that ADF personnel serving as unarmed military observers with the UN in East Timor were not taxed.

I have a copy of an official defence minute dated 31 March that responds to their request by making the amazing observation that the Bougainville determination had been reviewed and found to be ‘incorrect’. In other words, not only were the civilian personnel in East Timor given a negative answer; their counterparts in Bougainville had their allowances made retrospectively taxable. Defence then attempted to placate the civilian personnel in East Timor and Bougainville by offering to request the tax office to provide them with a tax rebate under section 23AB of the tax act. Despite advice to the contrary from a leading firm of tax consultants, the tax office apparently believes that civilian defence personnel cannot be granted a rebate under this section of the act. Defence claims to be pursuing the matter with Tax, but the matter appears to have gone nowhere after quite an extensive period of time.

What concerns me is that defence’s handling of what started off as a few administrative loose ends has ended up making these personnel feel that their service in East Timor, in trying conditions, is not valued. Events at a Senate estimates hearing on 30 May have done nothing to placate them. When Labor Senator John Hogg asked about this matter, Major General Dunn said:

The thing that would need to change for those personnel to receive those allowances is that they would need to join the ADF, actually put on a uniform and carry a weapon.

Mr BRUCE SCOTT (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (6.03 p.m.)—I thank members from the other side of the House for their contributions. They raise important issues in relation to the operation of the Defence Force—both civilian and defence personnel matters. As to remote locality leave travel, the FBT and housing relocation, those are issues of which I have been made aware. I thank the member for Reid for his contribution about defence civilians and the operation in East Timor.

I will be taking these issues up with the head of the Defence Personnel Executive because they are issues that I take seriously. I know that you want answers as soon as possible. I flag that this is something that I will take up at a serious level and I will get back to you as soon as we can get the head of the Defence Personnel Executive in to discuss these important issues. You have raised some very genuine concerns which we will have investigated as soon as possible.

Mr SNOWDON (Northern Territory) (6.04 p.m.)—I thank the Minister for Veterans’ Affairs for that undertaking. As I understand it, 1 July is the date on which this will be implemented, so we have 10 days to fix it. I spoke to General Willis the day after he was appointed, so we could not expect him to say, ‘Yes, it is done.’ He undertook to fix it; he said that there was a problem. The problem we have is the way the hierarchy works. The troops on the ground do not know that it is going to be fixed necessarily. I must say to you, Minister, that I am getting an unprecedented number of calls from Defence Force personnel at all ranks about these issues because they see them as important. I respect the fact that you have indicated that you will get back to us. I ask that, when you do that, you make sure you copy whatever you send to me for every serving person in Northern Australia so that they can be satisfied that we collectively have done our jobs.
Mr BRUCE SCOTT (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (6.05 p.m.)—I inform the member for the Northern Territory that I certainly will get back to you as soon as I can get a response from the head of the executive in personnel. Since coming to office this government has been committed to ensuring veterans receive proper recognition for their service to our nation in times of war and also conflict.

In 1999 I commissioned the former South Australian Supreme Court judge, Robert Moore, to conduct an independent review of the service entitlements of those who served in South-East Asia between 1955 and 1975. I want to take the opportunity this afternoon to thank Justice Moore for his investigation that brought to light new evidence about aspects of South-East Asian service. The government decided to grant qualifying service to more than the 2,600 veterans who served in conflicts in South-East Asia between 1955 and 1975, making them eligible to apply for service pensions. This includes more than 1,800 Royal Australian Navy veterans who served with the Far East Strategic Reserve during the Malayan emergency.

This will be the first time that these veterans have been able to claim a veterans entitlement. I feel a sense of pride that it is this government that is going to be able to deliver this entitlement to these veterans. Some of the other veterans to gain qualifying service are: defence personnel who served at the Royal Australian Air Force Base Ubon in Thailand between 26 June 1965 and 31 August 1968; merchant mariners who served with the Royal Australian Navy personnel on board HMAS _Jeparit_ and HMAS _Boonaroo_ during the Vietnam War; and Australian Army and Royal Australian Air Force personnel who served on the Malay Peninsula and in Singapore during the Indonesian confrontation. The government has also decided to extend eligibility for disability pensions to 1,500 veterans who served aboard HMAS _Sydney_, HMAS _Vampire_, HMAS _Parramatta_ and HMAS _Yarra_ in Borneo during the Indonesian confrontation.

It is through this appropriation bill that the government is also implementing a range of initiatives to address the long-term health needs of Vietnam veterans and their families in response to the validated findings of the Vietnam veterans health study. The health study was undertaken as the first attempt to develop a complete picture of the health of Vietnam veterans, their partners and their children. The study found that Vietnam veterans and their children are more likely to have some adverse health conditions than the general population. The government recognises that Vietnam veterans and their families need support. This government has developed a package of measures to build on the assistance already available through my Department of Veterans’ Affairs.

For Vietnam veterans themselves, the government will provide automatic access to treatment for depression and anxiety disorders regardless of whether a veteran has made a compensation claim for these conditions. There are additional important measures, not requiring legislative change, that substantially increase the number and range of programs directed at improving the health, in particular the mental health, of these veterans and their families. These include health promotion and other preventive strategies to address lifestyle illnesses, including heart disease and alcohol abuse in veterans. Additional group programs will address the needs of family groups, partners of veterans partners and their children.

For veterans’ partners, the government will provide free psychiatric assessments through the Vietnam Veterans Counselling Service to ensure that partners are referred to appropriate counselling and support services. The government has also recognised that the need for counselling services does not end merely because a person no longer has a relationship with the veteran. The Vietnam Veterans Counselling Service will be extended to include former partners for up to five years after the end of that relationship with the veteran.
Veterans Counselling Service and psychiatric assessments will also be extended to include the children of Vietnam veterans up to and including the age of 35. (Extension of time granted) In recognition of the crucial role of education in suicide prevention, the government will extend eligibility for the Veterans’ Children Education Scheme to include Vietnam veterans’ children who are identified as being vulnerable to self-harm or suicide.

In other areas of the Veterans’ Affairs portfolio, this bill includes a change in the calculation of the fortnightly payment of the disability pension and war widows’ pension to align calculation of grants and increases with the service pension and other income support payments. This bill also excludes Abstudy allowance payments from the income test for the service pension and other income support payments. This will ensure that a Veterans’ Affairs pension recipient whose partner receives Abstudy payments is treated in the same way as other income support recipients with an Austudy partner. This bill extends and strengthens the support and benefits available to members of the veteran community. It is a further demonstration of this government’s ongoing commitment to those who have served this nation in times of war and conflict.

Mr LAURIE FERGUSON (Reid) (6.12 p.m.)—Very briefly, we congratulate the government on these initiatives, but I think we do have to have a bit of historical context in regard to these changes. One would have imagined from the contribution of the Minister for Veterans’ Affairs that these decisions just came from left field. The reality is that some of these matters particularly were subject to Senate resolutions and extensive debate. I would remind the minister that his predecessor at one stage, the Hon. Bronwyn Bishop, indicated to the Australian public and the people interested in these debates that one of these subjects was ‘closed’—end of story—and was not going to be rectified. To essentially put forward today that this is just out of the kindness of the heart is somewhat questionable.

The reality is that a group of people, who we have to congratulate, have fought these issues—the Malaysian emergency and Ubon—from a position which was not in the interests of the wider veteran community. It is very difficult sometimes, when you are a very discrete, small group, to get your voice to rectify what are more than anomalies but essentially injustices. The truth is that the Malaysian emergency related quite clearly to a budgetary decision that naval personnel would miss out, regardless of the real relationship of danger for them vis-à-vis, for instance, Air Force and Army personnel. In Ubon, the intrinsic relationship of that air base to the war in Vietnam was essentially hidden from the Australian public. That is partly why this matter was not rectified earlier. If we look at the history of this and at Senate debates, even since the Howard government was elected, we note real indications of a change of defence requirements at that base and very real indications of danger to the personnel there.

Certainly, we would congratulate the government on moving in these directions and for the composition of this report. Similarly, I think we are quite aware that the Vietnam veterans organisations have been extremely active and vocal. It is really their effort, their activity, their campaigning, that has led to putting this on the public agenda and making sure that governments do take notice.

Mrs MAY (McPherson) (6.15 p.m.)—I believe it is a credit to the Howard government that the 2000-01 budget improves the benefits available to the veterans community to whom this country owes so much. When this government was elected we said we were determined to improve the services and benefits to veterans, their families and ex-service personnel. As the minister has indicated tonight, the budget has clearly delivered on that commitment.

The veterans community in my electorate of McPherson is one of the largest in the country. In fact, more than 10,600 ex-service personnel have chosen to call the Gold Coast home. I am
pleased that the Howard government has recognised these local heroes with substantial funding injections in health, home based care and entitlements. There is no doubt that the veterans community will be better off, thanks to the initiatives of this government.

In particular, what I want to speak about tonight is the initiative to award a $32.3 million package of support to veterans and their families. This is in response to the validated findings of the Vietnam veterans health study. The federal government has recognised the unique problems that Vietnam veterans and their families face and we have strengthened our commitment to their needs. The Vietnam veterans health study was undertaken as the first attempt to develop a complete health picture of this part of the veterans community. The study found that Vietnam veterans and their children are more likely to have some adverse health conditions than the general population. The study also indicated that veterans’ children had an increased incidence of suicide and accidental death, as well as higher rates of spina bifida, cleft palate and lip palate. Importantly, the Howard government has acknowledge that veterans’ families as well as the veterans themselves need that extra support.

During the next four years, this package will deliver initiatives to help these people who selflessly served our nation in a time of need. It is the duty of all Australians to reach out their hand and give something back. This $32.3 million package of support builds on the extensive range of benefits, treatment and counselling services already available to veterans and their dependents through the Department of Veterans’ Affairs programs. The initiatives announced in this year’s budget include a range of preventative health initiatives that will enable veterans to address lifestyle problems, including heart disease and alcohol abuse. Information kits will be produced and distributed to veterans and their families to specifically target heart health, diabetes, prostate cancer and skin cancer. And I am pleased to say that after a successful pilot program in Tasmania, the men’s health peer education project, which is designed to help veterans help themselves through information and education based on personal experience, will be instituted around the country.

This support package also gives automatic access to treatment for Vietnam veterans diagnosed with clinical depression or severe anxiety disorders. The department will fast track access to this treatment in order to ensure better clinical outcomes through early identification and intervention. As with the treatment currently available for post-traumatic stress disorder, veterans will receive help when it is needed, not as a result of a disability claim. These veterans will also receive a white card to access treatment. Additionally, the Howard government has introduced free psychiatric assessments for veterans’ partners. Until now, dependent partners have had access to the Vietnam Veterans Counselling Service but have not been able to undergo psychiatric assessments.

In terms of addressing the mental health problems experienced by veterans themselves, this funding package provides an additional nine anger management programs each year. It will also establish parenting groups, retirement planning programs, and an expert committee to investigate respite care arrangements as an aid to preventing domestic violence and family breakdown.

As I mentioned earlier, the second key element of the Vietnam veterans support package involves a host of measures to address the problems experienced by the children and families of veterans. The Howard government takes very seriously its responsibility and obligation to care for these people whose health and wellbeing has suffered through no fault of their own. For the first time, veterans’ children will be able to access counselling services and will be offered free psychiatric assessments where their condition is related to the veteran’s operational service. The government has also expanded the veterans’ education scheme to include the children of Vietnam veterans and provide 12-month bursaries to assist disadvantaged children into tertiary study.
Let me assure the veteran community that this government will go as far as possible to ensure that your families are not disadvantaged because of your sacrifice. The Howard government has already made major inroads into improving the health and general wellbeing of the veteran community through treatment, crisis support and education. This $32.3 million support package is another step in addressing the long-term needs of Vietnam veterans and their loved ones. It demonstrates that we have not forgotten their contribution to Australia.

Proposed expenditures agreed to.

Department of Foreign Affairs and Trade

Proposed expenditure $2,631,815,000.

Mr RUDD (Griffith) (6.20 p.m.)—Twelve months ago I participated in this very same debate and I said the following about Radio Australia:

Perceptions are enormously influenced by the mass media—through radio and through television and, to a lesser extent, I have to say, through print. These are the media through which we need to be shaping a future vision of this country in Asia. Yet these are the media from which we are currently withdrawing in terms of the resources allocated to Radio Australia and the resources allocated to Australia Television International. This is a problem for the effective prosecution of our long-term interests in the region.

I went on to say:

The comments that I make are not intended to be some harsh point by point polemic or an exercise in finger pointing or finger shaking. They are, by contrast, an expression of deep and personal concern about how we need radically to lift our game in the region, how we need radically to lift our game in terms of this nation’s soft diplomacy, and how we need radically to inject additional funds into Radio Australia and into services like Australia Television International to make them not just the best in the region but the best in the world.

Why can’t we have for ourselves a vision for, for example, the future of Australia Television International which says, ‘Why can’t we have a BBC-type service in terms of its quality?’ Why can’t we, for example, become reputed within this region as being a source of objective international news to the various societies and countries within East Asia which rely often on external broadcasting through which to access their news.

What a foolish, misguided, silly little backbencher I was, 12 months ago, to advance those naive propositions in this place in the maudlin expectation that someone would actually listen to them and do something about them. What we have seen in the intervening 12 months is, in each of the categories that I referred to, precisely the reverse course of action by this destructive government.

In fact, I remember the response 12 months ago by the then parliamentary secretary, Larry Anthony, who dismissed my concerns as being those preoccupied with soft diplomacy and, in fact, indicated that my interest in them reflected that I was somewhat soft-headed in my attachment to them. I am glad to see that that gentleman, Mr Anthony, has gone on to bigger and better things and has made such a success of his new portfolio in Family and Community Services. He is not much interested in Australia Television International, not much interested in Radio Australia and even less interested in caravan park dwellers, as the minister at the table also knows.

So what has happened in the 12 months that we have had since then? I think the minister has done particularly well at Tweed Heads over the weekend and particularly strongly has his party done in the cabinet, most recently on the caravan parks issue. But I presume neither he nor his colleagues at the table would like me to sustain that discussion here this evening, given the enormous triumphs they have had with their coalition partners on that.
Going back to the subject at hand, Australia Television International is something in which you have been equally absent from the field, because Australia Television International over the last 12 months has gone from bad to worse. What we have had, in fact, is the complete absenting of the field in terms of any responsibility by the Minister for Foreign Affairs and Trade. If you travel through the region today and try and flick on Australia Television International, which is supposed to project some image of this nation to the region, if you get up early in the mornings you pick up broadcasts or re-broadcasts of American evangelical fundamentalists taking the Bible hour from some place in Boise, Idaho and broadcasting out through Australia Television International to the region. If you think that is an appropriate reflection of what this nation is today, then I think you have collectively got rocks in your head. But that is what is happening.

All this is occurring at a time when, across the region, we see nations like Italy, the United Kingdom, France, Japan and others developing, not retracting from, their commitment to broadcasting in the region. This is not their region, with the exception of Japan. It is our region. What we are doing is walking away from the game and what those who have far less long-term strategic interests in the region are doing is quite the reverse.

Mr Bruce Scott interjecting—

Mr RUDD—The minister at the table may mutter, but I dare say that the minister’s interest in this part of the world is sorely lacking. We go on to Radio Australia, which is perhaps the greatest travesty we have seen meted upon any public institution by this government since it was elected. We start with the Mansfield review into the ABC some years ago, which was basically designed to gut funding to the ABC. Part of that was achieved; part of what was achieved at the same time was a hospital pass on the funding front whereby the funding cut was also delivered in large measure to Radio Australia.

What were the consequences of that? As far as Radio Australia was concerned, the consequence of that was a substantial reduction in its operational budget. (Extension of time granted) The foreign language staff at Radio Australia were reduced from 144 to 68. I see at the table the member who is chairman of the Australia Indonesia Parliamentary Friendship Group, of which I am vice chairman, and she would be concerned that the number of Indonesian language broadcasters working for Radio Australia has been reduced from 16 under your government to eight. Our capacity to get a message across in Bahasa Indonesia to our largest northern neighbour, which the portfolio minister here should have some long-term strategic interest in, has been halved as a consequence of your funding decisions.

But the grand-daddy of them all is the Cox Peninsula transmitters. Here we have one of the products of the Menzies government. As a result of Confrontasi in the 1960s, when we had some problems with Indonesia, one of the resolves of the Menzies government at the time—your government, not ours—was to construct a mega-transmitting facility in Northern Australia which would enable this country to get its message out across the Indonesian Archipelago. That capacity was enhanced through the 1970s and 1980s to the point where we had three large 250-kilowatt transmitters operating there with a huge capacity to get our message across the region—not just the Indonesian Archipelago, but throughout east, north and west Asia, India, Pakistan and the Indian Ocean.

What is our new capacity as a result of recent decisions by this government? Our new capacity enables Radio Australia through three smaller transmitters in Shepparton in Victoria to get a message across to Melanesia, Papua New Guinea and the eastern part of Indonesia—not Java where the capital, Jakarta, happens to be; not Sumatra where most of the people outside Java live. If we want to access any additional time, what do we have to do? We have to go cap in hand on the international spot market and perhaps buy some time from a
transmitter which is operating where? Taiwan. That is where we now go to buy a little extra broadcasting grunt, having flogged off a large slice of the national transmitting capacity.

How did this occur? It occurred because this government has decided to lease the transmitters at Cox Peninsula to Christian Vision. In this one action we have managed to convert Radio Australia into radio alleluia. This is one of the most irresponsible actions that your government has taken. As I said before, Radio Australia is one of Menzies’ children. It kicked off in 1939 in the first Menzies government and it was augmented in the 1960s under the second Menzies government. You people have taken the meat axe to it—not just to Radio Australia, but to the ABC and Australian Television International as well. What sort of conservatives are you? You are supposed to defend the nation’s institutions. You are supposed to uphold them, not to take the broadaxe to them.

Senator Alston, one of the responsible ministers in the Senate, has said that international transmitting capacity through short wave is of declining relevance throughout the world. That’s terrific. If he is right, why do we have the BBC, Deutsche Weller, Radio Nederlands, and every other serious international radio broadcaster in the world buying additional transmitting capacity and augmenting that which they have? We are heading in exactly the reverse direction. I would suggest that they are right and we have been wrong.

You know, of course, that something is rotten in the state of Denmark when one of their own has turned on them. Don McDonald, who is not one of our mates, he is one of theirs— their appointment to the chair of the ABC, mate of the Prime Minister—said about this most recent decision on Cox Peninsula—

Mr Pyne—A very good chairman, too—very well-regarded.

Mr Rudd—A very good chairman, yes. I thank the member from South Australia for his interjection because what this well-regarded man said is:

What I would like is an expression of support from the Minister for Foreign Affairs on the unique role of Radio Australia in the region.

The bottom line is that, if Don McDonald knows that something is rotten in the state of Denmark, it must really be rotten. If you do not have a minister supporting an institution like this, the bottom line is that it will not sustain itself. My questions, therefore, for the minister, or those who choose to represent him in this place are: What did DFAT say on this critical question? What was the departmental brief on the lease of Cox Peninsula? Why did Minister Downer not oppose the lease of these transmitters? What was the departmental view? How many dollars were earned through the lease decision and, at the end of the day, will Radio Australia have access to them? I am absolutely incensed. I cannot overstate how incensed I am by this particular government decision. Institutions like Radio Australia cannot survive unless they have the portfolio support of the Minister for Foreign Affairs. He, as on other issues, has been missing in action.

Mr Murphy (Lowe) (6.31 p.m.)—In talking about foreign affairs, my concern in relation to this budget is that this government appears to be doing nothing to make some small contribution to the resolution of the Sri Lankan civil war. I put a question on notice to the Minister for Foreign Affairs on 11 May asking whether he would be prepared to acknowledge the heightened state of war in the Republic of Sri Lanka over the previous months. I asked whether he would request the permanent representative for Australian foreign affairs to the United Nations, Miss Penny Wensley, to make representation on behalf of Australia as a member nation to the UN Department of Political Affairs? The nature of the foreshadowed representations to the United Nations department I envisage is that Australia express its concern about the recent escalation of the war in Sri Lanka over the last few months and approach the UN so that options for intervention be initiated to prevent further bloodshed and damage. I understand that the proper UN department in this instance is the UN Department of
Political Affairs. I, therefore, call upon the Minister for Foreign Affairs to make immediate representations to this effect.

Recent events in Sri Lanka have demonstrated that regional instability is clearly present in South Asia and the region is becoming further destabilised. We have just witnessed destabilisation within our own region in recent times in East Timor, and more recently in Fiji and the Solomon Islands. Sri Lanka is not that far away from us. We have a number of Sri Lankans living in our country and I have the biggest proportion of Tamils living in my electorate.

I need not remind the parliament of the consistent reports of the Tamil military successes against the Sri Lankan government forces. The repercussions of this development, especially in the area known as Elephants Pass, have resulted in a tragic loss of life on both sides and further calamity and a declaration of a state of emergency by the Sri Lankan government. It is understood that both the Indian and Pakistani governments have declined the plea for help from the Sri Lankan government for military intervention. Apparently there are now thousands of Sri Lankan soldiers totally surrounded, trapped by Tamil forces, and the future of the Sri Lankan soldiers is completely unknown.

The potential for a collapse of civil order in Sri Lanka is pressing as the official government is further isolated by the international community. Whilst enjoying diplomatic support, this diplomatic support is not being translated into military or logistical support on the ground by any regional power. The continued successes by the Eelam Tamil fighters will certainly further destabilise Sri Lanka, driving the government into a state of further panic as they continue to suffer further military defeats. Under the circumstances, it is in no-one’s interest for this war to continue one more day. The war does not profit Sri Lanka, which is suffering horrendous military losses and deprivation of life. The war does not benefit those countries who trade with Sri Lanka, including England and Russia. Diplomatically, the United States of America cannot afford to see its ally, Sri Lanka, become destabilised. Neither can China allow Sri Lanka to be further destabilised; its cultural ties with the Sri Lankan people are spiritually strong as the country’s constitution is based on Buddhist jurisprudence.

The risk to regional instability is therefore paramount. My greatest concern is that Sri Lanka may drive surrounding countries into further instability. This is the last thing that any regional power needs in this part of the world. There is regional instability already through terrorism and flagrant religious and political attacks in places such as Kashmir, Dagestan and Chechnya. There is the plight of the Kurds, political upheaval in Iran, and threatened border conflicts along the Azerbaijan and Armenian borders. They are all compounding into a potential powder keg which may get out of control. For this reason it is imperative that this 16-year-old war in Sri Lanka be brought to an end, and it is now a case of peace at all costs. I encourage the minister to answer my question on notice, No. 1554 in the Notice Paper of 11 May 2000, and to provide whatever resources are necessary to get representation through the United Nations to get a peaceful resolution to this terrible tragedy.

Mr Bruce Scott (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (6.36 p.m.)—Let me just say firstly that the minister regrets that he has been unavoidably detained this afternoon and is not able to be here to participate in this debate. I will represent him in this regard.

I thank the member for Griffith and the member for Lowe for their contributions. In relation to the member for Lowe, I will certainly pass on his concerns in relation to his question No. 1554 to the minister. I will bring it to his attention. The member for Griffith might have been thinking he was in the wrong debate as he was talking more about communication—nothing new for him—but certainly we thank him for his concern. He obviously feels very deeply about.
Proposed expenditure agreed to.

**Attorney-General's Department**

Proposed expenditure, $1,477,311,000.

**Mr McCLELLAND** *(Barton)* *(6.37 p.m.)*—I would like to make some comments on what this government has done, or really what it has not done, for access to justice by ordinary Australians. There are real problems for society, indeed for our system of government itself, when access to justice is not available to all Australians, when our justice system becomes irrelevant or inaccessible strains are placed on our system, including loss of faith in our very institutions of government and certainly the judicial system. That is a situation in which we are increasingly finding ourselves. Even if we took the position of people on our income level as members of parliament—which is not a bad income; certainly, by community standards, it is a very good income—we would be horrified at the prospect of having to run litigation. How much harder must it therefore be for people on lesser incomes to contemplate pursuing their rights in the courts. That is a real problem.

That problem has been significantly aggravated by this government. For instance, in the last year of the Labor government the allocation for legal aid to the legal aid commissions was somewhere in the vicinity of $160.2 million. This year this government is spending in the vicinity of $103 million. The Attorney-General has announced several times now a top-up of some $63 million over four years to the state and territory legal aid commissions, but when indexation is taken into account, that top-up is only of the order of $45.6 million.

We actually did some figures. We took the $160-odd million from the last year of the Labor government and indexed that according to the CPI or even average wage increases, and by the time that was projected up to date and compared to the government’s forward projections and taken forward to the year 2003-04, there was about a $404 million deficit in legal aid. So to talk about $63 million or, more accurately, $45.6 million being a top-up in that context is just grossly inadequate. Yes, it must be said that there has been some additional money provided to community legal centres, but that is in the context where community legal centres, which do a tremendously cost-effective job, are receiving a very small portion of federal government money. For instance, there are about 126 community legal centres and I think the total financial contribution from the federal government is somewhere in the order of $26 million to $30 million—not very much money at all. So the top-up there has been minuscule, given the amount of money that has been taken out.

The Attorney-General is prepared to look at initiatives such as encouraging pro bono work. That is something which of course has to be recognised. The legal profession does a tremendously valuable amount of pro bono work, probably in excess of this federal government’s contribution to legal aid. That is to be encouraged, but it is not an answer to the federal government’s neglect, nor is trying to add, to this much smaller cake of legal aid, bells and whistles or gimmicks. A phone access service and facsimile access service are all good innovations, but they are no substitute for face-to-face legal assistance. While ever the government has cut back so severely the funding available to legal aid commissions, it means it is going to place more and more burden on community legal centres that have been called upon to take up the slack. The facts of the matter are that, because of this savaging of legal aid in particular, access to justice for ordinary Australians has been significantly diminished and down the track, if it is not rectified and rectified urgently, it is going to place real strains on our system.

**Mr WILLIAMS** *(Tangney—Attorney-General)* *(6.42 p.m.)*—I thank the member for Barton for his comments, and he will not take it as disrespectful if I say that they are predictable. The fact of the matter is that this government has taken a very holistic approach to access to justice. There is a tendency in the legal profession and the community to look at
the amount of money made available to legal aid commissions for the engagement of private lawyers as the sole measure of access to justice. The simple fact is that, in many cases, providing lawyers and providing the opportunity for people to have a case in court is not the best solution, it is certainly not the cheapest one, and it may well in the long run be one that is damaging to the people involved. This is particularly the case in relation to disputes within families.

When we came to government there had been legal aid agreements in force for something like 10 years. Under those legal aid agreements the Commonwealth provided money to legal aid commissions and to some extent the states provided money, but that extent was very varied. Some states provided virtually nothing, others relied on solicitors’ trust account interest, others condemned the legal aid commissions to recover costs from clients or from the litigants against whom those clients took action and succeeded, others relied on investment income only. There was a range of sources of income, but the consolidated revenues of the states were not a dominant source.

The effect of increasing demand on legal aid over that 10-year period was that the Commonwealth money was increasingly being used for funding criminal trials. The losers were people involved in civil litigation and people involved in family law disputes. That system could not continue. We terminated it on 12 months notice, pursuant to the agreements, and then renegotiated new agreements.

Under those new agreements the Commonwealth said it would fund matters arising out of Commonwealth law, the states should fund matters arising out of state law, we would stipulate the priorities and we would provide guidelines on the use of the Commonwealth money for Commonwealth matters. This has effected a major reform. Even the states that were reluctant at first to engage in negotiations with the Commonwealth have recognised the benefits of that sort of system. They have pretty well all come on board whatever the view of the government. There have been a number of changes of government in the past three years at the state level and they have all participated, with the possible exception now of the Victorian government which is making some silly noises.

The amount of money involved from the Commonwealth perspective diminished as of 1 July 1997—we did reduce the total funding that we were providing for legal aid. But if you examine what has happened since you will see that in fact the states have started to pick up their responsibilities and the amount of money that is now available to legal aid commissions has come back to the level that it would have been. But what the Commonwealth has been doing has been to provide resources in other directions. We have provided additional funding for community legal centres, including in rural and regional areas where, over the last two budgets, 11 new centres have been or are being funded. That has taken the total number of community legal services that are funded by the Commonwealth up to about the 126 figure mentioned by the member for Barton. There are a number of others that are not funded and it would be very desirable if we could expand the number. That involves money and, of course, that is an issue for priority. I would not sneeze at the $25 million or $26 million that actually goes to those 126 CLCs because that is a very effective use of money, it is a very efficient provision of access to justice and it provides people at the local level with a service they would not otherwise get. What it does also is recruit within the system volunteers at the community level.

We propose in August to conduct a national pro bono conference. It is the first time one has been held. What we want to do is to recognise that there are people in the community who spend a lot of their time and money in assisting people in the legal context. They are not only lawyers; they are people who work as coordinators, social workers and otherwise. This conference has the support of all the significant organisations involved in the provision of
access to justice, including the Law Council of Australia, the Federation of Community Legal Centres, national legal aid. *(Extension of time granted)* This conference will not only recognise the work that is being done by the volunteers in the community organisations and elsewhere; it will also, we hope, identify best practices to enable additional people to get involved in doing pro bono work. I believe many people among the 30,000-odd in the legal profession across Australia would be willing to assist but have not had the opportunity presented to them and have not actually been invited. We also hope that we will be able to set up some sort of ongoing arrangement that will better coordinate the identification of pro bono work that is done and enable people to access information. This may involve setting up some sort of secretariat.

The member for Barton mentioned, with some element of sarcasm, the proposed phone service. This is a combination of two initiatives in the last two budgets. What is being sought to be achieved is extremely ambitious. What we want to be able to do is to provide the opportunity for people of limited means to pick up the phone and have access to legal advice across Australia. They obviously will not be just ringing their local community legal centre. There would need to be some sort of quite significant arrangement whereby there is a range of service providers and those service providers are connected by telecommunications.

We are doing that sort of work already in the community legal service sector, in that, for example, the recently opened Western Queensland community legal service network is providing an audio and video conferencing facility to towns surrounding Mount Isa. It will provide the sort of service that has been denied people in rural and regional areas up to now, but we want to see that sort of service provided nationwide. So I would not sneeze at it. If I were the member for Barton, I would get right behind it and recognise what is being done.

We also, on the access to justice front, have recognised that many people have an issue that they need assistance in resolving but in many cases—and the family area is the principal one—there is only really one place to go, and that is the Family Court. If you go even to a state magistrates or local court, often you will be sent off to the Family Court. That is not good enough because the Family Court is a court with lots of pomp and ceremony, lots of cost and lots of delay. We have, therefore, taken steps to establish a new court. It will be the first time there will be a lower level court in the Commonwealth sphere, the Federal Magistrates Service, and I am very pleased to be able to inform the Main Committee that the first batch of federal magistrates, who have been identified and appointed, will be sworn in next Wednesday and they will commence sitting on Monday, 3 July.

*Mr Kerr interjecting—*

**Mr WILLIAMS**—There is, in response to the member for Denison, a plan that there will be a magistrate based in Launceston, but some factors have to be taken into account. In the course of setting the arrangements that we thought we were likely to be working under, for example, the Family Court judge in Townsville transferred to Brisbane, leaving Townsville bereft of a Family Court judge. Those sorts of factors need to be taken into account.

I think in due course there will be a growth in the Federal Magistrates Service, and I think there will be a lessening need for Family Court judges. That will be of benefit to the community. There will certainly be a need for a Family Court, because there will always be complex cases, both in the children’s area and the property area, but if you can provide a summary cheap simple process for people that they can access locally, that is better than having a formal superior court in a metropolitan city. I think, with respect, Mr Deputy Speaker, that the government can be very proud of the steps it has taken over the last four years to improve access to justice for Australians.

Proposed expenditure agreed to.
Mr KERR (Denison) (6.53 p.m.)—I use this occasion as an opportunity to place on record some further developments in the matter I spoke on some while ago regarding the National Gallery of Australia. This afternoon, I had the courtesy of a briefing from the acting secretary of the department, Mr Palfreyman, and the Acting Director of the National Gallery of Australia, Mr Froud. They advised me that, in response to the letter I had sent to Senator Alston and to the minister for the arts at the table, in which I raised certain matters which I believed to have been of public concern, an inquiry had been established to be conducted by Stephen Hennessy, and that Mr Hennessy was an independent appointee whose appointment was on the recommendation of the Institution of Engineers. That inquiry is limited to the issue of the safety history and operation of the air conditioning system and, in respect of that matter, on 15 June I wrote to the minister, Senator Richard Alston, Minister for Communications, Information Technology and the Arts, setting out the various matters which I believed were essential to be part of that examination.

The first of those items—that the investigation be undertaken by a competent team that had no prior involvement in the supply of material, service, maintenance or auditing of the HVAC system at the Gallery—I think has been clearly complied with by the appointment of Mr Hennessy.

I have asked the department and the acting director to ensure that all the other points that I raised as issues which were important for consideration be addressed. They include conducting tests on samples of water from the tanks and humidifiers and on air at different inlet and outlet points in the system; testing the types of mould and fungi that might be present within the system, including on fans and mechanical plant and duct work, insulation and cladding in all other areas of the Gallery building; testing the content and condition of air filters; and a range of other matters.

Those other matters include the management of hazardous chemicals; the following up of reports from medical specialists regarding tests which had been obtained from the HVAC system in the past; the review of qualifications of staff and the way in which the system is operated; and a look at the risk to the collection through allegations that hydrogen peroxide might have caused some damage to the artworks. I have asked that the minister ensure that those matters are included within the review, and I am cautiously confident that that undertaking will be provided as a result of the briefing.

Can I say to the minister at the table that I appreciate the attention that has been given to the serious matters and the courtesy with which both ministers have responded in relation to them. We will obviously wait for the process; we will be watching it carefully. There are a large number of concerned former employees who will also be watching it carefully. I do not want to say that it entirely satisfies the approach that we would have advocated. I have indicated previously that I believe that, given the degree of public interest in this matter, an open and public inquiry was probably the only way that some of these allegations could be dealt with to put them to bed entirely. But, as I say, I am pleased with the way in which the minister has dealt seriously with the matters that we have drawn to his attention today, and I have no reason to doubt that Mr Hennessy will approach that task with anything other than complete professional skill. I am certainly keen that all the issues that I have raised are brought to his attention and addressed. (Extension of time granted)

The other thing that I indicated in a previous speech was that there was a range of other issues about the management of the Gallery, the morale and what I might call a ‘culture of fear’ which appears to be manifested in the way in which former employees and some current
employees have spoken to us and have expressed themselves regarding the management of the Gallery.

Again, I had the occasion to go through, in much more detail than I can publicly put on the record, some of the specifics of the allegations today with Mr Froud and the acting secretary of the department, and I am certain that those matters will be followed up. But I do not believe that the larger issues of morale and the concerns and fears that people have regarding the management of the Gallery can be addressed in this private way. I do think that the issues now are of such a nature that for the long-term benefit of the National Gallery of Australia, as well as for the political interests of the government, they should be addressed. The seriousness of these allegations of a culture of fear, and the number of persons who are making them, and some of the specifics that have been drawn to our attention, are such and so numerous that I do believe that the minister should give serious consideration to the point I raised earlier about the benefits of a public inquiry.

I do not mean by that that, in establishing an inquiry, there should be any inference of the minister’s want of confidence in the management. But it is plain that those who are coming forward now do so on terms that are expressed as being in the best interests of the Gallery and as real concerns for the way in which its long-term future might be damaged by the matters which they say have not been properly addressed. I do not believe there can be a comprehensive way of dealing with these matters which can allow the public to have confidence in the way in which they have been resolved if those matters that I have raised further with the Gallery management and with the acting secretary are not the subject of an inquiry in which people can give evidence in public and have their concerns addressed by an inquirer who is entirely independent of the Gallery. I appreciate the time lines. I understand we are adjourning at 7 o’clock, but I am not certain if that is the case.

Mr DEPUTY SPEAKER (Mr Nehl)—We hope to, but hopes are not always realised. As long as we adjourn at a reasonable time after 7 o’clock, that will be fine. I believe the Main Committee does hope to get these estimates through tonight.

Mr KERR—If it is the intention to see those estimates through tonight, perhaps I will see if the minister has any further response in relation to these matters and then make some brief further remarks. Other than that, I will allow the estimates to pass. Whilst there are a large number of other issues which we would raise, it may be impossible for us to accommodate that. But I would appreciate the minister’s response in relation to those particular matters.

Mrs DE-ANNE KELLY (Dawson) (7.02 p.m.)—I want to speak on the matter of communications, and I guess it is a coincidence that the Telstra inquiry is in Mackay today. I do want to raise one matter regarding connections that is causing me grave concern—that is, mobile phone access. I have the great honour and pleasure of representing the Whitsundays, 76 tropical islands, one of which is Daydream Island, a very beautiful tourist destination and one that is attempting to attract more conference business and international visitors.

One of the difficulties is that people prepared to visit a luxury tropical island expect to be able to use their mobile phones to keep in touch with business at home and so on. Despite Daydream Island requesting Telstra to put up a tower for mobile phone access, despite my contacting Telstra’s office in Brisbane—and they were very pleasant and helpful—despite Daydream Island agreeing to provide power to the site and despite my having spoken with the new manager of Telstra Country Wide in this regard, it will be yet another two months before Daydream Island is able to have mobile phone access to at least the major portion of the island.

The fact is that this has severe economic ramifications for the island. It is coming into the winter tourist season now, and of course, as I have said, Daydream Island is looking for conference business. Daydream Island has, only in the last two weeks, lost a $1.8 million
opportunity to host a conference for the very reason that I have given: no mobile phone access. It is simply not good enough that resorts on the mainland, which is some 30 minutes away, have mobile phone access and that some of the other major islands have mobile phone access. The reality is that this is the year 2000. Our major tourist operators—and that is not to say that the general public are not entitled to an adequate level of service as well—in attempting to compete with many luxury destinations in overseas countries, have to be able to have the means to offer their clientele the sorts of services they expect when they go to a luxury resort.

I know the Daydream Island people are extremely disappointed that, despite their offers to assist Telstra, despite their pleas, and despite my going to the Brisbane office speaking to Telstra Country Wide—which is apparently there to solve country problems—we have not been able to succeed in getting the service put on any sooner. This has been going on now for some six months. I ask the minister—and I am very glad that he is here with us tonight—to look into this matter. We simply do not know where else to turn. It is yet another example of the fact that the dissatisfaction, certainly in my electorate, with Telstra’s service, with their connection times, is very real, and it has very real economic ramifications. I am extremely disappointed that we spend money promoting the Whitsundays as a glorious destination, which indeed it is, and that we are offering new work opportunities, some for indigenous people as well, and yet a very basic service like mobile phone access is denied to one of our premier resorts. I trust that the minister will assist us and look into the reasons why what seems to me to be a very simple and straightforward request cannot be accommodated in the time required.

Mr McGauran (Gippsland—Minister for the Arts and the Centenary of Federation) (7.06 p.m.)—I thank the member for Dawson for her spirited representations on behalf of her constituency. I know this is a matter she has raised with Senator Alston, the Minister for Communications, Information Technology and the Arts. I will again draw to his attention the issues she has raised this evening and she can expect a prompt reply which I trust will be satisfactory to the concerns of her electorate.

Turning now to the contribution from the honourable member for Denison, the issue of the airconditioning has been well canvassed. The government, as he does, takes occupational health and safety issues very seriously. He has responsibly raised the issues with us and they are now the subject of an independent inquiry, as he outlined. I would expect it to have the scope as envisaged, and indeed requested, by the honourable member for Denison.

The restraint and responsibility he showed in regard to that issue does stand in stark contrast—although I stand to be corrected—to his labelling of a culture of fear existing at the National Gallery of Australia. However deliberative and softly delivered those words are, they are certain to resonate in the press. You cannot allege that the management of the National Gallery of Australia is responsible for a culture of fear and expect it not to attract public speculation of the worst kind. I trust that the member for Denison is well aware of what he is doing in making such a public allegation.

He goes on to call for a public inquiry which should not necessarily, he claims, imply that the government has a lack of confidence in the Director of the National Gallery of Australia. I do not see how the calling of a public inquiry could be interpreted as implying anything other than that to be the case. I am very sorry, very disappointed and deeply concerned, to be frank. It is a very serious thing for the shadow minister for the arts to call for a public inquiry on the basis of complaints by individuals—and none of those complaints, I hasten to add, has been drawn to the government’s attention. I thought that the Director of the National Gallery, Dr Brian Kennedy, dealt with all the public maelstrom that has engulfed the Gallery in recent times in his address to the National Press Club last week.
I would urge the honourable member, if he has not already, to study closely Dr Kennedy’s thoughtful and balanced explanation of the Gallery’s policies and his own role in achieving them. There is much to be proud of and much success that ought to be attributed to the management. There have been 370,000 visitors to temporary exhibitions in the last 12 months, taking the total number of visitors to the Gallery to something like 640,000, which is, if my memory serves me correctly, some 300,000 more people to the Gallery than in the previous year. At the same time, the Gallery has unveiled its ambitious but achievable vision for the construction of a new entrance, to start after all the appropriate procedures, including the Joint Committee on Public Works, have been achieved in the next year or so. It is a magnificent design and will radically transform the gallery’s external appearance and welcome to visitors. It will assist in the flow of people which at the moment, because of the legacy of some of the architecture and some of the decisions made in the last 20 years, is convoluted. (Extension of time granted)

The government has confidence in the director and the management of the Gallery. There will always be disgruntled employees at galleries. It seems that gallery directors are controversial figures in Australia. Betty Churcher and James Mollison, Dr Kennedy’s two predecessors, were high profile figures and were always—it seems to me, at least—the subject of disagreements, of criticisms, from within and outside the Gallery. Frankly, it comes with the territory. You are dealing with highly educated, experienced and confident people, whether they be administrative staff or curators, and people are entitled to their different points of view.

There is something of an element of slyness about the honourable member’s raising of the issue at this time in this way. He does not mention Dr Kennedy by name. The idea of a public inquiry into the management of a government institution is a nonsense. There is no precedent that I am aware of during the honourable member’s 13 years in government. The government of the day, through the relevant minister and the cabinet, will make decisions and judgments about the competence or otherwise of individuals who head up agencies or institutions. But the idea of abdicating the cabinet’s responsibility to make decisions about management to a public inquiry is utterly ridiculous, as I am sure the honourable member knows. I would like to learn from him any precedents which may exist for satisfying his request to this present government.

I conclude by saying the government is strongly supportive of Dr Kennedy and his management team. We have confidence in them. Much has been achieved at the Gallery under Dr Kennedy’s leadership and it is a superbly functioning national collecting institution which all Australians can be proud of.

Mr KERR (Denison) (7.14 p.m.)—I think it is a little unfortunate that the minister has chosen to answer, in an ad hominem way, a matter that has been raised with great seriousness and responsibility by the opposition. I think that has been acknowledged, certainly by the senior minister in his response to my letter of the 8th. The briefing that was conducted this afternoon allowed me to put in some specifics some of the matters I thought not appropriate to put on the public record lest people’s reputations be unfairly damaged as a result.

If the minister is asking me to proceed in that way, I think he is quite irresponsible. I have said that many people have come forward, far more than most might think of as a few dissatisfied and disgruntled former employees, people with chips on their shoulders, or the sorts of matters that the minister might say could give rise to such issues emerging and coming forward to the opposition. I have been in public life for a considerable period of time. I have seen people who come forward bearing grudges. My judgment in relation to this is that the people coming forward are doing so, perhaps wrongly, but with the sense that they are acting in the public interest and for the greater good of the Gallery.
The suggestion that my remarks are directed against Dr Kennedy is quite inappropriate. I made it plain in the information I provided in briefing that most of the people complaining do not direct their malice at Dr Kennedy whatsoever. Dr Kennedy has not been daily in charge of the administration of the Gallery. It is quite plain that it is not his task. He is the artistic director. The officer who is in charge administratively of the Gallery is Allan Froud, the deputy director who is acting director and with whom I spoke earlier today.

The suggestion that it is irresponsible to say that matters have been put to me suggesting that there is an atmosphere of fear amongst former and present employees of the Gallery is wrong. That is why I have said that there should be a public inquiry. This is an unusual circumstance. I have been in public life for a long time; this is not something that is common. It is true that the mechanism for dealing with these matters is one for the ministers. When we were in government we had instances where poor administration in some departments—instances that were drawn to public attention—were the subject of public inquiries. I remember an instance in the customs area where a raid was conducted—I cannot remember the name of the shirt company—and customs were said to have overreacted.

Mr DEPUTY SPEAKER (Mr Nehl) — Paramount.

Mr KERR—Yes, thank you, Mr Deputy Speaker. Certainly, there was an inquiry, evidence was taken and the matter was the subject of a report. When matters are of some seriousness, the executive must respond. What troubles me—not from the Minister for Communications, Information Technology and the Arts, who in all his responses thus far has made it plain that he regards the approach that I have taken as being entirely responsible—is that the minister at the table has a too ready sense to say, ‘All’s well.’ I understand that the minister’s task is to make certain that irresponsible and damaging comment in relation to the management of any institutions for which he has responsibility is responded to. But I do not place what I am putting on the record in that class. I think he is placing his own reputation at some risk if he is too dismissive of these matters.

I do not know whether those who are coming forward to me are correct in the judgments they have formed. I do not know whether the claims they are making are factually correct. I do not know whether their assertions that persons who fall foul of the management are driven out. I do not know whether those matters are an accurate reflection. But I certainly know that the claim that there is a culture of fear has been made by a number of persons holding roles of some substance currently and formerly in the Gallery.

(Extension of time granted)

I do not seek to belabour this. In fact, I sought in the earlier remarks I made to place on record what I thought to be a proper and respectful note with respect to the way in which the ministers had responded to the issues that I had raised. I do not doubt that these are matters of public importance. We will be watching them carefully and we expect them to be addressed seriously by the government. I think the public expects them to be addressed seriously also.

Mr McGAURAN (Gippsland—Minister for the Arts and the Centenary of Federation) (7.20 p.m.)—I freely concede, and happily do so, that the honourable member for Denison’s approach in regard to the airconditioning complaints was responsible, no question. My criticism of his gross and reckless irresponsibility is in regard to the management issues. He meets with the deputy secretary of the department and the acting director of the Gallery some time today and then comes into the parliament this evening and raises with them a number of management issues, then, before those advisers have had a chance to relay them to the relevant ministers, he calls for a public inquiry.

Mr Kerr—I called for a public inquiry previously when I spoke.

Mr McGAURAN—Into the management?

Mr Kerr—And in my correspondence.
Mr McGAURAN—Into the management? To confirm that: you have previously called for a public inquiry into the management.

Mr Kerr—Yes—into the whole of management and operations. I put it on the record.

Mr McGAURAN—But you have not made out the case for it.

Mr DEPUTY SPEAKER (Mr Nehl)—I regret to interrupt this, but you must address your remarks through the chair.

Mr McGAURAN—The honourable member, if he was acting responsibly and without malice, would have given us the chance to speak to the advisers to whom he conveyed specific details, even allegations, before being unsatisfied with our response to the extent that he would call for a public inquiry. Consequently, there is no other way but to interpret the honourable member’s actions than, quite frankly, as an attack on the director of the Gallery and his management team. Due process has not been followed here. If it were followed we would have had a chance to look at the matters he has put—which I am still unaware of—to the deputy secretary and the acting director of the Gallery and I would have expected to refer them to the council of the Gallery.

The Gallery is overseen in a day-to-day sense, because it is a statutory authority, not by the government but by its council. The proper forum for complaints surrounding the Gallery is the council, at least in the first instance. So I am very disappointed. It is a superb council, headed by Kerry Stokes and made up of people of artistic and business experience and skill. They would not be afraid for a moment to tackle head on any complaints or allegations, yet even they have been denied an opportunity by the honourable member’s rush to call for a public inquiry. I fail to see how his actions, knowing that they are going to be reported in the media, and given that the head of an organisation—in this case, Dr Kennedy—must always bear the final responsibility, will not envelop him and his team.

I am very concerned by the honourable member’s actions this evening. He must have known that complaints or allegations would have been dealt with as speedily and in as transparent a way as were his concerns and allegations surrounding the airconditioning system. For him to say, as some sort of escape, ‘I do not know if the allegations are factually correct or genuine or accurate or the people making them have a grudge’ is just a cop-out. You cannot light the fuse on a Molotov cocktail and then, just because you do not throw it but it still explodes, absolve yourself of any responsibility. The honourable member for Denison has lit a fuse here this evening.

In conclusion, I again say that the complaints that the honourable member made to our senior officials today will, in all likelihood—but I will take advice—be referred to the council of the National Gallery of Australia. But I can certainly rule out any idea of a public inquiry on the basis of what the honourable member has presented to the parliament. These issues will be treated very seriously and they will be properly and respectfully addressed. (Extension of time granted) In conclusion, I cannot say that the same response is ascribed by either the government or me to the honourable member’s call this evening for a public inquiry.

Mr Kerr (Denison) (7.25 p.m.)—Let me just clarify one thing. The letter I wrote to the Minister for Communications, Information Technology and the Arts on 15 June, with a copy to the Minister for the Arts and the Centenary of Federation, who is at the table, stated:

You will know from my speech to the Parliament on 8 June that I have called for a full public inquiry into the various issues facing the Gallery.

Although you may be reluctant to take this course, it is my view that until there is a public and thorough examination of these concerns, substantial disquiet will remain.
I am happy to meet with you to set out in more detail the issues to which I have alluded in this letter ... That is precisely what I was doing this afternoon, at the minister’s invitation: responding to those matters and setting out the issues which I have raised. This is not a new matter raised today. The minister must be the only person in the area of his portfolio responsibilities who is unaware of the seriousness of these matters. He obviously does not have carriage of it. He has not looked at the correspondence. He is making unsupported allegations not connected to the way in which this matter has been progressed between him, his departmental officials and those connected with the management of the Gallery.

The board of the National Gallery met just the other day. There are serious issues that obviously do need to be addressed. If the minister wishes to blind himself to that fact and treat this matter as an ad hominem debate between him and me, then he disgraces what I think has been otherwise the most proper conduct of a serious matter of public life. I do not want him to do that. I wish we would adjourn this particular matter in estimates so that he could reflect on this overnight and perhaps communicate with his other ministerial colleague, his acting departmental head and the acting head of the Gallery. I do not have that occasion and that opportunity, but I think it would be in his interests were he to do so.

Mr McGAURAN (Gippsland—Minister for the Arts and the Centenary of Federation) (7.28 p.m.)—The honourable member commenced his contribution to this debate by calling for a public inquiry into the management of the National Gallery of Australia—not into airconditioning or occupational health and safety issues but into the management. That is of quite a different character than his previous representations on the government. I take some comfort in his advising the committee that the director himself is not the subject of the complaints. Almost his exact words were that the information provided was not complaining against Dr Kennedy. So that is something. I do not want his calls for a public inquiry into the management to be personalised, as against one person; nonetheless, it remains a general accusation against a group of people at the Gallery.

Mr KERR (Denison) (7.29 p.m.)—I appreciate the hour, but it really would assist the proper conduct of this if the Minister for the Arts and the Centenary of Federation brought himself up to speed in relation to the correspondence and the circumstances. In the letter that I wrote to the minister—I copied it to the Minister for Communications, Information Technology and the Arts, who replied to my earlier correspondence; I copied it to the Minister for the Arts and the Centenary of Federation, who is at the table, because I believe he has a significant interest in it—I raised other matters.

As I have thought proper in all circumstances, rather than defame people by raising their names and the circumstances of the allegations in a public way, even under the privilege of this parliament, I have thought it appropriate to pass on the allegations in circumstances to allow them properly to be investigated. I believe they should be public. I believe that the sense of unease about this issue will not be removed unless it be so. Whether it be so is a matter for the minister. I am not going to be encouraged into irresponsible conduct by the minister, but I do believe he should reflect on his knowledge of this matter and his judgment in relation to the remarks he has made.

Mr McGAURAN (Gippsland—Minister for the Arts and the Centenary of Federation) (7.31 p.m.)—There is one flaw in the honourable member’s attempt to extradite himself from this situation. It is that he has not given the council of the Gallery, nor the government for that
matters, any opportunity to respond to the so-called matters that he argues he has previously raised. That is the problem. Why then, if he is so determined to be honourable in this matter, has he not waited for responses from the appropriate people before calling for a public inquiry into the management of the Gallery?

Mr DEPUTY SPEAKER (Mr Nehl)—Perhaps Mr Kerr could move that the debate be adjourned.

Mr KERR (Denison) (7.32 p.m.)—Mr Deputy Speaker Nehl, I do not know the process. I was inviting the minister to reflect on his remarks and come back in the morning. I understand that there is agreement by the whips that this matter be disposed of on the basis that the minister is not available tomorrow morning. I would wish that this matter come back and that the minister take some counsel in relation to these matters.

Mr McGauran—No, he doesn’t need to.

Mr KERR—The minister says he does not need to.

Mr McGauran—You are the one who ought to reflect on his contributions.

Mr KERR—The minister, I believe, is being unhelpful. He says he is not available tomorrow morning.

Mr Pyne—On a point of order, my understanding, Mr Deputy Speaker, is that you asked the member for Denison to move the adjournment of the debate. More importantly, I do not believe that the Main Committee should be able to sit past 7.30. It is my understanding that we have to adjourn at 7.30.

Mr DEPUTY SPEAKER—The Main Committee can sit while ever the House of Representatives is sitting. I thank the honourable member for his point of order. I would suggest that there has been a slight degree of confusion, because I was advised that another member still wished to speak but that conflicted with the information I had that the member for the Northern Territory no longer wished to speak on this matter. That is why I started off by putting the motion. My current understanding—and please tell me immediately if I am wrong—is that, if I put the question and we carry the motion, that will be a satisfactory outcome. Is that correct?

Mr KERR—Mr Deputy Speaker Nehl, my understanding is that we wish to continue to debate this matter and Mr Snowdon wishes to continue to debate it, but the minister is not available tomorrow. In those circumstances, there seems little point in dealing with this matter, as the government has nobody to represent it in relation to the proceedings tomorrow morning.

Mr DEPUTY SPEAKER—Order! I can see no difficulty in the matter being adjourned to a later hour tomorrow.

Mr KERR—I would make the suggestion that would allow Mr Snowdon to take the matter up and the minister to reflect in relation to any matters that are outstanding.

Mr PYNE (Sturt) (7.34 p.m.)—Mr Deputy Speaker, I make the point, at your suggestion, that in fact the minister has indicated that he has dealt with the matters that the member for Denison has sought to raise and that, as far as he is concerned, the matter is closed. I think that now is the time to put the motion that the Department of Communications, Information Technology and the Arts be dealt with.

Mr DEPUTY SPEAKER (Mr Nehl)—I thank the honourable member for Sturt. I support and agree with him. I will put the question. The question is that the proposed expenditure for the Department of Communications, Information Technology and the Arts be agreed to.

Mr JENKINS (Sulllin) (7.35 p.m.)—I find myself in a bit of difficulty. I was willing to cooperate with the conduct of this question on the basis that there had been discussions about
the way in which this portfolio’s expenditures could be conducted. I did come up here originally because I had a communications matter that I wished to raise, but I have to say that it was not of such great moment that I could not go without the time. The point is that, from some of the discussion about the matters raised by my colleague the honourable member for Denison, I would hope that the minister has not left us with the impression that this was an inappropriate forum for those matters to be raised. He might feel aggrieved that the honourable member for Denison is calling for him to take some action.

First of all, I would like to make the comment that I appreciate the fact that the minister is here. The consideration in detail stage of the appropriation bills is a very important stage available to members of the House of Representatives. Because we do not have estimates committees, we are not given the opportunity to enter into a dialogue which the occupier of the chair will allow about the items in the appropriations. Since the Howard government was elected, I am on the record praising individual ministers for making themselves available. I appreciate that the minister cannot be here at 9.30. It is not really a matter of whether others are or not. It is really the Committee’s decision as to whether it would like to discuss a matter later on. It is obvious—because I am a realist—that if such a motion were put, it is unlikely that it would be discussed at a later hour because of a decision.

I want to put on record that this is an appropriate forum for these questions. This is the only chance that I get as a backbencher to be in a forum where I can raise matters directly with the minister and hope to get a considered response. Question time is another opportunity, but I am a realist and that decision does not arise. For instance, the reason I came in here was that I have had complaints about the way in which the CDMA network has been put in place. I have had complaints from people who live on the urban fringe of Melbourne in the suburb of Epping in my electorate that it has not fulfilled what it was meant to fulfil—that is, to be an adequate replacement for the analog system.

As I said from the outset, whilst it was my intention to come in here, I understood that there were some time restrictions and decided not to pursue this matter. This CDMA question is something that I have taken up with the senior minister, and I have had a couple of responses. I understand that the minister has been in contact with Telstra about trying to get this thing resolved but has not been able to get it resolved, and that is unfortunate. But I have to place on record—through you, Mr Deputy Speaker, to the minister—that my constituent is still aggrieved that, in an area on the urban fringe of Melbourne, in the suburbs of Epping and other places where this person is trying to undertake his commerce, he is unable to get satisfactory coverage by the CDMA network. Having said that, I am in a dilemma because I do not know whether I want to place the minister under pressure to respond directly to that.

Mr McGauran—He’s arrived; you can sit down now.

Mr JENKINS—I came up here—

Mr McGauran—You didn’t.

Mr Snowdon—Be quiet!

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The honourable member for Scullin will resume his seat. The member for the Northern Territory will reflect upon his actions. It is not for him to tell anybody in this place to be quiet. The honourable member for Scullin has the call.

Mr JENKINS—I am bit worried by the urbane minister actually reflecting that I did not come up here. I definitely did come up here to raise this matter, but chose, because of what I understood was going on that I am now doubtful about, that it was not to go on. As I said, this is something that I have had ongoing through the minister. It is a genuine concern that I have, and this is an opportunity that I have as a backbench member to come up and raise it in front
of the minister. I have usually appreciated the way in which those things have been done here with the minister in attendance.

Mr SNOWDON (Northern Territory) (7.40 p.m.)—Firstly, let me give you my apologies, Minister, and also those of my comrades on this side of the House. I was under the impression that this was going to be terminated earlier so I did not bother coming back, and there was miscommunication for which I was partly responsible, so I want to apologise.

Mr DEPUTY SPEAKER (Mr Nehl)—I am aware of that. Thank you.

Mr SNOWDON—But only partly—are you with me? I did want to raise an issue and I will not take long to do it. The issue relates to Telstra and I hope the minister is cognisant of a deal which has been done by Telstra with a firm called PlesTel. PlesTel have been sold the Commander phone system of Telstra’s. Telstra failed to inform at least its clients in the Northern Territory who had purchased Commander phone systems from them that this had taken place.

Recently I visited an Aboriginal community where the community required a new Commander phone. They approached Telstra. Telstra said they would get back to them. What came back to them was a private company not associated with Telstra—they were in fact PlesTel’s agents in the Northern Territory. They were told that the cost of putting in place a new Commander phone system would be $2,500 for the cost of the system, about $300 for labour and $2,500 for travel. I am raising this because what it demonstrates is a sleight of hand by Telstra and by this government, because Telstra sold this part of its business to PlesTel but retained 35 per cent ownership of it. Then, after early February this year, Telstra technicians were no longer allowed to service the Commander phone systems. This means for those people who do not live in metropolitan areas—and I am sure you would be aware of this, Mr Deputy Speaker—that the people in this community were being lumbered with an unfair burden because Telstra in the first instance sold off a portion of its business, sold it to a company which it owned 30 to 35 per cent of, and then said they had no responsibility for providing service for Commander phone systems to people in the bush.

This is a very important issue because what it demonstrates is that, with the privatisation push of Telstra and the corporatisation of elements of Telstra, people in remote communities are missing out, and if they are not missing out they are being asked to pay unreasonable costs for services. This is a very good example of why the privatisation of Telstra should be absolutely and fundamentally opposed. Here we have a situation where an important element of Telstra’s service—that is, to small business and to community based organisations in remote communities right around the Northern Territory—is being sold off to a private company, of which Telstra is part owner, then they tell the customers that Telstra is no longer responsible for the services and they have to pay full tote odds to PlesTel.

I have had complaints about this issue from a range of organisations, a range of communities around the Northern Territory. It was raised by Senator Mark Bishop in estimates, yet nothing has been done about it. I say to the minister: is it the government’s intention that Telstra will retain responsibility for the provision of these sorts of services to people who live in remote Australia or will people who live in remote Australia be asked to pay the unfair burden of the full commercial costs of providing these services, including the travel and labour of private companies not associated directly with Telstra?

This is a very important issue. It will increase the cost of telecommunications to a large number of Australians in remote communities in a way which is both unfair and inequitable. And I do not see that Telstra or, indeed, this government has done anything about remedying the situation. We have heard from Telstra Complaints that it is all PlesTel’s responsibility.
PlesTel, I might say, have come nowhere near me. Despite the fact that I have made numbers of public statements and done numbers of interviews on radio in the Northern Territory, there has been no response from Telstra that is reasonable and no response from PlesTel that makes any sense to me. Certainly they have not approached me or the organisations who have suffered as a result of this bad service to fix the problem. Will you do it? (Time expired).

Mr McGauran (Gippsland—Minister for the Arts and the Centenary of Federation) (7.46 p.m.)—In regard to the member for Scullin’s issues surrounding CDMA, I have certainly found in my own constituency in Victoria that the best way to deal with this is to contact Telstra. Some of it seems so very technical: sometimes, but not always, it is something to do with the handsets or the set-up of the car rather than with the coverage. But I know there must be in your area, no doubt, coverage problems as well. Then, of course, there is the Australian Communications Authority, which is charged with enforcing that condition of the Telstra licence we imposed, that their CDMA provide reasonably equivalent coverage to analog. It may well be that the honourable member for Scullin has pursued both Telstra and the ACA on behalf of his constituents. If he is still unsatisfied, as appears to be the case, I shall refer the Hansard to the minister for communications.

I say to the honourable member for the Northern Territory, I am advised that, following Senator Bishop’s questions in the estimates committee of the Senate, Telstra has been required by the minister for communications to provide an answer. That appears to be too slow in coming, and your contribution tonight will also be referred to the minister for communications, with a view to speeding up a satisfactory resolution.

Proposed expenditure agreed to.

Department of Transport and Regional Services

Proposed expenditure $508,145,000,000.

Debate (on motion by Mr Pyne) adjourned.

Main Committee adjourned at 7.48 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Petroleum Industry: Fuel Sales Grant**

(Question No. 1444)

Mr Martin Ferguson asked the Treasurer, upon notice, on 13 April 2000:

1. Further to his announcement of a petrol price commitment in the press release on 11 April 2000, how will the expected cash flow of retailers be estimated.
2. How will the estimates be adjusted to account for the volatility of cash flows.
3. Will expected cash flow estimates be based on the previous month or quarter, or some other formula; if so, what is the precise nature of that formula.
4. If the expected cash flow is underestimated will consumers face a higher price or will retailers’ cash flow be affected; if not, why not.
5. Under what criteria will the different tiers of the scheme be defined and will they be based on geography, freight costs, actual petrol prices or some other criteria.
6. How many tiers of grant rates will there be.
7. If there are to be only a few tiers, will some consumers pay higher petrol prices or will there be a deadweight cost involved as some retailers are overcompensated.
8. Will there be a process to reconcile estimates of cash flows with actual outcomes at the end of each period; if so, what is that process.
9. What is the basis of the costing of $500 million over four years.
10. What profile of petrol prices over time was used in this costing, and how does this vary between different tiers.
11. Will the Australian Competition and Consumer Commission be given additional resources to monitor petrol retailers to enforce the commitment of no petrol price increase.
12. What sanctions will be imposed on petrol retailers if they pass extra costs on to consumers.
13. Will the decision to allocate $500 million jeopardise other funding proposals related to regional Australia.

Mr Costello—The answer to the honourable member’s question is as follows:

1. - (4) and (8) The Product Grants and Benefits Administration Bill 2000 establishes the administrative framework for the payment of the grant. Fuel retailers may elect to receive advance payments (initially for a 3 month period) calculated on the basis of estimated annual volume of fuel sales. In the event that the advance payment underestimates the volume sold, the fuel retailer may request an additional amount from the ATO. The entitlement for the grant will be based on actual sales.
2. (5) - (7) A grant will be paid to fuel retailers in non-metropolitan areas with a higher rate of grant provided for sales in remote areas. Details on the exact boundaries and grant rates will be available shortly.
3. (9) and (10) Further details on the costings are contained in this year’s Budget Paper 2.
4. (11) and (12) The fuel sales grant will be prescribed under the price exploitation legislation administered by the ACCC. Any failure to pass the grant on to final consumers may result in substantial penalties of up to $10m for corporations and up to $500,000 for individuals. The ACCC has received an additional $56 million in funding over a 3 year period to ensure compliance with the price exploitation legislation during the transition to the New Tax System.
5. (13) No.

**Australian Grand Prix: Royal Australian Air Force**

(Question No. 1567)

Mr Danby asked the Minister for Defence, upon notice, on 29 May 2000:

1. Further to the answer to question No. 1277 (Hansard, 9 May 2000, page 15333), can the expenditure of $747 000 on fly-overs for the Australian Formula One Grand Prix since 1996 be justified in the context of the financial situation of his Department
(2) Should the Grand Prix Corporation, not the Commonwealth, pay for the fly-overs.

Mr Moore—The answer to the honourable member’s question is as follows:

(1) Yes. The value for Defence from participating in the event is the primary consideration. The Australian Formula One Grand Prix is considered a public event of significance and is deemed to have training and public relations value for the Australian Defence Force.

(2) No. Defence support to commercial events that have training or public relations value would not normally be subject to cost recovery. Similarly, public events of significance support is normally not subject to recovery of costs.

Aboriginal and Torres Strait Islanders: Cultural Traditions

(Question No. 1615)

Dr Theophanous asked the Minister representing the Minister for Aboriginal and Torres Strait Islander Affairs, upon notice, on 6 June 2000:

(1) Does the Government have programs relating to the restoration of indigenous cultural traditions which have been destroyed as a result of colonisation.

(2) Does the Government have specific resources dedicated to the restoration of Aboriginal and Torres Strait Islander cultural traditions; if so, what resources are dedicated to these programs.

(3) Does the Government have programs to educate indigenous children about the cultural traditions of their Aboriginal backgrounds; if so, what are the details.

Mr Ruddock—The Minister representing the Minister for Aboriginal and Torres Strait Islander Affairs has provided the following answer to the honourable member’s question:

(1) The Aboriginal and Torres Strait Islander Commission (ATSIC) has within its Output Group, the Promotion of Cultural Authority, a range of components that seek to promote identification, preservation and development of Aboriginal and Torres Strait Islander arts, crafts, and culture. This includes promoting general recognition of Aboriginal and Torres Strait Islander arts and cultures as vital elements of Australian culture. These output areas that have components that relate to the restoration of cultural traditions are: Broadcasting Services; Preservation and Promotion of Indigenous Culture; Preservation of Indigenous Language and Recordings; and Preservation and Protection of Indigenous Heritage and the Environment. The Preservation and Promotion of Indigenous Culture has a national output group – the National Arts and Crafts Industry Support Strategy (NACISS) and Regional Arts and Crafts Support (RACS).

(2) Expenditure in ATSIC’s budget for 1999/00 for these items are as follows:

- Broadcasting Services. $6.1m
- NACISS $5.792m
- RACS $5.612m
- Preservation of Indigenous Language and Recordings. $7.3m
- Preservation and Protection of Indigenous Heritage and the Environment $3.725m

Indigenous broadcasters seek to provide culturally appropriate special programs of assistance to overcome the disadvantages Aboriginal and Torres Strait Islander people face in Australian society, and to assist in reviving, rebuilding and maintaining Aboriginal and Torres Strait Islander cultural identity. These stations are located in remote locations and major population centres. An important benefit provided by involvement in Indigenous broadcasting is the raised sense of worth and community profile gained from watching and listening to culturally and linguistically relevant programs.

These Preservation programs provide communities with specifically identified cultural project funding to facilitate the transfer of cultural knowledge from older to younger generations. The process takes advantage of “traditional” methods of communications as many cultural systems are still based upon oral traditions.

In relation to arts and culture, ATSIC’s activities centre about the RACS and the NACISS which essentially provide funding for organisations to preserve and develop Aboriginal and Torres Strait Islander arts and cultures within their communities and to promote general awareness of Aboriginal and Torres Strait Islander cultural heritage. The RACS allows ATSIC Regional Council’s to allocate
discretionary funds to support Indigenous cultural and ceremonial activity while NACISS provides funds to Aboriginal and Torres Strait Islander community-based art and craft centres, (predominantly for the production environment), as well as regional support agencies.

These ATSIC activities complement programs of the Australia Council’s Aboriginal and Torres Strait Islander Arts Board, the Department of Communications and Information Technology and the Arts, (DoCIT A) and the Department of Education, Training and Youth Affairs (DETYA).

In addition funds are provided for language initiatives through the Aboriginal and Torres Strait Islander Languages Initiative (ATSILI) and the Languages Access Initiative (LAI). ATSILI supports the recurrent operational costs for the national language body, State and Regional Aboriginal Language Centres and Regional Aboriginal and Torres Strait Islander Language Management Committees. This national network provides extensive coverage to support community based projects aimed at the maintenance, retrieval and revival of Indigenous languages throughout Australia.

The LAI was developed by ATSIC in response to the Human Rights and Equal Opportunity Commission’s Bringing Them Home Report. The ATSIC Board has allocated $9 million over three years, starting in the 1999/2000 financial year, towards this program. The aim of the program is to assist those Indigenous people affected by Government policies of removal by improving the knowledge base for languages with few speakers, increasing community access to language and cultural knowledge and providing adequate facilities to promote language awareness, learning and research at the local level.

Heritage Protection programs seek to revive, support, protect and promote the distinct cultural identity and heritage of Aboriginal and Torres Strait Islander peoples; to preserve and protect places, areas and objects of particular significance to Aboriginal and Torres Strait Islander peoples; and, to return to Indigenous ownership and management, culturally significant property from overseas and Australian collections.

While the work associated with protection of places and some cultural property has been transferred to Environment Australia, ATSIC retains its monitoring and advocacy roles on heritage issues, including monitoring the administration of the Aboriginal and Torres Strait Island Heritage Protection Act 1984 (the Act) and advocating changes to the Aboriginal and Torres Strait Island Heritage Protection Bill 1998, intended to replace the Act to ensure that it provides effective protection for significant places and objects.

Grant funding from the Heritage Protection program supports a range of specific projects for the preservation and protection of significant areas and objects, establishment and operation of community museums and cultural centres, and the identification and return of significant cultural property, particularly property currently held in overseas institutions, its preservation and management. Funding is used to support activities including:

- Identification, povenancing and return of ancestral remains and other cultural property within Australia and overseas;
- Identifying, mapping, managing and securing areas of significance;
- Protection and documentation of burial areas including cemeteries;
- Re-burial of remains uncovered by harsh weather conditions or by mining developments;
- Training of community members in curatorial services;
- Education programs;
- Maintaining keeping places, community museums and cultural centres;
- Conserving, developing and recording genealogical services;
- State museum extensions;
- Location and cataloguing of cultural property in particular collections held overseas; and
- Acquisition of cultural property.

The Environment component of ATSIC’s Heritage and Environment Program focuses on the participation of Aboriginal and Torres Strait Islander peoples in policy formulation and management of land and sea. It strongly advocates the rights of Aboriginal and Torres Strait Islander people to restore, preserve and exercise their traditional knowledge and practices in relation to the use of natural resources.

(3) ATSIC has no specific programs to educate Indigenous children about the cultural traditions of their Aboriginal backgrounds.