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

COMMONWEALTH ELECTORAL LEGISLATION (PROVISION OF INFORMATION) 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.

This bill contains provisions, which will:

• resolve any questions about past use of electronically supplied elector information by prescribed Commonwealth government agencies and authorities, being prescribed authorities as listed in schedule 2 of the Electoral and Referendum Regulations and as defined in the Commonwealth Electoral Act 1918;

• avoid any uncertainty surrounding the admissibility of evidence in court which has been gathered relying, in some way, on electronically supplied elector information;

• resolve any questions about future use of elector information that was supplied electronically and which has been incorporated into prescribed authorities’ information systems and from which it would be impracticable to identify and/or remove the information.

The amendments result from legal advice obtained in June and July 2000, including advice from the Solicitor-General, that indicated that the Australian Electoral Commission could only provide elector information in electronic format to prescribed authorities—that is, agency heads and authority chief executive officers of those Commonwealth agencies and authorities listed in schedule 2 of the Electoral and Referendum Regulations 1940—if permitted purposes for the use of the information had been prescribed. At the time, no such permitted purposes had been prescribed.

There was also concern that prescribed authorities may have difficulty in progressing cases which had in some way relied upon elector information supplied electronically by the AEC.

Without the proposed amendments there is a possibility that previous actions taken by prescribed authorities as a result of the use of elector information could be called into question and that challenges to prosecutions may result in lengthier trials and an increase in the number of appeals. The government’s legal advice is that such challenges and appeals are not likely to succeed; however, they could result in the unnecessary waste of court time and legal resources. It is therefore preferable that any doubt in relation to the past use of elector information by prescribed authorities be removed. These amendments will fulfil that purpose.

The proposed amendments will also authorise the future use of elector information previously supplied on tape or disk that has been incorporated into a prescribed authority’s information systems from which it would be impracticable to identify and/or remove the elector information supplied by the AEC. This will ensure that future actions taken by prescribed authorities cannot be called into question.

Further, the proposed amendments clarify that the use by prescribed authorities, after 30 June 2000, of elector information previously supplied on tape or disk is governed by the regulations prescribing permitted purposes in place at the time of use.

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

Debate (on motion by Mr Horne) adjourned.

COMMONWEALTH ELECTORAL AMENDMENT BILL (No. 1) 2000

Second Reading

Debate resumed from 3 October, on motion by Mr Slipper:

That the bill be now read a second time.

Mrs DE-ANNE KELLY (Dawson) (9.35 a.m.)—This legislation will amend the
Commonwealth Electoral Act to ensure that all future applications to register political parties are subject to the same threshold test. That threshold test will require an eligible political party to have at least 500 members—a not unreasonable request. It is of fundamental importance to our democracy that the electoral system be fair and just and be seen to be fair and just. The integrity of the electoral system, including the electoral rolls, cannot be compromised without doing serious damage to the very basis of our democracy. Electoral fraud is a form of corruption that is motivated by power, arrogance and a complete disdain for democracy. It is wholly un-Australian, yet that very corruption is the subject of two major inquiries as a result of the grubby machinations of the Queensland ALP. There is presently an inquiry by the Queensland Criminal Justice Commission and one by the Joint Standing Committee on Electoral Matters.

Mr Slipper—Yesterday’s evidence was interesting.

Mr SPEAKER—The member for Dawson needs no assistance from the parliamentary secretary.

Mrs DE-ANNE KELLY—There has been a frantic, even desperate, attempt by the ALP to stop these inquiries. The fundamental fact is that to vote—

Mr Horne—Mr Speaker, I rise on a point of order. The member for Dawson is making comments about an inquiry that is currently going on in Queensland, on allegations that are being made without any proof being given. She is treating it as if it is fact, rather than simply comment. I believe she is out of order in using information of that nature.

Mr SPEAKER—The only concern I would have about the comments made by the member for Dawson would be if they in any way breached the sub judice rule and I am listening closely to ensure that she does nothing that would prejudice any outcome. I note there was some discussion about this in the Queensland parliament yesterday and it was generally recognised that there ought not be any focus on individuals, but under the sub judice rules that guide our House there is general discussion allowed, provided it does not prejudice the case. I will listen closely to what the member for Dawson is saying.

Mr Katter—I raise a point of order. My point of order is that there has already been one person jailed. That is a matter of fact. There is nothing sub judice at all concerning this matter.

Mr SPEAKER—I have commented on the concerns expressed by the member for Paterson. I believe the member for Dawson is in order and I call her.

Mrs DE-ANNE KELLY—Thank you, Mr Speaker. I will keep your sound advice in mind during my address. The fact is that in Queensland, as elsewhere, for someone to vote in an ALP plebiscite to select a candidate that person must be enrolled not only as an ALP member but also as an elector in the electorate that the candidate seeks to contest. In other words, they have to be on the electoral roll. Thus we have seen that the factional warfare and power lust inside the Queensland Labor Party has lead to criminal tampering with the electoral rolls. This scandal erupted on 11 August when the former Townsville Labor candidate, Karen Ehrmann, was jailed for electoral fraud as a result of her attempts to stack the electoral roll. Ms Ehrmann is in fact the third North Queensland ALP member to be convicted of electoral fraud. A former Townsville city councillor, Mr Shane Foster, pleaded guilty to similar charges last year and received a three month suspended sentence. A former Townsville branch office member, Mr Andrew Kehoe, was convicted in 1997.

According to the Courier-Mail of 19 August:

Grassroots ALP members in Townsville claim Ehrmann was manipulating a system that had been in place for decades featuring branch-stacking, false postal addresses, third party membership payments, forged signatures and falsified general street addresses.

They claim that rorting is so ingrained in North Queensland it is an institution. The claims that have been made and which will be investigated by the two inquiries are that residents have their names listed twice on the electoral roll—double votes—and that an AWU slush fund helped Ehrmann in her recruitment drive, paying for the membership
of new recruits often without the member’s knowledge. It is alleged that forged documents were used to effect the Mundingburra by-election outcome in 1998 while forged electoral forms were used in the seat of Thuringowa. It has also been alleged that a local state politician paid for the membership of a friend then re-enrolled that friend two years after the friend had died—ghost votes.

Ehrmann used bingo held at the Townsville table tennis association to sign up new members. Many patrons thought they were signing up for bingo. In fact they were joining the ALP—bingo votes. One prominent ALP identity, Mr Terry Gillman, who is state organiser for the Communications, Electrical, Postal and Plumbing Union, has gone public with his concerns. Mr Gillman told the Courier-Mail on the 19 August that he had grave concerns that general elections and not just party ballots were rigged. He said that some of the names that Ms Ehrmann had used to stack the ALP branches in fact lived overseas and interstate—foreign votes.

It is important to remember that Ms Ehrmann was convicted of 24 counts of forgery and 23 counts of uttering. The offences were committed in 1993, 1994 and 1996 and she was given a sentence of three years of which nine months will be spent in jail. However, the treatment given to Ms Ehrmann speaks volumes about the ALP. While she was awaiting trial she was a regular fixture in the office of the deputy premier and AWU parliamentary faction boss, Mr Jim Elder. She also stayed at the Brisbane home of Joan Budd, who works for Mr Elder and who just happens to be the ALP’s general returning officer and as such has authority over postal votes and plebiscites. Clearly Ms Ehrmann was highly regarded by very senior and very powerful people at the top of the ALP, yet this is the very same person who admitted that what she had done was widely practised inside the Labor Party.

Let us not forget also that both Ms Ehrmann and her fellow rorter Shane Foster were charged with similar offences and committal proceedings in respect of them both were to be heard together in 1998. However, at those hearings Mr Foster said he would be pleading guilty and provided a statement implicating Ehrmann. Chief Judge Shanahan of the Supreme Court sentenced Foster on 17 March 1999. To quote Mr Philip McMurdo QC, in his preliminary report to the CJC:

Foster and Ehrmann worked closely together in furthering the interests of some candidates for pre-selection including Ehrmann in her contest for pre-selection for Thuringowa in late 1996.

I have the advantage of information sourced from Foster which is material not presently on the public record. Despite this admission of guilt by Foster and his announcement that he would be giving evidence against Ehrmann which would make her conviction virtually certain, Miss Ehrmann still resided in Brisbane with senior figures in the ALP.

It should not be forgotten also that the CJC inquiry will not just be about rorts and scandals in Townsville. In the preliminary report of Mr Philip McMurdo QC to the CJC, he is quoted as having a reasonable suspicion of official misconduct. This relates to the electoral roll for the purposes of plebiscites in 1993 for ALP candidates for the Brisbane City Council wards of East Brisbane and Morningside. And which federal electorate do these wards exist in? The federal electorate of Griffith. In 1993 it was well known that the then Labor MP, Mr Humphries, was to retire at the next election. It begs the question, Mr Speaker, as to what suspicious behaviour occurred in ALP branches in those wards which reside in Griffith? Does it continue to the present day and what ALP operatives knew of it and were involved in it?

It is one of the small ironies of this sorry saga that the preliminary CJC report which led to the full inquiry was presented not only to the Premier, Mr Beattie, but also to the Speaker of the parliament and the Chair of the Parliamentary Criminal Justice Commission, Mr Paul Lucas. It is a sad reflection that Mr Lucas is the ALP member for Bulimba, which covers the same area as the Brisbane City Council wards of East Brisbane and Morningside. It seems odd that the chair of the Parliamentary Criminal Justice Commission, responsible for the oversight of the
CJC, sees no potential conflict of interest in remaining exactly where he is.

However, it is yesterday’s revelations by Ms Ehrmann to the CJC inquiry which bear reading. Her evidence on the first day of the CJC inquiry was, according to press reports, devastating. She told the inquiry that vote rigging within the Queensland ALP was so common that party organisers joked and skited about the tactics used to stack branches. She said she had been introduced to rorting by the AWU state organiser, Lee Bermingham, who was a close confidant and ally of former state secretary and now state MP, Mike Kaiser. She said that she had seen Mr Bermingham and another ALP member signing electoral enrolment forms before the 1996 Mundingburra by-election, and that a man who is now a Brisbane based adviser to the Minister for Tourism and Racing, Ms Merri Rose, had falsely enrolled in Mundingburra for that by-election. (Quorum formed)

It came as no surprise to anybody that Ehrmann also told the CJC inquiry yesterday that she had been placed under intense pressure by Mr Bermingham and others whom she described as being ‘quite senior in the party’. However, when Ehrmann was convicted and her claims became public knowledge, all her former Labor mates deserted her. There has now been a change of tactic by the ALP in Queensland, which is peddling the singularly unconvincing line that Ehrmann and the other two North Queensland ALP identities were isolated bad apples. The Premier himself has tried to give a performance of a man stricken by grief and stunned by revelation. However, are we expected to believe that he did not know that ALP’s Rasmussen branch in Townsville wrote to Labor State Secretary, Mr Mike Kaiser, in 1996, a mere four years ago, demanding action against Ehrmann as a matter of urgency? Are we expected to believe that he did not know that ALP’s Rasmussen branch in Townsville wrote to Labor State Secretary, Mr Mike Kaiser, in 1996, a mere four years ago, demanding action against Ehrmann as a matter of urgency? Are we expected to believe that he did not know that ALP’s Rasmussen branch in Townsville wrote to Labor State Secretary, Mr Mike Kaiser, in 1996, a mere four years ago, demanding action against Ehrmann as a matter of urgency? Are we expected to believe that he did not know that ALP’s Rasmussen branch in Townsville wrote to Labor State Secretary, Mr Mike Kaiser, in 1996, a mere four years ago, demanding action against Ehrmann as a matter of urgency? Are we expected to believe that he did not know that ALP’s Rasmussen branch in Townsville wrote to Labor State Secretary, Mr Mike Kaiser, in 1996, a mere four years ago, demanding action against Ehrmann as a matter of urgency? Are we expected to believe that he did not know that ALP’s Rasmussen branch in Townsville wrote to Labor State Secretary, Mr Mike Kaiser, in 1996, a mere four years ago, demanding action against Ehrmann as a matter of urgency?

It is also an undeniable fact that the Queensland ALP fought bitterly against any inquiry into these scandals. Premier Beattie was happy with that strategy. His much trumpeted commitment to openness, honesty and accountability was shot down in flames when Mr Philip McMurdo QC brought down his report. In fact, what he said was that the ALP steadfastly maintained that fraudulent voting within a political party could not come within the CJC’s definition of official misconduct. The ALP were saying one thing publicly about openness and accountability and, behind the scenes, were making a submission that the CJC could not investigate these matters. Mr Beattie also had the outrageous cheek to say that he did not know of any electoral fraud in the party that he leads. Are we expected to believe that he did not know about the convictions of two Townsville identities in 1997 and early this year for these offences prior to the conviction of Ms Ehrmann? The hypocrisy and cant from the ALP is breathtaking. (Quorum formed) I can only quote from an editorial in the Australian of 11 September last:

The possibility exists that at least one marginal seat has been captured by Labor as a result of fraud, making the Government’s majority illegitimate. If that is the case, nothing can save it. With an election due within nine months, its interests would be served by having the inquiry concluded as soon as possible. It should be remembered, however, that the inquiry is for the benefit of the public, not the Government. The CJC was right to reject the Premier’s suggestion that its inquiry should be concluded by Christmas.
Mr ANDREN (Calare) (9.55 a.m.)—I wish to contribute briefly to the second reading debate on the Commonwealth Electoral Amendment Bill (No. 1) 2000. Over the last little while I think the rules of relevance on this topic have been stretched somewhat.

Mr Speaker—If the member for Calare is concerned about a ruling, he ought to have intervened during the debate. The chair had made a fair presumption that the member for Dawson was in fact going to make her comments relevant to the legislation and ran out of time. If it was a generous presumption, I apologise to the member for Calare, but it was a fair one.

Mr ANDREN—Mr Speaker, I want to refer briefly to the minister’s second reading speech on this matter, that without the proposed amendments the only elector information the AEC will be able to provide to members of the House of Representatives, senators and federally registered political parties will be the full name, enrolled address, date of birth, gender, salutation and federal division. I ask what other information than that is really required by any member of parliament doing his duty, particularly when there is any amount of information available in particular census material? It is important to know which constituents move in and out of electorates, to welcome them or indeed farewell them if that is the intent. But I see very little other reason for it except for what I believe these amendments are designed to ensure—that is, party access to data, whether that be for targeted propaganda, as in the Prime Minister’s GST letter, or maybe for other purposes down the track. The spectre of push polling rears its head in this context.

I think we are subject to what I describe as research constipation in our political processes. People in the major parties seem to be bewildered by the mysteries of the emergence of One Nation, particularly in recent years, wondering where the devil it came from. I can remember some of our leading columnists debating this issue when the phenomenon, as they described it, emerged. In fact, the One Nation element and all that it stood for, and not only the negative aspects of it but also those which attracted the support of people out there in rural Australia, had been around for more than a decade. Surely there are those who can remember the likes of Peter Ryan and his mates from Canowindra who dumped wheat on the steps of Old Parliament House back in the late 1980s when the farm sector was confronted by the most horrific commodity prices we had seen in many a year. Very little was done in those years by the former government to appease or even to understand what the message was that was coming from the bush at that time. So that sore sat there and festered for more than a decade. Then, when One Nation reared its head, it seems everybody was taken by surprise, wondering where this had come from. I tell the people out there in political party land that that One Nation vote, those two million people—and probably a lot more—who parked their vote not only with One Nation but also with independents and others are out there seeking something that is not based on research: they just want the ears of the major parties to listen to the sorts of concerns that they still have, the sorts of visions that they have for major infrastructure programs in rural and regional Australia. They want an infrastructure program that will survive a change of government, not one that is short term and involves a lot of platitudes. The government is wont to talk about road funding in this country, saying that something must be done, but those people want to see something done about it.

The member for Blaxland, in his contribution to this debate last night, talked about the need for these amendments to the legislation because of the special requirements of local government. Why do people standing for local government need this sort of detailed profile of particular electorates? At the moment they have a group ticket situation, which they are introducing more and more into country councils, and the electorates are rejecting that, as they did in several council areas around New South Wales 12 months ago. They can see the real thing. They know what is happening where group tickets are formed and the successful No. 1 candidate drags in about half a dozen others who get but a bare minimum number of votes. These are the sorts of reforms people want to see in the electoral process, not this sort of fiddling
The member for Moreton in his contribution spoke about glib slogans, accountability and integrity. Integrity and accountability are the sorts of things people are looking for in the system. I do not think we are going to find that with these sorts of amendments. As I said, the sort of information we need for any proper political representation is already available in the census information. The member for Moreton made a sensible suggestion from his experience in the US. In the US people have to sign off when they pick up their ballot paper. That is certainly something we could look at in terms of any reform of our voting system now. A lot of time has been spent debating the political situation in Queensland. While it is a very serious potential blot on the political landscape in this country, and one that all fair-minded people should condemn, let us wait for the outcome of the inquiry. Let us not prejudge it, and let us not throw stones at glass houses because the Queensland branch stacking exercise has been repeated over and over again across the political party spectrum since time immemorial.

I conclude my remarks by foreshadowing some amendments I will be introducing to the government amendments regarding the registration of parties, because what is good for the goose should also be good for the gander. I will explain these amendments in a moment when we get to the consideration in detail stage. There is no way in the world that any party or any government or any parliament that stands for accountability and integrity—getting rid of the glib sloganism of politics, as the member for Moreton suggests—should not go one step further and ensure that related entities to existing political parties should be included in the same sort of debarring process that we are doing to the registration of one issue parties in these later amendments.

Mr NAIRN (Eden-Monaro) (10.03 a.m.)—I would like to add a little to this debate on the Commonwealth Electoral Amendment Bill (No. 1) 2000, particularly in my role as chairman of the Joint Standing Committee on Electoral Matters, with regard to the registration of political parties. Firstly, I look forward to a submission from the member for Calare to the current inquiry that that committee is undertaking with regard to funding and disclosure and also the integrity of the electoral roll, maybe along some of the lines he was just speaking. The more broad ranging submissions we get to that inquiry the better the job we can do in ensuring that the Commonwealth Electoral Act is as good as it possibly can be.

With respect to the registration of political parties, as we know, this has come forward because of the actions of an upper house member in New South Wales who was elected under the banner of One Nation who is now trying to register a variety of other parties. That can only be classed as a very cynical move and one is not really sure what is behind it. If the parties are successfully registered, we might see what comes out of that. These amendments have come forward fairly quickly in relation to those actions, but this issue is not something new, and it is certainly not new to the Joint Standing Committee on Electoral Matters. In fact, it was considered in quite some detail as part of our inquiry following the 1998 federal election. In our report following that inquiry we made various recommendations in relation to the registration of political parties which were very much picked up by the government in this bill.

The Australian Democrats, in evidence to that inquiry, drew attention to the recent New South Wales state election as evidence that clearer and more stringent requirements need to be put in place in order for a group to register as a political party. They said, ‘The abundance of groups on the upper house ballot paper who clearly could not meaningfully be called legitimate political parties risks bringing the democratic electoral process into disrepute.’ That is exactly what Mr Oldfield in the upper house in New South Wales is trying to do. Recommendation 49 of the Joint Standing Committee on Electoral Matters states:

That eligibility for federal registration by a political party requires that political parties must have either 500 members as defined under section 123(3) of the Commonwealth Electoral Act 1918
or have at least one member who is a member of the federal parliament. The essence of that recommendation has been picked up by the government in this bill. I congratulate the Minister for Finance and Administration for moving in the way he has to provide this sort of security, which I fully support. Another interesting recommendation that the committee made was recommendation 50, which states:

That the definition of a member of a political party at section 123(3) of the Commonwealth Electoral Act 1918 be expanded to include the requirements that a person must:

. have been formally accepted as a member according to the party’s rules;
. remain a valid member under party rules;
. not be a member of more than one registered political party unless the parties themselves have sanctioned it; and
. have paid an annual membership fee.

I know the government will be responding in detail to all of the recommendations of that inquiry and will probably look at those aspects as well, but in this particular bill we are concentrating on the aspect of needing 500 members to be registered. Recommendation 50 was in fact opposed by the Labor members of the committee, which I found rather interesting because it is not all that onerous to specify what constitutes a member. Considering that the report was brought down back in June before the latest court actions, which have seen a person in Queensland go to jail for electoral fraud, the fact that it was opposed by the Labor Party now comes into context, I suppose. Perhaps there is some tie with the actions of the Labor Party in Queensland over the last couple of years that we have heard a lot about here and in the press. I simply wanted to add my support as chairman of that committee to the actions of the government. It is a disgraceful move by David Oldfield in the upper house of New South Wales.

Mr Hardgrave—He wants to make money.

Mr NAIRN—It probably is an attempt to make more money. It is a very cynical move. I think the electorate at large would be quite horrified if they sat down and looked at exactly what he is trying to do. How could somebody be elected to a parliament under one banner and then go off and register a whole variety of other so-called political parties? Given the way in which Mr Oldfield’s political career has developed over a number of years, I guess it is not unusual for him to be wanting to change his political allegiances if not every week then every month of the year. This bill to amend the Commonwealth Electoral Act is a very good move to make sure that we do maintain the very good democracy that we have.

Dr THEOPHANOUS (Calwell) (10.10 a.m.)—I will speak very briefly to make a couple of comments about the Commonwealth Electoral Amendment Bill (No. 1) 2000. Firstly, the original bill had one intention, and then the whole intention of the bill was changed with the government’s own amendments. The issues involved have not been discussed or debated; they have been simply brought in and presented to the House. We certainly were not given much opportunity at all to look at these provisions, and I have made a complaint to the parliamentary secretary about that.

We support what these amendments are trying to do in relation to stopping the shenanigans of the One Nation Party’s Mr Oldfield and Mr Ettridge, but the government have taken the opportunity with this bill not merely of doing that but also of taking away certain rights which federal members of parliament have. I am referring to those Independent federal members of parliament, whether they be in the Senate or the House, who under the current legislation have the ability to form their own political party and register that party federally. At the moment, because they are federal members of parliament, they are not subject to the 500-member provision when they do that, but this bill will mean that that right is taken away from those Independent members. This matter was never discussed and, in the context of trying to deal with the One Nation issue, the government are trying to put in place a situation where a right which Commonwealth members of parliament have is taken away from them. This is a very serious incursion. It has nothing to do with what One Nation, Mr Oldfield and Mr Ettridge, or any-
one else for that matter, have been trying to do. That matter has already been dealt with in other schedules in the bill—for example, where it excludes state parliamentary members from registering a federal political party. Tackling misuse of a state MP’s powers to register a federal political party is fair enough, but to have a situation where a federal member of parliament is unable to register a federal political party in the way they have previously been able to has nothing to do with the shenanigans of One Nation. It is an attempt by the government to take advantage of the current problems created by One Nation and push through a bill which will have implications for all Independent members of parliament in the future.

I understand from what was said yesterday by the shadow minister, the member for Melbourne, Mr Tanner, that the Labor Party also have concerns about this provision, but they are going to take them up in the Senate. We want to take them up here and now, to make it very clear that the government should not proceed with those particular provisions in the schedule which take away that right. I refer particularly to the paragraph which deals with the abolition of the right of a federal member of parliament to register a political party. Proposed subsection 123(1), which is the proposed government amendment, would do this, as would proposed subsection 126(1), again a proposed government amendment. I propose to move an amendment to the second subsection and to oppose what the government is doing in the first subsection because what was originally in that subsection is all right. It has nothing to do with the Oldfield or Ettridge matter. The government is trying to misuse this situation to get rid of a very important power which federal members of parliament have in relation to registering political parties.

If the issue is that a federal member might try to do what Mr Oldfield and Mr Ettridge are doing and register more than one political party in order to manipulate the political system, I will move an amendment to prevent this from happening—that is to say, a federal member of parliament would be able to register a political party but would not be able to register more than one political party under the amendment I will move. That will get rid of any possibility of misuse of the system but still allow the right of an Independent federal member of parliament or senator to form a political party under the provisions. I think that should remain.

I want to make the point, too, that I will be supporting some amendments to be moved by the member for Calare which make it clear that you cannot register more than one political party or have an associated political party without actually having all of the rules involved in that. The problem with the current government amendments is that they would allow some people to do that. They would allow some major parties to have an associated number of parties, but they would not allow other people to. We do not think that any party or individual should be in the situation where they are registering alternative political parties. I will be saying more about this in the consideration in detail stage debate, so I will not take up the time of the House now. I just indicate that both I and the member for Calare will be wanting to discuss the amendments.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.17 a.m.)—I would like to thank the honourable members for Melbourne, Melbourne Ports, Moreton, Petrie, Dawson, Calare, Eden-Monaro and Calwell for contributing to this debate on the Commonwealth Electoral Amendment Bill (No. 1) 2000. When one talks about the integrity of the electoral system, members of parliament of course become very interested, and we have had a very vigorous debate. The events which were referred to in Queensland in the Shepherdson inquiry obviously indicate that there are concerns in that state. Clearly the inquiry will get to the bottom of what appears to be electoral fraud of a fairly massive kind.

The Howard government is committed to ensuring that Australia has a fair and equitable electoral system that upholds the values of democracy and principles of fair play. Any reasonable person would say that our electoral system should guarantee that the result of an election, as declared on election night, represents the collective will of the
Australian people. The government is very strongly committed to having an electoral system with integrity, and the legislation which we have introduced since we were elected to office goes towards ensuring that Australia does in fact have a world-class system—a system of which all of us are very proud. This bill with its amendments deals with a range of matters that have been canvassed extensively in the parliament. Most significantly, it addresses the issue of authorising certain access to a range of elector information products and the fields of information contained in those products. It also addresses the important issue of registration of political parties, and a number of honourable members have made contributions on this aspect of the bill.

In determining the need for this bill, the Australian Electoral Commission received a number of legal opinions indicating it was not legally able to provide a number of fields of elector information to members, senators and registered political parties. The Australian Electoral Commission advised also that it could not provide age cohort details to medical researchers and public health screening bodies—a critical piece of information needed to make the research useable. We have heard from a number of members in the debate, including my Queensland colleagues—the honourable members for Moreton, Petrie and Dawson—that this situation is not desirable. Members, senators and registered political parties need access to electoral roll information if indeed their job is to be carried out effectively.

As honourable members would know, the Australian Electoral Commission has ceased providing federal parliamentarians, political parties, and health and research organisations with the level of information that it provided previously. Until the amendments in this bill are in place, the situation will continue, and our task as elected representatives, and the work of political parties, medical researchers and public health screening bodies, will be impeded. That is why the urgent passage of this legislation is particularly important. The Australian Electoral Commission needs to be able, as quickly as possible, to resume the provision of the full range of elector information as set out in the bill.

As a government and as a parliament, we need to address the quite legitimate concerns about the registration of political parties. This bill will ensure an effective and timely response to what some commentators have described as a loophole in the electoral registration where members of parliament use their parliamentary membership to register political parties for federal election purposes. As most honourable members would be aware, many of these parties do not enjoy the public support of at least 500 members. The honourable member for Melbourne Ports referred to the quite disgraceful activities of David Oldfield and David Ettridge, and we of course share the concerns of the honourable member. It is fairly clear that a large number of people appear to have been duped by these two gentlemen and that the registration process has allowed these kinds of people to manipulate the system and benefit financially. I do not believe that, when one looks at the integrity of the electoral system, it is in the public interest for the kinds of arrangements taken advantage of by the two Davids to continue.

With respect to ELIAS, the legal advice given to the Australian Electoral Commission was that the fields of electoral information being provided to senators, members and registered political parties were not authorised by the Commonwealth Electoral Act 1918. As I said before, upon receipt of this legal advice, the AEC immediately withdrew the ELIAS product pending resolution of the matter, but everyone agrees that the provision of electorate information is particularly important in the performance of our duties and functions. The bill before the chamber seeks to provide a legal basis for the AEC to again provide those fields of electorate information.

Until the amendments are in place, the Electoral Commission will be able to provide only a modified ELIAS product, including the following fields of information to members, senators and registered political parties: elector name; enrolled address; gender; date of birth; salutation, where available; and federal electoral division. The extension of ac-
cess to the full Commonwealth roll to parties which are registered for federal elections but which may not be organised in all states and territories is necessary so that those parties are able to adequately perform their functions in relation to federal elections. This bill allows the resumption of supply of the full range of information that was previously available to members, senators and political parties. It is important that this supply be resumed as soon as possible. It is vital that constituents are informed of what is happening in the parliamentary arena, both in Canberra and at home.

It is too easy for some people in the community to accuse politicians of being non-achievers, of not making a contribution to the welfare of the nation. But not being able to effectively communicate with people will only intensify that myth and increase the cynical, though wrong, view of elected representatives. It is very important that members of parliament of all political parties are able to welcome new constituents and to advise those new constituents where their electorate office is and where members of parliament can provide the important assistance that we are able to give to those people whom we are privileged to represent in the national parliament.

It is even more important for the AEC to be able to resume the supply of age range information to eligible medical researchers. Recent convictions of three ALP identities in Queensland in as many years for electoral fraud also heighten the need for members and senators to monitor the electoral rolls as a further precaution against electoral fraud.

Until the amendments are in place, the Australian Electoral Commission will not be able to provide age range information for medical research and public health screening. This is a critical piece of information for the work of relevant organisations to be of value. The AEC normally provides elector information to medical researchers and public health screening bodies in a minimum of five-year age cohorts. However, the bill allows for provision of information in two-year age cohorts. This is to allow for studies on critical public health issues such as immunisation, where it may be necessary to determine clearly the influencing factors in order for the study to be viable and to provide useable results. Such electorate information is not to be made available to just any researcher. Medical researchers must meet guidelines issued by the National Health and Medical Research Council as well as have the research approved by the ethics committee of their institution. Public health screening bodies must be approved by the Department of Health and Aged Care as well as meet guidelines issued by the department. Medical health screening and research are areas that are vital for the health and well-being of the community. The government understands that privacy is a very important issue, and there are safeguards and guidelines to follow. But this has to be balanced with the many benefits that flow from effective health screening and medical research into various age groups that from time to time could be more susceptible to disease or unhealthy lifestyle habits.

The honourable member for Blaxland brought in a curious suggestion that different numbers of people should be required in different states with respect to party registration; he suggested that in New South Wales there ought to be perhaps 1,000 members and in Tasmania, with its smaller population, 250 members. This idea of his has not been canvassed by the Joint Standing Committee on Electoral Matters or the Australian Electoral Commission. It is messy and unnecessary and I suggest that if the honourable member wants the matter considered further he could make a submission to the joint standing committee.

The member for Moreton highlighted the Shepherdson inquiry, and one only has to open the Courier-Mail today to find the very concerning evidence that is being given of appalling conduct in Queensland. That indicates the need for ongoing scrutiny of the electoral process. It is very important for us to have a roll with integrity, and this is the purpose of the government and the Australian Electoral Commission: we want to make sure that we have integrity of the Australian electoral rolls.

The member for Moreton also made some reference to a requirement in Ohio in the
United States in relation to signing for ballot papers. I think the honourable member for Calare, in his contribution, gave some support to that suggestion. The government is always interested in matters relating to the integrity of the electoral roll, but any debate on roll integrity measures might best be left until after the government response to the joint standing committee’s report into the conduct of the 1998 federal election has been tabled. Measures which are not discussed in that particular report might best be referred to the joint standing committee to consider at some point. Honourable members would be interested to know that on 9 September this year the Joint Standing Committee on Electoral Matters advertised for submissions to its inquiry into the integrity of the electoral roll. Submissions close on the 13th of this month—Friday the 13th. This inquiry will be looking into the adequacy of the current legislation to detect and prevent fraudulent behaviour, the incidence of fraudulent enrolment and the need for electoral reform.

The Joint Standing Committee on Electoral Matters has already recommended in its report on the 1998 federal election the imposition of a $5,000 registration fee for new parties. That would not be full cost recovery but would go quite some distance towards recovering the cost to the community of registering new parties. The government will shortly respond to the joint standing committee’s report, and the registration fee issue should be addressed following consideration of the government response, rather than in an ad hoc way as has been suggested by a number of other honourable members.

The member for Petrie referred to the recent elections in the Balkans. No doubt she was drawing our attention to the disgraceful conduct which appears to have been perpetrated in the rump Yugoslavia, and she stresses the need for fair elections. I believe that the community at large demands that we do have fair elections, that we do have an electoral roll with integrity. The legislation of this government, since being elected to office, has been based on the need to have an electoral roll with integrity so that the people of Australia can have continued confidence in the integrity of our electoral system. The member for Melbourne, in a characteristically brief contribution—

Mr Hardgrave—Uncharacteristically.

Mr SLIPPER—Uncharacteristically brief contribution—I stand corrected by the honourable member—highlighted or flagged certain amendments that he wishes the Senate to consider. No doubt those matters will be dealt with in another place. I would like to thank the opposition for its broad support for this particular legislation. I commend the bill to the chamber, and I present the supplementary explanatory memorandum.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Dr THEOPHANOUS (Calwell) (10.31 a.m.)—Mr Deputy Speaker, you will see that the intention is to take each amendment separately.

Mr DEPUTY SPEAKER (Mr Jenkins) (10.32 a.m.)—I move:

(1) Clause 2, page 1 (lines 7 to 9), omit the clause, substitute:

2 Commencement

(1) Subject to this section, this Act commences on the day on which it receives the Royal Assent.

(2) Schedule 2 is taken to have commenced on 3 October 2000.

I was going to move two government amendments, but the honourable member for Calwell belatedly indicated that he wished to move an amendment to a section of the existing bill and, thus, I will move my two government amendments separately. The first government amendment provides that the act will commence on the day on which it receives royal assent and that schedule 2 is taken to have commenced on 3 October 2000. It is a fairly simple amendment and, I understand, non-controversial. I pres-
Mr KATTER (Kennedy) (10.33 a.m.)—I would just raise a point of information, Mr Deputy Speaker. Will our only opportunity to vote on the schedule be in this particular vote, or will there be some future opportunity to do so in this debate?

Mr DEPUTY SPEAKER (Mr Jenkins)—At the end of dealing with the amendments, there will be a final motion put to the House. At that time members may indicate whether or not they want to support the schedule as amended.

Amendment agreed to.

Dr THEOPHANOUS (Calwell) (10.34 a.m.)—by leave—I move:

(1) Subsection 126(1), add to existent clause (1) at the end of section (a):

"provided that no member of the Commonwealth Parliament may register more than one political party."

(2) Delete section (b)

Both of these amendments deal with subsection 126(1), which is the reason for my moving them together. The first amendment says ‘add to existent clause (1) at the end of section (a): ‘provided that no member of the Commonwealth parliament may register more than one political party.’’ I have moved these amendments at this time because I oppose certain key elements in the schedule constituting amendment (2) from the government. I indicated in my speech in the second reading debate the key point: if the schedule is carried in amendment (2), and if it were to be carried by the Senate—I think that is unlikely; nevertheless, we do not know for sure—it would mean that an existing important power, namely, the ability of a Commonwealth or federal member of parliament to form their own political party without going through the requirement of the 500 members, which exists in the current legislation, would be taken away. I do not oppose those clauses which relate to state members of parliament, nor do I oppose those clauses setting out—in fact I want to reinforce this idea—that no member of parliament, whether state or federal, should be able to register more than one political party. That is why I have moved this amendment.

But the schedule, as moved by the Parliamentary Secretary to the Minister for Finance and Administration, if it were to be carried, goes far beyond the issue of Mr Oldfield, Mr Etteridge and the One Nation Party. That matter can be dealt with by having only a couple of clauses from the proposed schedule. The government have taken advantage of the current situation and put into place a provision which will prevent Independents in the federal parliament from forming their own political party without going through the same process as everyone else. That matter was never discussed by the various political parties represented on the parliamentary committees. It simply was brought in by the parliamentary secretary to take advantage of the concern that has arisen in response to the shenanigans of the One Nation Party and remove an important provision and power that Commonwealth members of parliament have.

I think the government should accept my amendments and should amend its own schedule to take out those clauses which prevent federal members of parliament from registering their own political party. I agree that we are dealing with the problems created by the One Nation Party. I think it is important that we deal with those problems, but we should deal with them in a proper way. I see the point of the clauses of the schedule which prevent a state member of parliament from registering a federal political party for federal elections. I am prepared to go along with that argument. That is why I am proposing that we delete proposed section (b) of the bill, which allows for a state member of parliament to register a federal political party. The government also proposes to delete that proposed section, so it should have no problem with that provision. What I am saying about the first provision is that it reinforces what the government claims to be its intention: that no member of the Commonwealth parliament may register more than one political party. It also reinforces the fact that a federal member of parliament can do so. The government needs to rethink the provision in its schedule. The member for Ca-
lare and I will be opposing those provisions in the schedule, and we will be opposing the schedule if it keeps the provisions which prevent a federal member of parliament from being able to have their own political party and from having more than one political party.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.39 a.m.)—Not surprisingly, the government does not accept the amendments moved by the honourable member for Calwell. I suggest the honourable member ought to take a cold shower. He gets fairly excitable, as indeed he did in his presentation in relation to the amendments he has currently before the chamber. I just want to make a couple of brief remarks on the comments made by the honourable member for Calwell. If the honourable member’s amendments were indeed accepted, multiple parties could still be registered, even with this limitation. Members of the Labor Party—and there are a number of those—could each register a party. Members of other parties could do the same. The honourable member’s amendments, if enacted, would not solve the problem which he claims exists. With respect to major parties, if the honourable member’s amendments were accepted, there could be an almost limitless number of new minor parties established. The other point that I want to make is that, if the honourable member for Calwell does want to set up a political party, he should indeed be able to do so, but he ought not be exempt from the requirement to have 500 members. There is no reason to exempt federal members from the need to demonstrate a real party membership.

Mr TANNER (Melbourne) (10.41 a.m.)—The opposition have only just received the amendments moved by the member for Calwell. The reason that has occurred is no fault of the honourable member for Calwell; it is of course the fault of the government, which, in its usual bovine fashion, chose to provide the details of the legislation to the two Independent members last night and therefore deprived the two Independent members of any serious opportunity to scrutinise the legislation, put forward amendments, advise the government and the opposition of their intentions and have some scope for consideration and discussion. This has put us in a slightly difficult position. On the face of it, we support the sentiments of the honourable member for Calwell’s amendments. We are not in a position to check to ensure that they do not have unintended consequences or consequences that we may not support, so at this stage in the House we will be supporting the honourable member for Calwell’s amendments but we will be reserving our rights with respect to these matters in the Senate. In the meantime, we will have an opportunity to give further consideration to the matter.

Dr THEOPHANOUS (Calwell) (10.42 a.m.)—I just want to respond to the parliamentary secretary’s comments, which were, to say the least, uncharitable, especially given that he failed to supply the Independent members with the proposed amendments. Let me just say that the central point is that at the moment federal members of parliament, including members of one political party, can register another political party. This provision would limit the ability of somebody to do a shonky exercise—something which Mr Oldfield has been accused of—and that is registering more than one political party. That is the intention of this provision. But, if the schedule were amended or rejected, it would still allow Independent members or indeed anyone else to form a political party as a member of parliament without going through these other provisions. I say again that, if the government wanted merely to deal with the shenanigans of One Nation, it was entitled to bring in some legislation. Some of the clauses in the schedule would have dealt with that. But its attempt to broaden this to reduce the rights of federal members of parliament in this way is unacceptable, and I am pleased to hear that the Labor Party intends to support at least the spirit of what we are trying to achieve here.

Amendments negatived.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.45 a.m.)—I move government amendment No. 2:
(2) Page 5 (after line 19), at the end of the Bill, add:

Schedule 2 — Registration of political parties

Commonwealth Electoral Act 1918

1 Subsection 123(1) (paragraph (a) of the definition of eligible political party)

Repeal the paragraph, substitute:

(a) has at least 500 members; and

2 Subsection 123(1) (definition of Parliamentary party)

Repeal the definition, substitute:

Parliamentary party means a political party at least one member of which is a member of the Parliament of the Commonwealth.

3 Subsection 126(1)

Repeal the subsection, substitute:

(1) An application for the registration of an eligible political party may be made to the Commission by 10 members of the party, of whom one is the secretary of the party.

4 Paragraph 129(c)

Omit “Parliamentary party or a registered”, substitute “recognised”.

5 Paragraph 129(d)

Omit “Parliamentary party or a registered”, substitute “recognised”.

6 Subparagraph 129(e)(i)

Omit “Parliamentary party or a registered”, substitute “recognised”.

7 Subparagraph 129(e)(ii)

Omit “Parliamentary party or a registered”, substitute “recognised”.

8 At the end of section 129

Add:

(2) In this section:

recognised political party means a political party that is:

(a) a Parliamentary party; or

(b) a registered party; or

(c) registered or recognised for the purposes of the law of a State or a Territory relating to elections and that has endorsed a candidate, under the party’s current name, in an election for the Parliament of the State or Assembly of the Territory in the previous 5 years.

9 Paragraph 134(1)(a)

Repeal the paragraph, substitute:

(a) in the case of a Parliamentary party—either the secretary of the party or all the members of the Commonwealth Parliament who are members of, or the member of that Parliament who is a member of, the party; or

10 Transitional — existing registered political parties

If:

(a) immediately before the commencement of this Schedule a registered political party was a Parliamentary party; and

(b) immediately after the commencement of this Schedule the political party would, apart from this item, not be a Parliamentary party;

the political party is taken to be a Parliamentary party for the period of 6 months starting at the commencement of this Schedule.

11 Transitional — applications made before commencement

(1) If:

(a) before the commencement of this Schedule a political party had made an application under section 126 of the Commonwealth Electoral Act 1918 (application for registration); and

(b) the application had not been finally determined before the commencement of this Schedule; and

(c) immediately before the commencement of this Schedule the political party was a Parliamentary party; and

(d) immediately after the commencement of this Schedule the political party would, apart from this item, not be a Parliamentary party;

the political party is taken to be a Parliamentary party for the period of 6 months starting at the commencement of this Schedule.

(2) For the purposes of subitem (1), an application is finally determined when the application, and any ap-
peals arising out of it, have been fi-
nally determined or otherwise dis-
posed of.

12 Transitional—provision of
information to Electoral Commission
If:
(a) item 10 or 11 applies to a political
party; and
(b) the political party has not provided
such evidence as the Electoral
Commission requires to satisfy the
Electoral Commission, within the
period of 6 months mentioned in
those items, that the political party
has at least 500 members;
the political party is taken to have
fewer than 500 members.

This amendment contains measures which
will require all political parties applying for
registration from 3 October 2000 to prove
they have 500 members. It provides that cur-
rently registered parliamentary parties retain
their registration as long as they have a party
member in federal parliament, and it pro-
vides that currently registered parliamentary
parties which are registered on the basis that
they have a party member in a state or terri-
tory legislature have a period of six months
from 3 October 2000 in which to satisfy the
Australian Electoral Commission that they
have 500 members or be deregistered. The
amendment addresses government and
broader public concerns that political party
registration provisions of the Commonwealth
Electoral Act 1918 could be open to exploi-
tation where members of parliament use their
parliamentary membership to register politi-
cal parties for federal election purposes even
where these parties do not have a member-
ship base. The amendment also provides that
an application for registration of a political
party will be refused if the proposed name of
the party applying for registration is the
name, abbreviation or acronym—or closely
resembles the name, abbreviation or acro-
nym—of an existing parliamentary party,
registered party or certain parties which
stood candidates under their party names at
state or territory elections in the preceding
five years.

In future, the only basis for registration of
an eligible political party will be that it has
500 members. The amendment will allow
currently registered parliamentary parties
which have a federal member of parliament
to continue their registration while they con-
tinue to have a federal member or senator.
For currently registered parliamentary parties
with a nominated member from a state par-
liament or a territory legislative assembly, a
transition period of six months from 3 Octo-
ber this year will be provided to allow the
parties to prove that they are still entitled to
be registered. Currently eligible political
parties registered on a parliamentary party
basis who fail to meet the amended eligibil-
ity provisions by the end of the six-month
transition period will be deregistered. Cur-
rent applicant parties will also face deregis-
tration under the same terms if their applica-
tions are on the basis of having a member
who is a member of a state or territory legis-
lature.

There are suggestions that the Common-
wealth Electoral Act 1918 be amended to
require that two or more parties cannot rely
on the same members for registration pur-
poses and that parties be audited annually to
test if they still have the required member-
ship. This would result in parties having to
disclose their membership lists to the Aus-
tralian Electoral Commission. This is not
something that has ever been intended by the
legislation. It would raise substantial issues
of personal privacy, since such details would
also need to be publicly available, given the
ability under the legislation to object to party
registration. It would also require a level of
resources that the Australian Electoral
Commission does not currently have avail-
able. It would be fair to say that neither side
of politics envisaged that anyone would take
advantage of this until now. Once the gov-
ernment became aware that the provisions
regarding the registration of political parties
were being exploited, we acted swiftly to
close the loophole. There has been much
media comment on the fact that the registra-
tion provisions of the Electoral Act are being
used for purely opportunistic purposes, not
only for political gain but also for financial
gain. In the debate which has just concluded,
it was obvious that very many members
share the concern of the government. Genu-
ine political parties will have no problems in
complying with these registration requirements, which will protect and strengthen the integrity of the electoral system.

Quite frankly, it is reasonable to expect that any new political party wanting to register federally be required to demonstrate to the Australian Electoral Commission that it has a reasonable level of support in the community. So-called phantom political parties have the potential to damage the faith of the public in our democratic political system, not to mention the financial cost they pose to the community in terms of public funding and the cost to the AEC of registration and administration. The government does not wish to disenfranchise legitimate party registrations, but it is only fair to the community that these parties fulfil certain criteria to show that they are indeed serious and are indeed real parties. With respect to this particular matter, it is only fair to acknowledge the cooperation of the opposition, who, I understand, will be supporting this government amendment. It is important to have rolls with integrity and our amendment ensures that.

Mr ANDREN (Calare) (10.50 a.m.)—by leave—I move my amendments (1) and (2) to government amendment No. 2:

(1) Amendment 2, after item 2, insert:

2A Subsection 123(2)
At the end of the subsection, add “

or,

(c) the Commission has reasonable grounds for believing that one of the parties consists of, has been formed by or is being promoted by members of the other party.”.

(2) Amendment 2, after item 8, insert:

8A Section 130
Repeal the section, substitute the following section:

130. (1) The Commission may not register an eligible political party where a political party that is related to it has been registered.

(2) Subsection (1) does not prevent and is not to be taken to prevent the registration of a state, territory or federal branch of a political party that has been registered.

I move these amendments together because they are related, and they go to the very core of the sorts of things the Parliamentary Secretary to the Minister for Finance and Administration was just speaking about—the need for accountability and the need for people out there in elector land to have a clear idea of exactly what they are doing when they go to the ballot box. These are very simple amendments. They are designed to have the government and this parliament make clear that what is good for the goose is also good for the gander. Under the Electoral Act as it stands, section 130 speaks of the different levels of party that may be registered and says:

The Commission may register an eligible political party notwithstanding that a political party that is related to it has been registered.

My amendment No. 1 is related and subsequent to my amendment No. 2, which repeats the words I have just read and which substitutes the following words—after item 8, at 8A, section 130:

The Commission may not register an eligible political party where a political party that is related to it has been registered.

Sub section (1) does not prevent and is not to be taken to prevent the registration of a state, territory or federal branch of a political party that has been registered.

Subsequent to that, on the advice of the Electoral Commission, paragraph (c) is to be added at the end of subsection 123(2) of the act:

... the Commission has reasonable grounds for believing that one of the parties consists of, has been formed by or is being promoted by members of the other party.”.

Under the amendments proposed by the government, the major parties will still be able to register multiple related entities and they will count their major party membership as their own for that purpose. The most obvious example of that which is occurring at the moment is the registration of Country Labor as an entity. It is interesting to note an article in the Herald last week by Mike Seccombe. He did a bit of research into this and said, as I have discovered, that the Labor or Liberal parties could, if they wished, put up multiple candidates under multiple party names to
Mr KATTER (Kennedy) (10.55 a.m.)—While I rise to say a few words, it is my intention to vote against these amendments. What is my reason for doing that? Before I came into this place I spoke to the then Federal President of the National Party, Mr John Paterson, and I said, ‘I’m not going into the federal parliament unless I understand that it is the belief of our party that there should be collective marketing, the right to collectively market rural product.’ He said that was the very reason why this party was formed. It was formed in Western Australia, and he gave me the details of the formation of the Country Party or, as we are now called, the National Party. That was the very reason for our party’s formation. If this legislation is passed, it will be enormously difficult to repeat what those wonderful men did in forming the Country Party—before it ever came into existence; there was the Earle Page thing, which came afterwards—and I do not know whether or not that would meet the requirements that are being laid down here.

As to the formation of the Labor Party—and it strikes me as incredible that they are going down this pathway—their history was of course that Red Ted Theodore had gone down a mine twice and had nearly been killed, other mates of his had been killed, and he decided we should not live like this anymore. With fly-in mining we have had the reintroduction of a terrible lack of safety in our Australian mines, which was given graphic reality a week or so ago. We have the same movement in Queensland. There were really only two industries—beef and sugar—into those days and we had only two people to sell to, Lord Vestey and the Colonial Sugar Refining Co., and both those things were broken by the fledgling Labor movement.

The second reason why the Country Party was formed was to give us security of our land, to give us actual land ownership. When considering the taking of actual land ownership away from a people, members should go and have a look at the Aboriginal reserves in Australia. They now have some sort of collective ownership, which is really only a state ownership of all of the Aboriginal lands in Australia; they do not have private ownership. When you take that away, you can see the results that occur. There is nothing inherently wrong with any person of Aboriginal descent—I can assure you of that—and then when you say, ‘Why are the results so horrific?’ the response is that the statistics are so horrific because at Yarrabah, as the chairman said, ‘I cannot own my own land.’ The only feed preferences back to them under the amendments that are being moved here today. So we are not moving towards a more democratic process—in fact, we are strangling democracy even more in these amendments. For the good of whom? For the good of the major parties. The AEC, according to this article, says there are ‘a whole raft of parties registered under related party status’. One would ask why the need for such registration except as a deliberate attempt to dupe the voting public. That is the reason why I have moved these amendments: to quite clearly demonstrate to the electorate that if we are going to strike out the ability of anyone to register parties on spurious grounds in order to siphon off preferences then we should do it so that it applies to each and every political entity in this country. As for all this garbage about it being designed to save taxpayers’ money, to serve democracy and to avoid misleading the electorate—they are being misled and will continue to be misled by the very amendments that are being moved here today.

I really ask: what is inherently wrong with a single issue party? For instance, what if I were to register a ‘No Sale of Telstra Party’? That would seem to capture the spirit and concerns of half the nation, perhaps more. Issues of privatisation, selling our assets, selling our silverware to pay off the Bankcard, globalisation, the delivery or non-delivery of country services all could well and truly come under the banner of a party of such name. So it is not a single issue matter; it would not have to rely on preferences, I would suggest. Some might say, ‘Why didn’t you do it?’ Why didn’t I? Because I happen to believe that an Independent can stand on their feet, speak sense to their electorate, be understood as representing in the true democratic representational manner their electorate and deliver their results in that way.

(Time expired)
place on earth where you cannot own your own home is at Yarrabah, and that is why the statistics are horrific. So the second reason why this party was formed in New South Wales was to give us ownership of our land. If we had a home or cattle station, that was our land and other people did not have any rights. All of those rights have been taken away. In fact, I have said a million times in this place that for the last 15 years the basic thrust of this parliament and governments, including that of the current government, which I support, has failed to reverse what occurred during the Keating years, that bracket of policies which we have come to call economic rationalism, whether they are globalism, privatisation or whatever they are—and the electorate that I represent has probably been hurt the worst by those policies. So I feel that to stop small fledgling parties from rising would be a betrayal of those people and of the Country Party principles on which I was raised—and of the Labor Party principles on which my family before me were raised—that were manifest very much in the Bjelke-Petersen National Party government.

Does anyone question that the Protestant Reformation helped the mainstream Catholic Church come back on track? If there are fledgling movements such as this, maybe they will bring the mainstream parties back on track and introduce policies which are very much needed for the future of Australia. I know that there are good and justifiable reasons for moving in the direction of trying to stop these fledgling movements, but I feel that the baby is being thrown out with the bathwater here. It is the right of people to come forward with new ideologies or new issues that are very pertinent to Australia. Mr Andren used the example of Telstra; that was probably a good example to use, but there are many other examples that I could use—the milk industry deregulation is one of those. If there had been a party to stop the deregulation of the milk industry, I think that would have been a wonderful thing for rural Australia. But this move makes it very difficult for those things to happen in the future and I, for one, cannot support that aspect of this legislation.

Mr TANNER (Melbourne) (11.00 a.m.)—Earlier on in the confusion that we had to deal with in this matter I did advise the member for Calare that the opposition would be supporting these amendments. But, unfortunately, given some of the observations that he has made in his speech—and perhaps had the Independents had the opportunity to consider the government’s amendments with some greater degree of time than was offered and had the opportunity to talk to us about it this would not have happened—and given the spirit of the position being adopted by the member for Calare the opposition cannot support his amendments. But we would reserve our position on the broader amendments that he is moving and leave that question aside and hopefully engage in some discussion with the member for Calare about how these issues might be dealt with. But certainly we do not wish to be associated in any way with some of the observations that he has made in his speech. I accept the genuineness of them but we disagree with them.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.01 a.m.)—The government does not accept the amendments moved by the member for Calare. Subsection 123 of the act is a definition section and the extra subclause which the member seeks to insert does not add anything to the definition, so there is no point in that. The second amendment, even if enacted, would not prevent the registration of related parties operating under various names—for example, the Australian Capital Territory Labor Party has ‘New Labor’ registered as its abbreviation, Country Labor would still be able to be registered, ‘No GST’ could register and then register a ‘No Nuclear Waste’ party as a related state branch. So the sentiments expressed by the member for Calare would not be enacted, even in the unlikely event that the amendments he has moved to the government amendment were accepted.

Dr THEOPHANOUS (Calwell) (11.03 a.m.)—I support the amendments moved by the member for Calare and indicate that in the event that those amendments are defeated I propose to oppose schedule 1—that is,
amendment No. 2 as moved by the government. The member for Calare has made some very important points but—withstanding the sensitivity of the honourable shadow minister—the following general point needs to be taken, and I would ask him to focus on this general point of the member for Melbourne: if the amendment as moved by the government proceeds, what we will have is one rule for the major parties and another rule for small parties. The rule for the major parties will be that they will be able to form as many separate little parties as they like and call them whatever names they want to. Even the parliamentary secretary has admitted this. But the point is that these provisions prevent a small party from doing the same thing. What about some consistency here? What about at least discussing this issue with various people and coming up with some rules? I do not have any particular problem with the Country Labor Party, but what if a dozen members of the National—

Mr Tanner—‘City National.’

Dr THEOPHANOUS—or one sitting National was to form a party called the ‘No Telstra Sale’ party and then give the preferences back to the National Party, which is committed to the sale of Telstra? The parliamentary secretary talks about how we have got to protect the processes of democracy—all high-flying rhetoric—but how about actually looking at the real issue, and the real issue here is that the process is being corrupted by people who are forming all sorts of political parties to get preferences, sometimes preferences from people who actually oppose them. For example, going back to the idea of forming a ‘No Telstra Sale’ party, you could actually form such a party and then direct preferences even to the Liberal Party on the basis that it is an associated party. As the member for Calare says, let us have one set of rules for all parties, whether large or small. That is the first thing.

Secondly, as I said on the earlier amendment, which I hope will be taken up by the Senate, we can prevent any rorting by ensuring that a member of parliament is able to register only one political party. That is all. That would get rid of the Oldfield-Ettridge problem. But these amendments have the self-serving possibility that people from larger parties can be allowed to form associated parties—even parties which have no resemblance whatsoever to the name of their own party.

As I said, I do not particularly have any problem with the Country Labor Party, because it has the word ‘Labor’ in it. But what if someone formed a party that had no reference to the name of the original party at all and did so under the associated clause—not as a separate party, not under the provisions of forming a separate party, but simply under the associated clause, which remains there? If you want to deal with this issue, deal with it properly. This schedule that has been brought in is very sloppy, if I may say so. Leaving aside everything else about the actual intentions of it, it is very sloppy in its attempts to achieve the goals which the parliamentary secretary claims he is trying to achieve. As I mentioned earlier, he has taken away certain powers that federal members of parliament ought to have. He has also allowed a gaping hole by which the major political parties are able to register all sorts of associated parties whereas the minor parties are not. The member for Kennedy made the point that in a democracy we ought to allow small parties to have a go. (Time expired)

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.08 a.m.)—I will not detain the House long, but the honourable member for Calwell raised a number of matters. If he does indeed share those concerns, he might be interested to know that there are currently two inquiries under way by the Joint Standing Committee on Electoral Matters. The closing date for submissions to both of those inquiries is Friday, 13 October. The first inquiry invites people to have a say on the Commonwealth electoral funding and disclosure system and the second inquiry relates to the adequacy of the Commonwealth Electoral Act for the prevention and detection of fraudulent enrolment, incidents of fraudulent enrolment and the need for legislative reform. As honourable members would be well aware, that committee is ably chaired by my friend and
parliamentary colleague the member for Eden-Monaro. So I suggest that the member for Calwell make a submission to that inquiry if he wishes to pursue the matters he has raised further.

Mr ANDREN (Calare) (11.09 a.m.)—The Parliamentary Secretary to the Minister for Finance and Administration makes the point about an inquiry now under way, but the point is that that report is some months down the track and we have in front of us amendments to the Electoral Act which cement the rights and the elite position of the major parties, and which lock the door to the registration of smaller parties while still maintaining the ability of the major parties to register entities provided they can draw on the membership of the party to which they are that related entity. I must say I am amazed at the sensitivity of the Labor Party on this matter, having indicated that they were willing to support these amendments. I used Country Labor as an example of such an entity and, as the member for Calwell suggested, at least they have left the word ‘Labor’ in there. I have no doubt that their intentions are honourable in trying to, somewhat belatedly, represent the interests of country Australians. But the fact is that is an example of what will continue to happen under these amendments. That is why I have introduced these amendments which simply make one rule for all.

The parliamentary secretary commented on the first amendment I have here, which states that, if the commission ‘has reasonable grounds for believing that one of the parties consists of, has been formed by or is being promoted by members of the other party’, he has the right to not register. That is the sort of ability we need to build into the act to enable the Electoral Commissioner to use his or her judgment to determine whether or not there is a pretence going on. Unless we have that sort of shoring-up of the existing legislation, everything that the government is trying to do here is an absolute sham and a continuing deceit on an electorate which is becoming more plural in its political tastes. It is becoming more critical and it is more aware; it knows of the tricks that can be used and is alert to them. But that is no reason why the government, in one desperate last effort on behalf of the major parties—supported, it looks like now, by the Labor Party—is going to build into this legislation a privileged position yet again.

When this goes to the Senate I sincerely hope that the opposition, the Democrats, the Independent, the Greens and Senator Harris look at this matter. I cannot understand why Senate Harris did not register the No GST Party rather than leaving it to one of his state colleagues, but, given the problems that that organisation has had, I wonder what communication there is. The Senate better represents the full spectrum of that pluralism in the electorate and they, I am certain and I hope, will have a serious look at what we are trying to do here with these amendments. My colleague, ably supported to a fair degree by the honourable member for Kennedy, has brought out the sorts of things occurring out there in voter land. There are people who are concerned about one issue, and it might be as I say, as broad, as I say, as selling off the silverware to pay off the Bankcard—with all of the ramifications of that. They want to concentrate on one issue because they have determined that it is only through activism that they can present their views. It might only be out there on the streets that they can do it, but I am not for a moment supporting the radical anarchist elements of what we saw in Melbourne recently—or am I supporting the terrible reactionary attitude of elements of the Victoria Police Force. People are getting out on the streets more and more because they do not see that they can have their views properly represented any longer or even listened to by the major parties. That is why we are seeing such manifestations. All I am doing, in a very conservative way, is saying: one rule for all. I urge the House to support my amendments.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.14 a.m.)—The government is resolutely committed to improving the integrity of the electoral system in Australia, and the bills we have brought into the chamber are directed to that end. The excellent advice that I have provided to the honourable member for Calwell—insofar as he should make a submission to the Joint
Standing Committee on Electoral Matters—could equally be provided to the honourable member for Calare. I draw to his attention as well that the closing date for submissions to the two inquiries being conducted by the joint standing committee is Friday, 13 October.

Question put:
That the amendments (Mr Andren’s) be agreed to.

The House divided. [11.19 a.m.]

Mr DEPUTY SPEAKER (Mr Nehl)—Order! As there are fewer than five members on the side for the ayes in this division, I declare the question negatived in accordance with standing order 204. Also in accordance with that standing order, the names of those in the minority will be recorded in the Votes and Proceedings. The question now is that government amendment No. 2 be agreed to.

Amendment agreed to.

Question put:
That the bill, as amended, be agreed to.

The House divided. [11.21 a.m.]

Mr DEPUTY SPEAKER (Mr Nehl)—Order! As there are fewer than five members on the side for the noes in this division, I declare the question resolved in the affirmative in accordance with standing order 204. Also in accordance with that standing order, the names of those in the minority will be recorded in the Votes and Proceedings.

Bill, as amended, agreed to.

Third Reading

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

TAXATION LAWS AMENDMENT (SUPERANNUATION CONTRIBUTIONS) BILL 2000

Second Reading

Debate resumed from 7 September, on motion by Mr Slipper:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (11.24 a.m.)—The Taxation Laws Amendment (Superannuation Contributions) Bill 2000 refers to the great tax wipe-out of the late 1990s. It is a condemnation of the Treasurer. It is a condemnation of his utter negligence which amounts to tacit support concerning tax avoidance. The Treasurer promised this House back in September 1996, over four years ago:

This government is concerned about tax avoidance and tax rorting. This is a government that is prepared to act against it.

Rarely has the House heard such hollow words and such a phoney commitment. This government has actively encouraged tax rorting through employee benefit schemes. These schemes have had literally billions of dollars going through them, and the Treasurer has done nothing about them at all. And why has the Treasurer done nothing about them? Because they are Liberal Party tax avoidance schemes. These are not arrangements that ordinary workers can access. Hardworking wage and salary earners do not have access to the arrangements in this bill. They do not have offshore private superannuation funds; they do not have non-complying funds—that is, funds where they can keep their superannuation funds in excess of the reasonable benefit limits. This is tax rorting for the top end of town. This is unadulterated greed, and the Treasurer has sat around and let it happen. By his inaction, the tax avoidance schemes to which this legislation relates have cost hundreds of millions and probably billions of dollars. For this reason, 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 Treasurer for not fulfilling his duty to clamp down on tax avoidance through the abuse of employee benefit arrangements and other tax avoidance schemes”.

Because of Labor pressure on this and other tax avoidance schemes, the Treasurer has been forced to act, but has he acted strongly, has he acted fairly and has he acted effectively? The answer to each of these questions is emphatically no. In fact, the explanatory memorandum gives the game away. All three anti-avoidance measures in this bill are indicated, in the government’s own explanatory memorandum, to have ‘negligible financial impact’. So this is a Costello con—pretending to do something about scams but delay-
ing and delaying and then doing something which raises no revenue at all. Indeed, this bill legitimises these schemes. This bill says, ‘The law allowed these rorts—which were never intended—and we are going to change the law, but we will do it in a way which allows the tax avoiders who have been abusing these provisions for years to get away with their scams.’

This bill does not collect any money because the Treasurer does not want to inconvenience the tax avoidance community. They are a key Liberal constituency, and he does not want to upset them. We know that the Treasurer has been protecting these schemes. We know that because he has received advice from the Taxation Office and the Treasury for years about the issue of employee benefit arrangements and he has done nothing about it. Indeed, even the minor actions in this bill were announced not by the Treasurer but by the Assistant Treasurer, Senator Kemp. Everyone here knows that Senator Kemp does not make policy on his own. Everyone here knows that he has to clear everything with the Treasurer. So what has happened here is that finally the Treasurer has been forced to agree to the relatively minor matters in this bill. But he did not personally have the stomach to announce them; he forced Senator Kemp to announce them. And when did that press release come out? It came out on the evening of Friday, 30 June, the evening before the GST commenced, with just eight hours to go before the end of the financial year. So this was an announcement that was sneaked out. The government was embarrassed about the issue and has been trying to hide this pathetic response.

This Taxation Laws Amendment (Superannuation Contributions) Bill 2000 comes after a long running campaign by the Labor Party against the inaction of Treasurer Costello in cracking down on these new bottom-of-the-harbour schemes, the employee benefit trusts. Only a few weeks ago in question time, on 6 September, I asked the Treasurer if he would do something to stop these new bottom-of-the-harbour schemes. He replied that he was just happy waiting for the courts to sort it out. To quote him:

The tax commissioner’s position has always been that he will be enforcing the law . . .

As we will see, it will need a little more than that. In short, he has the same aversion to cracking down on tax avoidance as he displayed back in 1994 and 1995 when he opposed Labor’s anti-avoidance legislation ‘root and branch’. He has presided over the tax office’s issuing during the past three years of 200 private rulings unfavourable to employee benefit trusts and 50 private rulings favourable to employee benefit trusts.

Against this appalling background of inconsistency and a nod and a wink to tax avoiders, Commissioner Carmody was forced to admit, ‘The best that could be claimed here would be that there were conflicting advices in the marketplace.’ There certainly were conflicting advices. The opposition believes that several billions of dollars (several thousands of millions of dollars, to quote the Treasurer) have been lost through the Treasurer’s disinterest in this issue—several billions of dollars which are instead being paid by ordinary, honest taxpayers. It is the tax office’s task not to have conflicting advices in the marketplace. It is also their task to ensure that all taxpayers are treated equitably and fairly. The taxpayers’ charter refers to this where it says:

... acting impartially and using our powers fairly and professionally; and making fair and equitable decisions in accordance with the law.

This has most certainly not been occurring—and this points to one of the most worrying issues that has arisen during the whole of this private binding rulings debacle: the lack of a proper tracking system for the rulings. The tax office has around 1,750 officers who are able to give private binding rulings, yet it would appear—and we have on the record the admission of the tax commissioner—that there were conflicting rulings and that there was no workable tracking system for these things. This has not only put the revenue base at risk but also resulted in taxpayers being treated inconsistently. Taxpayers want to know what the Treasurer was doing while this tax avoidance mess was developing.

Mr Emerson—Condoning it.

Mr KELVIN THOMSON—Condoning it, indeed, as the member for Rankin says.
This is a question that the Treasurer studiously avoids answering. Taxpayers also want to know why the government has extended from 1 July its discredited system of private rulings, responsible for hundreds of millions of dollars lost in tax avoidance, to allow for private rulings to be given orally by tax office staff. For the ordinary taxpayer, this is absolutely ridiculous. Now that the private binding ruling system has been shown to have been abused, the tax office has extended the system to an even riskier variation, one subject to even more abuse—oral rulings. We have seen the increasing debacle that passes for the private ruling system of this government. As John Lyons on the Channel 9 Sunday program described it, it is a ‘tax club’ where the currency is a device called a private binding ruling. If you get one of these in your favour from the Australian Taxation Office, you are very lucky. If you get more than one, you could become very rich.

It is obviously critical to examine the exact effects of this bill. The bill aims to do a number of things. The first part of the bill sees the government ‘clarifying’ the purposes for which an employer can gain a deduction for superannuation contributions. It will, from 1 July this year, seek to prevent an employer making a deduction for an employee where the employee is the employer himself or herself. This ought to stop one sort of rorts, but it will certainly not outlaw the ones prior to 1 July 2000, which raises the question: why not backdate? The government seeks to backdate legislation time and time again but not on this occasion, and you really have to wonder just how serious the Treasurer is in his opposition to tax avoidance.

The second part of the legislation seeks to stop contributions to noncomplying superannuation funds being deductible for tax purposes. Once again, we are struck by the lack of retrospectivity in this case. If it is not right now, why was it right two years ago? Whilst this will crack down on schemes in the future, it will do nothing to gain any of the lost billions in revenue due to these various tax rorts. Who would such a measure hurt? The main group of people using these noncomplying funds are the high income earners who are looking for a way to avoid paying their fair share of tax.

The third part of the bill will impose fringe benefits tax on the superannuation contributions made for a taxpayer’s associate. After this bill becomes law, it will change the current situation so that the contributions of the taxpayer’s associate are made liable for fringe benefits tax. This is a sensible move and helps ensure that the same rules apply across the superannuation system. What is not sensible about this bill is the time it has taken to get here. I fear that, had the Labor Party not been raising the questions that we have been raising, this bill would never have appeared at all. It is certainly the impression I get when I look at the Notice Paper and see that there are four separate sets of questions that I have asked on these issues which have not been answered yet. I placed questions on the Notice Paper concerning these issues on 28 April, 10 May, 20 June and 28 August—and still no answers.

Given that we are supporting this bill, what are Labor’s principal concerns about the great tax wipe-out? The first is that the private rulings system has been in chaos for a good five years. I have as a source Tom Allard. In the Sydney Morning Herald on 5 April he referred to an internal tax office memo to a second commissioner as far back as 1995 saying that ‘private binding rulings were being handed out within days on complex transactions by inexperienced officers after only “superficial” analysis’. The memo further said:

... businesses were targeting favourable officers, manipulating procedures and gaining rulings that did not meet ATO criteria for an assessment and had tax avoidance implications. In one instance, a tax officer provided a ruling on a transaction involving hundreds of millions of dollars in 4 days, despite being told the complexity of the deal required an assessment of at least 2 weeks.

The second concern we have is that the tax office was advised to legislate on this matter over two years ago. A report by Fiona Buffini in the Australian Financial Review of 15 May this year stated:
Tax officials rejected as unnecessary legislative changes that would have stopped $1.5 Billion flowing into employee benefit schemes.

Mr Nick Petroulias, who was described as the senior assistant commissioner in charge of the tax office’s Strategic Intelligence Unit—and we have since been told that he was really only an assistant commissioner and that the tax office was having a lend of us about his status—told Fiona Buffini:

I had a meeting with the legislative services area of the Tax Office in Canberra in April 1998 with the view to getting an announcement in the May budget that would have knocked out all the schemes, but it was rejected ... The amendments would have applied fringe benefits tax to the schemes.

The report went on to say:

He also said that the ATO had top legal advice as early as September 1998 that a legislative response was necessary to close the popular schemes.

Many serious questions arise from this report. Firstly, who did Mr Petroulias speak to about this matter? What action did they take about it? Was this issue raised with Commissioner Carmody? Secondly, was this issue raised with the government? Was it raised with the Treasurer or the Assistant Treasurer? If so, what did they do about it? Thirdly, how much revenue has been lost as a result of the failure of the government to act back in 1998 to make the budget announcement which was the subject of those representations? The government has not been prepared to tell us how much revenue has been lost or is at stake here, but we do know from evidence presented by the tax office itself to the House of Representatives Standing Committee on Employment, Education and Workplace Relations, which I think my colleague the member for Rankin is the deputy chair of—

Mr Emerson—Not quite.

Mr KELVIN THOMSON—Well, you are a senior member of that committee. We know that the risk to revenue from employee benefit schemes is $1.5 billion. An estimate of the scale of the problem is also provided by Michael Laurence in his Business Review Weekly article of 2 June this year, where he suggested that $2 billion had been pumped into New Zealand superannuation, that $500 million had been pumped into controlling shareholder superannuation and that a further $500 million had gone into employee benefit trusts. That $2 billion figure for New Zealand superannuation was also the figure used by tax expert Mr Hank Wamstecker on an investigation by Channel 9’s Sunday program into these tax schemes. So that is a total of a cool $3 billion.

Over the past few years, these schemes have been rigorously promoted to people who are wealthy enough to take advantage of them as a total tax wipe-out. There have been schemes where money did not actually change hands but promissory notes were used. There have been schemes where participants would claim multimillion dollar tax deductions in a single year for superannuation contributions back within a short time. Promoters could get up to 10 per cent of these contributions, for example, by charging $200,000 in commission on $2 million contributions. Mr Laurence reported in the Business Review Weekly that contributions on this scale were surprisingly common.

The next concern we have is about the tax office’s draft ruling of 1998. In October 1998 the tax office issued draft ruling TR98/D12, which indicated its intention to apply fringe benefits tax to aggressively marketed schemes. These were said to include controlling interest superannuation schemes, offshore superannuation schemes, employee benefit trusts and employee benefit share plans. Subsequently, in May 1999, it issued a final ruling—TR99/5—which indicated that fringe benefits tax was being applied to these arrangements. Commissioner Carmody said that these schemes are all about tax avoidance. He said:

... the controlling interest superannuation arrangements as marketed and implemented have more to do with washing income of tax than the originally expressed purpose of providing genuine retirement income.

He further said:

Our views are supported by counsel opinions and, given the significance to the integrity of our tax system and in fairness to the community, we will be prepared to argue all the way to the High Court.
He said, ‘Our views are supported by counsel opinions.’ This sounds like pretty solid stuff, and at the time the opposition believed that the government and the tax office intended to do something about these tax wipe-out schemes. But what happened then? How many cases did the government or the tax office run? Not one. How much money has it recovered? None. Did the marketing of the scheme stop? No, it did not. I raised in the House earlier this year the fact that the Remuneration Planning Corporation, RPC—and I will return to them—and I will return to them—were still marketing these tax wipe-out schemes. I showed the House the copy of one such scheme, and I handed it to the member for Lalor, who showed it to the tax office officials at a hearing of the House of Representatives Standing Committee on Employment, Education and Workplace Relations. I am told they were a bit surprised to see it. Then, after taking no action to enforce the rulings of 1998 and 1999 to stamp out these tax wipe-outs, the Assistant Treasurer sneaks up to the fax machine at 4 p.m. on 30 June this year, with just eight hours remaining before the end of the financial year, and sends out a little press release saying that the government is going to legislate to outlaw these schemes from 1 July onwards.

For quite some time, people have been telling us that they do not believe the tax office rulings on these issues have any legal force. They believe that the controlling interest superannuation, offshore superannuation and other employee benefit schemes give you a total tax wipe-out. But, when we raised these issues with the tax office or the government and said, ‘Shouldn’t you be legislating to outlaw these schemes?’ the tax office and the government would tell us: ‘She’ll be right, mate. The existing provisions will do the job.’ Now the government brings in legislation. How can we have any confidence in the government’s position now? Talk about locking the stable door after the horse has bolted.

But it gets worse. Remember I said that the tax commissioner’s press release of 19 May 1999 said, ‘Our views are supported by counsel.’ I happen to have a copy of an opinion by Christopher J. Bevan of the Sydney Bar, Wentworth Chambers, dated 26 February 1999 which was provided to the tax office. Mr Bevan was asked to advise of the taxable value, for fringe benefits purposes, of contributions paid to a trustee of a non-complying resident Australian superannuation fund for superannuation benefits of an employee member if paid without a deed of contribution. This advice has fallen off the back of a truck, as these documents sometimes do. Mr Bevan’s opinion runs for 22 pages, and I certainly will not try to cover it in detail here, but the critical comments come in pages 16 and 17, where he says:

... the taxable value of a contribution to a non-complying super fund, once it has been characterised as an external period residual fringe benefit under s.51c of the Fringe Benefits Tax Act is in my opinion nil, or zero.

He further says:

It doesn’t make any difference whether the contributor is the employer and arranger making the contribution on behalf of the employer or the employee making a contribution of his or her own benefit. In each case the notional value, and hence the taxable value, of the contribution as an external period residual fringe benefit, will be zero.

I seek leave to table that opinion.

Leave not granted.

Mr KELVIN THOMSON—People will become aware of the opinion soon enough. This advice might help explain why the Australian Taxation Office has not taken any action to recover the outstanding tax, but it does not explain why the government waited until 30 June this year to announce legislation, and it certainly does not explain why Tax Commissioner Carmody claimed in May last year, well after this opinion was written, that the tax office’s views were supported by counsel opinions. Once again, the commissioner has some explaining to do.

Labor’s next concern is that the great tax wipe-out continued after the draft ruling of 1998. A report by Fiona Buffini and Paul Cleary in the Financial Review on 29 March this year indicated that:

... two deputy commissioners, Jim Killaly and Michael Monaghan, issued rulings on employee benefit and superannuation tax schemes ... as recently as January 1999.
This is also confirmed by Michael Laurence in the *Business Review Weekly* of 7 April this year. He reported that, on 15 February 1999, the superannuation technical unit at Bankstown in New South Wales issued a ruling to a taxpayer regarding controlling shareholder superannuation in the following terms:

The tax office has been advising clients that a taxpayer with a controlling interest in a company can make contributions to a superannuation fund for his or her benefit as an eligible employee of the company.

The letter went on to say that the contributions are not subject to either the standard superannuation contributions tax or the superannuation tax surcharge. That letter was processed by an assistant commissioner, Graeme Colley, and stamped by a former deputy commissioner, Michael Monaghan. Mr Laurence’s report points out that Mr Nick Petroulias had no involvement in this ruling and, as such, it is not one of the rulings which are the subject of criminal proceedings. My question is: how on earth does this ruling square with the draft ruling of 1998? The tax office, and indeed the government’s approach to these tax wipe-out schemes, has been a complete shambles. After the tax office announced that it was cracking down on these tax wipe-outs schemes in 1998, on what basis could such a ruling have been issued? These inconsistent rulings and practices have produced one law—the law of optional tax—for those who can afford it and another law for everyone else.

The next element of the great tax wipe-out which concerns Labor is the special case of the Remuneration Planning Corporation. I have already outlined to this House, and my colleague Senator Cook has also outlined to the Senate, that the New South Wales opposition leader, Kerry Chikarovski, facilitated a meeting between the firm known as RPC Pty Ltd, of which her former husband is a major shareholder and director, and the then Assistant Treasurer, Jim Short, regarding RPC seeking favourable private rulings. Mrs Chikarovski’s defence was that she arranged the meeting so that RPC could discuss with the Assistant Treasurer a private ruling with regard to a child-care issue. She has desperately wanted the people of New South Wales to believe that she was looking out for a child-care company, not RPC, which, on the admission of her ex-husband, is a company involved in tax minimisation schemes. Mrs Chikarovski said that she arranged the meeting on behalf of a client of RPC, not RPC, her ex-husband’s company. A report in the *Australian* on 13 April said:

She said the only recollection she had of any dealings with Mr Short was arranging a meeting in 1996 in relation to a tax ruling on child care, not employee benefits.

And that is repeated again in the article. According to Mr Chikarovski:

“The ruling was in reference to child care for a client in Melbourne and had nothing to do with employee benefits.”

The facts, however, are that the client referred to had entered into a joint venture to provide employer based child-care services, and later a new company, Workbased Childcare Network Pty Ltd, was formed and the client was employed by this company as a consultant. I also happen to have here a document that fell off a different truck—

Mr Emerson—Who was the major partner?

Mr KELVIN THOMSON—It is very interesting. It sets out the heads of agreement between RPC Corporate Services Pty Ltd and Workbased Childcare Network. The document goes on for four pages, so I do not have time to go through it in detail, but I will simply point out to the House that, under the heading ‘Financial’, it is stated that Workbased Childcare Network will charge all participating centres a commission of 10 per cent of all fees charged to clients provided by RPC Corporate Services and that WCN will pay RPC Corporate Services 20 per cent of all moneys received by WCN through the joint venture agreement. So when Mrs Chikarovski wants you to think that all she is doing is helping out a child-care company with a problem—and the company happens to be a client of her ex-husband’s company—do not fall for this. Her ex-husband and everyone else at RPC were vitally interested in getting a favourable ruling out of the tax office on this. The reality is that Mrs Chikarovski’s ex-husband had a deep interest in the advance opinion by the tax office on this tax
minimisation scheme and had every incentive to get the former Assistant Treasurer to lean on the tax office. I have been told further that RPC has begun legal action against the tax office concerning this matter—action in its own name. This shows clearly that it is RPC whose scheme this is, not the client’s, and RPC’s action exposes Mrs Chikarovski’s defence as a con job.

I turn to the opposition position. We support this bill. Indeed, as the House will gather from my previous remarks, we believe that it is way overdue. But we have some major concerns about whether it is adequate. It says it deals with controlling interest superannuation and non-complying or offshore superannuation schemes. It says nothing about other employee benefit schemes. The evidence to the House of Representatives committee that I referred to suggests that we have a $1.5 billion problem with employee benefit schemes. This bill does not deal with that problem. That $1.5 billion has to be found by honest taxpayers. Secondly, it appears to me that, even in terms of dealing with control of superannuation and offshore superannuation, there remain loopholes. There is a loophole concerning the de minimis exemption which you will find in the provisions which deal with the foreign investment fund income; there is an ongoing problem with the double taxation agreement between Australia and New Zealand regarding superannuation where neither Australia nor New Zealand treats the superannuation fund earnings as taxable income; and there is also a problem which concerns lump sums coming from non-resident, non-complying funds back in the hands of resident individuals. These things have to be addressed.

The greatest problem with these measures is that they are prospective. They lock the stable door after the horse has bolted. This is always the problem with tax avoidance: the smarties cast around, seeking rulings from the tax office until they get a favourable one; then they milk it for all it is worth—and under a Liberal government that is usually a great deal. When finally the scheme is closed down, they move on to the next one.

By not cracking down on these tax wipe-outs until now, and by only doing it prospectively, once again it is game, set and match to the tax minimisers. The figures at stake here indicate a $3 billion problem, and I have to say that $3 billion in terms of petrol and diesel taxes would do an awful lot for ordinary motorists. There are many things concerning this issue which ought to be examined by a Senate committee. This is just the latest chapter in Peter Costello’s own bottom-of-the harbour debacle, the great tax wipe-out of the late 1990s, a tax wipe-out where the government has wimped out and taxpayers have been wiped out. (Time expired)

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—Is the amendment seconded?

Mr Emerson—I second the amendment and reserve my right to speak at a later time.

Mr BAIRD (Cook) (11.54 a.m.)—It is my pleasure to support the Taxation Laws Amendment (Superannuation Contributions) Bill 2000 and to commend the Treasurer for this part of a whole sequence of bills which have been introduced to protect the integrity and fairness of the Australian taxation system. Of course, in this long diatribe that we have heard from the member for Wills, he said in about a few nanoseconds that those opposite actually support this bill and the proposals contained within it. The terms of the amendment he has presented to the House really relate only to the question of tax avoidance generally.

In terms of tax avoidance generally, he, as part of the previous government, had 13 years in which to address these problems of tax avoidance. He should go over his party’s own record in relation to ensuring the integrity and the fairness of the Australian taxation system. Of course, in this long diatribe that we have heard from the member for Wills, he said in about a few nanoseconds that those opposite actually support this bill and the proposals contained within it. The terms of the amendment he has presented to the House really relate only to the question of tax avoidance generally.
cuts right across the board; very significant changes to the business community by reduction in taxation there; and a great incentive for those who export, in the removal of the wholesale sales tax and the absence of GST for those who export. The Treasurer and the Prime Minister have been involved in this total reformation of Australia’s taxation system. As part of that, they have introduced several bills to ensure the integrity of the system.

We have seen a number of bills in this regard, and I have spoken in regard to several of them. The New Business Tax System (Miscellaneous) Bill (No. 2), the New Business Tax System (Integrity Measures) Bill and the Taxation Laws Amendment Bill (No. 5) have all been part of amendments and bills that have been brought into this House to address areas where the integrity of the taxation system is being eroded. All members of this House would applaud and support measures to ensure the fairness of the taxation system and to stop people who look for ways of finding their way around the taxation regulations from continuing to rort the system.

So we have the provisions in this particular bill. The bill addresses three particular aspects. Firstly, in relation to the controlling interests superannuation schemes, it looks at those measures where the owner of a business has classified himself as an employee so that he can then claim the deductions through taxation for superannuation benefits that are going to himself. Clearly that is not the intent and spirit of the way the taxation system has been set up. So it is appropriate that measures are put in place so that, where the individual is putting superannuation benefits into his own system, his own superannuation benefits scheme, he will not be able in the future to claim for superannuation for taxation deductions and he also will be subject to fringe benefits tax. That is an important first measure of this bill and addresses that. This action has apparently been used quite widely. I heard the comments by the member for Wills. I have noticed the comments in the Financial Review outlining the fact that attention has been drawn in the media to this particular way of avoiding taxation responsibility. So it is only appropriate that measures are taken to ensure that this practice does not continue and that, where the payments are made, the owner of the company is subject to fringe benefits tax.

This is about integrity of the system; this is about fairness. As you yourself, Madam Deputy Speaker, would know, we want to ensure that there is equity between not only those who run companies but also those who are working day in and day out in the factories right across Australia, in the workplaces, and paying on a pay-as-you-go and pay-as-you-earns basis. We want to ensure fairness for those people who do not have the ability, as some people have had in the past, to rort the system. We want to tax them on a fair basis. What we are ensuring in these provisions is that there is equity in the system. That is the first important part of this bill.

The second important part of the legislation relates to non-complying superannuation schemes. The reality is that contributions into non-complying superannuation funds are currently tax deductible and subject to fringe benefits tax. No matter whether schemes have been non-complying or complying, until the introduction of this bill they have been able to receive this tax deduction and be subject to the fringe benefits tax. Moreover, various accountants have found ways round, found devices to avoid, paying fringe benefits tax. Therefore, we have had double avoidance measures so that a nil taxation benefit has accrued to those who have been using these provisions.

This bill removes very explicitly from those schemes which are non-conforming the ability to deduct, for taxation reasons, the costs of the scheme. It ensures, through its provisions, that all those who use non-conforming schemes are subject to fringe benefits tax.

They are the two areas in which the integrity of the system has been questioned: taxation deductions and the avoidance of pay-
ment of fringe benefits tax are both caught by the provisions of this bill. Firstly, no longer are there taxation deductions for non-conforming schemes; and, secondly, all those who deduct for non-conforming schemes are subject to fringe benefits tax. I believe that all members of the House would support those provisions.

The final aspect of this legislation is that superannuation payments are excluded from fringe benefits only when they are made for an employee. As these schemes have been developed, we have seen partners, husbands and wives, or even employees in companies, forgo part of their salary and income to put it in a partner’s superannuation scheme, with that particular company perhaps being a tax exempt organisation. This has been found to be attractive to public servants who have used these types of provisions. So this bill ensures that superannuation payments, if not paid directly into the scheme relating to the individual employee, are subject to fringe benefits tax. So, again, this goes to the whole question of the fairness and equity of our taxation system and the rorting that can occur where partners or associates can simply forgo part of their salary, slide it over into their partner’s or wife’s or husband’s scheme and thereby avoid the taxation costs that would normally accrue, particularly as they relate to fringe benefits costs. Provisions in this bill will stop that from occurring.

I commend this bill to the House for its significant attempt to remove those provisions which have been used to rort the system and also to ensure that we have a tax system that, as far as we can take it, is clear of the types of rorting arrangements that have been used in the past. We have thousands of tax lawyers and tax accountants around Australia whose job is to minimise the taxation burden for many companies and individuals around Australia—and we all understand that. It is a longstanding industry, and it will always be that people are looking for ways in which to minimise their taxation responsibilities. But this legislation is appropriate, and we should commend the Treasurer for his recognition of the problems in terms of these three areas and for his having moved significantly. As I have said, I commend the bill to the House.

Mr Emerson (Rankin) (12.04 p.m.)—Employment benefit arrangements, one form of which is covered by this legislation—the Taxation Laws Amendment (Superannuation Contributions) Bill 2000—are this government’s bottom-of-the-harbour scheme. This legislation belatedly acts against blatant tax avoidance but, yet again, the government has been dragged, kicking and screaming, to legislate against these schemes. It is yet another chapter in the sorry history of the Liberal Party of Australia condoning tax avoidance dating back to the infamous bottom-of-the-harbour schemes of the late 1970s and early 1980s. Those bottom-of-the-harbour schemes were encouraged by, among others, the Western Australian Liberal Party and the former Chief Justice of the High Court, Sir Garfield Barwick, who ruled in favour of tax avoiders on a number of important occasions.

The Prime Minister, then as opposition leader back in the mid-1980s, declared proudly that he had smashed the tax avoidance industry because, as he pointed out, he had introduced part IV A of the Income Tax Act—and that is a general anti-avoidance rule which remains in force to this day. The circumstances under which he introduced that rule were two telephone books of advice from the Australian Taxation Office begging the then Treasurer of the country—that is, the Treasurer in the Fraser government—to act against blatant, contrived tax avoidance schemes that had been identified by the tax office but, more importantly, had been identified as a result of the Costigan royal commission into the painters and dockers union at the time. Unexpectedly, that royal commission, initiated by a Liberal government, unearthed massive tax avoidance that was being condoned by senior members of the Liberal Party. So the tax office repeatedly begged the then Treasurer of the country to legislate against these forms of tax avoidance, the bottom-of-the-harbour schemes.

Finally he did legislate, and then he pronounced proudly that he had in fact legislated—but, as I say, that was after getting two telephone books’ worth of advice. In
other words, when it became untenable for him to hold off any more, untenable for him and the Liberal Party to protect the tax dodgers of this country, finally and belatedly he acted, but billions of dollars went down with bottom-of-the-harbour schemes.

The Australian Taxation Office has itself witnessed time and time again over the last two decades pronouncements on tax avoidance by the leadership of the parliamentary Liberal Party that in effect they are condoning tax avoidance. The current Prime Minister proclaimed that he had smashed the tax avoidance industry in the context of his opposition to two major anti-avoidance measures by the then Hawke government. The first was of course the capital gains tax, and the second was the fringe benefits tax. He boasted back in 1984 and again in 1986 that he had smashed this tax avoidance industry but went on to say how terrible Labor’s initiatives to do exactly that were, initiatives to stop the conversion of income into capital gains and therefore to completely avoid tax. That was rampant at the time. Obviously, it was rampant at the time the current Prime Minister was the Treasurer of this country, and he led the charge in opposing Labor’s capital gains tax. The other measure was of course fringe benefits tax, which is ironically the subject of part of this legislation today—that is, applying fringe benefits tax to superannuation contributions from associates into non-complying funds. The Prime Minister was very colourful in his descriptions of those two major anti-avoidance measures. For example, he said in this parliament on 23 May 1986:

The new capital gains tax and the fringe benefits tax are a direct attack on the productive sectors of the Australian community.

On 27 May 1986, he went on to describe the fringe benefits tax as ‘one of the nastiest, most discriminatory taxes’. He also described the fringe benefits tax as ‘punitive’. On 5 June 1986, he described the fringe benefits tax as being of ‘unbelievable severity’ and he described it as ‘discriminatory’. On 27 May 1987, he went on to say in response to an interjection from Mr George Gear, then the member for Canning:

No, I was not wrong about the fringe benefits tax. I remain unrepentant that the fringe benefits tax was a tax of envy and quite unjustifiably imposed.

And his public pronouncements in this parliament and outside it went on. In voting against the fringe benefits tax and in voting against the capital gains tax, the Prime Minister declared that he would scrap both of those measures, Labor’s anti-avoidance fringe benefits tax and its anti-avoidance capital gains tax. He said on 21 August 1986:

On the tax side, we remain committed to the scrapping of the Hawke capital gains tax, the throwing out of the Hawke Government’s fringe benefits tax and the repeal of the Hawke Government’s tax on lump sum superannuation.

So this is what the Australian Taxation Office witnesses. The current Prime Minister of Australia said over more than a decade ago that he would act against and legislate out the Hawke government’s fringe benefits tax and capital gains tax, both of which were obviously and explicitly designed as anti-avoidance measures. I draw the House’s attention to the gloating of the Prime Minister about his opposition to the fringe benefits tax when we were getting closer to an election on 5 June 1986. He said:

I recommend to the honourable member for Hunter (Mr Fitzgibbon)—the father of the current member for Hunter—who has just come in to the chamber, that he also spend his recess pulling out this booklet from everybody’s letter boxes. Last weekend I was in Singleton and I had a very pleasant sell-out dinner at the Wyndham Estate, right in the heart of the honourable member’s electorate. I can tell the honourable member that he is very bad news in Hunter; he is in terrible trouble in Hunter. The honourable member is well and truly on the skids. He is such bad news in Hunter that he will get the shock of his life. All I can say is that the Government has given to the coalition six of the greatest issues that any coalition could have to fight on in provincial seats in Australia. He went on to say:

The Government has given us the capital gains tax, the fringe benefits tax...

He said subsequently:

I can only say to the Government that in political terms the fringe benefits tax must go down as one
of the most monumentally stupid political blunders that any government has introduced. I look forward with relish to the opportunity of telling the Australian people, particularly those in the nine marginal seats, all about the details of the fringe benefits tax.

He told not only the Australian people but the Taxation Office. He told the tax office what his attitude to anti-avoidance measures truly was. He said, ‘We’re going to oppose the fringe benefits tax and the capital gains tax and we’re going to repeal them.’ The only reason that they did not repeal them is that by the time they came into government in 1996 they were collecting far too much revenue and they could not afford to repeal them. But instead of repealing they are condoning avoidance measures—ways of getting around the fringe benefits tax and ways of getting around the capital gains tax. They have been dragged kicking and screaming into this parliament to legislate finally, belatedly and inadequately against employee benefit arrangements—blatant, contrived tax avoidance devices.

The Treasurer has been in on the act too. He has been telling the Australian people and the Taxation Office what he thinks about legislating against employee benefit arrangements. When the then Labor government realised that there was an emerging problem of tax avoidance in relation to a particular form of employee benefit arrangement—that is, employee share ownership plans—the then shadow Treasurer said on 20 June 1995 that the opposition would oppose Labor’s attempts to legislate against it. He was true to his word. He said in a press conference on that date:

It is one of the clear lines of demarcation at the next election. It is one of the reasons why we will be opposing root and branch the government’s latest proposals.

That is, proposals to legislate against blatant, contrived tax avoidance arrangements. He told the Australian people and the Taxation Office that that was what their position was. In the shadow ministry, the cabinet submissions of which we now have, he said, ‘The legislation is designed to crack down on these schemes, but we will oppose it.’ So he did. He opposed it three times. He opposed it root and branch.

On 22 June 1995, gloating again about what they were going to do in relation to Labor’s attempts to crack down on those very employee benefit arrangements schemes and the abuse of them by company executives, Mr Costello said to this parliament about the Treasurer:

So has he got it right the third time with the proposals that have been brought back to this House for debate today? The answer is a resounding no. Wrong the first time, wrong the second time, wrong the third time. Three strikes and you are out.

With that statement, the Treasurer of this country—then shadow Treasurer—took a baseball bat to the income tax system in this country by declaring, ‘Three strikes and you are out.’ The coalition opposed three times Labor’s attempts to legislate against rorts of employee benefit arrangements by company executives. It was only when Labor was able to get a partial measure through the Senate, with the support of the Democrats and the Greens, that some legislation was brought in, but that was over the dead bodies of the Treasurer and the Prime Minister of this country. They agreed when they were in opposition that they would oppose it root and branch—three strikes and you are out. They would do everything possible to prevent the government of the day legislating against blatant, contrived tax avoidance arrangements through employee benefit arrangements. This is this government’s bottom-of-the-harbour scheme.

Where does this legislation finally come from? As the member for Wills pointed out, it came almost in the dead of the night. The evening before the government’s biggest day, and that is GST day, at 4 p.m. it was snuck out by the Assistant Treasurer—not by the Treasurer, probably because he did not agree with it—as a press release saying, ‘Maybe we will now legislate against the abuse of employee benefit arrangements in the form of noncomplying superannuation.’ And that is what this legislation finally does. That infamous press release went on to say:

In addition, Senator Kemp has asked the Tax Office to review the interaction of the income tax and fringe benefits tax laws to ensure that employee benefit trusts and employee share plans are taxed appropriately. The Tax Office has ad-
vised the Government that some variations of earlier arrangements are being marketed. If legislative change is necessary to combat the ongoing marketing of these schemes, further amendments will be introduced.

So they said, ‘We will move against one form’—that is, the noncomplying superannuation, and that is the subject of today’s legislation—‘but in relation to other forms of employee benefit arrangements we’ll have an internal tax office review.’ The government were pressured into doing that at least in part if not in entirety by evidence and the efforts of my colleague the member for Lalor, Julia Gillard, at a reconvened hearing of the Standing Committee on Employment, Education and Workplace Relations inquiry into employee share ownership plans. In the light of the so-called Petroulias affair, we took the initiative of asking the tax office back to answer some of the questions that were raised in the media coverage of the so-called Petroulias affair, and they came back on 11 May of this year.

In that hearing, the tax office said, ‘Well, yes, there is at least $1.5 billion in contributions tied up in these schemes,’ but that figure dated back to 30 April 1999. There we were on 11 May 2000, so how much more revenue had leaked in that intervening almost one year? That was what was on the member for Lalor’s mind when she asked the tax office the question:

I think that Mr O’Neill will know better. In terms of ‘aggressively marketed’ we do not seem to see the mass marketing of these arrangements, but I would be cautious in saying that some categories or variants might not still be in the marketplace.

Then Mr O’Neill added:

At this time of year there is always a particular focus on mass marketed schemes. We have not seen any evidence of share schemes or trust schemes being marketed this year but there are other types of schemes.

At this point, the member for Lalor tabled one of the schemes that was being marketed at the time and suggested that maybe the $1.5 billion had grown appreciably in that time if these schemes were still being marketed—recall that the $1.5 billion estimate related to almost one year earlier—and Mr D’Ascenzo said that maybe it was more than $1.5 billion. He said:

That is right and, indeed, that is good feedback for us because we are very keen to try to make sure that people are not duped into arrangements that are going to be challenged.

That was on 11 May 2000. About seven weeks later, at 4 p.m. on 30 June 2000, the Assistant Treasurer belatedly put out a press release announcing, ‘No, we won’t legislate against the abuse of employee share ownership plans by company executives. We will have an internal tax office review but, look, it’s got a bit beyond the pale in relation to noncomplying superannuation funds, so we will legislate against those,’ and that is what we are debating today. Labor supports this legislation—late though it is—because it does in some small way attempt to address the blatant, massive tax avoidance that has been going on under the nose of this government and has been condoned by this government.

There are people in this community who would like to see an even more generous treatment of employee benefit arrangements. I refer to Mr David Murray, the head of the Commonwealth Bank. According to an article in the Weekend Australian on 16 September 2000:

Mr Murray has told a business gathering hosted by the Institute of Company Directors in Perth he believes the Government should be more sympathetic to people with company share options. The article claims that he has two million of these share options, which would be worth millions of dollars. David Murray, the head of the Commonwealth Bank, is one of the biggest beneficiaries of the change in the income tax scales on 1 July—where half of all of the income tax cuts went to the top 20 per cent of income earners—and that is not good enough for him. He wants an even more generous treatment of share options, and he will be waiting with great anticipation for the government’s report on employee share ownership plans—which will be re-
leased in the not too distant future—to see if government members of the relevant committee have complied with his request that there be an even more generous treatment. He is not happy with his deal; he is not happy with his income tax cuts from 1 July; he is not happy with his multimillion dollar salary and his share options. The government needs to be more sympathetic to him. This is the same fellow who, in 1998, said that people should be writing letters of congratulation to the banks for closing branches. Madam Deputy Speaker Crosio, if my memory serves me correctly, you may have actually made a speech on this very matter.

If the Olympic Games were awarding a gold medal for greed, David Murray would be the red hot favourite. If the shareholders of a company want to pay a company director or CEO a big salary, that is up to them. I think these things should be properly debated. If their decision is that they want that person paid, so be it. But what is appalling is that David Murray expects the taxpayers to subsidise his salary in the more generous treatment of share options than has even been provided by this government. He would be a deserving winner of a gold medal for greed. In the notice of meeting for the Commonwealth Bank the proposal that is going to the shareholders says that ‘approval be given to issue to D.V. Murray up to 250,000 options’. So he needs more! He has to have more. What he has is not good enough; the tax treatment is too harsh. What he objects to is paying tax at the relevant marginal rate on his income. He believes that company directors should not have to do that. Well, I have news for him: we would be opposing any legislation that made arrangements more generous for him and company directors in relation to employee share ownership schemes, because they have been and continue to be the subject of blatant, contrived tax avoidance.

It is quite remarkable that a press release came out just today from the Assistant Treasurer entitled ‘Overseas employment and the residency status of self-managed superannuation funds’. It seems to be a press release of clarification. I think in fact it involves the ‘r’ word. I think it is roll-back on this legislation, but we will find out more about that later. We will be supporting this legislation, but it is just another sorry chapter given the fact that the government has been dragged kicking and screaming into this parliament to finally address a blatant, contrived tax avoidance arrangement. It is just another sorry chapter in the history of this country of the Liberal Party supporting bottom-of-the-harbour schemes and such blatant arrangements. It is a disgrace. (Time expired)

Mr HATTON (Blaxland) (12.24 p.m.)—In rising to speak on the Taxation Laws Amendment (Superannuation Contributions) Bill 2000, I join the member for Rankin in his condemnation of the Treasurer and the government for the tardiness with which they have moved to take action against the schemes that have operated for some considerable period of time at a cost of $1.5 billion or more to the Commonwealth. That tardiness we saw explained away by the Treasurer in a recent question time when he actually referred to the action that was being taken by the government. But that is a strange sort of thing. It is almost a case of wonderful déjà vu. The small explanation that he gave was like so many others where, standing at the dispatch box, he attempts to explain away the government’s inactivity and he uses some historical points to actually underline that. And sitting next to him—sometimes smiling cheerfully, at times more glum, at other times reddening in the face—is the Prime Minister, the Hon. John Winston Howard, the member for Bennelong, the person who was Treasurer in 1983, just before the federal election that they lost, the person who yesterday identified himself in regard to 1979. But he failed to identify himself as the Treasurer. ‘Blame it on the Fraser government’ that certain actions were undertaken in relation to bringing in an operation for taxing fuel. He said it was the Fraser government. He did not point out that the person who was Treasurer was John Winston Howard and that he had been in the game for a couple of years at that time.

The Treasurer slyly—yet again—referred to how he said he had speedily moved in regard to this. Of course, the sly implication is this: what was the Prime Minister doing
when he was Treasurer between 1978 and 1983 about the bottom-of-the-harbour rorts? As Treasurer, he had brief after brief and report after report landing on his desk to say what an enormous hole had opened up in Commonwealth revenues because the bottom-of-the-harbour schemes that he had not taken action against had been wilfully used to rip apart the integrity of the Australian taxation system. The current Treasurer knows, when he uses historical examples and analogies, that the people up in the press box are not dummies, that the people on this side of the House are not dummies, that what he is doing is making a sly reference to the Prime Minister’s former activities as a Treasurer and arguing by analogy that this Treasurer is doing a much better job.

We know here, as the member for Rankin and the member for Wills have argued, that this government and this Treasurer have been inordinately tardy in taking action to stop the haemorrhaging of $1.5 billion or more from Commonwealth receipts because of the way that the tax planners have gone to work, particularly in regard to employee benefits through superannuation. Why was it so long delayed? I might note that we have had the Ralph Review of Business Taxation and the Ralph recommendations in regard to tax and so on. Since 1996 we have had an argument strongly put by this side that this government should take action against the preferred treatment of trusts, including family trusts, and against the rorts that were occurring in them to the detriment of the Australian Taxation Office’s revenue. Finally, with a great announcement, the Treasurer indicated that this government would be taking action against trusts and curtailing their effect. Of course, he did not mention the corollary that, in closing down the beneficial effect that most trusts had had in the past, the government were in fact replacing that with an allocated pension scheme approach where people, instead of using the trusts, could buy an allocated pension scheme with preferred tax treatment—and for the majority of Australian people, properly used, for those retirees who can use it effectively, should be looked at on its own. But they moved against the trusts only when they had another alternative for those people who are most well heeled. I will come back to that at a future time.

The point I want to make here is that none of this happens without context—whether it is the sly context of the Treasurer rolling off another little hit against the Prime Minister because he was not up to the job when he was Treasurer and inferring that he is doing a better job, or whether it is the context in terms of where the Liberal Party of Australia and the coalition government stand with regard to the integrity of the tax system, and none of it happens without that context. We know, because they have got form in relation to bottom-of-the-harbour schemes, we know because they have form over 13 years of opposition of doggedly trying to knock down every proposal Labor put when it was in government to improve the integrity of the tax system and to improve the provision of genuine superannuation so that it could be provided to the majority of Australian employees.

Let us put a bit of historical context on this. Prior to Labor coming to office superannuation was available to railway employees, to other people in state government instrumentalities who were lucky enough to get a superannuation scheme and to some people in the Commonwealth government with super schemes. But, by and large, apart from that, in private industry it was the preserve of the employer class. Most of those people who worked in private industry did not have superannuation available to them.

We know that where those schemes were operative the benefit of the schemes in large part went to the employers. We know of case after case where the employers used the entitlements accrued on behalf of their employees for the benefit or interest of the company and in fact ripped their employees off. So Labor in government moved against those rorts, moved against that corruption of the system and moved to one of the greatest implementations of policy to affect the majority of Australian people that we have seen, the great crowning glory of Labor’s 13 years in office, the superannuation system that we put in.

This government on coming to office put the mocker on any extension of superannua-
tion to the Australian people above nine per cent. They put the mocker on that because they said that they did not agree with Labor’s plans to move to 12 per cent and then to 15 per cent of contributions so that people could adequately provide for themselves in their retirement. Instead of that, we got a crummy little exercise where the retirement savings scheme of very short duration was run in, and it was argued that people could do that.

We had the question of choice opened up, where people could choose, when they were going to work in an industry, five different options and employers had all of the burden of trying to explain to people—and this is still not properly in operation—all of the technicalities, difficulties and problems of which super fund they should choose. We also had the retirement savings accounts. The dopiest place you could actually put your money is into a cash account and a retirement savings account to attempt to build super for the future, but that was almost a preferred vehicle for this government.

What the government did not want to do was extend to the vast majority of Australian people an extra six per cent benefit—from their contributions and from the contributions of employers. What they did not want to do was build on the crowning glory of the Labor Party’s 13 years in office to ensure that ordinary working people throughout this Commonwealth would be adequately provided for in the future. Instead, they curtailed that great expansion.

I will just note here, as I have noted in a previous speech, that when the Australian Labor Party returns to government we will return to that crowning glory of superannuation that we were responsible for in government, and we will restore it to its proper place so that the Australian people at large will be able to benefit from the hard work that they have done and from a superannuation system that can be used for their direct benefit in the future, and a superannuation system at 15 per cent contribution which would provide the great ballast that the nine per cent contribution has already provided in terms of building Australia’s savings capacity and building our capacity to put that money into Australian industry and Australian endeavours.

Historically—from 1788 on—we have been dependent on foreign money to develop this country. Those billions of dollars going into the superannuation funds are the funds which will build towards real, more substantial and deeper share market ownership on behalf of the Australian people. It will not be the tiny amount in terms of depth that we have got, but they will build those funds that can be used to build Australia for the benefit of Australians as a whole.

The specifics of this bill go to correct a problem that should have been corrected at once by a Treasurer who was on the job; that should have been corrected at once by a Treasurer who was concerned with the integrity of the tax system. I note that in his second reading speech the parliamentary secretary outlined what this bill was about. It is very simple and clear in terms of the amendments, but there are some interesting arguments. It says the bill ‘will improve the integrity and fairness of Australia’s taxation system’ and that the government ‘would proceed to legislate in relation to aggressive tax planning schemes involving superannuation.’ It goes on to say ‘the bill will defeat abuse of controlling interest superannuation schemes by clarifying the definition of eligible employee’ and, importantly, the bill ‘expresses more clearly what has always been the effect of the legislation.’ Is very interesting when you go to the bill itself to see what this is supposed to be about in terms of its effect. Part 4—‘Application and transitional provisions’—of the bill says:

The amendment of section 82AAA of the Income Tax Assessment Act 1936 made by item 3:

(a) is for the avoidance of doubt; and

(b) is not to be taken to affect by implication the interpretation of that section as in force at any time before the commencement of that item.

So (1) they do not think they need any kind of retrospective legislation in order to get over the top of the tax minimisation schemes that have been out there, and they have supposedly got advice from the ATO in regard to that; (2) it says ‘it is for the avoidance of doubt,’ that all they are doing is clarifying the situation. Seemingly, given the argu-
ments that are put by the regulation review that there is very little monetary impact in regard to this and that people will not have much problem in terms of complying with it, most people, apart from the aggressive tax minimisers and the schemes that they operated, actually got the message previously that you should not really be in the game of ripping off $1.5 billion or more out of the Australian revenue. But it is very hard to understand how they can argue that there is a minimal financial impact and a minimal revenue impact when we know that those kinds of moneys have been extracted; or, rather, there is an argument within the regulation—the ATO has said that in the media and certain other persons have argued that—that that is the extent of what we are looking at, or it may be more. But the ATO is of the view that in fact the impact is less.

We know from the investigations at the committee stage that there is a serious question mark about that $1.5 billion deficit—and that figure is probably far closer to the mark than the ATO is actually arguing is the case; that is one very interesting point. The argument is that, although this is significant in terms of closing down these aggressive schemes, it should not cost any money—we should not be taking much more in—and that we do not need anything in terms of retrospectivity. Why? Because the ATO thinks it will win in the courts. But win in the courts at what cost? A large cost to the Commonwealth. I am fully in favour, as is the opposition, of strengthening the integrity of our taxation system and strengthening these provisions. Our argument, put forward in the amendment by the member for Wills, quite simply is as follows:

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

condemns the Treasurer for not fulfilling his duty to clamp down on tax avoidance through the abuse of employee benefit arrangements and other tax avoidance schemes”.

The employee benefit arrangements, which, before Labor came into government, we know had been exploited by employer after employer after employer to the detriment of their employees, have been abused since then. The Treasurer should have moved on this, but he was not willing to do so.

The specific effect in regard to this is that of controlling interest. This bill clarifies what ‘an eligible employee’ is. The key thing is that previously a person who had a controlling interest in a company could actually claim their superannuation contributions as deductions and avoid fringe benefits tax on that. That benefit was open to a person who was the one individual in the company. So a person who had a controlling interest in that company and who was a single individual in that company could then effectively contract themselves to that company in order to do the work. We know that in common law that is not a goer. It has never been a goer because you actually have to have two people to have a contract—you cannot have one with yourself. What this clarification does is make obvious what should have been obvious in the first place: where you cannot employ yourself, there should not be a benefit to a person with a controlling interest in a company claiming that whatever they have paid in for themselves should be of benefit.

I still have a question mark about the way this will operate in the future. In the explanatory memorandum there is an example of a company called Jim’s Realty, with three employees—I think they are Jim, Tina and Spiro. Jim has a controlling interest in the company because it is Jim’s Realty. The argument is that, even under this proposal, all three employees—Jim, Spiro and Tina—will be eligible to gain the benefit and will not be in a position where fringe benefits tax will have an impact. That seems a bit strange when the next paragraph goes on to talk about Jim not being able to claim a benefit under the controlling interest provisions. My only guess here is that this involves the question of him not being able to double-dip. So there may be a situation where his natural employees—the other two that he can have a contract with—are able to conform, but I still have a question about that. That is probably my problem rather than the framers of this. It would be interesting if I could have an answer to that question from the parliamentary secretary when he comes back to this.
I want to turn to the specifics in regard to this and, in particular, to the broader area of taking away the benefits that were available in the past to noncomplying superannuation funds. In the explanatory memorandum there are some wonderful examples of how, if you leave a door slightly ajar, the tax minimisation industry will be in there boots and all—as they were of course in 1979, 1980, 1981 and 1982 when the member for Bennelong was Treasurer and when he was finally dragged, kicking and screaming, unwillingly, to take some small measures against the bottom-of-the-harbour schemes. That only occurred because of the Costigan royal commission into what was happening on the Melbourne docks. The government did not know at the time that they would actually have to end up taking action against the bottom-of-the-harbour schemes which the Treasury had advised the then Treasurer John Winston Howard that he must take action against because of the massive hole in Commonwealth receipts that was being opened up. But of course we know that the tardiness of this Treasurer is as one with the tardiness of the previous coalition Treasurer. The difference here is the magnitude of the damage to the Commonwealth so far. So it is the Australian Labor Party that has moved to pressure this government to make the changes that are proposed in this amendment bill.

I want to look at just one example of the key features of the proposed new and the old law in terms of noncomplying funds. The current law is that deductible contributions can be made to noncomplying superannuation funds. The tax minimisers have argued before the ATO and will argue in the courts that it is perfectly fine for them to utilise that vehicle in order to provide a benefit to people. This new law, once it is passed, will make it absolutely clear that there is no deduction available for contributions knowingly made to a noncomplying superannuation fund. No doubt the minimisers will argue over the question of ‘knowingly’—over what is ‘knowingly’ or ‘unknowingly’ done.

The opposition is in support of these amendments; I am in support of them. The superannuation system that the Australian Labor Party put in in its 13 years of government was the crowning glory and achievement of the party. When we return to government we will strengthen and extend that. I commend this bill to the House. (Time expired)

Ms GILLARD (Lalor) (12.44 p.m.)—This bill, the Taxation Laws Amendment (Superannuation Contributions) Bill 2000, is before the House in a belated recognition of the fact that this government has a substantial problem with tax avoidance; the same sort of problem that it had with bottom-of-the-harbour schemes when it was last in government. I agree with the member for Blaxland that there is an eerie similarity between the current problems and the bottom-of-the-harbour schemes. First, we have a coalition government which has been negligent in maintaining the integrity of the revenue base and addressing avoidance problems as they emerge. Secondly, we have a coalition government which has been negligent in maintaining the integrity of the revenue base and addressing avoidance problems as they emerge. In the case of the bottom-of-the-harbour schemes, the coalition government was finally shamed into action as a result of public exposure of the problem through a government instigated inquiry into another matter. In this case, we have a government shamed into this bill—this partial and belated action by the evidence given to the House of Representatives Standing Committee on Employment, Education and Workplace Relations in its inquiry in relation to employee share ownership; an inquiry instigated by Minister Reith into an entirely different matter—or for an entirely different purpose; I do not think Minister Reith had any view when he commissioned the committee to do that inquiry that this is where we would end up.

But, as a member of the House of Representatives Standing Committee on Employment, Education and Workplace Relations, and as someone who has participated in the inquiry into employee share ownership, I have to say that I have been gravely disturbed by some of the evidence taken during
that inquiry. The ATO’s submission of 30 April 1999 detailed that the ATO believes clients of aggressive taxation planners have contributed approximately $1.5 billion to employee benefit arrangements. The problem at today’s date, some 16 months later, is undoubtedly significantly greater, given that aggressive marketing of tax avoidance schemes using employee benefit arrangements has continued. Indeed, when the ATO reappeared before the House of Representatives inquiry on 11 May, it seemed taken by surprise that such schemes were still being marketed. In answer to a question about such marketing, the ATO officials responded:

In terms of ‘aggressively marketed’ we do not seem to see the mass marketing of these arrangements, but I would be cautious in saying that some categories or variants might not still be in the marketplace.

At this time of year there is always a particular focus on mass marketed schemes. We have not seen any evidence of share schemes or trust schemes being marketed this year but there are other types of schemes.

Following the receipt of that evidence I was able to produce a copy of a scheme which was still being aggressively marketed and, following a question from me about the revenue at risk and whether or not it could escalate as a result of this and other schemes still being promoted, the ATO agreed that the exchange between us had been ‘good feedback’. Clearly this evidence prompted the government to respond, and it was shortly after this hearing—indeed, late on 30 June—that the Assistant Treasurer made the announcement that the government would legislate in the form we have before us today, and would review other employee benefit arrangements. So finally the government has been shamed into some sort of action, but I think scepticism is justified when we assess just how far the Assistant Treasurer’s announcement and this bill will get us in addressing the huge tax avoidance problem uncovered during the inquiry. In my view, the answer is not very far at all.

The first problem is that this bill only addresses problems in the superannuation areas and leaves entirely untouched the question of tax avoidance issues emerging in the employee trust area and the share scheme area. We know from the evidence before the inquiry that a large number of different tax avoidance schemes involving employee benefit arrangements have been developed and aggressively marketed. This bill makes no attempt to deal comprehensively with that problem. Instead, it just addresses three issues in the superannuation area and leaves trusts and share schemes entirely untouched. The three superannuation problems addressed are as follows. First, the bill addresses a key tax avoidance arrangement: the so-called controlling interest superannuation arrangements where the employee benefiting from the super and the employer getting a deduction for making the contribution on behalf of the employee are, in reality, one and the same person; that is, the employee has the controlling interest in the employing company. The second problem addressed by this bill is the problem with deductions for contributions to noncomplying superannuation arrangements where the employee benefiting from the super and the employer getting a deduction for making the contribution on behalf of the employee are, in reality, one and the same person; that is, the employee has the controlling interest in the employing company. The second problem addressed by this bill is the question of superannuation not being excluded from fringe benefits tax unless the superannuation contribution is made for an employee.

Apart from the severe limitation of addressing only one area—namely, the superannuation area of the tax avoidance problem—this legislation is limited in the sense that it is only prospective; that it only catches those offending superannuation schemes entered into after the date of the Treasurer’s announcement on 30 June this year, so it catches schemes from then on. Given both the limited ambit of this legislation and its prospective nature, we are entitled to ask just what will happen to the Commonwealth revenue at risk as a result of more than $1.5 billion being invested in shonky, sham tax avoidance arrangements. I intend now to spend some time on this point, because I think it is important that this—the potential for the prospect of a recovery of revenue lost—is clearly understood.

The government’s answer is that we do not have to worry—that the revenue lost will be recovered through litigation, and the Treasurer put that view to this House on 6 September in answer to a series of questions about sham employee benefit schemes. But
is all this confidence justified? In my view, the answer is no. In relation to controlling shareholder superannuation rorts, this bill is premised on the assumption that the current law is satisfactory and that this bill is no more than a clarification. This has been done, presumably, to not prejudice litigation under the law as it currently stands. But in such litigation there are a number of hurdles. First, as we all know from reports in the mass media, the ATO has issued a number of private binding rulings in this area, even though it was widely known that such superannuation arrangements were based on a flaw in the taxation legislation. Indeed, the ATO only ceased issuing such rulings in February last year.

Now, despite the claims of the current Taxation Commissioner, Mr Michael Carmody, that ‘an unlawful ruling is not binding on the ATO’, it is highly arguable that in such matters, when they are brought before the courts and they have the benefit of private binding rulings, the taxpayer who is party to that litigation will be able to rely on such rulings to protect their position. After all, a private binding ruling is supposed to be a determination for a named taxpayer about his or her position by the ATO. Then there is the position of those who entered into schemes on the advice of advisers who had received favourable private rulings in respect of identical schemes or like schemes. Indeed, it seems common practice in the aggressive tax planning industry to obtain private binding rulings on behalf of a limited number of test taxpayers and, if those rulings are favourable, to then market identical or like schemes to many other taxpayers. In these cases it seems that the government is likely to face an estoppel argument that it cannot rely on its rights to recover taxation in relation to these taxpayers when it has been seen to impliedly endorse their conduct. Then, even more fundamentally, the litigation to recover taxation in this area will run into the problem of having to meet the part IVA test, that is, the anti-avoidance provisions test, of proving that the dominant purpose of these schemes was to avoid tax rather than for another purpose such as saving for retirement.

In respect of the other two matters dealt with in this legislation, there is no pretence in the explanatory memorandum that this legislation is not really changing the current law—that is, there is no pretence that the legal situation will be identical after the passage of the bill. Consequently, the explanatory memorandum and the bill itself can be seen as frank admissions that the current law is not in the appropriate state, and one can therefore conclude that the prospects of litigation in these areas under the current law are even worse than the prospects of litigation in the controlling shareholder superannuation rorts.

I want to turn now to litigation in relation to employee benefit arrangements not dealt with in this bill, but prior to doing so I want to draw the attention of the House to a curious matter—and it was mentioned by the member for Blaxland—in relation to the estimated financial impact of this bill. For each of the three arrangements dealt with in this bill the financial impact is estimated to be negligible. Given that this bill is supposed to touch on rorts that form part of more than $1.5 billion being hidden from taxation, why is it that correcting these rorts can only have a negligible financial impact? One is left to speculate that the government does not really have any reliable accounting of the revenue that has been lost to date and therefore is so unable to estimate the revenue stream this bill should generate in plugging three loopholes that it has gone for the easy option of saying ‘negligible financial impact’.

Turning now to litigation in relation to matters not dealt with by this bill, that is, those employee benefit arrangements involving employee share ownership that the government is just letting run rife, we find once again an area that has been characterised by a large number of private binding rulings, so we can expect in that area the same three arguments that I have outlined earlier in relation to controlling shareholder superannuation rorts to be in the way of the Commonwealth in this litigation. Those three arguments—and I think it is important that they are understood—are, notwithstanding the representation by Michael Carmody that the ATO is not bound by an unlawful private
binding ruling, that a taxpayer who does have a favourable private binding ruling in these areas—employee trust arrangements and employee share plans—will present to court and one would say highly arguably suggest that they are entitled to rely on that private binding ruling because they have been given it by the ATO in respect of their own tax position. We do not know the full number of people who are in that position, but one is led to believe by the evidence that came before the inquiry that I sat on that the number is a very large one. That is problem No. 1. Problem No. 2, as I have said, is that the modus operandi of these aggressive tax planners is to secure a favourable private binding ruling for one or a few test taxpayers and then to go and market that scheme to other taxpayers on the basis that it has been approved by the ATO. We have already seen some speculation in the media that people who have presented to tax advisers and been told that a scheme has basically been approved by the ATO because it has the benefit of a private binding ruling in respect of another taxpayer have been given that information and are intending to contest vigorously the Commonwealth’s assertion that they can no longer rely on that representation—that is, they are intending to put what we would say in the legal game is an estoppel argument—that is, if you have not relied on your rights, if you have not vigorously pursued your rights as the Commonwealth, as a litigant, you cannot come along later and say, ‘I now seek to pursue my rights.’ If you are seen to have impliedly endorsed conduct, then your implied endorsement of that conduct will later bind you. I think we will see that argument very vigorously put. We have already seen media speculation that it will be. It is a very substantial hurdle in the face of the Commonwealth.

Then, of course, what has always plagued the anti-avoidance area in litigation in relation to it is proving the dominant purpose test that is in part IVA of the tax act anti-avoidance provisions, so the Commonwealth will need to go through and be able to prove that the dominant purpose of any particular arrangement that it seeks to contest is tax avoidance rather than savings for retirement in the form of superannuation, rather than incentives to retain key executives in the share scheme area or rather than incentives to retain key staff in the employee trust area. So all of those hurdles are well and truly in the face of the Commonwealth in relation to litigation, not only, as I have said, about controlling interest superannuation in relation to controlling interest superannuation rorts but also in relation to employee share scheme rorts and in relation to employee benefit trust arrangements. In relation to employee benefit trust arrangements and employee share schemes there is an additional problem for the Commonwealth. If those three hurdles are not enough, there is actually an additional problem. That additional problem is that the tax planners are fighting back in this area. In that regard I refer to a publicly available writ which was issued in the Federal Court of New South Wales and bears No. N838/2000. It is a writ between the Remuneration Planning Corporation Pty Ltd, which is an aggressive tax planning agency, and the Commissioner of Taxation for the Commonwealth of Australia. When you go through this writ, what it raises—and raises very squarely—is the issue that I put before about people getting private binding rulings and then marketing schemes on the basis of those private binding rulings.

In this writ, RPC frankly disclose in their pleadings that they sold, to more than 200 companies, schemes which they had received favourable private binding rulings for on six occasions. They got the test six, if you like, then went: ‘You beauty! This is obviously an ATO approved scheme and we’ve got these private binding rulings,’ and they went out and flogged that scheme to—on their own admission on the pleadings—more than 200 companies. RPC are clearly saying in this litigation that it is not possible for the ATO to come along now and claim that it can recover taxation in respect of the six who got private binding rulings and in respect of the more than 200 others that relied on them. So we have an additional problem: we have not only the hurdles the Commonwealth will have to face in its own litigation against taxpayers; we have the tax planning industry fighting back. Against that setting of very vexed and complex litigation, we have the Treasurer presenting in this
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House and saying nothing more sophisticated than, ‘It’ll be all right on the night.’

Mr Emerson—And we won’t legislate.

Ms GILLARD—And, as my friend the member for Rankin says, ‘We won’t legislate.’ I really think that anybody who knows anything about courts and the unpredictability, the cost and, in this case, the complexity of legislation would not be in a position to accept an ‘it’ll be all right on the night’ style assurance. We in the opposition certainly do not accept that assurance.

I would love to be proved entirely wrong in my analysis of the litigation. I am not too proud to say that. I would love the Treasurer to be able to come into this House and detail for us why my analysis is wrong and why his representation, that it is all going to be all right on the night, is really the right representation. But, given the state of the information at the moment and the fact that the Treasurer is not dealing with this legislation and we will not see him contribute to this debate, we do not have any of those assurances before us.

Before we deal with this legislation, I would specifically call on the Treasurer to come into the House and answer the following questions: in relation to employee benefit arrangement schemes which could be the subject of litigation, how many schemes have come to an agreement regarding the payment of tax, how much tax has been paid as a result of these agreements, and how much tax has the Australian Taxation Office agreed to forgo to come to these agreements? That is a bundle of questions about those taxpayers who have come forward and negotiated with the ATO, put their hands up and said, ‘Yes, we are involved in one of these schemes; we want to negotiate our tax position,’ and the ATO, for want of a better term, has done them a deal. The ATO admitted during proceedings before the House of Representatives Standing Committee on Employment, Education and Workplace Relations that it was in the business of making those arrangements, which it referred to as ‘safe harbour’ arrangements, for taxpayers who came forward and said, ‘Right, I want to clear all of this up.’

But the essence of those arrangements, if we are truthful, is that the ATO will compromise to get a deal. Rather than litigate it will say, ‘Theoretically, your tax burden could be X, but what about we take X minus Y to get it resolved today rather than going through all of the problems and all of the risks of litigation?’ We really need to know how many cases there are, how much tax is being collected through those arrangements, but, even more importantly, how much tax has been forgone in the ‘do you a deal’ scenario. Secondly, we need to know how many Federal Court cases have been initiated, how much has been claimed as damages in each case, at what stage of the litigation process each case is, what legal costs have been incurred in each case and, if any such case has been settled, what the terms of settlement are.

We should also ask the Treasurer to come into this House and answer the simple question: when will you legislate to plug all the other tax loopholes that exist in the employee benefits area? That is a question to which he should be able to give an answer. In the absence of this sort of disclosure by the Treasurer, in the absence of his coming into the House and answering those kinds of questions today, I think we are entitled to say that Australians will be concluding that this government is simply negligently failing to address tax rorts for the rich.

Mr ANDREN (Calare) (1.04 p.m.)—The apparent purpose of the Taxation Laws Amendment (Superannuation Contributions) Bill 2000 is to improve the integrity and fairness of Australia’s tax and superannuation systems. Its stated aim is to close down loopholes which have been abused by some to obtain an unfair tax advantage for themselves through certain superannuation arrangements. Such an aim should have the wholehearted support of this parliament and all fair-minded people. In contributing to this debate, I had intended to move a second reading amendment as circulated. But, as the opposition has introduced its own second reading amendment and gets first-cab-off-the-rank status in having that opportunity, unfortunately, I have been unable to do that.
If I had been able to introduce the amendment, it would have read:

Whilst not declining to give the Bill a second reading, the House:

acknowledges the continuing concern of many in the community that taxation and superannuation arrangements have been exploited by those able to use the existing legislative provisions to gain an unfair advantage for themselves;

accepts that if any reforms in relation to superannuation are to have credibility the Parliament should set an example for the rest of the community by ensuring parliamentarians’ superannuation arrangements are in line with superannuation practice in the wider community; and accordingly, the House:

notes that the Government welcomed the Senate Select Committee on Superannuation’s 1997 report which found the Parliamentary Contributory Superannuation Scheme was out of step with community standards and required reform; and

condemns the government for three years of inaction on reform of the Parliamentary Contributory Superannuation Scheme and calls on it to reform the scheme before the next Federal election.

This is relevant to the bill. I believe such an amendment is warranted because no reforms in relation to superannuation, including the ones in this bill, can have any credibility whatsoever unless or until this parliament sets an example by ensuring that parliamentarians’ superannuation arrangements are in line with those of the rest of the community.

In September 1997 the Senate Select Committee on Superannuation handed down a report on the parliamentary superannuation scheme. The Senate had asked the committee to inquire into and report on the appropriateness of parliamentarians’ and judges’ superannuation arrangements. The committee’s report starts with the following quote:

What is happening now is that the superannuation scheme we have in place actually fails the test of fairness.

These words were spoken by the then Leader of the Australian Democrats, now the member for Dickson. The report went on to find that the parliamentary scheme was out of step with superannuation practice in the wider community; that there was convincing evidence that it was excessively generous to a small group of retiring politicians; that it did not necessarily serve its members well; that it may be outdated in some of its provisions; and that there is clearly a negative perception in the minds of the public about the scheme and an uneasy relationship between it and superannuation in the broader community.

All in all, the committee considered what reform of parliamentarian superannuation arrangements were desirable. In his dismissive one-page response to the committee chairman on 1 December 1997, the then Minister for Finance said:

The government welcomes your committee’s report on its inquiry into the superannuation arrangements for parliamentarians. I note the committee members were all of the view that the Remuneration Tribunal should be involved in setting parliamentary superannuation... The government will be giving further consideration to the findings of the committee on parliamentary superannuation.

That was in December 1997. Today, almost three years later, with an election likely within a year, the government has taken no steps whatsoever to reform parliamentary super and bring it in line with community standards and expectations.

After the 1998 election, in response to a public outcry over the perceived overgenerosity of the parliamentary scheme, the Minister for Finance and Administration publicly committed to yet another review of the scheme. Members may recall the outcry related to three main factors: the level of the subsidy to fund a politician’s superannuation benefit—the Commonwealth contributes an equivalent of 69.1 per cent of a politician’s total salary as compared to 23 per cent for public servants under the Commonwealth Superannuation Scheme, 13 per cent under three public sector superannuation schemes and nine per cent for the wider community under the guarantee this year—secondly, the issue of early access and how, by a legislative loophole, MPs can still get access to their pension prior to reaching retirement and in lump sum; and, thirdly, the issue of parliamentarians accessing their publicly funded component if convicted of a criminal offence.
Indeed, in the *Sydney Morning Herald* of 7 October 1998 the Minister for Finance and Administration was quoted as saying he would review the parliamentary super scheme. Shortly after that time I put a question without notice to the minister asking for details about the impending review. The response received in February 1999 was that the government had not decided at that time on any review of the parliamentary super scheme. Since that time, I have heard nothing from the government at all about its plans to reform the scheme. I have raised it on at least two occasions with the Prime Minister in question time, but it is clear he has little will to fix the situation at this moment, at least publicly. For someone who has taken such pride in overhauling the tax system, I find it hard to see how reforming MPs’ super can be altogether too hard. In one answer he said, ‘You could never really solve the problem and you will not solve the anomalies of this within a short space of time.’

The often stated argument that vicissitudes inherent in political life mean that parliamentarians deserve more generous superannuation than ordinary workers has no relevance any more in an era where workers can expect to have up to five careers during their lifetime. Employment as a politician is now no more uncertain than any number of careers, and the difference is that superannuation can no longer be maintained on that basis.

Over the last three years the will may have been there to crack down on the so-called job snobs, to tighten mutual obligation requirements for unemployed people, to toughen Centrelink’s debt recovery powers and to bring other public servants’ super in line with the rest of the community. With this bill there is now the will to crack down on abuses of legislative loopholes, but there is no such commitment when it comes to stopping MPs from gaining lump sum early access to their taxpayer funded super prior to reaching retirement. I understand that, if the government’s long stalled choice of super legislation passes, it will not be extended to politicians, new or old. They know there is no point because, as it stands, no politician would choose a fund other than the Parliamentary Contributory Superannuation Scheme—or at least it appears as if no-one is saying they would—which must have the highest level of superannuation support of any fund in Australia.

Since reforming the tax system, I note the Treasurer has flagged superannuation as the next policy area requiring an overhaul, and perhaps this is the first of them. But such an overhaul cannot have credibility unless it also includes reform of MPs’ super. As it stands, the scheme is way out of whack with the superannuation arrangements applying to the wider community. Until the government takes action on this issue, after every election, when members lose or leave office, it will rear its ugly head. The public outcry might die down, but the general disillusionment of the community will not. As it stands, the parliamentarians’ super scheme is a rort. It has been recognised as such by the Senate select committee. The government’s inaction is a disgrace and deserves the strongest condemnation by this parliament.

Mr TANNER (Melbourne) (1.13 p.m.)—The legislation that is before the parliament is intended to improve the taxation system by removing opportunities for aggressive tax planning schemes or tax avoidance involving the use of superannuation contributions. The schemes that we have seen proliferate in recent times are designed to undermine the tax arrangements by claiming far greater concessions than were originally intended by the parliament to encourage people to contribute to superannuation. The *Taxation Laws Amendment (Superannuation Contributions) Bill 2000* will ensure that high wealth individuals are not able to make use of the concessional superannuation arrangements as a means to reduce their taxable income artificially by entering into those schemes. What it will do is defeat the abuse of controlling interest superannuation schemes by clarifying the definition of ‘eligible employee’; it will also clarify the circumstances in which an employer is able to claim a deduction for a superannuation contribution.

The opposition has moved a second reading amendment, which stands in the name of the member for Wills, which draws attention
to the fact that, although some action has been taken by the government in this area with respect to tax avoidance, there are numerous other areas where the government has failed to take action in spite of the fact that it is becoming notorious that widespread abuse is occurring and that an impact is being felt by the revenue, particularly in the case of employee share schemes and other similar arrangements.

I reiterate the position that was put by the honourable member for Wills on this issue. It is an issue on which we need to take action. It has been allowed by the Treasurer to drift for far too long. It is a repeat of history. We saw the then Treasurer, now Prime Minister, back in the early 1980s sit on his hands and watch people use bottom-of-the-harbour tax schemes and various other arrangements in order to leech substantial sums from the Commonwealth revenue illicitly, illegitimately. We are now seeing the early stages of a rerun of that experience. The suffering majority, the people of Australia who pay their taxes, the ordinary PAYE taxpayers who depend on government services like hospitals, schools and the like, are the people who will suffer the consequences of the government’s inaction on this front.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (1.15 p.m.)—I would like to thank all participants in the debate on the Taxation Laws Amendment (Superannuation Contributions) Bill 2000. The bill contains three anti-avoidance measures. In bringing in this bill, the government has had discussions with major superannuation accounting industry bodies. The bodies that were consulted include the Institute of Chartered Accountants in Australia, the Australian Society of Certified Practising Accountants, the Association of Superannuation Funds of Australia and the Investment and Financial Services Association. Honourable members would be interested to note that the bodies gave broad support for the policy intent of the amendments.

I mentioned there were three anti-avoidance measures. The first measure is directed against controlling interest superannuation schemes. This measure clarifies that personal contributions are not deductible under the provisions concerning employer deductions. This measure expresses more clearly what has always been the effect of the legislation. The second measure is directed against abuses involving noncomplying superannuation funds. This measure removes a deduction for contributions made to non-complying superannuation funds. This will combat abuse of offshore superannuation schemes. The third measure is directed against schemes whereby certain employees reduce their taxable income by salary sacrificing into the super funds of their spouse or other associates. This measure ensures that super contributions made for the benefit of an associate of the employee will be subject to fringe benefits tax.

As always, I listened to the honourable member for Wills when he spoke. He referred to comments by Mr Petroulias. As the honourable member for Wills is well aware, matters concerning that gentleman are sub judice and, for that reason, it would be inappropriate and, in effect, wrong for me to make any additional comment. The member for Wills also asked why this legislation has taken some time to be debated in the chamber. I point out to the honourable member and to others listening that the clear advice from the Australian Taxation Office has always been that abuse of employee benefit arrangements is not effective under existing law and that all available action is being taken to strike them down under existing law.

In mid-June, the tax office first advised the government that legislation might be useful in the fight against employee benefit schemes. This advice was on the basis that marketing of these schemes had continued despite strong statements by the Commissioner of Taxation to the effect that the schemes did not work. The legislation was intended to send a clear message in a situation where unscrupulous promoters were still aggressively marketing schemes and thereby placing potential purchasers at considerable disadvantage. Within a fortnight of receiving the advice from the tax office that the legislation could be helpful in these circumstances, the government had announced
amendments to deal with controlling interest super schemes and noncomplying funds. That was on 30 June 2000 and the legislation was introduced shortly thereafter. Certainly, no valid suggestion could be made that the government has delayed consideration of the legislation.

The member for Wills also posed the question: why not backdate these measures? Notwithstanding the fact that the commissioner issued tax ruling No. 5 of 1999 that these arrangements are, in effect, under existing law, notwithstanding the fact that the commissioner had undertaken audit action to examine these arrangements, and notwithstanding the fact that the commissioner is confident of succeeding in any litigation concerning these arrangements and has engaged senior counsel for this purpose, there were still unscrupulous advisers who, at the end of the last financial year, were actively promoting these arrangements.

On being advised of this, the government moved swiftly to address these arrangements by legislation. As to arrangements entered into before the date of the announcement, the commissioner will continue to amend assessments of taxpayers who have entered into these arrangements. The commissioner has advised that he believes—and I have said this before—the existing law is effective in countering these arrangements and, in forming this view, he has taken legal advice. Court cases can take some time to resolve and, in making its announcement on 30 June, the government removed any further doubt about the application of the law in order to put a stop to the activities of advisers and investors who, despite the commissioner’s statements, had been actively marketing and investing in these schemes.

The member for Wills seeks to mislead us by suggesting that the bill legitimises these schemes because it says that they are legal and that the bill does not raise revenue. I would direct the attention of the honourable member to the explanatory memorandum. It states:

This clarification is intended to put beyond doubt the fact that a taxpayer cannot be an employee of themselves.

That expressly states that it is only a clarification. The bill does not raise revenue, because the advice of the Australian Taxation Office is that these schemes do not work. The legislation is being introduced to combat the continuing promotion of these schemes that has gone on in spite of the Australian tax office’s very public views that they simply do not work.

The member for Wills also referred to certain legal advice. As in so many matters, there is a range of legal opinions on these matters, and the Australian tax office has opinions from counsel to support its interpretation of the law. The commissioner has indicated that the tax office is willing to fight the issue all the way to the High Court.

The member for Wills referred to rulings that were issued. I am advised that the Australian tax office commissioner stated that a small number of rulings were issued relating to these arrangements and that most of the participants entered into the arrangement without a valid ruling.

The member for Wills continues to throw allegations in the direction of the New South Wales Leader of the Opposition, the former Assistant Treasurer, Jim Short, and the Remuneration Planning Corporation, and I think this is pretty sad. The facts really are that, as the RPC is taking the tax office to the courts in relation to schemes, it proves that any attempts, even if there had been any, to influence the tax office through the government were totally and absolutely ineffective. I suppose the opposition really should put on another record, because this one is simply broken.

The member for Cook had a much more enlightened and erudite performance. He spoke about the importance of our new tax system, the benefits to the community from the reforms brought in by this government and, in effect, he spoke in a way that the opposition could well have adopted in supporting the legislation before the chamber.

The member for Rankin tried to draw some similarity between employee benefits schemes and bottom-of-the-harbour schemes. He really ought to look at the facts. There is no similarity between the kinds of
arrangements involved in bottom-of-the-harbour schemes and employee benefits schemes. Bottom-of-the-harbour schemes were largely concerned with removing assets from companies so that they could not pay tax; the other, employee benefits schemes, involved remuneration packaging. Another difference is that bottom-of-the-harbour schemes required a whole new tax law to combat them and that employee benefits schemes can be dealt with under the existing law.

The member for Rankin also referred to a media release by my colleague the Assistant Treasurer today, and I just want to quote to the House from that media release. It states:

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The Assistant Treasurer ... today announced that the Government would be amending the Income Tax Assessment Act 1936 to make it easier for SMSF trustees to retain complying fund status.

The Government wants to ensure that a fund does not become non-complying, and suffer the tax consequences, where a member/trustee temporarily works overseas ...

Under the proposed changes, the central management and control test for residency will continue to be satisfied so long as the member/trustee's move overseas generally does not exceed two years.

In addition, it will no longer be necessary for a member to reside in Australia for all of a year of income in order for the 'active member' test to be met.

The amendments will take effect from date of Royal Assent.

The Government intends to introduce these amendments into Parliament as soon as possible.

For those who are computer literate, detail on these changes is available on the ATO web site.

The member for Rankin also referred to a review of employee benefit arrangements. The tax office has been asked to examine whether the income tax and fringe benefits tax laws result in appropriate tax treatment for employee benefit arrangements. There are a large number of valid and appropriate EBAs and it is inappropriate to attack these. If the advice from the Australian Taxation Office indicates that deficiencies exist then the government will continue to act against tax avoidance.

The honourable member for Blaxland raised a technical question about an example in the explanatory memorandum involving an entity referred to as Jim's Realty. The member for Blaxland is correct when he says that an individual cannot be an employee of himself. The example in the explanatory memorandum shows that Jim will not be able to claim a deduction for his contributions in his personal tax return. The company will be eligible for the deduction up to the standard age based limits on deductibility.

The member for Lalor—perhaps showing her socialist credentials—suggested that this legislation does not go far enough. She said that it does not cover employee share plans. The Taxation Laws Amendment (Superannuation Contributions) Bill 2000 deals with schemes referred to as controlling super schemes and noncomplying funds schemes. These are schemes which try—and in the view of the Commissioner of Taxation fail—to take advantage of the fact that there are deductions allowed for some payments to certain superannuation funds and no fringe benefits tax is imposed. The legislation targets these schemes because they are still being actively promoted. Employee share schemes are not as prevalent today, however the government does believe that abusive schemes should not be allowed to continue and we have asked the tax office to carry out a review of the relationship between the fringe benefits tax law and the income tax law as it affects employee share plans. We have foreshadowed that, if necessary, we will introduce further amendments to stamp out abusive employee share plans.

The member for Lalor also referred to private binding rulings. The law relating to private binding rulings relates solely to a specified taxpayer, an arrangement and specified financial years. If the arrangements are not entered into in accordance with the PBR request then the PBR is void. Madam Deputy Speaker, you will appreciate that only a small number of rulings have been issued relating to controlling interest arrangements.

I now wish to turn to the spurious second reading amendment put forward by the honourable member for Wills. He had the hide to condemn the Treasurer for not fulfilling his
duty to clamp down on tax avoidance through the abuse of employee benefit arrangements and other tax avoidance schemes. I am sick and tired of seeing facetious amendments moved to legislation. Clearly, this particular proposed amendment has no validity or veracity whatsoever. The honourable member suggests that the Treasurer has done nothing about these schemes. How on earth can the member for Wills suggest this when this bill combats the employee benefits schemes?

Unlike its predecessor, this government has actually done a lot in relation to tax avoidance. Even prior to the Ralph review, we had already taken substantial action to combat tax minimisation. For instance, we have been investigating the tax-driven activities of high wealth individuals. We have closed abuse of the research and development tax concession; stopped the abuse of luxury car leasing and closed the infrastructure bond scheme. We are tightening thin capitalisation to address tax minimisation by foreign companies, measures to address tax avoidance through overseas charitable trusts. We have extended the general anti-avoidance provisions of the tax system to combat withholding tax avoidance. We have prevented the trafficking of trust losses, taxing distributions disguised as loans from private companies, denial of artificially created capital losses, measures to prevent trading in franking credits and dividend streaming, correcting abuse of trusts and superannuation funds, preventing tax avoidance in hire purchase and limited recourse debt finance arrangements. Further, the introduction of the goods and services tax and the Australian business number and withholding arrangements will assist the tax office to make greater inroads in addressing tax minimisation in the cash economy. These measures took effect on 1 July and the tax office is also conducting a project to increase tax collected from businesses operating in the cash economy.

It is interesting to note that the 1998-99 annual report of the Australian Taxation Office indicates that this work has raised around $100 million of additional income tax revenue. It has also raised about $300 million in sales tax revenue from sales of personal computer goods, an activity assessed as being high risk in terms of cash evasion. In addition, the government has taken action in response to the Ralph Review of Business Taxation. Measures commenced on 22 February 1999 prevent loss duplication on the transfer of revenue losses; artificial loss creation from debt forgiveness; tax avoidance by assigning leases over assets subject to accelerated depreciation; and non-commercial loans to closely held entities being used to disguise distributions to their owners.

The government’s stage one response also included other specific measures to commence from 21 September last year and from 11 November last year. Those measures prevented loss duplication arising from defects in the continuity of ownerships test for deducting company losses; duplication of unrealised losses; artificial losses from the transfer of assets within a majority owned group; and loss duplication based on excess mining deductions. Part of this measure applies from the 1999-2000 income year.

Several measures were also announced as part of the government’s stage two response. These limit avoidance through the exploitation of non-commercial losses by imposing a series of criteria designed to ensure that only losses arising from genuine commercial activity may be used to reduce the tax paid on other income—and that was from 1 July 2000. They also restrict the ability of individuals to reduce tax through the alienation of personal services income by ensuring that income arising in an entity from the provision of personal services by an individual will be taxed as the income of that individual from 1 July and they limit the use of tax shelter arrangements by requiring the deduction of pre-payments in respect of certain shelter arrangements to be spread over the period during which the services are provided, rather than being immediately deductible. That applied from 11 November last year. The government’s stage two response also announced integrity measures that will improve and streamline the operation of the general anti-avoidance rule contained in part IVA of the income tax legis-
tion and deny for tax purposes losses on certain interposed companies.

It just shows what a sham this pious second reading amendment is, the one that was moved by the honourable member for Wills. This government has done more than any other government. This government’s legislation is all about bringing about integrity to the tax system and making sure that rorts that are there are fixed up. This legislation further demonstrates the government’s commitment to improving the integrity of Australia’s taxation system to ensure that people pay their fair share of tax. I commend the bill to the chamber.

Question put:
That the words proposed to be omitted (Mr Kelvin Thomson’s amendment) stand part of the question.

The House divided. [1.38 p.m.]

(Madam Deputy Speaker—Mrs D.M. Kelly)

Ayes............. 73
Noes............. 64
Majority........ 9

AYES
Abbott, A.J. Anderson, J.D.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, J.I. Brough, M.T.
Cadman, A.G. Cameron, R.A.
Causley, I.R. Charles, R.E.
Costello, P.H. Downer, A.J.G.
Draper, P. Elson, K.S.
Entsch, W.G. Fahey, J.J.
Fischer, T.A. Forrest, J.A.
Gallus, C.A. Gambero, T.
Gash, J. George, F.
Haase, B.W. Hardgrave, G.D.
Hawker, D.P.M. Hockey, J.B.
Hull, K.E. Jull, D.F.
Katter, R.C. Kelly, J.M.
Kemp, D.A. Lawler, A.J.
Lieberman, L.S. Lindsay, P.J.
Lloyd, J.E. Lawler, A.J.
May, M.A. Macfarlane, J.E.
McGauran, P.J. MacArthur, S.
Moylan, J.E. Moore, J.C.
Nehl, G.B. Nairn, G.R.
Neville, P.C. Nelson, B.J.
Prosper, G.D. Nugent, P.E.
Reith, P.K. Pyne, C.
Schultz, A. Ronaldson, M.J.C.
Secker, P.D. Scott, B.C.
Somlyay, A.M. Slipper, P.N.
St Clair, S.R. Southcott, A.J.
Sullivan, K.J.M. Walton, B.H.
Thomson, A.P. Wakefield, B.H.
Tuckey, C.W. Williams, D.R.
Wakelin, B.H. Worth, P.M.

NOES
Adams, D.G.H. Bevis, A.R.
Burke, A.E. Corcoran, J.K.
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. Jenkins, H.A.
Kerr, D.J.C. Lawrence, C.M.
Livermore, K.F. Martin, S.P.
McFarlane, J.S. McMullan, R.F.
Morris, A.A. Murphy, J.P.
O’Connor, G.M. Pledger, K.
Quick, H.V. Roxon, N.L.
Sawford, R.W. Sercombe, R.C.
Smith, S.F. Swan, W.M.
Theophanous, A.C. Wilkie, K.

PAIRS
Howard, J.W. Beazley, K.C.
Ruddock, P.M. Bolith, C.
* denotes teller

Question so resolved in the affirmative.
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.

Stone, S.N. Thompson, C.P.
Truss, W.E. Vale, D.S.
Washer, M.J. Wooldridge, M.R.L.

NOES
Albanese, A.N. Brereton, L.J.
Byrne, A.M. 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.
Irwin, J. Kernot, C.
Latham, M.W. Lee, M.J.
Mackn, J.L. McClelland, R.B.
McLeay, L.B. Melham, D.
Mossfield, F.W. O’Byrne, M.A.
O’Keefe, N.P. Price, L.R.S.
Ripoll, B.F. Rudd, K.M.
Sciaccia, C.A. Sidebottom, P.S.
Snowdon, W.E. Tanner, L.
Thomson, K.J. Zahra, C.J.

St Clair, S.R. Sullivan, K.J.M. Thomson, A.P. Tuckey, C.W. Wakelin, B.H. Williams, D.R. Worth, P.M.
WORKPLACE RELATIONS AMENDMENT (AUSTRALIAN WORKPLACE AGREEMENTS PROCEDURES) BILL 2000
Second Reading

Debate resumed from 28 June, on motion by Mr Reith:

That the bill be now read a second time.

Mr BEVIS (Brisbane) (1.44 p.m.)—The Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000 joins a list of—depending on how you count them—between seven and 10 industrial relations bills this government has before the parliament in one form or another at the moment. They all have one common feature: they seek to take away a right or an entitlement that ordinary Australian workers have today. Every single piece of law that Peter Reith as Minister for Employment, Workplace Relations and Small Business has brought into the parliament and that we now have before us takes away a pre-existing right of ordinary Australian workers. It is not surprising that every one of them has so far either been rejected or stalled in the Senate, because the government’s intentions in that respect are clear to all. This bill joins that list and is no different from others on it. It has already been the subject of inquiry and report in the Senate. I would commend to members of the House the Labor senators’ report on this bill which demonstrates the flaws in it and the way in which it seeks to take away some of the rights workers have in an area where they have very few rights to begin with.

This bill is intended to make it easier for employers to force workers onto individual contracts—that is, to ensure that they do not have the protection of a collective agreement, to ensure that they do not have the opportunity to be represented by a union, to ensure that they do not have the opportunity to go before an independent umpire to test whether the conditions are fair and reasonable. This bill is designed to make it easier for all of those rights to be stripped away. This bill is designed to make it easier for employers to require employees to be engaged on AWAs, Australian workplace agreements—a creation of this government, a creation of Minister Reith, a creation that has been designed to ensure that workers’ traditional opportunities to protect themselves and their conditions are no longer available to them.

I should say at the outset that the Labor Party opposed the introduction of AWAs when they were introduced in the 1996 legislation and we have made it clear since that time that we continue to be opposed to them. The Australian people should be under no misunderstanding as we move towards the next federal election: a Labor government, after the next election, will abolish AWAs. These individual contracts that are secretive, divisive and unreviewable will be removed from the statutes under a Labor law.

I will move to some of the specifics contained in this bill and refer to some of the measures that this bill particularly addresses. The bill tries to simplify the process—or at least that is the way the government phrases it: ‘simplify the process’—by which these so-called agreements can be entered into. They are referred to as agreements. Of course, as I will comment on later, in practice they are seldom agreements. They are documents offered to workers on a take it or leave it basis—that is, if you want the job you sign that agreement, and if you do not sign the agreement you have got no job. To call them agreements is clearly to misrepresent what they are, but the legal name for them is agreements, so I will refer to them as that.

The bill is designed to simplify the process by consolidating the existing assessment of filing requirements and the approval requirements into a one-step approval process, so it speeds up the process of approving these documents. It removes the requirement that the Office of the Employment Advocate currently has to refer these AWAs to the independent umpire—the Australian Industrial Relations Commission—if it looks like these AWAs may not pass the no disadvantage test. It will therefore give the Employment Advocate the total and sole opportunity to determine whether or not these individual contracts are good enough and to have them signed and acted upon. And it will provide an even more streamlined process for any
AWA that includes remuneration in excess of $68,000 per year. An interesting corollary is that there is a cooling-off period for those whose remuneration package is less than $68,000 a year.

One other provision that I will comment on at the outset is that the proposals seek to prevent awards under section 170MX of the act from excluding AWAs. These are awards that the Industrial Relations Commission has arbitrated. This is where the umpire has, as a result of a dispute, determined that there is no chance of an agreement; that the commission, as umpire, is going to set the award, and they do. In that situation at the moment it is possible for the commission, if it believes it is warranted, to include in the award a proviso that AWAs cannot be offered to those covered by the award. This legislation will prevent the commission having that discretion. It is yet another example of this minister’s and this government’s attempt to undermine the independence of the commission.

The minister is fond, from time to time, of referring to aspects of his legislation that he says give the commission greater power. In fact, the only thing this government has ever done is to reduce its discretion. In most areas it has also reduced the power of the commission. From time to time, it has actually given greater power to the commission, but no greater independence, no discretion—that is, it effectively instructs the commission as to how it is to make decisions. On this occasion, it is actually removing a discretion and a power. It will stop the umpire from being able to insert these particular clauses into awards.

One of the most worrying aspects of this bill is that the Industrial Relations Commission’s powers are to be largely removed from AWAs. At the moment, if you sign an individual contract, even though you may not want to, it goes to the Office of the Employment Advocate to be assessed. The law requires the Employment Advocate to check to see if it meets certain standards. If there is doubt about that, the law requires that that then be referred to the Industrial Relations Commission so that the umpire, an independent statutory body, can look at it and determine whether or not that individual contract does meet those minimum standards. If this bill is carried the umpire will not have that opportunity. That total function will be performed by the Office of the Employment Advocate.

Some people listening to this debate may say, ‘What’s the difference?’ It is important, I think, to draw attention to the difference. The Office of the Employment Advocate is a new creation. It was set up by Peter Reith. It was set up by this minister and this government to do the bidding of this government having regard to its political agenda in the industrial relations field. Just to make sure that it did that task the minister appointed one of his personal senior advisers to run the office. The person who is the Employment Advocate, Jonathan Hamberger, was a senior adviser to Minister Reith in 1996 when this entire industrial relations plan was mapped out. When the legislation that now governs these matters was being put together, one of the people on his staff in a senior advisory role was Mr Hamberger.

The minister obviously felt confident that Mr Hamberger’s judgments in these matters would reflect his own view of the world because he appointed him to run this new office. This office has been created precisely to try to take power away from the longstanding independent commission. And just to make sure that he got the answers out of the new office that he wanted, the minister then set about appointing one of his own personal senior political staff to the job. That is who runs that office, and it runs as the minister intended it to. It is the political police force of this government in industrial relations. It is not independent by any stretch of the imagination. It is a great travesty, having regard to the meagre rights that currently exist for workers dealing with individual contracts, that those meagre rights be stripped away from them, and that they will be at the tender mercy of Mr Hamberger and his judgments about these matters without any opportunity for the matter to be dealt with by the Industrial Relations Commission.

I made reference at the outset of my remarks to the $68,000 threshold. There is an
interesting twist in the propositions in this bill, because whilst the bill proposes that those whose remuneration is in excess of $68,000 per year would have a very streamlined process of AWAs, it actually includes a provision for those on less than $68,000 per year remuneration to withdraw their consent within a particular cooling-off period.

That begs the question as to why the government would do that. The answer indicates that some of its rhetoric does not match the reality. The reason that you provide the cooling-off period is in recognition of a fundamental flaw in the entire AWA system; that is, when an ordinary worker, by himself or herself, has to negotiate their wages and conditions with the boss—no umpire, no union, no collective agreement—we all know that that is an unfair balance and that the power relationship in that discussion is very heavily on one side of the table. Every Australian instinctively knows that to be so, and the government understands that, even though it does not want to admit it. In fact, by putting that provision in this bill, it does admit it. The reason you allow that cooling-off period is that the government, in its heart of hearts, does understand that that is an unfair balance and that people on low and middle incomes should not be set upon in that way. So it says, ‘We’ll overcome that by putting in a cooling-off period.’ Putting in a cooling-off period may be a recognition of that imbalance; unfortunately, it is an inadequate response to the problem.

The government has not been shy in the past about its agenda in these matters. It has sought quite openly and very aggressively to prevent individual workers from having access to unions and from having their unions being able to fully represent them in the Industrial Relations Commission. It did that following a plan that it mapped out after engaging a consultant about 18 months ago to deliver a report on these matters. The government engaged Mr Des Moore, and the taxpayers paid for this. He addressed this very point. He argued in his paper to the minister, which became a public document, that the government should not be involved in setting any of these rules; that a contract between an employee and an employer is just like any other commercial contract—there should be no unions; there should be no industrial commission; you just negotiate the contract one on one with your boss as if you were trying to negotiate the sale of a bottle of Coca Cola. This was Mr Moore’s advice to the government:

Despite their greater wealth, competition prevents employers from dictating terms and conditions of employment or forcing down the general wage level. Employees themselves have available a range of alternative employment income sources and their behaviour can make or break businesses.

So we had the proposition advanced in this report to the government that employees had as much power as, and possibly more power than, the employer. Of course, the minister, who has just joined us in the chamber, went one step further only a couple of weeks ago. In his usual delicate, diplomatic manner, the minister referred to the situation of workers being able to gain the protection of unions and Industrial Relations Commission protection. He said that we needed to get rid of all of that and he coined the phrase that we needed to ‘clear-fell the area’. He wanted to clear-fell industrial relations, in a press release reported on AAP on 11 September.

Mr Reith—When did I say that?

Mr BEVIS—So the minister is on the record only a couple of weeks ago, although his memory is failing him now. It is like his memory of the Patrick dispute: when he was asked about that, he could not remember having had any discussions with Corrigan about the Patrick dispute, but suddenly, within 12 hours of the dogs going on the waterfront, he was in parliament with a piece of legislation to look after his mates. But he could not remember talking to them about it before. Now he cannot remember a statement that he put out two weeks ago that was reported on AAP on 11 September.

The minister has made it plain that he wants to clear-fell industrial relations—his words—and what we have before us is a bill which helps him further that. This is about clear-felling workers’ rights to get access to a union or to an industrial commission to protect them in a negotiating environment where they have nothing but themselves and their
employer across the table to determine what their conditions of employment will be.

We have seen the way in which companies in Australia have picked up on the minister’s rhetoric about this. We have seen the example in recent times of the Commonwealth Bank, to which I will refer when we resume the debate after question time. We have seen the example of Serco at HMAS Albatross and HMAS Nowra, where workers were confronted with an ultimatum: if they wanted a job, they had to sign the AWA; if they were not willing to sign the AWAs, they would not be offered the job at all. That has occurred under the minister’s current laws, with very limited protections.

Mr Speaker—Order! It being 2 p.m., the debate is interrupted in accordance with standing order 101A. The member for Brisbane will have leave to continue speaking when the debate is resumed.

Ministerial Arrangements

Mr Howard (Bennelong—Prime Minister) (2.00 p.m.)—I inform the House that the Minister for Trade, Mr Vaile, will be absent from question time this week and next. He will be visiting Thailand to attend the ASEAN Free Trade Area Closer Economic Relations ministerial meeting and then travelling to Canada to chair the Cairns Group ministerial meeting. The Minister for Foreign Affairs, Mr Downer, will act in his place and answer questions on his behalf.

Questions without Notice

Economy: Australian Dollar

Mr Crean (2.00 p.m.)—My question is to the Treasurer. I remind him that yesterday when I asked him to identify just one currency that had performed worse than the Australian dollar in the last month he said, ‘New Zealand.’ Isn’t it true that even the New Zealand dollar has performed better than our dollar over the last month? Isn’t it also true that over the last month the Australian dollar ranked 150th out of 160 currencies—ahead of only the Haitian gourde, the Suriname guilder, the Ugandan shilling, the Zimbabwe dollar, the Guinea franc, the Sierra Leone leone, the Pakistan rupee, the Tongan pa’anga and the Indonesian rupiah? Treasurer, why do you keep pretending that our dollar problem is only with the US?

Mr Costello—A big build-up with a flat punchline, I thought, ending of course with a complete nonsensical—

Mr Howard—Remember, he’s the hard man of the Labor Party.

Mr Costello—The Prime Minister reminds me that the Leader of the Opposition says that Mr Crean is the hard man of the Labor Party. The definition of a hard man in the Labor Party is: you produce a deficit of $10,200 million rather than $10,300 million. In relation to the fraudulent claims that have just been made, the Deputy Leader of the Opposition now says that he can isolate one day. He says, ‘If we take one day in the New Zealand dollar, we can see that there has been a movement on the Australian dollar more than the New Zealand dollar, but we can ignore three months, four months, five months, six months.’ It is a totally fraudulent proposition that you would take one day. I would be quite happy to take one day in relation to currencies of my choice to prove the statistical point. I noticed that yesterday, in his wisdom, he also referred to a whole lot of currencies which are not even floating exchange rates.

Mr Crean—Oh!

Mr Costello—‘Oh,’ he says. One thing you will notice about a pegged currency is that it does not move. That is the idea of a pegged currency. To say, for example, in relation to the Vietnamese currency that it has not moved is basically to state the obvious: that is, it is a pegged currency—one of the other clever little observations of the Labor Party intelligentsia!

While we are on the subject, one of the important things that the government believes is to continue its fiscal policy and to ensure that the Australian accounts are kept in surplus for a whole variety of reasons. I notice this is not the policy of the Australian Labor Party. Yesterday the Australian Labor Party proposed an unfunded $600 million cut in excise. It wants to cut R&D. It wants to roll back the GST. Have we heard the ‘r’ word in question time? Let’s hear the ‘r’ word in question time. In an unfunded way,
it wants to spend more money on health, education and regions. It wants to spend more money on research. Oh, I forgot: it also wants to produce a bigger surplus. ‘BS’ when it is applied to the Labor Party does not stand for ‘bigger surplus’; it stands for ‘bigger spending’. Nobody believes all of these claims. It is a completely opportunistic Labor Party. If it had any decency and it wanted to get credibility, it could mention the word ‘roll-back’—tell us when, how and how much. The markets would be very interested.

Private Health Insurance: Statistics

Mr SCHULTZ (2.05 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister advise the House of the recent statistical trends in private health insurance coverage? Is he aware of any alternative views on private health insurance, and what would be the effect of those alternative plans?

Dr WOOLDRIDGE—I thank the honourable member for his question. The statistics relating to private health insurance have been nothing short of spectacular and have gone beyond anyone’s imagined success. Between 1 January 1999 and now, 2.25 million Australians at least have joined private health insurance. In the June quarter, 41.2 per cent of all Australians had private health insurance cover, and these statistics seriously underestimate the final figure because the 14-day extension of the period of grace for Lifetime Health Cover has brought a whole lot of extra people in, which will not show up until we get the September quarter figures in about four weeks time. This has been a lot of hard work and it really has turned around an industry that is an integral part of Australia’s health care system.

One thing that is interesting, though, is that the member for Hume asked about alternative views. In fact, this issue has probably united the ideological left of Australian politics more than any other issues in recent times. An extraordinary range of quotes can be found about the private health insurance rebate. These are some quotes I took out this morning: ‘increases the differential between the winners and losers’, the $500 million attack on the Commonwealth budget surplus, ‘fiscally careless’, ‘completely failed’, ‘subsidising a product that people don’t want’, ‘an expensive debacle’, ‘a chain reaction of inflation which will see the benefits swallowed up’, and ‘on economic and health policy grounds it is indefensible’. That sort of incredible prolonged barrage of abuse has in fact come from just one person: the shadow minister for health, the member for Jagajaga. Yesterday I told the House that she had put out 30 press releases critical of the private health insurance rebate. I was wrong. It is in fact 31. We found another one. That averages, between December 1998 and April 2000, one press release every 12 working days, not taking account of public holidays, Christmas and New Year.

Mr Howard—What about rostered days off?

Dr WOOLDRIDGE—It does not take into account rostered days off and it does not include one press release from the acting shadow minister for health because he just rehearsed the shadow minister’s arguments. I thought honourable members would find this interesting, so I have got them together and I will table them for their benefit.

The other thing that is interesting is to look at the titles to get some idea of what they are after, and I am happy to read the titles of some of these press releases. Let me give you a sample: ‘Wooldridge fails to make case for private health rebate’—I have obviously done something much more successful since that came out; ‘Howard concedes the futility of the insurance rebate’—I must have missed that; ‘Public hospitals should come before extras’; ‘Health insurance bill: $1.7 billion down the drain’; ‘Assault on Medicare repeats history’; ‘Private health insurance woes continue’; ‘30% rebate a dismal failure’; ‘Health insurance not reducing the pressure on public hospitals’; ‘Premium rises too large and too soon’; and ‘Health rebate cost blow out caused by premium hikes not participation’—that was after the smallest premium increases in a decade, but that is another matter. For the benefit of honourable members, I have collated those and I will table that as well. It just makes it easier for referencing.
When we look at this, the fact is that the shadow minister for health has been prepared to walk up and down the press gallery, briefing people off the record as to what the opposition’s plans are with the private health insurance rebate and how they would like to abolish it. It has been sanctioned by the Leader of the Opposition. The simple fact is that on this area they have no credibility whatsoever. The member for Banks was prepared to resign over an issue of principle. The shadow minister for health obviously has no such principle.

**Goods and Services Tax: Petrol Prices**

Mr BEAZLEY (2.10 p.m.)—My question is to the Prime Minister. Prime Minister, given the fuel tax windfall never anticipated in your budget, why won’t you back our plan to remove the GST spike from the next excise indexation, which would see petrol prices fall by 2c a litre? Why don’t you try to get back in touch with battling Australian motorists and promise to give back the windfall that you and your Treasurer never budgeted for?

Mr HOWARD—The Leader of the Opposition invites me to back Labor’s plan. The only Labor plan I know of was to make diesel 24c a litre dearer for consumers. The only Labor plan that I know of is a plan to deny Australians $12 billion of personal income tax cuts. The only other Labor plan I know of is to cause untold confusion.

Mr Beazley—Mr Speaker, I raise a point of order to do with relevance. The Prime Minister was asked a very specific question which related to a plan to reduce petrol by 2c a litre. He may not have an answer for it, in which case he should merely resume his seat.

Mr Speaker—The Leader of the Opposition will resume his seat. The Prime Minister was asked a question about the alleged fuel tax windfall. I had assumed that he was coming to that point; otherwise I would have ruled the comments he made out of order.

Mr Howard—I was asked a question about Labor’s plan and I was also asked—

Mr Speaker—As the Prime Minister is aware, had he been out of order I would have intervened. Part of the question has been re-asked by the Leader of the Opposition. I call the Prime Minister.

Mr Howard—Mr Speaker, the only Labor plan I know of in this area is to make diesel dearer for Australian farmers.

**Small Business: Policy**

Mr CHARLES (2.12 p.m.)—My question without notice is to the Minister for Employment, Workplace Relations and Small Business. Minister, could you inform the House of the success the New Deal Fair Deal package is having for small business operators throughout Australia? Is the minister aware of any alternative policies for small business?

Mr REITH—I thank the member for La Trobe for his question. We on this side of the House know the simple fact that, if you look after our small business community, you will see higher living standards, higher wages and a stronger economy. That is why this government gives very high priority to the interests of small business. I must say that that is in contrast to the Labor Party, who had 17 inquiries into small business in 13 years and basically did nothing for small business except send a whole lot of them broke, particularly in the early 1990s. I am happy to say that things changed in 1996 dramatically and for the better when the Howard government was elected. One of the strong policy reforms that we introduced for the benefit of small business was to change the Trade Practices Act to make unlawful unconscionable conduct against small business. Not only did we change the law; we provided the ACCC with the funds to pursue appropriate cases to establish the law, to establish the rights of small business.

So I am very pleased to be able to advise the House that, in a recent landmark decision in the Federal Court, the interests of small business were given the high priority that was intended by this parliament as initiated by the Howard government. The Federal Court decision said in respect of the new provisions of the act, which they recognised strengthened the act and strengthened protections for small business, that they would protect a small business from "unreasonable, unfair, bullying and thuggish behaviour."
‘Hear, hear!’ to the Federal Court and ‘Hear, hear!’ to the Howard government that stood up for small business, and now we see the practical consequences of that support for the small business community.

The ACCC, which took the action, said that they consider it to be an important decision ‘in assisting to better protect the interests of small business from excesses in conduct by bigger businesses’. The Labor Party never did this and were never prepared to work for small business. We came in, and here you see the consequences. I am asked: what alternative policies are there for small business? Well, there is the ‘r’ word. We know the ‘r’ word—the ‘roll-back’ word, and of course that would be, as Della said—I have never met Della, but I must say he is now somebody whose judgment I appreciate—

Mr Howard—He is unforgettable.

Mr REITH—Yes, he is unforgettable, and he is dead right: that would be a nightmare in red tape for the small business community. That, of course, is why we have not heard the word ‘roll-back’ since 21 July. The Leader of the Opposition is not interested since that happened; he cannot bring himself to say it again. The Labor Party has been in opposition now for four years, going on for five years. It is about time it produced a policy—other than roll-back—which would actually be of benefit to the small business community. The reason why this is such a low priority and why the portfolio languishes in the outer with an underling is that the real people who count in the Labor Party are of course the ACTU, with all the ACTU presidents sitting on the other side. Never forget what Labor’s attitude to small business really is. In fact, out of the mouth of the Leader of the Opposition, he said on radio on 7 July this year:

...we have never pretended to be a small business party, the Labor Party, we have never pretended that.

His words simply reflect his lack of action for the small business community. This is a great win for the small business community, and I can assure them that we are going to continue to back them because, if it is good for small business, it is good for the economy, good for jobs and good for Australia.

Goods and Services Tax: Petrol Prices

Mr CREAN (2.17 p.m.)—My question, again, is to the Treasurer. I refer to your claim that there is no fuel tax windfall from your broken GST promise and higher international oil prices.

Mr Tuckey—What is your question?

Mr CREAN—Always on queue, brother. Isn’t it true that the RACV, the AAA, the MTAA, the National Farmers Federation, state premiers, most commentators and most of your backbench claim that you are reaping a fuel tax windfall beyond what was in your budget? In light of the overwhelming evidence that you are taking a tax windfall from fuel, why won’t you give back that windfall by eliminating the GST inflation spike from the February adjustment, giving Australian motorists a 2c cut in the price of petrol?

Mr COSTELLO—I observe again the old ACTU trick, which is that you state a false premise on the belief that, if you state it often enough, it becomes accepted wisdom. We repudiate the old ACTU trick, and we repudiate the false premise that began the question. In relation to the indexation of excise, which, I think the Leader of the Opposition says, creates some kind of windfall, the point has been made on a number of occasions that, because the government indexes both its excises and its outlays, it does not actually get a windfall; it costs the Commonwealth money. That is, by indexing payments which are larger than excises and indexing excises, the ratio of payments out to revenues in is something like two to one. I think that is in the budget papers. I have asked before: is there anyone in this parliament who believes that we should not be indexing pensions?

Mr Crean—What about bracket creep?

Mr COSTELLO—Oh, we are on to bracket creep now. We are asked a question about indexing and excises, and we are on to bracket creep. Let us move immediately to bracket creep. I would have thought that the kings of the bracket creep would be a government that presided over an eight per cent inflation rate for 10 years in a row.
Mr SPEAKER—The Treasurer will respond to the question as asked and not to interjections.

Mr COSTELLO—During the 1980s, the CPI averaged eight per cent, on eight per cent, on eight per cent, on eight per cent for 10 years. Not only did that give bracket creep, but Labor indexed excise eight per cent, on eight per cent, on eight per cent for 10 years. It was only when this government came to office, when the CPI came down to one per cent, that figures like a three per cent or a 3¼ GST effect became meaningful. The Leader of the Opposition calls this 3¼ a spike—a one-off spike in February. What would you call eight per cent per annum for a decade? A mountain range; you are of Himalayan proportions. There was no one-off spike—it was eight per cent, on eight per cent, on eight per cent for 10 years, with discounting on the excise not once. And not only was there full indexation from 1983, and eight per cent per annum with no discounts because there were no spikes—it was a consistent mountain range—the Labor Party actually, voluntarily and discretionarily, increased the excise as well. It did not just rely on indexation, but with voluntary increases increased, from memory, five per cent on unleaded and seven per cent on leaded. If you had actually increased five per cent on unleaded and seven per cent on leaded, do you think you might have actually taken that spike out in your next indexation. Did the Labor Party ever do that?

Here we are with a Labor Party policy, introduced in 1983, which produced an indexation factor of eight per cent per annum for 10 years. It is only when this government comes to office, keeps the system, produces one per cent, and you get a one-off 3¼, which is dwarfed by the Himalayan proportions of Labor performance, that the Labor Party suddenly gets interested in indexation. Every now and then you come across political opportunists. I have to say that, in this Olympics season, there are gold medals all round for the Labor Party frontbench.

Mr Crean—What about your foreign debt gold medal, brother?

Mr Costello—Thanks for the interjection, Simon. Good questions.

Mr Crean—You’re really doing well out in the bush, Pete. Have you been out to a region yet?

Mr SPEAKER—The Deputy Leader of the Opposition and the Treasurer will stop their cross-chamber exchange or I will deal with them both.

Rural and Regional Australia: Employment

Mr ST CLAIR (2.23 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the Deputy Prime Minister inform the House about the latest employment opportunities in regional areas, including his own in New England. Essentially there is some very positive news around, and that is, I know, welcomed right across rural and regional areas of the country. The June 2000 quarter edition of the small area labour market series, published by the Department of Employment, Workplace Relations and Small Business, shows some quite widespread falls in unemployment figures, with particularly good results in non-metropolitan areas such as the Hunter; the North Coast region of New South Wales, where unemployment has been very high in historical terms; western Victoria; and the Riverina. While the figures, of course, jump around a little from time to time, there is no denying the very sound trend lines based on the economic management of this government. The national results for the month of August show that total employment has increased to a historical high of 9,141,800 under the coalition—800,000 more than existed under Labor. Sixty per cent of that has been in full-time jobs. Since 1996, when we came to power, the number of jobs in non-metropolitan areas has increased by 175,000.

Grateful as I am to the Parliamentary Library for the work that it does on estimating
the unemployment rate in electorate divisions, I can point to the fact that the unemployment rate in the electorate of the member for New England, for example, was 6.7 per cent in June compared with 6.9 per cent in March—a solid downward trend. In Richmond the figure is still higher than we would like, at 12.3 per cent. But that compares with something like 20 per cent when the member was elected. In Bendigo, the rate is down from around 11 per cent to close to nine per cent; in Dawson, it is down from around 10.6 in March to 8.9 per cent now.

We have seen quite significant falls in many rural and regional communities, very welcome falls. Of course, they are underpinned not only by sound economic management but also by valuable reforms—for example, difficult as we know the relatively high fuel prices are at the moment, we have very significantly reduced the tax take, the tax burden, on transport. Jobs out in rural and regional areas depend upon export industries, and we have, for example, just completely abolished fuel excise on rail. We did not see the ALP doing that. We have completely abolished it. There is no fuel excise on rail. We know about the shadow Treasurer. Oh, we do. He said he favours the old, indirect tax mix—the old one. That means he presumably would want to put it back on under some version of roll-back, although we do not hear much about it.

Even in relation to trucking, and we all know the stresses that exist at the moment, the reality is that, if the ALP were in power, the trucking industry would be paying 24c more for every litre of fuel they use. That is the reality. If the Labor Party were in power today, the trucking industry in this country would be paying 24c a litre more for every litre of fuel that they use.

Of course, the other thing that has to be remembered about the export performance in the rural sector, which is the key to employment in rural and regional areas, is that, in terms of competitive advantage, we have just overseen a significant cut in the price of fuel relative to that of our competitors. We have not seen French farmers, for example, who have been blockading Paris and what have you, enjoying such a substantial reduction in taxation excise as we have presided over.

The contrast just in that one area of economic management and taxation reform is stark enough. In more general terms, the only policy that is evident at all in relation to rural and regional Australia from those opposite is the obvious one of making it too expensive for anybody to live there.

**Goods and Services Tax: Petrol Prices**

Mr O’KEEFE (2.28 p.m.)—My question is addressed to the Prime Minister and it follows an answer he gave yesterday on country petrol prices. Prime Minister, yesterday you were asked about your pledge to the people of Hamilton in Victoria’s Western District that ‘fuel is going to be dramatically cheaper’. Now that you have had a chance to check, can you, firstly, confirm that motorists in Hamilton are paying 4c more in tax on every litre of petrol now than they were then, and, secondly, confirm that 2.8c a litre of this tax is directly caused by your new tax system?

Mr HOWARD—I do not accept those calculations. The reality is that the variation in fuel prices is a direct consequence of the trebling in world oil prices.

Mr Tanner interjecting—

Mr SPEAKER—The Prime Minister has the call.

Mr HOWARD—The reality is this, if you take all of the policies into account. Take the reduction in excise on diesel. That is a fuel; it is a fuel that is used by a lot of people in Hamilton. Have you forgotten that we proposed, and you tried to block, a 24c a litre reduction in the price of fuel?

Mr Tanner interjecting—

Mr SPEAKER—The member for Melbourne!

Mr HOWARD—Have you forgotten that, as a result of the operation of the GST, all tax paid on fuel used in a business is now fully rebatable—something that did not exist before the introduction of the goods and services tax? Mr Speaker, if you take into account what might have been the situation if the old taxation regime had obtained and superimpose that on the changes that have
occurred in the price of fuel driven by variations in world fuel prices, I stand by the remarks I made.

**Goods and Services Tax: Petrol Prices**

**Mr Lawler** (2.29 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the total reduction in tax on fuel since 1 July; and has the Treasurer seen any alternative plans for the taxation of fuel?

**Mr Costello**—I thank the honourable member for Parkes for his question. I can advise the House that, since 1 July, Commonwealth tax through excise on petrol and diesel has been reduced by $2.2 billion.

Mr Tanner interjecting—

**Mr Speaker**—The member for Melbourne.

**Mr Costello**—The opposition has been promulgating this proposition of some kind of revenue windfall out of excise. On 1 July, excise was cut by $2.2 billion. Let us make this point, which I think was made earlier—

Mr Tanner interjecting—

**Mr Speaker**—The member for Melbourne is warned!

**Mr Costello**—that, if the Labor Party had had its way and defeated that cut, the windfall to the Commonwealth government today would be $2.2 billion. This is another one of these negative windfalls; it is like their negative surpluses. It is a negative windfall of $2.2 billion.

Yesterday the farmers made representations to the government about excise on fuel. I know that some of these points were made by the member for Groom and also by the member for Page, both of whom are practising farmers. I believe; they made them very well on the media in the last 24 hours. I will just go through it. For farmers using diesel in farm machinery—that is, off road—there is no excise; it cannot be cut. For farmers who are using transport—that is, from the farm gate to the port or, indeed, with their supplies coming from a city manufacturer up to the farm gate—the tax on the diesel used in those trucks was cut 24c a litre from 1 July. You might argue that it could have been cut 25c; it was cut 24c. If it had not been for this government, it would have been cut zero. For farmers who use petrol in business—that is, they might have a vehicle which uses petrol for the business—because they get an input tax credit, they get a cut effectively of one-eleventh on the petrol price.

The only area in which farmers can be paying the same amounts of tax as a result of reform would be as consumers of petrol, like every other Australian: where they are using petrol vehicles for private purposes. That is the only area. Like every other Australian who can take the advantage under the new tax system of income tax cuts, company tax cuts or capital gains tax cuts, they get those benefits.

When you isolate that out it is clear that, under the new tax system, not only are farmers not suffering any disadvantage but also they have been given substantial advantages. That was a central part of the tax package. That point was made no better than by the President of the National Farmers Federation, Mr Ian Donges. He said in an address at a GST and tax reform seminar on 19 July 1999:

NFF has particularly welcomed the inclusion in the package of reductions in the excise on diesel fuel.

Mr Zahra—Did he see you yesterday?

**Mr Costello**—The interjection is whether I met with him yesterday—and I did, as it turns out.

**Mr Speaker**—The Treasurer will ignore the interjection; I will deal with it.

**Mr Costello**—Yes, Mr Speaker. But let me add in another thing which I had forgotten until I pulled out the speech from Mr Donges at Yass—and I think it was made by the member for Page on television this morning. Mr Donges said:

The long overdue cuts in excise will lift some of the burden on country people by reducing the costs of farmers’ inputs. Our grain farmers particularly will welcome the considerable reductions which will flow from the complete removal of excise on rail fuel.

This is Mr Donges:
We have estimated that the value of removing all rail excise would mean an extra $1.60 per tonne in grain farmers’ pockets.

There are other estimates that say it could be as high as $2. So no tax off road, a 24c reduction on road and no excise on rail—the complete removal of excise on diesel for rail.

When you hear the Labor Party get up and ask questions about fuel, you have got to start from this premise: if they had had their way, diesel on road would be 24c a litre higher today and there would be diesel on rail. That is where they come from. Yesterday the Labor Party said, ‘Oh, we actually now believe in a freeze of 2c next February on petrol excise’—at a cost of $600 million, completely unfunded. Did the Labor Party say, ‘And to fund that, we will steal back from the farmers the 24c a litre cut in diesel’? Did the Labor Party say, ‘We will put the excise back on rail’? Did the Labor Party say, ‘We will increase income tax’? Did the Labor Party say, ‘We will increase the company tax’? No, it is just another unfunded promise—from somebody who today was feigning an interest in the exchange rate—to add to all of their other unfunded promises. Roll-back? We have $600 million on fuel excise, and they cannot tell you where any of this money is coming from—more money on the regions, more money on this, more money on that, more money everywhere.

But the explanation as to how this is to be done is really in the Financial Review of 14 August 2000—a very important date. I rub this close to my chest because it explains how it is all going to be done. They have got a $600 million cut in excise. They have an unfunded roll-back, the dimensions of which we have not yet heard because the Leader of the Opposition cannot now pronounce the word ‘roll-back’. We have more spending on everything that moves—we have apparently got more spending on R&D and more spending on universities—and do you know how it is all going to be done? With bigger surpluses. ‘Labor pledges budget surpluses’. As I said earlier, ‘BS Crean’—standing for ‘bigger spending’.

Back in the days of responsible opposition in this country, you would not be allowed to run around with that kind of opportunistic, unfunded political ppp. But the standards of opposition in this country have now gone so low under the Leader of the Opposition that he is allowed to emit anything that comes into his mind. Here we are with a completely unfunded program which nobody takes an interest in because nobody believes it. Yesterday’s ‘2c a litre, $600 million’ unfunded promise in relation to indexation from the party that gave you indexation at eight per cent per annum right throughout the 1980s has been treated with the complete disinterest which it deserves. It would never happen, and nobody believes it.

Goods and Services Tax: Savings Bonus

Mr SWAN (2.38 p.m.)—My question without notice is directed to the Minister for Community Services. Minister, are you aware that the ATO and Centrelink are refusing to pay GST bonus payments to the estates of eligible older Australians who have died after the introduction of the GST on 1 July? Are you aware that the widow of the late Mr James Beech of Harvey, Western Australia sought the bonus to help offset the extra $559.93 in GST added to her husband’s funeral costs only to be knocked back? Minister, how do you justify this cold-hearted double GST slug to grieving families like Mrs Beech in Western Australia and those in your own electorate?

Mr ANTHONY—I am not aware of this individual, but it is important to note that the savings bonus, which of course was substantially criticised by the Australian Labor Party, has been paid to 1.68 million older Australians. Fifty-seven per cent of those Australians who have received a bonus receive over $500. Of course, this is on top of the four per cent increase that we gave on 1 July and the recent indexation treatments. Regarding individual cases, if the member for Lilley has an individual case, I am quite happy to take that up.

Yugoslavia: Political Developments

Mrs GALLUS (2.40 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister update the House on recent political developments in the fed-
eral republic of Yugoslavia? What is the government’s reaction to these developments?

Mr DOWNER—First, I thank the honourable member for Hindmarsh for her question and recognise her interest in these issues. The people of Yugoslavia voted clearly and decisively at their elections on 24 September for a change of government. The Yugoslav government-controlled Federal Election Commission announced four days later that no candidate had won an absolute majority and that a second round of voting, which would be on 8 October, would be needed to determine the election outcome. It is the government’s view that this announcement of the commission’s figures is at variance with other highly reliable counts, counts which were very much in favour of the opposition. In concert with a number of other governments, including that of the United States and governments of the European Union, I have urged President Milosevic to respect the will of the Yugoslav people, and the Australian government joins with other governments in encouraging President Milosevic to stand down immediately.

The government is deeply concerned about the risk of violence if President Milosevic continues to cling to power and about the threat this risk poses to the many dual national Australians who live in Yugoslavia. On 3 October, the Australian Ambassador in Belgrade met with the opposition presidential candidate, Mr Kostunica, and conveyed Australia’s support for a peaceful change of government to reflect the clear will of the Yugoslav voters. Mr Kostunica greatly appreciates Australia’s support, and he has said that it is important for the Yugoslav people to know they have the backing of Australia and the backing of the international community. As I said, the Australian government joins with other governments in encouraging President Milosevic to stand down, to recognise the result of the election and to recognise that he no longer commands the support of his own people, that he does not command the support of the international community and that it would be in his people’s best interest for him to concede power.

Lead Replacement Petrol: Excise

Mr ANDREN (2.43 p.m.)—My question is to the Treasurer and comes from my constituent Phil Dukes, who is proprietor of the family owned Shell service station at Lidsdale, opposite the Wallerawang power station. He asks through me: is it true, as he has been told by Shell, that the company’s lead replacement petrol will continue to attract 2.2c a litre excise more than unleaded petrol? He further asks: is it true that the additional excise was introduced because of the harm lead causes? If so, why does the environmentally friendly LRP continue to be taxed at the full higher rate, particularly given that the people who drive the older vehicles which run on LRP are the least able to afford the extra charge?

Mr COSTELLO—I take it that LRP is leaded petrol.

Mr ANDREN—Lead replacement petrol.

Mr COSTELLO—I thank the honourable member for his question and thank his constituent Mr Dukes. The differential in excise between unleaded and leaded petrol was introduced in the 1993 budget. From 18 August 1993, the excise on unleaded petrol was increased by 5c per litre—it was not indexed; it was legislated, just a straight increase of 5c. The excise on leaded petrol was increased—not indexed—by 7c per litre. The actual absolute level was increased, that fed into the CPI and the CPI was used to index it at the next indexing point. I am asked whether the reason was that older cars use leaded petrol and it was done on environmental grounds. I heard that said at the time, but the real reason was that the Labor government in that 1993 election won the election by promising income tax cuts without a GST and, when they went into the August 1993 election with the budget then haemorrhaging in the vicinity of $10 billion or more and realised that they could neither afford the income tax cuts nor keep their commitment against the GST in the 1993 budget, they took away the income tax cuts, they hiked every level of wholesale sales tax by two per cent and they increased the unleaded excise by 5c per litre and the leaded excise by 7c per litre. Those of us who were here at the time heard it said that this was
done for environmental reasons, and I suppose that could have been the reason for the differential, but the reason for the 5c and 7c increases—rather than, say, 0c and 2c or, if you just wanted a differential, a cut of 2c and the other one maintained at the standard—was that the Australian Labor Party had got the budget in such terrible circumstances that they were increasing taxes on everything in that. Those of us who were here at the time regret that very much, but that occurred in 1993.

Mr Andren—Mr Speaker, I rise on a point of order. With great respect, I need the Treasurer to tell me only why lead replacement petrol is being taxed at the same rate. That was my question.

Mr Speaker—As the member for Calare and all members are aware, under standing order 145 the Treasurer or anyone is obliged to be relevant. The Treasurer’s answer was relevant.

Senior Australian of the Year Award

Mr Somlyay (2.47 p.m.)—My question is addressed to the Minister for Aged Care. Would the minister inform the House of any recent announcements which recognise the ongoing contributions made by senior Australians?

Mrs Bronwyn Bishop—I thank the member for Fairfax for his interest in the contribution that senior Australians continue to make to the welfare of Australia. I am pleased to say that, within the last hour, the Prime Minister announced that the Senior Australian of the Year for this year is Professor Freda Briggs. Professor Briggs is an outstanding Australian and I will read just briefly from her CV. In her roles as educator, author, scholar and ambassador, she has ceaselessly and passionately worked towards her vision to provide for a safer and more caring world for children. She is the recipient of the inaugural Australian Humanitarian Award, the Anzac Fellowship award, the Jean Denton Memorial Fellowship and the Creswick Foundation Fellowship award for her work for disadvantaged children.

Professor Briggs follows the inaugural holder of this award—this award was created by this government in the International Year of Older Persons—and that was Slim Dusty, who led us at the closing ceremony of the Olympics in a rousing rendition of Waltzing Matilda, the like of which I do not think we have heard before. Recognising and introducing the Senior Australian of the Year awards was to complete the trilogy of Australian of the Year, Young Australian of the Year and Senior Australian of the Year. It is interesting to note that there were 1,500 nominations for the position of Senior Australian of the Year, and that is more than the other two awards have attracted from the people. The Minister for Foreign Affairs is asking: what electorate does Professor Briggs come from? I am delighted to tell him that she is from his electorate. In acknowledging the second Senior Australian of the Year, it is important to acknowledge that the award is now sponsored by the Commonwealth Bank, News Ltd Suburban and Network Ten, and it is copresented by the National Australia Day Council and the National Seniors Association. This award has been taken to the hearts of the Australian people and, in awarding this award to Professor Briggs, we acknowledge that she will be an ambassador for the continuing contribution of senior Australians to Australia and our economy.

Land Rights: Northern Territory Legislation

Mr McMullan (2.50 p.m.)—My question is to the Prime Minister. Prime Minister, will you guarantee the House that in considering amendments to the Aboriginal Land Rights (Northern Territory) Act you will not take away rights which Australian citizens have won in the courts and that you will not reduce the capacity of Aboriginal Australians to protect their sacred sites?

Mr Howard—I thank the member for Fraser for his question. The government will have that issue before us in the next couple of weeks. The review of the Northern Territory land rights, as I recall it, essentially arises out of an inquiry conducted into the operation of the act by the former Labor member for the Northern Territory Mr John Reeves QC. He produced a very comprehensive report. We will take into account his recommendations and we will also take into
account, as we always do in these matters, our obligations to all of the Australian people.

Mr Snowdon interjecting—

Mr SPEAKER—The member for the Northern Territory!

Mr HOWARD—We will take into account our obligations to all of the Australian people—

Mr Snowdon interjecting—

Mr SPEAKER—The member for the Northern Territory!

Mr Snowdon interjecting—

Mr HOWARD—and the sort of issues raised by—

Mr SPEAKER—The member for the Northern Territory is deliberately defying the chair. I warn him!

Mr HOWARD—We will take careful note of what Mr Reeves had to say. Mr Reeves is a person who enjoys considerable respect and I would have thought that the views that he has expressed on this matter would command respect within the Australian Labor Party, as he was a member of this House of the Australian Labor Party. I do not know whether he is still a member of the Labor Party or not—that is his business—but he is a person who does not come to these matters with any particular axe to grind. He does not come to these matters wanting to do hurt or injustice to the indigenous people of the Northern Territory and therefore we will be very carefully guided by what he has had to say.

Research and Development: Agricultural Sector

Mr LINDSAY (2.52 p.m.)—I direct this question to the Minister for Agriculture, Fisheries and Forestry. Could the minister please outline to the House the government’s support for research and development and innovation in the agricultural sector? In particular, are there any recent initiatives in the area of forestry?

Mr TRUSS—May I thank the honourable member for Herbert for his question, because it does give me an opportunity to report on some of the achievements of this government in the area of research and development and on its support for innovation in agriculture, which contrasts very sharply with the attitude of the opposition, whose view it is that there is no role for innovation in agriculture.

Mr Zahra interjecting—

Mr SPEAKER—The member for McMillan is warned.

Mr TRUSS—Indeed, it responds also to the criticism of the Leader of the Opposition yesterday about Australia’s performance in research and development. This government is providing about $170 million a year for agricultural research and development. That has increased by about 10 per cent per annum under the auspices of this government. There has been a real commitment to increasing research and development in agriculture because we recognise the potential that innovation has to boost our rural production. It is interesting to note that all of our major industries have research and development levies which are supported by the government—horticulture, the red meat industry, the pork industry, the wool industry. But, even in much smaller industries, we have promoted research into crocodile farming and emu farming—some of that in the electorate of the honourable member for Herbert—and research into things like culinary herbs, coffee and the like, all of which have the potential to open up new industries.

Today I extended an invitation to wool growers to take up the offer for shares in their new research and development company, which will be established as a result of legislation before the parliament at the present time. As a result of these arrangements, wool growers will be able to take the responsibility for the ownership of their own services company and to take a leadership role in directing research and development in that really key national industry. My colleague the Minister for Forestry and Conservation recently announced the doubling of the government’s contribution towards research and development in the forest industry. For a long time there has been an anomaly, introduced by Labor, that the forestry industry received only half the support for their levies that other industries received. This government is rectifying that issue. In addition, we have introduced the new innovation fund for
agriculture, and the first round of applications for that closed last Friday. So we are making a very real commitment to supporting research and development. Sadly, Labor does not match us in that regard. This government has played a key role in promoting particularly biotechnology, and indeed last night, I think it was, the Prime Minister presented science awards to some Australian scientists who are leading the way in gene technology and demonstrating clearly that there is a real capacity for Australia to lead the world in this research.

Mr Beazley interjecting—

Mr TRUSS—I notice the Leader of the Opposition is not able to keep his mouth closed, because I know he has the embarrassment of the Tasmanian government, his Labor colleagues in Tasmania, who are trying to shut gene technology research out of Australia. They want Tasmanian farmers locked up in a time warp way behind the developments that are occurring in the rest of Australia. It is important that Australia remain up to date in research and development. This government is backing research and development. We will develop the knowledge nation. Under the Beazley government, it would be a Beazley backwater, because there is no interest in research and development and no commitment to building better industry in this country.

Education: Funding for Non-government Schools

Mr LEE (2.57 p.m.)—My question without notice is to the Prime Minister. It concerns his new school funding system. I ask whether the Prime Minister recalls telling radio 3AW last Friday that:

I think it’s important to point out that under this formula you are going to have the Federal Government providing funding of only 13.7% of the total cost of educating a child at the so-called 67 most well-to-do communities ...

Prime Minister, why did you say that the wealthiest 67 schools, under your definition, would get only 13.7 per cent of average school costs when the figures of the Minister for Education, Training and Youth Affairs show this is completely untrue? As only seven of these schools will be funded at this level and as the other 60 will get up to 70 per cent more than you claimed, Prime Minister, will you explain to the House why you misled the listeners of radio 3AW?

Mr HOWARD—I have not misled the people who listen to that very fine program and, I am advised, in increasing numbers at 8.30 on Friday morning every fortnight.

Government member—Are you on commission?

Mr HOWARD—No, I am not. As always, when I am asked a question based on something I am alleged to have said, I always take the precautionary measure of saying I will have a look at what I actually said. But I can say to the member for Dobell that I welcome his interest in the new schools policy of the government. I think it is of advantage to this country that we have a debate on government funding for both government and independent schools. One of the things that I am unconditionally proud of is the fact that, because the government I lead abolished the old new-schools policy, it is now possible, for example, for the Anglican Church to build low fee schools in the western suburbs of Sydney.

Mr Beazley—Mr Speaker, I rise on a point of order that goes to relevance. The question asked the Prime Minister about the reasons for his lack of understanding of the actual impact of his formula on the top 67 schools, most of which have had a great deal more of an increase than any of the ones—

Mr SPEAKER—The Prime Minister was asked a question about new school funding and comments he made on a radio station, last week I believe. His answer, as far as I have heard, has been entirely relevant to new school funding.

Mr HOWARD—The great virtue of the change that we have made is that it is now possible for working-class families in the western suburbs of Sydney to aspire to an education choice which goes beyond a government school and a Catholic systemic school.

Mr Lee—Mr Speaker, I rise on a point of order. This is not about schools in Western Sydney; it is about the wealthiest 67 schools and the Prime Minister’s misleading statements on 3AW.
Mr Speaker—The obligation that occupiers of the chair have—and there are a number of members in this chamber who know it every bit as well as I do—is to ensure that answers are relevant to questions. The question was asked about new school funding. The Prime Minister is entirely relevant to the question, as I earlier ruled.

Mr Howard—I repeat, to the obvious discomfort of the Labor Party, that the great virtue of our new policy is that it is now possible for the first time for many thousands of working-class families all around Australia—and I quote the western suburbs of Sydney as an example, but that opportunity is replicated in similar parts of the country—as a result of a change that we got through the parliament only with the support of Senator Harradine—and I record my gratitude to Senator Harradine for the support that he gave to us three or four years ago; the Labor Party voted against giving the working-class families of the western suburbs of Sydney this opportunity—to choose to send their children not to a high fee private school but to a low fee private school. I would like the member for Dobell to go into those areas of Western Sydney where low fee independent schools have been opened up over the last few years. We have given more choice not to wealthy families but to battling working-class families. That is what the Leader of the Opposition finds so distasteful about our policy. Our new funding policy does something that the Labor Party hates, and that is it confers choice on working-class families in Australia.

Mr Beazley—Mr Speaker, I raise a point of order. Despite the usefulness of the answer, I go to the question of relevance. The question we asked did not refer to new schools policies; what it referred to was that, under the propositions that the government have put forward, the 67 wealthiest schools in this country get considerably more than 13.7. It has got nothing to do with new schools.

Mr Speaker—I noted the question as it was asked. It referred to the question of funding, and the Prime Minister, I deem, was responding to the funding of non-government schools.

Mr Howard—I continue: the choice that we have given to working-class families in the western suburbs of Sydney is only one element of the new system. The SES policy which has been introduced by the minister is fairer than the old ERI system. It is based on a school community’s capacity to pay. The 63 schools serving the neediest communities will receive an average increase of $207 per student next year, rising to $966 by the year 2004. This is five times the increase flowing to the 67 schools serving the wealthiest communities, which will receive $43 extra per student next year and $198 by the year 2004. SES funded schools serving the wealthiest communities receive per student 13 per cent of the cost of educating a child at a government school. This compares to schools serving the neediest communities that will now receive up to 70 per cent of the average cost of educating a child at a government school. The maximum has been increased from the present 56 per cent for primary students and 62.4 per cent for secondary students.

This new policy of the government is a win, win, win again for every section of the Australian community. This government has not only presided over increases in funding to government schools and guaranteed the position of the Catholic systemic schools but also opened up choice and opportunity for tens of thousands of working families in Australia. These working families want a choice to send their children to independent schools, and it can only be a choice if it is an affordable choice. Under the old Labor policy if you were not able to afford to send your children to an established independent school in a city like Sydney and you did not want to send your child to a Catholic systemic school you had no alternative other than to send your child to a government school. What we have done is open up choice. We are giving people choice. It has always been a cardinal principle of our education policy that we will give people maximum choice. We will support the government school sector. The government school sector has served this country extremely well and continues to do so, and I speak from very strong and appreciative personal experience of that.
DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon members of a delegation from New Zealand who are visiting Australia as guests of the Australian Political Exchange Council. On behalf of the House, I extend a very warm welcome to our guests.

QUESTIONS WITHOUT NOTICE

Olympic Games: Benefit to Financial Services Sector

Mr CADMAN (3.08 p.m.)—My question is addressed to the Minister for Financial Services and Regulation. Would the minister inform the House of the benefits the Sydney Olympics might have for the government’s plan to make Australia a global financial centre?

Mr HOCKEY—I thank the member for Mitchell for his question and his interest in this matter. Becoming a global financial centre means exporting financial services from Australia to the Asian region in particular and obviously to the world. While the financial services sector represents seven per cent of the Australian economy, it also makes up just one per cent of exports. Agriculture and mining combined also represent about seven per cent of the Australian economy, but they represent around 50 per cent of Australia’s exports. Since 1998 our primary objective has therefore been to put Australia on the list when international companies have thought about setting up financial services operations into Asia. Previously Australia was seen as a separate market from Japan, Hong Kong and Singapore, even though we have undertaken very significant economic reforms, including very significant taxation reform which has been very well received. We have set out to try to improve the understanding of Australia in the international media, combined with face-to-face discussions with executives.

The Olympics have unquestionably delivered to Australia unprecedented opportunities for the development of a financial centre. In Sydney recently there were 17,000 sports journalists, but more importantly for a financial centre extensive media coverage was provided by 3,200 non-sport journalists, who delivered coverage in the Wall Street Journal, the Financial Times, Bloombergs, CNBC, CNN and a range of financial publications across the world. This has reassured global executives of companies that have moved operations to Australia over the last two years. To name a few of these, banks like UBS, Royal Bank of Canada, JP Morgan and Citigroup have recently established regional operations in Australia. Funds managers like HSBC and Deutsche Asset Management have moved regional operations to Australia, meaning that decisions about tens of billions of dollars of investment in Asia are now made from Melbourne and Sydney. Moreover, Vanguard, Schroders and GE Capital have expanded Asian funds management operations to service the region.

During the Olympics, Goldman Sachs announced that their Asia-Pacific e-commerce headquarters will be in Australia. This follows the announcement by Lab Morgan, which is the technology arm of JP Morgan, that their e-commerce hub for Asia will be in Australia. Deutsche Bank also announced that one of only two world foreign exchange hubs will be in Australia—the other one being in London. All these companies cited Australian technology and human capital as key influences on their decisions. I might add that the Prime Minister’s visit to London in July significantly assisted in bringing those operations to Australia.

But the true benefit of the Olympics will be delivered in the next few months and the next few years. Already Charles Schwab and ING and HSPC Internet Bank have indicated that they will be opening operations here before Christmas. It is no use having a company like Visa bringing 300 international banking executives to Australia for the Olympics with only a good impression to leave behind. I will be joining with the Invest Australia crew, Access Australia and the state governments to increase the tempo of our promotion to offshore investors over the next few months and next few years. We want more jobs, more business and more investment in Australia, and no doubt the Olympics are going to provide us with an even better story to tell.
Medicare: Bulk-Billing

Ms MACKLIN (3.13 p.m.)—My question is to the Minister for Health and Aged Care. Minister, when were you told about the illegal practice in Western Australian hospitals of doctors bulk-billing Medicare for services for public patients in public hospitals for which they had already been paid? What steps have you taken to investigate these major Medicare fraud allegations?

Dr WOOLDRIDGE—I will check, but to the best of my knowledge I actually have not been told. I read about it in the newspaper, and this is absolutely normal because Health Insurance Commission investigations are separate from the minister.

Timber Industry: Alternative Policies

Mr CAMERON THOMPSON (3.13 p.m.)—My question is to the Minister for Forestry and Conservation. Is the minister aware of any hardship being experienced by the native timber industry in South-East Queensland? What is the government’s approach to these issues and is the minister aware of any alternative policies?

Mr TUCKEY—I congratulate the member for Blair for his continuing interest in the workers in his electorate who rely on the forest industry to keep their families. The Courier-Mail of 29 September has reported the closure of the Nandroya sawmill in Cooroy in Queensland, and reports the mill as being the biggest hardwood mill in that state. As a result of that closure, 60 workers immediately lost their jobs. The balance of 20 will be dismissed in April. Furthermore, at the same time the North Ipswich mill has retrenched 37 workers because of its imminent closure. Both these mills were once the property of Boral. If one reads the media reports it could mistakenly be thought that the firm Boral has been sacking these workers. In fact, those of us who follow the regional forest processes in Queensland know that the Queensland government spent $14 million of taxpayers’ money to buy those sawmills with one purpose in mind and one purpose only: to close them down and sack the workers who were employed there. Their policy was to swap those workers’ jobs for a few lousy Green preferences at the next election. Furthermore, at that time Mr Beattie, the Premier, promised 400 new jobs which have not materialised. Included in those 400 jobs that were supposed to materialise were 100 new Department of Primary Industry forestry jobs in the new reserves that were being created, yet when we look at the new budget for Queensland—the 2000-01 budget—do we find provision for 100 new jobs? No, we find a report on the sacking of 96 DPI forestry workers. I drew to the attention of the House the other day the troubles recognised by green activists in America as arising from fires—including deaths and property damage—caused by insufficient appropriate management of reserve forests. It is a great question for Australia, but how do you achieve that when you are sacking the keepers of the forest, not adding to their numbers as you promised when you did a deal on these things?

When it became obvious that the Cooroy mill was to be closed down, the member for Fairfax arranged for me to go to the Noosa council and discuss with them opportunities to get some protection for those workers. That member worked extremely hard. I have just drawn to your attention that another mill that was also known to be closing at that time was North Ipswich, but have I had any representations from the member for Oxley? Not one. In fact, I have to look around to see which one he is— I could not recognise him.

Opposition members interjecting—

Mr TUCKEY—It is not in Blair; it is in North Ipswich in Oxley, and the member for Oxley has not got an interest in it. Isn’t it amazing: although the sawmill is in North Ipswich the workers most likely live in the electorate of Oxley, and these blokes think it is a big joke because those workers have just lost their jobs! The member for Oxley is also a Queenslander, and he does not care.

Opposition members interjecting—

Mr SPEAKER—The House will come to order! The minister has the call.

Mr TUCKEY—The Howard government has a very clear response, in great contradiction to the things that the Beattie government promised and is not doing; that is, I have announced a $5 million program to try to
address some of the problems in the Queensland timber industry resulting entirely from the circumstances of the reduction in resource that was unnecessary scientifically. As far as we can see, the only increase that the Beattie government is able to achieve in Queensland is extra numbers on the electoral roll.

**Medicare: Fraud**

Ms MACKLIN (3.20 p.m.)—My question is to the Minister for Health and Aged Care. Given that these allegations about Medicare fraud in Western Australian hospitals have been around since June, will you now establish an inquiry into the findings by auditors Ernst & Young that doctors in Western Australia have been using donations to hospital trust funds that they control to evade Commonwealth taxation and have spent the money in the trust funds for their own benefit rather than for the benefit of the hospitals? Will you immediately establish an inquiry into Western Australian hospital trust funds controlled by doctors to determine whether fraud against Medicare is being committed? Will you make a commitment to ensure that all funds fraudulently obtained from Medicare in this way are recovered?

Dr WOOLDRIDGE—I can see no evidence or reason at the moment that I should have an inquiry, for the simple reason that I believe the Health Insurance Commission to be adequately looking into the matter. If the shadow minister understood a little bit more about her portfolio, she would realise that this is governed by legislation introduced by the Labor Party in the late 1980s—it was a response to the deficiencies shown up in Public Accounts Committee report No. 236 into pathology in 1986—and it separates the whole process of investigation of fraud and overservicing from the political process. If the member for Jagajaga had been around a little bit longer she would understand that.

**Employment Services: Online Access**

Mr NAIRN (3.22 p.m.)—My question is to the Minister for Employment Services. Minister, what does the latest evidence suggest about the use of employment services on the Internet? What is the government doing to maximise the benefits of these online services for job seekers? Are there any alternative policies in this area?

Mr ABBOTT—I thank the member for Eden-Monaro for his question and for including links to employment service sites run by my department on his own Gary Nairn web site, which he launched so successfully just last week. Australia is now a world leader in the online delivery of employment services. Five years ago a job seeker in a CES office had access to a few hundred job cards on notice boards at most. Today, thanks to the Australian Job Search database administered by my department, job seekers have access to more than 50,000 jobs right around Australia. Thanks to the Job Outlook function, job seekers can obtain details on employment prospects, training requirements and wage rates for more than 400 different occupations. Also, the Australian Job Search contains more than 50,000 resumes which means that it operates as a virtual online labour exchange. Job seekers can still receive personalised help at more than 2,000 Job Network offices around the country. That is more offices than ever before. Every day job seekers are making some half a million job searches on touch screens run by my department. They are making more than 100,000 job searches every day on the Internet, and job seekers can access the Internet at well over half of the Centrelink offices around the country.

Recently the government announced a new cooperative arrangement with the Recruitment and Consulting Services Association, which has more than 900 member organisations. This arrangement means that for job seekers there is access to thousands more jobs; it means for employers there is access to tens of thousands of potential employees. Meanwhile, all the opposition can offer is a downloaded copy of an already superseded document called Workforce 2010, which they wanted the government to post out to schools. It is old-fashioned, old economy, old Labor. The Leader of the Opposition is supposed to have a good mind, but he can never make it up on anything.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper. 3.25 p.m.
ANSWERS TO QUESTIONS WITHOUT NOTICE

Lead Replacement Petrol: Excise

Mr COSTELLO (Higgins—Treasurer) (3.25 p.m.)—Mr Speaker, I am adding to the answer to the question I was asked by the member for Calare about lead replacement in petrol. As I explained to the member, there is a difference in taxation of leaded and unleaded as a consequence of the 1993 budget decision. LRP is excised at the same rate as unleaded but is at a lower rate as long as it is less than 13 milligrams per litre. So if there is a difference in the price and the particular product has less than 13 milligrams per litre, it is not a consequence of tax but a consequence of the cost of the product ex-tax. I am told that the oil companies state that there is a difference in wholesale price for LRP because they say it has a higher cost of production and also that there are lower volumes compared with unleaded and leaded petrol. I know the member for Calare is not in the House at the moment but I think he will be interested in that information.

QUESTIONS TO MR SPEAKER

Parliamentary Library

Mr ALBANESE (3.26 p.m.)—Mr Speaker, I wish to firstly thank you for your assistance in resolving the issue of the relationship between the parliament and the library and ministerial accountability. I just wish to ask you to record if you will report to parliament formally at some stage as to the resolution of this issue.

Mr SPEAKER—I will check the Hansard record. As the member for Grayndler has indicated, I have responded to him. The House should know that I have responded to each member of the Library Committee because they were the ones who initiated the action that was taken and I felt it courteous to report to them first. I will come back to the House if I feel it appropriate. That is not to say I am avoiding it; I really want to see, in consultation with the Library Committee, what ought to happen next, but I am happy to respond to the House as appropriate.

Australian Federal Police: Searches

Mr McMULLAN (3.28 p.m.)—Mr Speaker, I have a question to you. I seek an indication from you about when you will be in a position to respond to the very important privilege question raised by the member for Kingsford-Smith yesterday.

Mr SPEAKER—Let me respond to the Manager for Opposition Business by saying that I recognise the importance of it. The Clerk has been looking through the matters of precedent and the extensive comments made by the member for Kingsford-Smith. I would expect to report tomorrow.

AUDITOR-GENERAL’S REPORTS

Report No. 9 of 2000-2001

Mr SPEAKER—I present the Auditor-General’s audit report No. 13 of 2000-2001 entitled Performance audit-Certified Agreements in the Australian Public Service.

Ordered that the report be printed.

PAPERS

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

MATTERS OF PUBLIC IMPORTANCE

Goods and Services Tax: Petrol Prices

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

The failure of the government to use its fuel tax windfall to give relief to Australian motorists and keep its promise that the GST will not increase the price of fuel.

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

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

Mr CREAN (Hotham) (3.29 p.m.)—When the government made its announcement in breaking its promise about the GST on petrol, the Treasurer fled the country. He went to Paris and left that decision to be defended by the Minister for Finance and Administration. Today he has fled the chamber because he will not defend the fact that that broken promise has been
promise has been instrumental in why petrol is higher today than it should be. The truth of it is: motorists are hurting. They are hurting because the price of petrol is unnecessarily high. It means that they are having to participate in car pools, to stop the visits to their elderly grandparents, to stop taking the kids out on long trips on weekends. This is hurting families, and they deserve relief. It is relief that they can be given. It is relief that can be afforded.

Yesterday, Labor put forward a proposal which would see the price of petrol come down around 2c per litre if adopted. It is a proposal which can be afforded. Unlike the Treasurer asserting that this is unfunded, this can be funded from the windfall that was never in the budget. If it was never in the budget, it does not come off the budget bottom line. If the government did it now, it would not be a cost to the budget because the government would be simply returning windfall that they have obtained through a broken promise and the failure of the government to reduce excise by the amount that the GST went up, despite the fact that the Prime Minister said that that would happen. The Treasurer in this parliament on 25 November put it more precisely. He said, in answer to a question in this House: In fact, when you equalise out the tax arrangements, you get the same amount of revenue anyway. The excise comes down and the 10 per cent goes back up. It is the same amount of tax.

Let us go to the extent of the windfall, because the windfall comes essentially through four different components. It comes through the broken promise and the failure of the government to reduce excise by the amount that the GST went up, despite the fact that the Prime Minister said that that would happen. The Treasurer in this parliament on 25 November put it more precisely. He said, in answer to a question in this House: In fact, when you equalise out the tax arrangements, you get the same amount of revenue anyway. The excise comes down and the 10 per cent goes back up. It is the same amount of tax.

The trouble is that the excise came down 6.7c a litre; the GST went up 8.2c a litre. That is where the problem is in the first instance. The government promised that the excise would come down the full amount of the GST. It duded Australian motorists to the tune of 1½c a litre. That is the first area of windfall. If, as the government is arguing, it is not a windfall, then it is a secret tax increase. It has to be one or the other, because what sort of budget honesty is there for the Treasurer to be guaranteeing the parliament equalisation on tax adjustments but the Treasury to be operating on secret instructions to not equalise but to include a secret slug on the excise amount? That is the first extent of the windfall. That is worth 1½c a litre.

The second area of windfall is that the government struck that excise deal, the duded deal, on a strike rate of petrol of 90c per litre. Since that time, the price of petrol has been well above 90c a litre—well over $1 across the country and in excess of that in remote areas, particularly in the Northern Territory, as the member keeps pointing out in this parliament. What does that mean? For every increase above 90c, the strike rate, the government gets one-eleventh of it. Put another way: if the price was $1.01, the government would be getting another 1c per litre GST windfall. Why? Because the GST applies to the retail price. The excise was a fixed amount, not dependent ultimately on the retail price. But now the government has built in this windfall for wherever the GST is above the strike rate. So that is the second level of the windfall.

The third area of windfall is that excise is indexed to the inflation rate. What is causing the inflation rate to go up higher now than the budget forecast? It is the higher price of petrol in the first instance and it is the GST impact which the government has factored in at 3¼ per cent but is not washed out for the purposes of the excise take. Understand the hypocrisy of the government on this: the government wants to wash out the GST price effect when it comes to compensation, but it wants to keep it in there when it comes to its revenue stream. That is total hypocrisy, yet it is that compounding that gives the government a further windfall. All of those three categories of windfall, because they relate to the excise, and the GST is on top of the excise, mean that any excise rise results in a tax on a tax—something the government said would not apply under its GST formula. So not content just to break a promise in relation
to the price of petrol, the government is now double-dipping.

But of course there is a fourth area of windfall as well, and that is the way in which the petroleum resource rent tax applies. This is a tax at the point of crude oil production. It is a super tax, if you like, because it says that for any profit above the costs of production the government will get a certain take. Of course the costs of production remain the same, but with this enormous increase in the price of a barrel of crude the super tax keeps expanding, not in a linear way; it is actually a take off the higher margin, and the government has refused to tell us what the barrel price was upon which the petroleum resource rent tax revenues were forecast. The PRRT revenues were estimated to yield in the order of $1.28 billion, according to the budget. We do not know the barrel price basis, but there has been one assertion that the price was $US16 a barrel. Let us just understand that in the first quarter of this year the barrel price of crude oil has always been above $US30—in other words, more than double. So in the first full quarter in which this has been in operation you have another windfall. There are four potential areas of windfall and this government wants to pretend that they do not exist.

I indicated before that the broken promise on petrol produced that level of windfall. I think it is also important to understand that, whilst we cannot quantify the windfall, it is significant. We think it is significant to the extent to which the government can afford at least the $600 million that the Treasurer talked about. The AAA have estimated that the petroleum resource rent tax alone is in the order of $500 million. The National Farmers Federation say it is even more than that—between half a billion dollars and $1 billion. Why won’t the government give it back? It never budgeted for it. This is not something that comes off the bottom line; this is something that is fortuitous because of not only the double hits and the high rise in the international price of oil but also the broken promises and the compounding effect and double-dipping capacity of its GST. We have a government that can give immediate relief. The most effective way of giving that immediate relief is to honour its promise in the first instance. Its promise, which was stated time and time again by the Prime Minister and the Treasurer, was that the GST will not result in an increase in the price of petrol. The trouble is that, because the government has not dropped the excise by enough, the price of petrol has gone up because of the GST. I would like the Minister for Financial Services and Regulation, who is at the table, to refute that assertion because if he does he cannot justify it. He may be given instructions to deny it, because that is the way the government operates all the time. If there is a problem, it will just deny it and think it can get away with it. The trouble is that the RACV, the National Farmers Federation, state premiers, political commentators and economic commentators in newspapers all know that you have dunned them and they all know that there is a windfall.

If the government are not prepared to honour their promise—and this is something they will have to carry into the next election, just like their promise to pensioners that they would all get a $1,000 savings bonus, and we know how that promise has been denied them because they had no intention of delivering on it—the next step they should take is what we suggested yesterday, that is, to take out the root cause of the problem and effectively wash out the GST inflation spike from the February adjustment. Under either approach the relief to Australian motorists would be in the order of a 2c a litre reduction. That 2c is important in the current circumstances and can be afforded. They either honour the promise or they eliminate the GST inflation spike. John Howard says that this cannot be afforded, yet privately he is going around whispering, to placate his backbench, that they can spend more on roads somewhere down the track. He brags about a record surplus last year but then cries poor when he says he cannot afford to do these things. He blames world oil prices, but he ignores his broken promise. Yesterday he said he could not cut by 5c a litre; well, why doesn’t he cut by 2c a litre? That is the simple proposition that we are putting to the government today.
It was amazing that the Prime Minister said two things in defence of himself in the parliament yesterday. In the one instance when he was asked why petrol prices had gone up, he said that this was not the result of the GST and he went on to talk about world oil prices. Of course we acknowledge that there has been a significant impact from world oil prices, and he is calling on world oil producers to do something to increase production. We congratulate him for that because it is important to get more supply back into the market. But there is no point calling on others to do the right thing if you are not prepared to do the right thing yourself. The Prime Minister has to not just plead to the rest of the world; he has to deliver on what he promised the Australian electorate. The fact of the matter is that petrol is higher today because of the GST and, if he honoured the promise or eliminated the inflation spike from the GST, petrol could drop tomorrow by 2c a litre. That is something that would be welcomed. That is something we urge. That is something we would applaud.

The Prime Minister also went on to argue yesterday that he had kept his commitments in relation to the GST. Of course that is nonsense. I can remember this debate during the last election. Not only has the Prime Minister broken the promise and created a windfall that the government never budgeted for, but for the first time the tax on petrol in regional Australia is higher than the tax that applies in the city. This from a Prime Minister who said in his Nyngan crusade, his Nyngan declaration, that he was not going to allow any more hurt for regional Australia. Regional Australians are bearing not just the double dip but the triple dip. They have got the tax on the tax and they have a wider margin as well. This is something the government has got to address. If it does not, it will suffer the consequences. But our solution can give relief immediately. (Time expired)

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (3.44 p.m.—I have heard a few of the MPIs from the Deputy Leader of the Opposition over the last few months. Perhaps I have heard more than my fair share of MPIs from the Deputy Leader of the Opposition, but that was the flattest presentation I have heard. Why? Because the Deputy Leader of the Opposition deep down does not believe what he has just told the parliament. Deep down the Deputy Leader of the Opposition recognises that there are factors beyond the control of all of us that are affecting the price of petrol at the pump. If you believed the member for Hotham, you would believe that the Australian GST contributed to higher petrol prices in France, Britain and the United States and that, in fact, the presidential candidates in the United States are arguing about the Australian GST’s impact on petrol prices in Chicago, not about the level of supply of oil to American consumers. If you believed the member for Hotham, all ill on earth is associated with the Australian GST. That is the same GST that the Labor Party opposed right up to midnight on 30 June and, then, from one minute past midnight on 1 July, the Australian Labor Party supported the GST, because they do not want to abolish it.

It is common knowledge, even in this place, that there is very little a government can do about petrol prices when the price of oil is spiralling, and that is what it has done. The price of oil has increased significantly. In fact, it has trebled over the last few months and certainly since the beginning of last year. At the same time that the price of crude oil has trebled, there has been a decrease in the value of the Australian dollar. So you have petrol increasing in price, moving from $US12 a barrel to around $US35 a barrel and, at the same time, the Australian dollar, which is being traded in an open and very liquid market, has decreased in value, meaning that the cost per barrel of crude oil to Australian petroleum manufacturers has more than trebled since 1 January 1998. So that is what it means at the pump.

Since 1 July, Singaporean refined oil, which is the benchmark price for Australian petrol, has increased by 12 per cent in price, which is consistent with Australian retail prices. As the Prime Minister has often said, Shell—if people would like to go to the Shell
web site, it is at www.shell.com.au—reports that, from 30 June 2000 until 27 August 2000, the refinery price of petrol increased by 8.3c but retail prices increased by only 6.7c. So the pass on effect, according to Shell, has been less than the true impact of the global increase in petrol prices.

The Labor Party have shown a great tradition in this place. They have always illustrated the capacity to say one thing in government and another thing in opposition. So we have done a little bit of research about what some members of the Labor Party said about petrol prices when they were in government. I think the clanger, the gold medal award, goes to the member for Melbourne. The member for Melbourne said in 1994:

"Where do honourable members opposite think the money for the public health system comes from? ... Stop all this nonsense and bleeding heart rhetoric that it is terrible for some people to pay a few dollars more per week in petrol."

That was the member for Melbourne, now the shadow minister for finance and on the front bench of the Labor Party, who works closely with the member for Hotham. He said, ‘Stop all this nonsense and bleeding heart rhetoric that it is terrible for some people to pay a few dollars more per week in petrol.’ Do not forget that it was the Labor Party that increased the excise on petrol by 5c a litre and 7c a litre outside of the effect of inflation in 1983. Do not forget that it was the Labor Party that introduced the inflationary impact on excise for petrol. Do not forget that it was the Labor Party that promised 1-a-w tax cuts and, after the election, said, ‘We cannot really afford those tax cuts; we are just going to increase the excise on petrol.’

This is the same Labor Party that would have you believe that they have got the great solution, the capital ‘A’ answer in this House, which is that the Labor Party would be so generous if they were in government. They would deliver 2c per litre to every consumer on a one-off basis from early next year. That is the Labor Party’s promise. It was only a few weeks ago that the shadow minister for small business, the member for Hunter, came into this place and told the House that the Labor Party wanted to abolish the 1c and 2c a litre fuel subsidy for the bush, which costs $500 million. So, on the one hand, you have the member for Hunter in this House, not a few parliamentary sitting days ago, saying that he wanted to abolish the 1c and 2c per litre subsidy on petrol for people in the bush; and today you have the unctuous member for Hotham coming into this place and saying that, in fact, they did not want to abolish the 1c and 2c—they wanted to give the 1c and 2c a litre to consumers so that their petrol is cheaper.

The left hand does not know what the right hand is saying. The problem is that they are both in the Right. Maybe it is just one of those classic state divisions in the Labor Party where the New South Wales Right is not talking to the Victorian Right. We can speculate on that. The Chief Opposition Whip would know all about the semantics in the right wing. He controls them like puppets—like puppets. There they go, the puppets—away they go. The Chief Opposition Whip knows all about puppeteering. He controls them—the right wing of the Labor Party.

Mr Leo McLeay—Mr Speaker, I rise on a point of order. My point of order is that poor old Sloppy Joe does not really know where he is up to.

Mr DEPUTY SPEAKER (Mr Nehl)—No, no, resume your seat. The minister has the call.

Mr HOCKEY—That was a heart punch! The Chief Opposition Whip, who prides himself on controlling the Labor Party’s right wing, has lost control of his own frontbench puppets. The member for Hunter wants to abolish—

Mr Leo McLeay—Mr Speaker, I rise on a point of order. I really think that the minister needs to get back to the matter before the House, which is about the failure of the government to use its fuel tax windfall to give
relief to Australian motorists and its failure to keep its promises that the GST would not increase the price of fuel. The minister obviously has nothing to say.

Mr DEPUTY SPEAKER—I thank the Chief Opposition Whip for his intervention. The minister has the call. The minister is being relevant and will continue to be so.

Mr HOCKEY—The glass jaw of the Chief Opposition Whip is reflecting the fact that the member for Hunter comes into this place and wants to abolish a 1c and 2c per litre subsidy on petrol, and the member for Hotham comes in here promising to introduce a 2c a litre subsidy on petrol. So who is running policy on the frontbench of the Labor Party? Even with the tentacle-like hands of the Chief Opposition Whip, you would have thought that he would have had some semblance of control—

Mr DEPUTY SPEAKER—Order! The chair would be quite happy if you could try to tone down your references to hands, tentacles or anything else belonging to the Chief Opposition Whip.

Mr HOCKEY—I am choosing my words very carefully, Mr Deputy Speaker, and I used the word ‘tentacle’. In this instance, the Chief Opposition Whip should have some semblance of policy control over the frontbench. He should have some semblance of policy control, because he put some of them there and they are meant to be the wisdom and knowledge of the election campaign of the Labor Party at the end of next year. Yet the Chief Opposition Whip, who thinks that the Labor Party has all the policy answers, together with the backbench of the Labor Party, need only have a look at Hansard to get clarification about the fact that the Labor Party does not know where it is going on petrol. The Labor Party does not understand its history on petrol—and, if it does not understand its history on petrol, how will it understand where it wants to go?

The only thing about the Labor Party that is clear is this: the Labor Party have a credibility problem. They have a credibility problem when it comes to petrol. They have a credibility problem when it comes to tax. Their credibility problem stems from the fact that it was the Labor Party that introduced the inflation aspect to excise on petrol. It was the Labor Party that increased the excise on petrol by 5c per litre and 7c per litre on leaded petrol in 1993 when it went to an election promising no tax increases. It was the Labor Party that presided over the most significant taxation increase in petrol in the history of the federation.

On this side of the House, for the first time, we have reduced by $2.2 billion the excise on petrol. We have delivered tax-free diesel to farmers on the farm. We have delivered GST-free petrol to every business in Australia, which now do not have to pay the GST; they simply get the flowthrough benefit of the impact of the GST on petrol.

Australian businesses under the Labor Party would be paying more for their petrol today. Australian farmers under the Labor Party would be paying more for their diesel today. People in the bush who get the benefit of the 1c and 2c per litre fuel rebate scheme would be paying more for their fuel under the Labor Party today. We are abolishing the impact of diesel tax on rail and reducing the impact of taxation on fuel in the bush in rural and regional Australia. It is the Labor Party who opposes that every single step of the way. If there is any sting in the tail for consumers, it is this: we should never, ever forget that the Labor Party opposed $12 billion of taxation cuts for every working person in Australia—$12 billion of income tax cuts, lock, stock and barrel, opposed by the Labor Party. Not only would every consumer have more expensive petrol under the Labor Party; every consumer would have less money to pay for petrol under the Labor Party as well. Not even the Chief Opposition Whip, with his proclivities, can control OPEC.

Mr DEPUTY SPEAKER—Order! The minister has achieved his objective. He will resume his seat.
Mr Leo McLeay—I think the minister is so good he really needs a quorum.

(Quorum formed)

Mr DEPUTY SPEAKER— The minister’s time has expired.

Mr EMERSON (Rankin) (4.01 p.m.)—The government is in a state of denial on petrol taxes and, indeed, on petrol prices. Obviously there has been a meeting of the leadership group, the mushroom club, and they have decided to tough it out and say, ‘Well, we’ll deny any increase in petrol taxes, and maybe we should deny also that petrol prices have gone up at all’—because yesterday the minister representing the Prime Minister in the Senate, Senator Alston, said in response to a question from Senator O’Brien:

Of course, this is against the background of the very substantial reductions in fuel prices that have occurred since 1 July.

He went on to say:

There seems to be some misunderstanding on the other side of the chamber.

Here we have Labor people suggesting that there have been very substantial increases in fuel prices since 1 July. But the Prime Minister’s representative in the Senate is saying, ‘That’s not true; prices of fuel have gone down since 1 July.’ So this is the state of denial that the government is obviously in.

Who said this: ‘The GST will not increase the price of petrol for the ordinary motorist’? It was the never, ever man: our Prime Minister, John Howard. He said that where? He said it not on a radio station in a remote part of Australia but to the Australian people in an address to the nation:

The GST will not increase the price of petrol for the ordinary motorist.

And why did he make an address to the nation? Because he was explaining how his new tax would work, how the GST would work. The Prime Minister’s promise was repeated by the Treasurer before the last election when he said:

The Government’s proposed New Tax System will not lead to any increases in petrol prices.

Then after the election the Prime Minister repeated his pre-election promise, saying:

Yeah, that the price will not go up as a result of the GST.

And the Treasurer told this parliament on 25 November last year:

In fact, when you equalise out the tax arrangements, you get the same amount of revenue anyway. The excise comes down and the 10 per cent goes back up. It is the same amount of tax. It just depends on whether you are taking it in a form of excise or whether you are taking it in the form of GST.

So he said, ‘The government’s going to equalise the tax.’ What actually happened? On 1 July, the government reduced excise by 6.7c a litre but put on an 8.2c GST—because that is what the 10 per cent GST worked out at. So there was a gap of 1.5c a litre. What is the government tactic in response? Deny it: deny that that ever occurred. It is in the press release, but since then it has denied that there was any increase in petrol taxes on 1 July. In fact, the Prime Minister has denied that he ever said in his address to the nation, ‘The GST will not increase the price of petrol for the ordinary motorist.’ He said instead in this House on 15 August of this year:

The commitment made before the election was that the price of petrol need not rise as a result of the GST.

Once again, in his address to the nation he said:

The GST will not increase the price of petrol for the ordinary motorist.

But after the election he said, ‘I never said that, I never said that—I never, ever said that. I said it need not rise.’ But what he did say is on the record and it was told to all Australians in his address to the nation. The fact is that the GST has increased petrol prices to motorists, and that has been confirmed independently by the Australian Automobile Association. That association has stated:

If petrol taxes returned to the level they were at on 30 June this year, before the GST, petrol would be 3 cents per litre cheaper.

On this very state of denial, in the same press release the Australian Automobile Association dismissed as ‘laughable’ claims by the government that tax had no impact on rising petrol prices. AAA executive director Lauchlan McIntosh said that the Common-
wealth government seemed to be in denial about petrol tax. Well, we cannot disagree with Mr Lauchlan McIntosh.

The most insidious thing about all this is that the GST and the excise create a vicious cycle of a tax on a tax—something that the Prime Minister again said would never, ever happen. The petrol excise is adjusted in line with inflation; it is adjusted twice a year. But what happens? The GST causes inflation, so the GST causes the excise to go up. Now there is another round of effect because, when the GST is collected, it is collected at 10 per cent on top of the excise; so the rising excise causes GST collections to go up. The GST and petrol prices create a vicious cycle, a vicious spiral of a tax on a tax, each of them making the other get bigger.

We acknowledge that there are other factors behind rising petrol prices like, of course, rising world oil prices and the falling Australian dollar—which has fallen against every currency including, I think, the Botswanan currency and those of many other countries.

Mr Rudd—The dong.

Mr EMERSON—The dong; it is down against the dong for sure.

Mr Sidebottom—What’s happened to the dong?

Mr EMERSON—It may be true, and I accept that the Prime Minister cannot do anything about the world oil price—but he can do something about petrol taxes, he can do something about keeping his promise. What he can do is discount the next excise indexation increase by the GST price spike. Unless he does that, it will be truer and truer that, every time you go to the petrol bowser, John Howard is taking back your tax cuts and your family payments. That is what he is up to.

The next impact of this insidious, vicious spiral of a tax on a tax is that the way the GST relates to the excise it is increasing the city-country price differential—again something the Liberal Party said would never happen. They said in a pre-election pamphlet:

Nor will there be any increase in the price differential between city and country areas. In fact, petrol prices should fall and the differential should decrease as a result of the reduced cost of transporting petrol.

So we have the Liberal Party misleading Australian voters before the last election by predicting that petrol prices would fall as a result of these tax increases. Ordinary motorists have been duped by the Liberal Party. That helped get them re-elected, but people will not fall for it again. Motorists in rural and regional areas are paying more in petrol taxes than city motorists, and the reason is that the GST is 10 per cent on top of the retail price at the bowser. Since the retail price is higher outside the major cities because of transport costs, the 10 per cent GST collects more per litre from motorists in rural and regional Australia than from city motorists. The GST is a tax on remoteness. The GST is a tax on country people. But we have the Deputy Prime Minister and all the representatives of rural and regional seats from the coalition saying, ‘That’s not a problem. Even though we promised before the last election this would never happen, it is now okay that the people we represent are now paying more tax per litre in petrol than people in the city.’ They are quite content to let that situation continue.

I think the Deputy Prime Minister is a very reasonable man, personally. I think he is a decent man, but he is also a modern-day Uncle Arthur. If you see him at the dispatch box, what does he say whenever these problems arise? He says, ‘No worries at all, young kiddies, no worries at all.’ He is our modern-day Uncle Arthur. But his dismissal of the concerns of country people will not be appreciated by them at the next election. There are worries, so it is no good having the Deputy Prime Minister running around the place telling the parliament and telling the people of rural Australia, ‘No worries at all, young kiddies.’

We have the Treasurer denying that there is any windfall from petrol taxes from the increase in oil prices. There is a resource rent tax, which I was able to play some part in introducing back in 1984, when I was advising the Minister for Resources and Energy. It is a good tax, and it is acknowledged as a good tax. It was designed to collect a
fair share of super profits from the oil producers, and it is doing that. So there is one source of windfall. The GST is a percentage on top of the excise laden price. So there is another source of windfall. The excise is adjusted for general price increases, which are being fuelled—pardon the pun—by the GST. That is why we are establishing a Labor task force to assess the full extent of that windfall.

The government is continually in a state of deny, deny, deny. The Prime Minister is denying he ever said the GST would not increase petrol prices, the Deputy Prime Minister is denying the GST has increased the city-country price differential, the minister representing the PM in the Senate is denying petrol prices have gone up at all and the Treasurer is denying any tax windfall. The government’s continual denials might fool Fatso the wombat—though I doubt it, because Fatso is smarter than the average wombat—but I can tell you this: the government’s denials on petrol tax increases will never fool Australian motorists. In fact, the government’s denial that it has increased its petrol taxes is an insult to the intelligence of the Australian people.

Mr CAUSLEY (Page) (4.11 p.m.)—We in the chamber have listened to a lot of gibberish from the opposition about this issue, but we have not heard many facts or policies put forward. As a matter of fact, I have been sitting here thinking that today the Deputy Leader of the Opposition put forward the opposition’s proposal that there should be a reduction in fuel prices of 2c a litre. I distinctly remember sitting here yesterday when the Leader of the Opposition was goaded by the Prime Minister in replying to a suggestion such as that, and the Leader of the Opposition vehemently denied it across the desk. Who is making policy here at the present time? The Deputy Leader of the Opposition put forward the opposition’s proposal that there should be a reduction in fuel prices of 2c a litre. I distinctly remember sitting here yesterday when the Leader of the Opposition was goaded by the Prime Minister in replying to a suggestion such as that, and the Leader of the Opposition vehemently denied it across the desk. Who is making policy here at the present time? The Deputy Leader of the Opposition, the pretender to the throne, got up today and said, ‘We now have a policy,’ which we have not seen for months. We have had a lot of discussion about this subject but no suggestions about policy. But the Leader of the Opposition yesterday denied that. All I can say is, ‘Caesar, beware of Brutus.’ There is no doubt that someone is pretending at the present time that they are going to bring forward some policy.

Let us have a close look at the proposition that has been put forward by the Deputy Leader of the Opposition: that now the Labor Party support an additional rebate of 2c a litre. I recall vividly the fuel rebate scheme being introduced into this parliament to help country people with the increase in the fuel price because of the GST of between 1c and 3c a litre. It was not calculated in the original calculations for the GST. It was a proposition put forward by the government to help those in isolated areas who would have to pay the GST on a higher price. Who opposed it? It was the Labor Party who opposed that proposition, and yet now they would have us believe that they have changed their minds and they are prepared to put forward a policy that will in fact give a rebate of 2c a litre back to the motorists of Australia because of the effects of the GST on fuel price. We heard the member for Lowe giving us a great discourse on country fuel prices. I am sure he has been out there lately filling up a tankful in the bush. But the fact is that, if you have a look at fuel prices in the country across the board, the gap between city prices and country prices has narrowed. This argument they are putting forward over here that country people are paying more is just not true. When you look at the prices that city people are paying and what we are paying in my area, the gap has narrowed.

The $500 million that the Labor Party opposed that is put there to advantage country people is doing just that. The 1c to 3c subsidy that is being put on the fuel prices in country areas is reducing the difference between those prices and the city prices. A few things need to be said in this debate. There is no doubt in my mind that the Labor Party are using this as an opportunistic political medium at the present time. There is no doubt that fuel prices are hurting people. People are affected by fuel prices. The shining light of the Labor Party that the Leader of the Opposition often likes to hold up as being the example of Labor in the world is Tony Blair. Do you know what price Tony Blair is now forcing his constituents to pay for fuel in England? Some $2.30 a litre.
Mr Sidebottom interjecting—

Mr CAUSLEY—The member for Brad- don asks: what has that got to do with Aus-
tralia? It has a lot to do with Australia. What are we paying? We are paying a dollar and you have the hypocrisy to stand up here and say that we are being disadvantaged in Aus-
tralia. Have a look at Brazil.

Mr Sidebottom—What’s Germany pay-
ing?

Mr CAUSLEY—I will have a look at Brazil. That is more in your line; you should be looking there. The minimum wage in Brazil is $A150 a month. What do they pay for fuel? They pay $1.50 a litre. So let us get it in perspective. Even though fuel prices in Australia are hurting, we are still one of the lowest priced fuel countries in the world.

Mr Forrest interjecting—

Mr CAUSLEY—As the member for Mallee reminds me, we are the fourth lowest. If you want to have a real debate, let us look at the real issues behind this: the effects on the fuel companies of the changes to the tax system. I have never yet heard the Labor Party ask: what are the fuel companies doing about passing on the savings that they are getting out of this system? The government has raised the issue and has said to the fuel companies, ‘You do something about passing on some of your benefits.’ It is very clear that, under the new tax system, the company tax rate is coming down to 30 per cent. If you have a look at the fuel costs on-road of delivering fuel to the isolated country areas, there is 24c a litre coming straight off diesel costs. If you have a look at the big rigs—and they are big rigs; they cost a lot of money—there would be at least a $50,000 saving in buying one of those, plus cheaper tires plus cheaper spare parts. Don’t tell me that there are not some savings in this for the fuel companies. As a responsible opposition, what are the Labor Party doing to ensure that these companies are passing on the savings to the consumer? Nothing. They just want to play the cheap politics—that is all they want to do. They do not want to be a responsible opposition.

We can go even further than that. If we have a close look at the history of this, we remember that in 1983 there was another huge rise in fuel prices. At that time, fuel reached $US35 a barrel—about the same price as at the present time. What was the price at the bowser? It was 67c a litre. I know there has been a change in the value of the Australian dollar and I know there have been some cost increases, but can you tell me why the fuel companies are now charging almost $1 a litre with the same world price? The increase in tax for the government in that time has been 2.6c per litre, and the in-
crease to the fuel companies has been some-
thing like 11.3c a litre. Why aren’t we asking these questions? Why aren’t the opposition asking some of these questions? If they are truly concerned about the welfare of the Australian motorists, why aren’t they asking those questions? They are well worth asking.

We spoke extensively about fuel in rural areas. There is no doubt that the Labor Party are trying to fuel this debate as vigorously as they possibly can. There is no doubt that country Australia has been advantaged con-
siderably by the changes in the tax system. I remember very clearly that, in the lead-up to the 1996 election, the National Farmers Fed-
eration were calling on us candidates to do something about the cost of freight for their exports. Where is the great cost? There are two costs in country Australia. Goods have to come in and exports have to go out, and that is a great cost for our industries in rural Australia and for the exporting industries in particular. This government has delivered. Again, if the Labor Party had been a respon-
sible opposition then we would not have had to negotiate with the Democrats in the Senate and we would have got a better deal again than we have at the present time. The stupid maps that we have around cities are the La-
bor Party’s responsibility, because they were not a responsible opposition. They just took the cheap political points and said, ‘We’re going to oppose for the sake of opposition.’ The member for Braddon was part of that and he has cost his electorate dearly. This has cost the rural electors in Tasmania dearly and it is cant hypocrisy to stand up here and criti-
cise the government when the Labor Party opposed the price reduction for a litre of fuel for freight.
On top of that, there is the question of rail transport. I remember clearly when I was in the government of New South Wales the fuel tax on rail used to cost $60 million a year. That has been abolished. I do not see the member for Hunter or the member for Paterson here. The great coal industry is in their electorates. I bet they are complaining about the fact that freight has been reduced; I bet the people of the Hunter are complaining bitterly! Those members are not here to defend the Labor Party on this particular issue. The National Farmers Federation have made it very clear that there are big savings to farmers from that freight subsidy—some $1.6 to $2 a tonne in savings. (Time expired)

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

COMMITTEES
Selection Committee
Amended Report

Mr NEHL (Cowper) (4.21 p.m.)—I present the further amended report of the Selection Committee relating to the consideration of committee and delegation reports and private members business on Monday, 9 October 2000. Copies of the report have been circulated to honourable members in the chamber.


Public Accounts Committee
Report

Mr CHARLES (La Trobe) (4.22 p.m.)—On behalf of the Joint Committee of Public Accounts and Audit, I present the committee’s report No. 377 entitled Guidelines for government advertising.

Ordered that the report be printed.

Mr CHARLES—by leave—The report contains guidelines for Commonwealth government advertising developed by the committee during its review of Audit report No. 12 1998–99: Taxation reform, Community Education and Information Program. The audit report, tabled on 29 October 1998, had reviewed the processes surrounding the Community Education and Information Program, CEIP, an advertising campaign conducted in the months prior to the announcement of the 1998 election. The CEIP and the Auditor-General’s subsequent report had caused much debate. In his audit report, the Auditor-General suggested that more specific guidance on the use of government advertising would be helpful. He stated:

If the Parliament has concerns over the future usages of government advertising, it is primarily a matter for the Parliament and/or Government to develop and adopt appropriate guidelines that clearly define and articulate characteristics of government advertising which differentiate between Government and party-political material.

The committee has statutory links with the Auditor-General and took note of his concern. The committee decided, on behalf of the parliament, to review the audit report. During its deliberations the committee decided to focus on the issues in which it could be instrumental in delivering a positive outcome—the development of new guidelines for Commonwealth government advertising.

The committee took as its starting point the guidelines suggested by the Auditor-General in an appendix to his report. These were compared to the existing guidelines first released in 1995 and with other guidelines in both Australian and overseas jurisdictions. These included guidelines proposed by the Australasian Council of Auditor-Generals, the audit offices of Queensland and of Victoria, and the guidelines of the United Kingdom and New Zealand governments.

The committee has a proud record of bringing down consensual reports. This issue of government advertising guidelines is highly controversial; that is, party political. However, the committee determined that it wished to produce draft guidelines for government to consider which, while not perfect nor totally agreed by all committee members, do represent the majority and largely consensual view of the committee. The report, however, does contain some comments where there remained some disagreements within the committee. No doubt my colleagues will expand on this point later.

Underlying the committee’s guidelines are the principles that good government requires the provision to the public of comprehensive
information about government policies, programs and services which affect them, and that governments may legitimately use public funds for providing this information. A third underlying principle is that government advertising should not be conducted for party political purposes. I note in passing that the Auditor-General concluded when he reviewed the CEIP that the expenditure on this program conformed with the law, was legitimately for the purposes of the Commonwealth and was within the terms of the Constitution.

The committee’s guidelines stipulate and provide guidance in the following areas: material should be relevant to government responsibilities; material should be presented in an objective, fair, and accessible manner; material should not be liable to misrepresentation as party political; and material should be produced and distributed in an efficient, effective and relevant manner, with due regard to accountability. In concluding, the committee considers that the current advertising guidelines, which have been in place since 1995, have needed to be reviewed. The committee believes its guidelines are a significant improvement and will assist those involved in government advertising campaigns.

Finally, I wish to thank the members of the sectional committee for its great amount of time and dedication in conducting this inquiry. I also thank the secretariat staff who were involved—the secretary of the committee, Dr Margot Kerley; the sectional committee secretary, Dr John Carter; research officer, Ms Rebecca Perkin; and its administrative officers, Ms Laura Gillies and Ms Maria Pappas. I commend the report to the House.

Mr COX (Kingston) (4.27 p.m.)—by leave—The Guidelines for government advertising report tabled today is the product of almost two years of tortuous negotiation by the Joint Committee of Public Accounts and Audit, after the Howard Government used $14.9 million of taxpayers’ money to advertise the Liberal Party’s 1998 election tax policy. They represent a significant improvement to the previous guidelines prepared by the Office of Government Information and Advertising in the late 1980s, but they do not represent an improvement on the practice of the previous Labor government. That practice was governed not just by the guidelines but by a longstanding convention that no taxpayer’s money was spent on advertising a program or policy which had not first been given legislative authority by the parliament.

That is a convention the Howard government chose to ignore when it ran its pre-election GST advertising campaign. Its campaign was not designed to provide public information about a policy that had legislated authority, nor to provide the public with information. It was designed to convey two simple political messages: that the GST would make everyone better off and that it would be good for Australia. Those messages were nothing but propaganda and it was widely recognised that expenditure of public money on it was inappropriate. The Senate carried a second reading amendment confirming that when it was left with no option but to pass an appropriation bill to cover its cost long after the money had been spent. The Auditor-General was sufficiently concerned to recommend new guidelines to control government advertising, as did a submission from the Australasian Council of Auditor-Generals. They defined the attributes that determine whether an advertising campaign is for Commonwealth purposes and therefore legal or for party political purposes and therefore illegal. Those recommendations have been adopted by the JCPAA. However, those guidelines did not fully recognise the convention requiring parliamentary authority before the expenditure of public money advertising a new policy.

At paragraph 1.7 of the report, I have expressed my view that that convention should be codified and become part of the guidelines. I believe that would greatly strengthen the guidelines in an area where the misuse of government advertising for political propaganda poses a significant threat to the fairness of our democratic processes. While the guidelines do not address the quantum of money that it is appropriate to spend on government advertising campaigns, something that has become a real problem under this
government, effective safeguards should reduce the incentive for this kind of abuse. I believe that legislation to enforce the guidelines, such as that proposed by the Leader of the Opposition, is an essential part of that safeguards regime.

In what was a particularly contentious inquiry the committee gave priority to developing appropriate guidelines but in so doing failed to deal with a number of critical issues. First is the Auditor-General’s interpretation of the legal advice he had requested as to whether expenditure on the CEIP campaign was for the purposes of the Commonwealth and therefore legal. The Auditor-General asked the Australian Government Solicitor whether the expenditure was lawful if it contained political matter in terms of federal electoral and broadcasting legislation. The answer he got was that the advertising being classed as political under these two sets of legislation had no bearing on whether it was for the purposes of the Commonwealth. But that was the wrong question; the right question was whether the expenditure was for the lawful purposes of the Commonwealth. I contend that it was expenditure for political not Commonwealth purposes, and therefore not lawful. Determining that requires a legal opinion asking the correct question and, if there is a prima facie case that there has been misappropriation of public money, determination by the courts.

The second issue is the misuse of the Advance to the Minister for Finance and Administration to cover the expenditure in the absence of a specific parliamentary appropriation. The Auditor-General accepted as a justification for use of the AMFA that bills had been incurred and needed to be paid. To my mind that is not a reasonable interpretation of what is urgent and unforeseen, as required by the act for use of the AMFA. I believe, as the Auditor-General suggested, that some tightening of the guidelines for use of the AMFA would be appropriate.

Mr GEORGIOU (Kooyong) (4.31 p.m.)—by leave—The report of the Joint Committee of Public Accounts and Audit flows from a 1998 report written by the Auditor-General. The subject was the conduct of the government’s community education and information campaign relating to the proposed introduction of the new tax system. It is important to note that this campaign was conducted under the guidelines established by the Labor Party and under which it operated to mount such campaigns as Working Nation, with such luminaries as Mr Hunter saying ‘from the bottom of the ocean to the top of the mountains.’ But I will leave that. It is also important to note that the Auditor-General’s key finding was, and I quote from page 14 of the Auditor-General’s report No. 12 of 1998:

On the basis of the evidence available and legal advice, the ANAO concluded that the government acted legally, and officials acted ethically.

I think that is worth restating in the light of the comments made by the member for Kingston:

On the basis of the evidence available and legal advice, the ANAO concluded that the government acted legally and officials acted ethically.

Nonetheless, the Auditor-General suggested that consideration be given to a review of information and education guidelines, a task that the JCPAA undertook. The task was a rather difficult one, but the JCPAA soldiered bravely through it—and I use the term ‘soldiered’ advisedly. As one might expect, given the nature of the issue, the outcome has been a little equivocal. I think the chairman properly described it by saying that it involved the production of:

... draft guidelines for the government to consider which, while not perfect nor totally agreed by all committee members, do represent the majority and carefully considered views of the committee.

The problem of course lies in the nature of the subject matter. Government communication and information is, and I suspect will always be, a controversial matter. But I wish to emphasise that the Australasian Council of Auditors-General does recognise that it is legitimate for government:

... to educate and persuade members of the public to adopt action which, in the government’s view, is in their interests and falls within the responsibility of the government.

The real nub of the problem is determining the boundary between appropriate and inappropriate government communication. The JCPAA report does make a number of con-
tributions to guidelines for government education and information campaigns which are important. These guidelines acknowledge both the obligation of government to provide information and education to the public and the public’s right to know and to be educated.

The report makes some commonsense and important articulations of what limits of government communication are appropriate. I will just briefly mention a couple of them: for instance, material should not directly attack or scorn the views, policies or actions of others, such as the policies or opinions of opposition parties or groups; and information should avoid party political slogans and images. These are, in my mind at least, important and sensible contributions to the definition of appropriate government communication.

My problem comes and is exemplified by the notion contained at page 6 of the report, which states:

... material should not be liable to misrepresentation as party political. This is accompanied by a statement:

Dissemination of information may be perceived as being party-political because of any one of a number of factors, including: what is communicated; who communicates it; why it is communicated; what it is meant to do; how, when and where it is communicated; the environment in which it is communicated; or the effect it is designed to have.

In my view these are problematic components of the draft guidelines. As I have said in this report, I do have difficulty with them because in a highly combative political system materials which are totally non-partisan can be misrepresented as being party political. Misrepresentation is easy; it is not accurate representation. Moreover, the factors which are seen as being relevant to determining whether material can be perceived as party political do not in my view provide a sufficiently clear and objective basis for assessing whether or not such a perception is valid. Importantly, such guidelines if taken literally could paralyse entirely legitimate and unquestionable education and information campaigns.

I do believe that the report contributes important guidelines, and the strength of many of these derives from the fact that they are based on current guidelines and conventions that are observed. My view, however—and this is my concluding comment—is that the difficulty is that ultimately drawing a precise boundary between appropriate and inappropriate government advertising is in the eye of the beholder at the margins, and I am not sure that we can be precisely prescriptive in a set of guidelines.

Mr CHARLES (La Trobe)—by leave—I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.

WORKPLACE RELATIONS AMENDMENT (AUSTRALIAN WORKPLACE AGREEMENTS PROCEDURES) BILL 2000

Second Reading

Mr BEVIS (Brisbane) (4.37 p.m.)—Prior to question time, when this debate was interrupted, I was referring to the government’s desire in this legislation to force workers onto individual contracts whether they wished it or not. I was commenting on the problems that presented for ordinary working men and women in Australia. In continuation on that matter I should add that these are not new ideas. In fact these views were rejected in the very early days of Australia’s Federation. As far back as 1911, in what has become the quite famous engine drivers case, Justice Higgins had this argument put to him and he rejected it. It is worth quoting the words of Justice Higgins on the matter. He said:

It ought to be frankly admitted that, as a rule, the economic position of the individual employee is too weak for him to hold his own in the unequal contest. He is unable to insist on the ‘fair thing’. The power of the employer to withhold bread is a much more effective weapon than the power of the employee to refuse to labour. Freedom of contract, under such circumstances, is surely misnamed; it should rather be called despotism in contract.
It is exactly that ‘despotism in contract’ that Justice Higgins referred to all those years ago in rejecting these arguments that this government now forces on Australian workers and, by this legislation, seeks to impose more readily on even more workers. That is not just a view to extrapolate from those earlier cases. The commentary on the current legislation of this government says the same thing. In a quite telling analysis of the Workplace Relations Act 1996 in an authoritative publication, Joe Catanzariti and Mark Barragwanath comment on the situation with respect to AWAs. This is what two current eminent, well-regarded practitioners in the field say:

In a situation where the agreement is with an individual employee, that employee has virtually no bargaining power.

That is precisely the position that this government now wants to force on more and more Australian workers. If the bill before the parliament were to be adopted, more workers would find themselves without the opportunity of having collective representation, access to union representation and access to industrial commission vetting of their conditions of employment. Those who champion the cause of these individual contracts claim that they provide employers with a greater degree of flexibility to meet the modern demands of industry. The argument in theory sounds fine but in practice of course it falls down, and that ‘in practice’ is not what they have been used for.

I want to turn to the real application of these AWAs that this bill would make even more widespread. The most extensive use of AWAs in Australia was in the Victorian Public Service under Jeff Kennett. The Liberal government of Jeff Kennett forced employees to take AWAs, again on a take it or leave it basis. If you wanted a job as a public servant in Kennett’s Victoria, you had to sign an AWA—you had no choice. If you wanted a promotion—it did not matter at what level—you had to sign an AWA. As a consequence there were some 10,000 public servants in Victoria forced onto AWAs whether they liked it or not. Those 10,000 workers were covered by 12 variants of an AWA—that is, they are all the same; there is no flexibility. These were not vehicles for trying to assist people to better manage their workplace; these were vehicles to isolate workers, to divide one worker from another, to remove unions from the workplace and to give an even greater say to employers in setting conditions of employees.

There are two further cases to which I will refer: one recent and one current. The recent case involves a company called Serco. In May of this year they were the successful bidders for a contract for work that was being outsourced at HMAS Albatross in Nowra. They offered the work force there AWAs. I have a statutory declaration from one of the people who attended the meeting, and I will quickly refer to it. The statutory declaration says in part:

I attended a meeting held at the Community Hall, Albatross Navy Base Nowra, on Wednesday 31 May 2000, at 6.00pm.

It goes on:

In answer to a question—

and then quotes the question—

“what happens if we don’t sign the AWA”, company representative Trevor Townsend answered the question by saying, “that the company had received over 600 applicants for the 200 jobs available and if people who had been offered AWAs were not prepared to sign that was fine with him and that the company would ask one of the other 600 applicants, if they wanted to take the job via signing of an AWA, simply if you do not sign you don’t get the job.”

That is the agreement, but there is no agreement in that. That is a totally one-sided determination of what will happen in your employment: no umpire, no union and one worker negotiating with their employer. I might say those 200 AWAs were all the same. It is not as though there were 200 individually-crafted AWAs. This was a vehicle to force people onto conditions that were worse than those previously existing.

This leads me to the current case. The current case involves the Commonwealth Bank. This is one of the most alarming cases because the Commonwealth Bank is one of the largest corporations in the land. As far as banks go, it is pretty well respected—or at least that is the view that has traditionally been held about the Commonwealth Bank, to
the extent that banks are respected at all, I suppose. But the fact is that even an organisation as large as the Commonwealth Bank is now trying to use its might against individual workers. There is a current dispute between the Commonwealth Bank and its employees. The union, the Finance Sector Union, has sought a wage increase of, I think, 6.5 per cent in each of the next two years. That wage increase has been rejected by the company, who have instead offered to give the workers a two per cent wage increase and to provide a fairly shaky opportunity for them to get access to performance pay. So basically, instead of the six per cent they are asking for, they are being offered two per cent. When the work force and the union said that that was unacceptable the company responded by saying that it would offer its 28,000 workers individual contracts. It would take them all off an award, all off the industrial agreement—no union agreement at all—and put them all on individual contracts; that is, 28,000 people to go on individual contracts.

Just last week—on 28 September—that matter went before the Federal Court, and His Honour Justice Finkelstein said a few things about the way in which the Commonwealth Bank had behaved. He said:

In these circumstances it is appropriate to infer, as I do, that the offer of Australian workplace agreements was not an end in itself.

That is, the bank was not offering agreements just for the purpose of getting an agreement; they had another motive. That other motive was to destroy the operation of unions in the Commonwealth Bank so that long term the company would be able to dictate the terms of employment to its employees. I go back to the decision of His Honour Justice Finkelstein at the time. Having observed that there was another purpose in the minds of the Commonwealth Bank when they pursued this, he said:

The public statements made by Mr Matthews—

the Mr Matthews who was representing the Commonwealth Bank—

show that he knew that a workforce on individual employment contracts tend to leave their union.

He then said, quoting the Commonwealth bank representative, that it was:

"a consequence of moving well, you know, the consequence may be that some people will leave the Union."

Of course that is a consequence—that is the purpose. One of the principal roles of Peter Reith and this government is to put in place a system where workers have neither that collective protection nor the right of access to an industrial umpire. Justice Finkelstein, referring to the behaviour of the Commonwealth Bank, only last week said:

... it would be wrong for me to do otherwise than to find a sufficiently arguable case that the bank sought to coerce the union to enter into new enterprise agreements ...

Which is, of course, an unlawful thing for them to seek to do. Later in his judgment, His Honour said:

... the union has an arguable claim that employees have been misled by the statements the subject of the complaint. Moreover, it is difficult to see why conduct is not intentional as is required by s 170WG(2). If it is not intentional in the sense of being deliberate, it at least strikes me as reckless.

This was Justice Finkelstein last week describing the actions of one of the largest corporations in Australia—the Commonwealth Bank—in seeking to force 28,000 of its workers into individual contracts. It is not enough for this government that these things are happening; this government now has a bill before the parliament to expedite those processes so that more people will be exposed to these situations. The only reason this has been exposed is that the Commonwealth Bank employees are, by a huge margin, members of the Finance Sector Union, and that union has taken the fight to the courts to protect the rights of those workers. There are many workers who do not have the benefit of that collective representation for a whole host of reasons. This sort of behaviour goes on all the time amongst businesses in the real world out there, unfortunately— facilitated by this government's laws. It has now reached the stage that even corporations such as the Commonwealth Bank feel comfortable in pursuing this behaviour.

I want to say a couple of things about that, because I think the Commonwealth Bank's behaviour in this matter is totally inappropriate. They have, in the last 18 months,
notched up more than $2 billion in profits, but they cannot afford any more than a two per cent wage increase for their workers. They have closed branches from one end of the country to the other: in the cities and in regional Australia—everywhere. They have sacked literally thousands of workers, re-trenched thousands of workers, and they say to their continuing work force, ‘You have to work increasing numbers of hours of unpaid overtime.’ For all that, they now turn around and tell their work force, using the laws this government has put in place, ‘You’ve got no rights as far as we’re concerned to have an agreement for a wage increase of more than two per cent, so sign the individual contract.’ That is what they said. Later this month there is to be a meeting of shareholders of the Commonwealth Bank; the annual general meeting is due to be held later this month. A proposal is to go before that annual general meeting to give David Murray, the Chief Executive Officer of Commonwealth Bank—the person who says the workers cannot have more than two per cent—another 250,000 share options and another 50,387 shares, with up to a further 42,000 shares free, as part of a bonus scheme. That provides David Murray, as the CEO, with a net extra amount of money, over his existing salary, of more than $1 million. The shareholders will this month be asked to give the CEO an extra $1 million, just for this year, on top of his existing salary, but they cannot afford to offer the work force more than two per cent. When the workers asked for more than two per cent, the company put the screws on and said, ‘Not only won’t we give you more; we’re going to force you to go onto individual contracts.’

David Murray has to struggle on a current salary package of only $2 million a year. I imagine that, being on only $2 million a year, the extra $1 million bonus would come in handy. Mind you, the two per cent increase and a bit more might come in handy for the 28,000 workers in the Commonwealth Bank. David Murray has done pretty well in his salary package. Since 1994 he has managed to get an increase in his salary package of 272 per cent. His remuneration package has gone up 272 per cent in the last six years!

Mr Martin Ferguson—How many workers has he sacked?

Mr BEVIS—As I have been reminded, during the course of those six years he has sacked literally tens of thousands of workers. He has closed branches all over the country, reducing services to most ordinary Australians. He has now seen an increase in his own pay packet of 272 per cent, with another $1 million plus to be proposed at the shareholders’ meeting. But he does not have the respect for his work force to ensure that they maintain a collective union agreement, because they had the audacity to say no to a two per cent wage increase. These practices of corporate Australia are unacceptable. They are un-Australian. The only reason they occur is that this government’s industrial relations laws—Peter Reith’s laws—facilitate and encourage them.

Let us look at company profits and the latest figures for the June quarter this year compared with the June period last year: company profits seasonally adjusted before tax rose by 44 per cent. They cannot afford to pay a three or four per cent wage increase to their employees. This bill is about taking away rights that workers already have. It is about forcing more workers onto individual contracts. We opposed this when it was introduced in 1996, we opposed it when it was in the second wave of Peter Reith’s laws last year and we oppose it again. (Time expired)

Mr BAIRD (Cook) (4.51 p.m.)—It is my pleasure to support the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000 and also to commend the Minister for Employment, Workplace Relations and Small Business for bringing this bill to the parliament. The minister has had a particularly impressive run in his portfolio, and this is just another successful piece in that history. It is particularly interesting to trace the downward movement in the unemployment level in my own electorate, the electorate of Cook. Under this minister, under this government, we have had an unemployment rate as low as 1.9 per cent in the electorate of Cook, and it is now 2.3 per cent. If we compare those rates to the heady, high unemployment days under Labor when it was close to 10 per cent in the
electorate of Cook, then you have a recognition that the policies and initiatives of this government have worked effectively.

It is also interesting to hear the member for Brisbane as he continues his tirade not so much against the bill but against the Commonwealth Bank, because it was his party when they were in government that privatised the Commonwealth Bank. If they did not want the Commonwealth Bank to undertake what the private sector does out there, they should have kept it under their own control obviously. But now both he and previous speakers yesterday talk about all the sins of the Commonwealth Bank, but they were the ones that privatised it. So if there are any failings out there in the private sector, Labor should be held accountable.

Mr Bevis—You are using Reith’s laws. That is what I am complaining about.

Mr BAIRD—I think that you should go back to looking at your decision to privatise.

Mr Bevis—It was nothing to do with AWAs though.

Mr BAIRD—You have the old union line coming in here in terms of the power of the organisation, never mind the former heads of the trade union movement we have in here who came into their own closed shop organisations. What about that in terms of restrictive practices? You either joined the union or you did not get a job. How democratic was that arrangement! You all supported that for many years.

When was the process put in place in terms of voluntary unionism? Of course, the Minister for Finance and Administration, who is at the table, was one former Premier and also former Minister for Industrial Relations who championed voluntary unionism in Australia. The days of closed shops ceased through the passage of the excellent legislation that he brought in. This is part of that ongoing process.

Mr Martin Ferguson—Even he is embarrassed by Peter Reith.

Mr Fahey—Rubbish.

Mr BAIRD—He is very proud of Peter Reith, I am sure, in terms of what has been happening with workplace agreements. We know that this bill was part of the original More Jobs Better Pay bill, which was blocked by the Democrats and the ALP. This amendment bill corresponds to schedule 9 of that original bill. The Democrats wanted it split into different parts. The government is keen to ensure that we have the workplace agreements bill put into reality, which is why we have it in this form. The minister stated in his second reading speech:

The government is prepared to consider amendments to refine the detail of procedures proposed by the bill, if it is the detail that is the barrier to the bill’s passage through the parliament.

Looking at the background to the Australian workplace agreements, we find they have greatly increased the flexibility and overall productivity in our workplace relations system. The AWAs greatly simplify a system so that third parties and groups are not directly involved and cannot be involved in the way they were in the past. Of course, we have heard the trade unions here today wanting their slice of the action to interfere in the arrangements between employer and employee. It has nothing to do with third parties; it is simply a relationship between employer and employee to decide what the terms of the agreement should be—all the conditions that relate to it, the basic wage rates, et cetera.

This seems to be the appropriate way to go. This is the type of system we have seen in modern industrialised countries around the world. The member for Brisbane is stuck in the ideology of the past, the old trade union left-wing ideology which no longer serves the country. Its place is in the past. Well should the member leave the chamber, because this is a modern, prosperous country that is adapting to a more appropriate and contemporary situation.

Ms Roxon—You have not even told us what is in the bill yet.

Mr BAIRD—Just wait and the member will find out. Of course, it is about AWAs and ensuring that the companies have the ability to negotiate directly with their employees. It provides greater flexibility so that, instead of having one size fits all, you can have a situation where the agreements meet the individual requirements of a com-
pany and those employees in it. The inflexible agreements that we had in the past certainly do not suit the contemporary Australian environment. The popularity of the AWAs is clear. If it was always doom and gloom, as the member for Brisbane pointed out, why have we had such a high level of success with the AWA agreements? In December 1997, we had 4,393 agreements in place; December 1998, 45,089; and, in December 1999, 85,864. There are now 250,000 employees covered by AWAs or collective agreements bargained directly with their employer.

Ms Roxon—How many were in the private sector?

Mr Baird—There was some deceit by the ALP before the last election, as the interjector would well understand. Before the last election, you promised to keep the individual agreements in place albeit with a few extra hurdles. What happened? Following this, the ALP government in Queensland decided to keep individual agreements in name only but basically completely scuppering their effectiveness. So they were able to claim that there was no support for them amongst employers or employees. Mr Beazley then spent 18 months arguing for this ridiculous situation to become federal policy. This position again changed as the Leader of the Opposition and his parliamentary colleagues came under pressure from the union leadership at the recent ALP national conference. Apparently the opposition's position has been eroded to being completely opposed to any form of individual workplace agreements, even to the point that it will declare those already in place to be null and void.

So we have 250,000 employees around Australia covered by these agreements. Certainly, in terms of my experience, I have not had one representation from anybody in my electorate, covered by some 200,000 people—85,000 voters, as each member has. Not one person has come to me to say, 'The agreement that I have been required to sign is unfair.' No, it has gone very well. That is one of the reasons why the unemployment rate in the seat of Cook is as low as 1.9 per cent—the lowest it has ever been. You have to ask: why is this? Why have we had such a low level of unemployment and a continuing downward trend? It is the successful policies of government. They do not come about by vague reality; they come about by a government who is dedicated to changing the face of the industrial relations scene in Australia. It is clear that the Labor Party is tied to the old Labor ideology. It has not caught up with New Labor yet; it is still in the ideology of its past.

The amendments in this bill make a number of changes. Firstly, the process of approving an Australian workplace agreement will be streamlined to make it simpler and quicker. The agreement will now take effect from the day of signing, unless actually specified in the agreement. The employer will then have 60 days to have the agreement approved. Pending this approval by the Employment Advocate, there is a presumption that the AWA meets all the usual tests of fairness. Previously, the Employment Advocate had to refer the AWA to the Australian Industrial Relations Commission if there was a concern that the agreement did not pass the no disadvantage test. Now the Employment Advocate applies the test. So that is simple. It is going to work very well. It does not complicate the process by involving other third parties in the process. The member interjected before in terms of the processes and aspects of the agreement. Here is one important streamlining of the current agreement that is the type of approach that has been asked for by both the employer and the employee.

Secondly, in the case of high income earners, over $68,000 per annum, any AWAs will be fast tracked. Unless employees specifically request, these AWAs will not have to pass the no disadvantage test before they are approved. That is significant streamlining and appropriate. Thirdly, the bill permits employees to sign an AWA at any time after they have received a copy of an explanation of that agreement and the information statement prepared by the Employment Advocate. That is certainly appropriate as well. I will be interested to hear the member in terms of points of objection to this because it is absolutely straightforward and it is abso-
olutely fair for both the employer and the employee. Fourthly, the bill also removes the requirement that all employees in the same area of an organisation must be offered the same AWA. This allows flexibility in the case of employees who want to take extra initiatives and allows this initiative to be recognised. Finally, this legislation also clarifies the relationship between AWAs and awards and other certified agreements. In particular, this bill ensures that AWAs are not excluded by awards made under section 170MX of the Workplace Relations Act. So these five provisions are, in my view and in the government’s view, all very much worthy of considerable support in this House.

If we look at the ALP record on workplace relations, we see that it is very difficult to take the ALP seriously on this issue. Under Labor, agreement making between employers and employees was always controlled by third parties—the unions and the tribunals—not the people whose actual interests were at stake. Thus the effectiveness of the agreement was blurred and lost. Of course we know that members opposite like to see the continuing role of the union because that is where 50 per cent of them came from, and they want to ensure the continuation of the old boys network. On top of this, unions are becoming increasingly irrelevant, and that is the truth. Union membership makes up 29 per cent of the work force. If you take out public sector membership of unions, the figure becomes an irrelevant rump in terms of the community. That is why you have to have a system that reflects contemporary Australia, not one that is tied to the 1940s and 1950s, with closed workshop areas only available to unions and with deals where one size fits all. This is a flexible system, one which is fair and relates to the individual arrangements within individual areas of work.

Under Labor, unions amalgamated and became super unions, which gave them even less relevance to those in the workplace. Yet they were given a hugely unfair advantage by Labor. The number of members of unions across Australia is fewer than the number belonging to the NRMA in New South Wales—so irrelevant are they in this current environment. Yet the opposition are still tied by their mates in the unions who tell them what to do, and they are all out there. It was interesting to see over the last two weeks the good old boys from the trade union movement out there with the New South Wales Right in significant numbers because they make up the government. They are part of the government. They determine the policy. They tell them what to do. This is what we see day after day in here. Instead of having policies that relate to contemporary Australia, they are dictated to by the unions.

The award based system that is still championed by Labor was far less flexible. Going back to a system like this completely ignores the realities of a modern globalised economy. Not only does Australia have to stay competitive with other countries; but an inflexible system can also disadvantage sectors of the work force. For instance, men and women with young families seeking flexible hours were often forced into casual employment. Inflexible systems keep wages low and hugely increase the number of working poor. Compare this with the coalition’s record: we have increased total employment to a historic high of over nine million jobs, up from only 699,600 when the ALP left office; the rate of job creation is twice as fast as it was when Labor was in power; and over the year to April 2000 employment has increased by seasonally adjusted 291,900 jobs, of which 70 per cent have been new full-time jobs.

Independent commentators have made their own judgment in terms of where we currently sit. Terry McCrann from the Herald Sun said on 8 September this year that Australia is sustaining an extraordinary rate of job creation. On the same day the Australian newspaper said that employment has surged again. These are results of a government which has policies which aim to encourage employment, not disadvantage it. The policies we saw from the opposition when they were in government were a great disincentive to employment across the board. This bill provides greater flexibility. It recognises the reality of modern Australia competing in a global marketplace. It recognises a situation where union membership is at an all-time low. It recognises a situation where
individual employees want to negotiate directly with their employers. They want a streamlined system and they do not want third parties involved in the negotiation. If there is any unfairness, an independent arbiter is to be there to make a judgment on the situation. This is fair and equitable. This is one of the reasons why the economy is growing so strongly. This is one of the reasons why unemployment in this country is so low and why we have all-time low unemployment figures in electorates like mine. It is one of the reasons why we have strong support for the government’s industrial relations program. I believe this is a significant piece of legislation. I believe that those in the workplace know that the government is taking the right initiatives in this bill. I certainly commend this bill to the House.

Ms ROXON (Gellibrand) (5.09 p.m.)—It is becoming quite tiresome to speak on these bills in this House. I did think it was a nice change when I saw I was going to be following the member for Cook, who is not a usual participant in these employment debates and who is, on occasion, more sensible than some of the other speakers I follow. I thought I may have the rare opportunity to actually discuss some of the specific aspects of the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000 and talk again about some of the alternative procedures that this government could be following. Instead, unfortunately, the member for Cook has fallen into the same trap as many of his other colleagues and revealed from his comments on this bill how little he knows about industrial relations.

I know that the government prepares briefs for its government speakers to present in this House. I had hoped that the member for Cook may have applied some of his own skills in trying to find out whether or not that information was accurate, but he seems not to have even done that. He is prepared to stand up in this House and say that this bill allows employers in a modern situation to be able to negotiate directly with their employees. It may be news to the member for Cook but under this government’s current legislation that can already occur. This bill does not
change that in any way. What this bill does, though, is seek to make those negotiations more secretive.

The member for Cook even had the gall to say that none of his constituents had come to him to give him examples of any terms under an AWA they might be unhappy with. He may be appalled to find out that if one of his constituents were bound by one of those agreements they may be breaking the law if they speak to him about the terms of that agreement. That is the current law, and this bill actually proposes to make it worse. This bill proposes to make the terms of any agreement more difficult, more restrictive and more secretive. So, whilst members opposite might think it is desirable for people to be able to negotiate directly with their employees, the member for Cook wants to go much further than that: he wants there to be direct negotiations and then he wants direct negotiations which no-one should be able to interfere with because an employee is prohibited from discussing it with any people. He does not understand that going to the Employment Advocate to have it tested for no disadvantage is not public. At the moment, if the Employment Advocate is unsure whether an employee will suffer some disadvantage, it must be referred to the Industrial Relations Commission. The Employment Advocate has no discretion in those circumstances, although it does make a judgment about whether there is overall disadvantage. It must go to the commission. At that point, there is some opportunity for there to be some public scrutiny of an agreement which has already been determined by the Employment Advocate to be substandard. This bill proposes that the Employment Advocate should make a judgment about it and say yes or no, but no-one else can see that. There is no way of appealing against that. There is no opportunity for anybody to say that the conditions might be inappropriate. This is hardly an answer for contemporary Australia. It really seems to me to be stretching the truth for the member for Cook to be saying these sorts of things.

There is also quite a misunderstanding about the way that the whole process will work. The member for Cook, as one of the many members who have spoken on this issue, says that it is a great advantage to streamline this process—that an employee can sign an AWA one day, and it can actually have application immediately from that day. He said that that is a good streamlining process, and why would anyone want to stand in the way of that. Many people may want to stand in the way of that, including an employee who may wish to be able to have the opportunity to seek some advice on the terms of the agreement that is being proposed for him or her. There is a requirement at the moment in the act, which even this government thought was fair when it first introduced these provisions, that the agreement cannot come into force immediately—I think 14 days is the current requirement, or five days if you are not a current employee. Therefore, it gives the opportunity for an employee to go away and seek professional advice if they so choose, whether that be from a lawyer, a child who might speak English better than they, or their union organiser. It is quite disingenuous, I think, for the member for Cook to stand up and say, ‘By streamlining the process and having the agreement take effect straightaway, who could object to that.’ I think he well knows that there are situations where these negotiations can put people under a lot of pressure. We are not talking about negotiating for the purchase of a car or about some other commercial arrangement; we are talking about the terms of a person’s employment, their livelihood. It is something that, even in the current environment, people do not feel that they have a great deal of flexibility to negotiate on, and he wants to take away the opportunity for them to discuss it with their friends, family or advisers. I think that that is a very retrograde step that is being proposed in this bill.

I want to speak on a number of other things. I think it is surprising that the government is prepared to put this bill forward again and still carry on with its rhetoric that the AWAs have been successful, and that this will be a way of making them more successful. AWAs have had a pick-up rate which is staggeringly small, particularly if you take out the public sector, and certainly if you take out the public sector in Victoria where
the previous Kennett government had as its policy that everybody was required to enter into an AWA. I say, for the benefit of the members of the House, that people were required to enter into an AWA upon which they had no opportunity to negotiate. So you might wonder why it is that the government thinks that this is a brilliant way of being able to encourage employers and employees to negotiate their employment conditions in a way that suits their particular circumstances when the biggest pick-up rate has been under Liberal governments who have required that their massive departments, wholesale, introduce AWAs all with the same conditions. It seems to me that, although the government wants to keep pushing for this, there is really no rationale for it, and there is certainly no rationale for making more secretive the way the current Australian workplace agreements are regulated.

I have already covered what I regard as some of the main problems. Secrecy is obviously a real problem. We also object to the fact that there is the removal of any sort of accountability to the Australian Industrial Relations Commission. I think the bill proposes that the commission might be able to set the principles which the Employment Advocate should apply in determining whether or not an Australian workplace agreement meets the no disadvantage test. The bizarre thing is that the Australian Industrial Relations Commission, as far as I can tell from the bill, will be able to determine those principles and then have no role to play in applying them. So, if the Employment Advocate actually chooses to apply those principles in a way which is of great disadvantage to the workers involved, there is no way for the commission to then rein in, if you like, the role of the Employment Advocate. There is no relationship between the Employment Advocate and the Australian Industrial Relations Commission which gives the commission some capacity to bring the Employment Advocate into line if he or she steps beyond what was intended by the commission’s principles.

This is quite relevant when we talk about the role that the Employment Advocate plays, because it is not appropriate to regard the Employment Advocate as an independent statutory officer. I know the member for Brisbane has already dealt with this in some detail, and I must say that certainly the community has a very strong view that the Employment Advocate has not played the role of an unbiased arbiter. The current Employment Advocate has spent more of his time and money pursuing union officials and internal union disputes than he has award breaches. I do not think there is anything on the record which shows that the Employment Advocate has ever pursued an award breach. There is a suggestion in this bill that if, under the new system where an agreement can apply straightaway, an employee is later found to have suffered some disadvantage, they can go off to court to claim any compensation for what they have lost, but there is no suggestion that the Employment Advocate has power to pursue that on their behalf.

I do not understand why the government pretends that there is some protection and regulation from an Employment Advocate who has been prepared to stand up and say that he is more interested in promoting Australian workplace agreements to small business than in actually explaining the general industrial relations system and giving people proper choice, which is what the government says this is all aimed at. I am a member of the Maribyrnong Chamber of Commerce and Industry, which is a local chamber of commerce in my area, and received in my mail one day—I am sure much to the surprise of the Employment Advocate—an invitation from the Employment Advocate to a seminar in my electorate which would explain to me the benefits of AWAs, because I was no doubt finding, as a small business, that award conditions under which I employed my employees were constraining my activities to such an extent that I would jump at the opportunity to have the Employment Advocate explain to me the benefits of an AWA.

An organisation and a government that want to hold themselves out as playing some independent role are actually going out and advocating this government policy without being encouraged or invited to by anyone, without there being any such suggestion. Presumably, when they sent out this flyer,
they assumed that I, as just one of many employers, needed to somehow undermine the conditions of the people employed by me. In fact, they are actually employed by the department, but presumably their expectation was that I was a small business and employing people myself, and that I would automatically want to take up this opportunity. I think that was quite outrageous.

We have real reasons to be concerned that giving the Employment Advocate more power is not going to make the system fairer in any way: it is not going to give workers any protection that they might need; and it is not really going to give employers any support, because, presumably, any decent employer wants to know all the options. Some employers, surprising as this may be to the members who have spoken before me and to the minister, may actually decide, as a matter of convenience apart from anything else, that they do not want people on individual contracts of any form, that they do not want to negotiate individually. The government just does not seem to be able to let go of this.

One of the particular problems with this bill from Labor’s perspective, and certainly from my perspective, is that there is intended to be a removal of the current requirement that all comparable employees in one business should be offered the same terms and conditions. Even if they are going to negotiate different agreements through the AWAs, comparable workers should be offered similar conditions. There is a proposal in this bill to remove that. The member for Cook says that this is dealing with contemporary Australian reality, because individuals should be able to tailor their workplaces in the way they want. That might be okay if the individuals had any hope of tailoring their conditions. But we have had no evidence that that is the case. In fact, all of the evidence before the inquiry in the Senate which dealt with these issues when they were part of the second wave proposals was quite to the contrary—that the employees themselves had never had an opportunity to negotiate and that any possibility to differentiate between people would just be a tool for discrimination, favouritism and all sorts of workplace practices that most people would not regard as appropriate.

It is extremely worrying that all the government is trying to do is build on a system that is already flawed, and make it more flawed—not actually try to improve it. The only evidence before the Senate committee that I have been able to find was basically critical of AWAs and the way that they were able or not able to be negotiated—and it was critical in all of these areas that the government is now trying to pursue again.

In the second reading speech, the minister had the cheek to say something that could be regarded as trying to put pressure on the Democrats. That is no surprise from this government, but it was threatening them, really, in relation to these provisions. The minister said in the second reading speech:

In introducing this bill the government is conscious of the fact that the Australian Democrats have supported the role that AWAs play in our modern workplace relations system.

The speech then went on to say that the Democrats have indicated that they would like the second wave to be put up in parts. The government is only putting up the parts that it thinks the Democrats may support. As far as I know there has been no public statement that the Democrats actually support this part of the proposal at all. But, even if some indication had been given to the government that they might, it would be yet another total betrayal by the Democrats if they supported something that would take away people’s rights in this area.

One of the most astounding things that this bill proposes to do is take away a worker’s right to undertake any industrial action in the negotiation of an Australian workplace agreement. All of the evidence shows—I think it is even in the second reading speech—that such industrial action is extremely rare. In fact, I do not think anybody has an example of any individual worker ever taking industrial action in support of conditions that they are negotiating under an AWA. No doubt there are some out there, but everyone acknowledges that this provision is rarely used. The government says, ‘Well, look, it’s rarely used; therefore we are going to take it right away.’ It does
not say, ‘It is rarely used; therefore it is not abused. We can leave it in the legislation and it won’t affect people in any way.’

If you are going to say to a worker that they should negotiate individually with their employer, it is quite an extraordinary removal of their rights to say that, at the very end of the whole process, they should have one of their negotiating tools taken away from them if they feel so strongly about it that they want to take some type of industrial action. Remember that the only industrial action you can take has to go through very tortuous steps: you have to make sure that you notify properly, that you are within the time limits, that you are negotiating an agreement and all those sorts of things. The government wants to take away that right even though it is not being abused and is not even being used by many people. The Democrats have done some astounding things recently, but it would be even more astounding if they were to agree to the removal of people’s rights in this way.

My concern is that we in this House are constantly talking about industrial relations issues that are not relevant to the working community of Australia at the moment. While we are doing this, there are far more important issues out there that the government is refusing to address in any way. I have mentioned some of them already, but others include the privacy of employee records. This is something that was the subject of a report that the government has rejected: it said that it does not regard the information that an employer holds about an employee as worthy of being protected by privacy legislation. The reason for that, it says, is that it should have been covered by the Workplace Relations Act. The department appeared before the legal and constitutional affairs committee and said that it had no information about it, it had no instructions that there was any proposal to put such regulation in the Workplace Relations Act.

We front up time and time again to debate these irrelevant provisions when people want much bigger issues dealt with. They include the growth of casual and precarious employment. The government does nothing to discuss these sorts of issues, which include work and family issues. It is left to the Labor Party to introduce a whole range of proposals about how we could look to the future and the conditions that people work under rather than looking backwards to this sort of ideologically driven proposal which stems from the minister’s 20 or 30 years pursuing this same particular bone. He is like a dog at a bone on these things, and he just will not let it go.

We oppose this legislation in the House. I hope it is not successful in the Senate and that we will not be here again debating this same issue in a couple of months.

Mr SECKER (Barker)  (5.29 p.m.)—I rise today to speak on the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. Of course, it is very important to realise that the nub of the issue is that this legislation is all about procedures and not about AWAs themselves. I found it interesting that the previous speaker, the member for Gellibrand, found it tiresome to speak in this chamber; perhaps she should look for a more exciting job. I certainly do not find trying to help employers and employees by this legislation tiresome.

The member for Gellibrand seemed to be under the illusion that this legislation will somehow force employers and employees to use Australian workplace agreements—and, of course, that is nonsense. AWAs are simply another choice that the Labor Party is committed to abolishing, even though it supported them just two years ago at the 1998 election. But now its union bosses have got their way. For the member for Gellibrand to say that we should not support good legislation or this legislation because she thinks there are more important issues is hardly an argument that can be used. There may well be more important issues, and perhaps one day she will have the chance to do something about them. But that does not mean that we should not stop trying to improve the present situation.
As you would know, Madam Deputy Speaker, earlier this year I rose to speak on the Workplace Relations Amendment Bill 2000 on pattern bargaining, as the issue of giving Australian workers better guidelines and better outcomes is far better than any union controlled system that we have had up to date. The Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000 is simply another step in the coalition government’s fight to provide more jobs and better pay. We have already provided more than 600,000 new jobs since coming to government just over four years ago. Of course, the better pay is shown by the fact that workers on average are, in real terms, at least two per cent a year better off versus a negative outcome under the previous Labor government; in fact, they used to boast about it. This was a promise we made back in the 1996 election, and the outcomes have been proven by those figures.

Conditions of employment and the ability of people to balance their family and work lives are at the fore of the Howard government’s concerns, but unfortunately such concerns do not seem to be mirrored by those not sitting on the government benches. Why is it that those opposite cannot allow us to deliver what we have promised to do? Why is it that members who sit on the Labor benches are unable to accept that we were elected because this very promise was an integral part of our election platform? Why is it that the opposition feels this terrible need to deny the Australian public the experience of seeing their wishes being put into action? Why are those opposite not recognising that their constituency have voiced their opinion and this government is giving them what they have asked for? Does the opposition really know better? So many questions—and I am sure that I am not the only person asking them.

Another question I have is: what is motivating the Democrats to withdraw their support for AWAs? They supported these agreements back in 1996 when they were first put forward. However, now that we are trying to improve the agreements, the Democrats will not support us. Where is the consistency and logic in that decision? What is the story there? My only guess would be that, as we have previously seen, it must be very easy for Democrat members to ideologically move in with Labor. Perhaps that could account for the reversal of their stance. Maybe we will see the Labor front benches slightly fuller in the near future.

The use of Australian workplace agreements has increased. Around 4,500 agreements are made monthly, with over 6,000 new agreements being made during the month of May this year alone. This is a clear indication that both employers and employees are placing their support behind these agreements and that they are finding that, by negotiating these agreements, they are able to work more flexibly and balance their work duties with their family duties. Labor would have us believe that this is detrimental to the employment environment in Australia. However, Labor’s definition of working Australians begins and ends with union bosses. We need to recognise Labor’s antics for what they are. Labor is not standing up for the beliefs of its constituents; it is standing up for the beliefs of its union bosses. Labor obviously feels that it needs to keep its union bosses happy over and above the people whom it will be asking at the next election to give it a chance to govern. Labor has no answer for the rank and file, Labor has no answer for the unemployed and Labor has no answer for what the people want.

This bill is designed to streamline the process of approval of AWAs. It is designed to shift the power to determine whether or not an AWA meets the ‘no disadvantage’ test to the Employment Advocate, thereby cutting the time frame that such an agreement takes to achieve ratification. Surely those opposite are not happy with the process as it stands; it is more convoluted than the process we are now proposing and it requires a much larger amount of time for approval to be given. I am just amazed that any political party could even entertain the idea of opposing something that is in the best interests of its constituency. However, this is exactly what the opposition is doing. It leaves me wondering where its priorities actually lie; they are certainly not with the worker, I can assure you of that.
In fact, despite the ALP promising in 1998 to retain individual agreements in the workplace relations system, it has now decided to cave in to union pressure and go with the industrial relations policy that one can only assume is written by the unions themselves. The ALP has now come out and announced that it will abolish individual agreements from the statutory workplace relations system. That apparently makes it obvious that Mr Beazley does not think workers need to have flexibility in their workplace. He obviously thinks that across-the-board awards are a much better deal; after all, everyone’s working situation is the same. Of course that is not the case!

What is even more amazing about this is that the federal parliamentary Labor Party not only are ignoring the wishes of those whom they espouse and claim to represent but also are in contradiction of one of their own state counterparts. The Western Australian parliamentary Labor Party have decided that they will accept AWAs, albeit with less convenient procedure than with those we are proposing, but where is the consistency there? If you looked up the word ‘consistency’ in the dictionary, you would definitely not see it defined by the words ‘Australian Labor Party’ or the ‘Australian Democrats’.

Australian workplace agreements assist in tailoring wages to performance incentives and allow, as I previously stated, more flexible working arrangements. The coalition government are extremely aware of how important it is that both employees and employers have a genuine choice about the working conditions which apply to them. Our current work environment proves that people can have both a career and a family and have them successfully. It is for this reason that we as a government are trying to encourage the use of AWAs, Australian workplace agreements, by amending current legislation to enable a smoother formalisation process through the amalgamation of the current filing and approval processes. It is not about whether we have AWAs; it is about making them work better for employers and employees.

These amendments also clarify the relationships between AWAs and awards, certified agreements, state agreements and other legislative instruments. The bill also removes the limited immunity in respect of industrial action taken in support of a claim of an Australian workplace agreement. Amendments in this bill also provide for AWAs to take effect on the date of signing or, if later, on the date specified in the Australian workplace agreement as the commencing day or, in the case of a new employee, the date the employment commences. The amendments provide for an employee with remuneration of less than $68,000 per year, which is a fairly large package in anyone’s terms, to withdraw from an AWA within a specified cooling-off period. They also provide a more streamlined process for Australian workplace agreements that provide rates of remuneration or pay in excess of $68,000 per year.

All of these aspects are helping Australian workers negotiate an agreement relevant to their specific working conditions. How can this be detrimental to the Australian workforce? My honest feeling is that sometimes the politicians opposite lose sight of the real reason they are here. They forget about the working Australians that they have traditionally been associated with and they forget that they are here to ensure that Australia is a better place to work and live in. They appear to have gotten so caught up in the party politics of the situation and so caught up in supporting the party line, regardless of how detrimental it is to the Australian public, that the real issues and the important issues have been forgotten. Political point scoring seems far more important to them.

The Howard government has also tried to encourage Australian workplace agreements to broaden their scope and to allow for them to be based on performance pay. In order to achieve this, the coalition has proposed that the requirement for the same Australian workplace agreement to be offered to employees doing similar work be dropped. How many times do we hear ordinary Australians discuss their performance or the performance of those they work with in the context of the remuneration they receive? Lots, Madam Deputy Speaker. For this reason, the coalition is trying to encourage employers to reward their workers for good performance.
Who could argue with that? If our work force is working efficiently, it is beneficial not only to them and their employer but also to the country as a whole. Why not encourage rewards for this kind of performance? What is so wrong with it? I can tell you the union bosses and those opposite might have to do some work for once.

Workplace relations are an integral part of our society, and it is important that we as a government acknowledge that there are things we can do to make the process smoother and easier for the Australian work force. It is not a matter of point scoring on our part but simply a matter of making the system better. Making these regulations less convoluted and providing a system that not only is simple but delivers the goods in a timely and efficient fashion is what being in government is all about. We need to deliver to the Australian people not only the things that we promised at the last election but also the things that are going to help fellow Australians in their everyday situations. I am appalled at the thought that the ALP and others think that they can prevent us from delivering these good measures. They are treating their constituents like fools. They are once again allowing the unions rather than the Australian public themselves to dictate what is right for the public. This is not right. Where is their mandate? Do they not have some form of responsibility to their constituencies? It appears not.

Where does that leave us? We have been given a mandate to deliver certain things to the Australian work force. The Howard government are attempting to deliver these things. However, we find ourselves continually faced with outrageous attempts by those opposite to assert their union power. The strange thing is that, in the unlikely and unimaginable event that the ALP do get elected to government at the next election, it is apparent that they will continue down the path of their 1980s leadership and let the unions run the show. I ask you, Madam Deputy Speaker, and I ask the Australian public: do we really want to see a repeat of the 1980s industrial relations policy? Is that where we want to be? We are now in the new millennium. The coalition are governing with the times. Will Labor? I think not. They will trot out the same old worn out union policies of the 1980s, which, I might add, are no longer relevant to the current employment environment, and they certainly did not deliver the outcomes that we all wanted. We will see a decline in industrial relations standards if we go back to those sorts of union controlled regulations. We will be going backwards, not forwards. Workers will be forced to have union involvement and therefore will be forced back into the same convoluted system of previous times. As for rewards on merits, you can forget that as a concept unless you are a union boss, whereby you will get the rewards but we will need to query: on what merit?

At this point, it is extremely important to note the contrast between the offerings of the ALP and those of the Howard coalition government. I have just finished explaining how we appear to be seeing a regurgitation of old industrial relations policies from those opposite, and now I want to demonstrate how the coalition are progressive and governing with the times. When we brought in the concept of AWAs in our first term, we determined the procedures to suit the times. Now it has become apparent that there are better procedures. The old procedures are no longer relevant to the times. So how did we handle this revelation? Did we sit back and not admit there was a better way? No, we did not. The coalition sat down, determined how to improve the system and then reviewed the procedures accordingly. We realised that both employers and employees were keen to use the AWAs. We also realised that certain factors were hindering the use of these workplace agreements, and we acted. I can assure you the ALP would not do without express consent from the real governing bodies behind the party—the union bosses.

Our aim is to improve the process of AWAs so that the procedures concerning the scrutiny and filing of these agreements further encourage the already immense support that the Australian work force has shown for this kind of flexibility in working contracts. We have listened to what the work force want; we have recognised that there are ways we can improve the system. We do not want
to be discouraging people from using a system which we believe not only to be very beneficial to the current employment environment but also the working public want to use. Why prevent the work force from taking advantage of something that they want to use? Where is the logic in that? Maybe that is a question those opposite need to ask themselves.

We recognise that having a system whereby the Office of the Employment Advocate has to forward an AWA to the Australian Industrial Relations Commission to determine if an AWA meets the no disadvantage test is convoluted, albeit far less convoluted than any proposals that the unions—please excuse that Freudian slip, I mean the ALP—would propose. The system is complex and it simply takes too long. This recognition and the fact that we have made amendments to broaden the roles and responsibilities of the Employment Advocate illustrate just how flexible the government are and how we are continually reviewing our policies to ensure we govern with the times. We have also taken note of the unions’ concerns that there may be some concern that employees may feel they have to sign an AWA. Our amendments propose a cooling-off period for employees with remuneration below $68,000 so that the employees are able to withdraw from an AWA if on reflection they feel it is not in their best interests to enter into that AWA. Once again, it is an indication that the coalition are governing with the times and continually improving the systems we put in place.

We are also protecting employees by removing limited immunity for industrial action during negotiation. This government does not want to see a repeat of the Victorian situation, whereby ordinary working Australians were in some cases deprived of their principal income for an extensive period due to their employers exercising their right under the old legislation to enforce industrial action with limited immunity. Under the new amendments, neither party will be able to take industrial action with the protection of limited immunity. With all this in mind and in view of the opposition’s antics in this entire industrial relations debate—not just this section—I ask the Australian public: what do we really want? Do we want a government who will move with the times and amend legislation as required or a government who will dish out what they know and what they are comfortable with, no matter how out of date and how irrelevant it is to current employment situations?

The ultimate question is: does this country need a progressive industrial relations policy which moves with the times and looks to the future? Or does this country need a policy which takes us back to times gone by, where unions have the ultimate say and where decisions are made considering what is best for the unions, not what is best for their grassroots members? The answer to the questions I have just asked should be obvious. However, for those opposite—who seem to be a bit slow to catch on—I will elaborate. This country needs the progressive and forward thinking governing that it is receiving from the current coalition government.

Mr MOSSFIELD (Greenway) (5.49 p.m.)—I rise to speak on the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. I give the Minister for Employment, Workplace Relations and Small Business ’A’ for effort. If at first you don’t succeed then try, try again. This bill is simply a slice of a previously withdrawn bill, the Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999. The mojo bill, as it was commonly known, was withdrawn because it did not look like getting majority support in the Senate. When it looked like failing in the Senate, what did the minister do? Did he sit down and say: ‘Gee, there was a lot of opposition to this bill. Maybe I should re-examine the issues and maybe make some changes to take account of these concerns’? No, of course not. This minister went away and split the bill up, chapter by chapter, and reinforced it piece by piece.

As we all know, the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000 is nothing more and nothing less than proposed schedule 9 of the mojo bill. The mojo bill was no good in its entirety last year and it is still no good.
being served up slice by slice to us today. This bill is nothing but stale, rehashed old leftovers that have been sitting in the bottom of the minister’s fridge since the concoction was cooked up last year. I am not sure who is the worst in their blind adherence to a failed and unfair ideology—Minister Kemp or Minister Reith. Both care nothing for the consequences of their actions. They believe that the ideology must rule over the reality of everyday life. I am not even sure if this minister understands the meaning of the word ‘consequences’. It is: ‘Damn the torpedos and full steam ahead.’ ‘Never forget,’ this minister said, ‘whose side we are on.’ And which side did he proudly proclaim to support—ordinary, everyday Australians going about their lives in difficult times? No, of course not. The minister proudly boasted to be on the side of capital, of wealth and power, and this bill is just another attempt to look after his mates at the top end of town.

I would like to examine the effects of this bill on the reality faced by workers around Australia. How would this bill affect them? That is a question we must keep utmost in our minds whenever we examine a piece of proposed legislation. It should be a guiding principle for all of us here in this place. We have been elected by the people of Australia. It is to them that we are responsible. Our actions and decisions in this place have very real effects on their lives. Therefore it is our duty to examine each piece of legislation and, more importantly, its consequences for the lives of everybody in the community, and that is employees and employers alike. So I would ask again: how would this bill affect ordinary Australians? Indeed how would it affect industry? If this bill were passed, employers would no longer have to offer the same AWAs to employees doing comparable jobs. This is contrary to the October agreement between the government and the Democrats. Imagine two employees side by side on a factory or office floor doing the same job as each other, both with the same level of experience and both with the same productivity levels but on very different wage packages. What would this achieve? The minister would claim this created flexibility in the workplace and that flexibility was good. But that is not what this is about. This is about cutting the conditions of employees and trying to sow disharmony in the workplace. This would also be bad for employers, as an unhappy workplace is not a productive workplace.

A finger is easy to break. It is not very strong at all. Two fingers are even stronger. However, when you have four fingers and a thumb curled into a fist, that is a different story. What this minister is about is opening the fist and picking off the fingers one by one. I am speaking of course about a metaphorical fist but this is what this minister is about: preventing the collective fist being formed to protect individual employees. He knows, as does everybody else, that in the real world, as opposed to his ideological handbook, an individual worker has far less bargaining power than a group of workers working together to protect their entitlements. I refer to the current dispute in operation in the banking industry involving the Commonwealth Bank. I think this is a good indication of how the AWAs, Australian workplace agreements, can be used against working people. I would also suggest it is an indication of how much destruction they can cause in individual workplaces, and of course this is not to the benefit of employers either. I quote from an article in the Sydney Morning Herald on 29 September this year written by Brad Norington, entitled ‘Bank’s individual contracts plan misled staff, court rules’, about an independent court ruling this way. I will quote two quotes from the article, the leading quote and the final quote. It says:

The Commonwealth Bank has suffered a major setback in its attempt to spread non-union individual employment contracts to 22,000 workers after the Federal Court yesterday granted an injunction halting the offer of contracts.

Preventing the largest roll-out of individual contracts by a single company using the Federal Government’s workplace laws, the court found that the Finance Sector Union had an arguable claim that employees had been “misled” by the bank.

We should dwell on the word ‘misled’. This is the concern that people on this side of the House are putting forward that can happen with AWAs. The article concludes:

The bank insists that it only offered individual contracts after the failure of six months of nego-
tations with the union and was still prepared to negotiate a collective deal with the union.

But the judge said: “It would be wrong for me to do otherwise than to find a sufficiently arguable case that the bank sought to coerce the union to enter into new enterprise bargaining agreements to replace those whose nominal expiry had passed.

“And the means by which the bank hoped to bring this about was to induce its employees to leave the union by offering them Australian Workplace Agreements.”

The FSU’s national secretary, Mr Tony Beck, said that the bank had embarked on a deliberate strategy to bypass and marginalise the union.

The requirements that identical AWAs be offered to workers doing comparable jobs will be repealed by this legislation. It is a provision based on the Darwinian theory that only the strong should survive. It will mean that those employees with good negotiating skills and union support will probably benefit slightly, certainly in relation to those without the necessary negotiating skills and union support. Time and time again union support has been proven to be beneficial in negotiating wage and salary packages. This is shown clearly in the Australian Centre for Industrial Relations Research and Training’s ADAM report. The agreement database and monitor, or ADAM, report for June 2000 tells us that:

An analysis of wage outcomes for the AWAs on the ADAM database shows that collective union agreements generate higher average annual wage increases than either non-union agreements or AWAs.

For all agreements, both public and private sector, the union agreements average wage increase is 3.9 per cent. That is for union negotiated agreements. For non-union agreements it is three per cent, and AWAs come a bad third with 2.9 per cent. That is why this minister does not like unions. He does not like unions because they are effective in gaining for their members, as those examples show, better wages and conditions, and this minister does not like workers to be better off. Remember that he is on the side of capital—he has said so himself—not on the side of ordinary working Australian families. Under this minister’s blueprint for industrial relations, each employee will be left to fend for themselves in the negotiating process. As we know, in negotiations some people are more equal than others. Workers for whom English is a second language will be particularly disadvantaged, as will young people and women. Those in the weakest bargaining position will suffer the most from this provision. ‘No worker will be worse off,’ our Prime Minister said. Obviously, this was not a core promise because the effective removal of the no disadvantage test will be enshrined in legislation if this bill is passed.

This bill removes the requirement that the Employment Advocate refer AWAs to the Australian Industrial Relations Commission where there is a concern that the AWAs do not pass the no disadvantage test. Again, this is contrary to the October agreement with the Democrats. So we see a pattern forming. Under the current legislation if there is any doubt about whether an AWA passes the no disadvantage test the Industrial Relations Commission, the independent umpire, has a look at it and can make recommendations to rectify the situation. Under this piece of legislation that situation will no longer occur. Mr Jonathan Hamberger, the Employment Advocate and former senior adviser to this ideologically blind minister, will make this determination himself. In fact, Mr Hamberger was Minister Reith’s principal senior adviser when much of this legislation was drafted.

The Employment Advocate will have the express power to approve AWAs that do not pass the no disadvantage test where it would not be contrary to the public interest to do so. We have seen in the past that the minister has a warped sense of what the public interest is. And, of course, the pattern continues, as this too is contrary to the government’s agreement with the Democrats. ‘No worker will be worse off.’ What a joke! This legislation makes a mockery of that statement. The destruction of workers’ rights is what this minister and this piece of legislation are all about. This can be seen clearly in the decision to remove the limited immunity available in respect of industrial action taken in support of claims for AWAs.

The minister is outlawing industrial action for people negotiating AWAs. The basic right
for a worker to withdraw his or her labour is being taken away. The minister will tell us that no employees have used this provision for protected action in negotiations for AWAs so there is no need for that protection. While none so far has found it necessary to take industrial action, who can foresee what may occur in the future? Just because it has not happened so far does not mean that it may not happen in the future. Every worker in this country has the right to withdraw their labour. It is a basic right, and removing this provision removes that right. It diminishes the individual. It is a basic right. It is also, surprisingly enough, a basic tenet of right-wing economic rationalist policy, though proponents of such a policy will never admit it.

Marginal benefits versus marginal costs is a basic economic concept. If the costs outweigh the benefits then no transaction will take place. This is one of the first things an economics student learns. There is a cost in providing one’s labour: we call it the cost of living. There are benefits as well: the wages or salary package. When the cost of providing the labour outweighs the benefits package then labour will be withdrawn by the employee either seeking alternative employment or attempting to negotiate an improved package. As I said, basic economics; the economics of this government.

English seems to be this government’s second language. The first language spoken is economics. Unfortunately, they do not seem to understand their own first language, because industrial action is a natural consequence of their own economic policy. To outlaw industrial action, often the only bargaining tool an employee has, is to distort the market and is contrary to their own policies. One does not have to defend industrial action from a left-wing ideological point of view; one can defend the selective withdrawal or use of one’s skills—and I think it is important to emphasise that that is what these people are doing; they are deciding when and how they will use their skills—using this government’s own right-wing economic rationalist ideology. Why then are they trying to outlaw this type of action? Don’t they believe in their own ideology? They do, of course; they just have a conflicting and hypocritical ideology that shows what their true agenda is. Their true agenda is that they will do and say anything to achieve their objectives, without any thought or feeling for ordinary working Australian families. ‘Never forget whose side we are on,’ said the minister. I am hoping that people will not forget. In fact, I will be doing my best to remind them at the next election.

But it is more than just an economic argument; as I have said, it is one of basic rights. Australia is a member of the International Labour Organisation and a signatory to its conventions. This piece of legislation outlawing strikes is in contravention of our commitments to that body. Of course, this would be nothing new to this government, which has a track record of ignoring our international commitments under various treaties. Another provision of this legislation that will affect workers’ rights is the timing of when AWAs become effective. Under this bill AWAs take effect on the day they are signed, rather than on the day they are approved by the Employment Advocate. And, yes, the pattern is still there: this is also in contradiction of the October agreement with the Democrats. Is this not backward: a document, not yet approved by the governing authority, already having legal standing? Talk about shutting the gate after the horse has bolted.

Under this bill AWAs will take precedence over enterprise agreements. So an employee who currently is protected by a certified agreement can have that protection taken away by being forced to sign an AWA. I hate to sound repetitive, but the minister and this legislation leave me with little alternative: this too is against that agreement that was previously reached between the government and the Democrats. Apart from also being in contravention of our ILO commitments, it is a breach of faith. An agreement is in place and should stay in place until it expires. For this to be replaced in the bill undermines all certified agreements currently in place around the country and jeopardises the working conditions of all employees.

Yet another breach of that now seemingly worthless agreement with the Democrats can
be seen in the provision regarding new owners of companies. The *Bills Digest* points out that this bill provides for ‘a successor to a business operating under an AWA to be free of the obligations imposed by an AWA if the EA can be persuaded to this effect.’ So, unlike award conditions, which as we know are binding on a new employer taking over a business, employees in a company that has a new owner can find their AWA conditions under attack. This adds to the feeling of job insecurity that already exists in a number of workplaces. The Democrats stated in their minority report on the More Jobs Better Pay bill, regarding schedule 9:

... the major changes proposed are regressive in that they seek to reduce the level of scrutiny of AWAs by the Employment Advocate and the Commission, and water down the protections for employees. I recommend the Democrats oppose the Schedule.

This will be another acid test for the Democrats. Will they jump into bed with the government like they did with the GST or will they stand by Senator Murray, the author of the report? Nothing has changed in this Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill from schedule 9 of the Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999 except the name. And what is in a name? This bill was effectively withdrawn once because it could not get the support it needed and it should be withdrawn again for exactly the same reason. Labor will not have provision for any form of statutory individual contract in any legislation we place before the parliament. We will not allow individual employees to be picked off one by one by unscrupulous employers. This is not the third wave of industrial action; it is in fact the Third Reich of industrial action.

**Mr CAMERON THOMPSON** *(Blair)*

(6.08 p.m.)—The member for Greenway referred to the predecessor to the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. In fact this bill appears following a series of bills put forward by the government in endeavouring to put in place the policies that we quite rightly went to the public of Australia with at election time. In election mode all these sorts of things are well and truly thrashed out. The views of the government and the position being espoused by the Labor Party were well known to the Australian electorate. Now that we come to this merry-go-round where the members opposite seek to thwart the legitimate views of the Australian people being espoused by the government we get into the difficulty that occurs and the game playing that goes on when people, such as the member for Greenway, seek to hide behind all sorts of obscure treaties. As well there is some agreement with the Democrats that is apparently of great importance to the member for Greenway and now apparently of importance to members opposite. But when I speak of the Democrats I am reminded of the former Leader of the Australian Democrats, who was in fact someone who helped the government facilitate the first part of this train of legislation, the Workplace Relations and Other Legislation Amendment Act 1996.

I have various quotes that I want to use in my speech tonight that have come from various members opposite as we have proceeded through this chain of legislation concerning the direction that the government is intending to follow and why. I would like to start by recalling some of the things that the former Leader of the Australian Democrats—now of course an opposition frontbench member—had to say about that initial legislation, the Workplace Relations and Other Legislation Amendment Act 1996. On 8 October Senator Kernot, as she was then, said:

It is, as the government, the opposition and all of us acknowledge, one of the most significant pieces of legislation that we will deal with in this term.

She went on to say:

I think it is really important to be reminded that this is a process that was begun under the Labor Party. More recently, we have seen this demonstrated in the Brereton-Keating reforms. This bill is the next step in the process of change from a totally centralised wage fixation system to one where bargaining at an enterprise level becomes more predominant.

The then Senator Kernot also went on to say:

The privileged role given to unions under the current legislation—
as it was then prior to the adoption by this government of its series of reforms—
allows them to use the right to be heard on agreements as a tactic to force their presence into work places where they have failed to attract the support of members.

The system is not sufficiently inclusive in dealing with the vast majority of workers, particularly in the private sector where workers are not represented by unions. It is geared towards the needs of big unions and big business—the squeaky wheels of the industrial relations debate.

Towards the end of her speech on that day the then Senator Kernot also said:

Since the release of the inquiry report—
that is, a Senate inquiry report—
it is well known that we—
that is, the Democrats—

have been meeting with Minister Reith, but also with peak employer and union bodies. The negotiations with the government have been, so far, very productive. They have focused on practical issues and practical changes and reforms. They have taken 35 hours so far because we have insisted on canvassing all issues of concern to us in great detail. We are fortunate that, unlike other ministers, Minister Reith has responded constructively to this, but clearly those negotiations still have some way to go.

It is of course a matter of history that those negotiations did reach a successful conclusion, and that allowed the passing of that legislation and the adoption by the government of some very significant reforms affecting the way we do business and the way the workplace operates in Australia.

In the time since then there has been quite a transformation in the Australian labour market. For example, the minister at the table, the Minister for Employment Services, has brought in other changes that have assisted the government and the Australian people in transforming the way the workplace operates, the way people go about seeking and finding employment, and the way in which Australia prospers as a result of its hard work. But that, I thought, was a worthwhile starting point because there you have someone who is now a member of the Labor Party exposing some of the ridiculous and self-serving lines that are being run by the Labor Party in this debate. There she is laying it all bare, and I am sorry that she will not be here speaking on this legislation today—nor will she appear again, I suspect, while she remains a member of the Labor Party, to remind us of some of the hypocrisies of the Labor Party when it comes to this kind of legislation and the important developments and opportunities it can provide for Australians as they seek employment and as they go about their business in the workplace.

This bill seeks to implement provisions similar to those in schedule 9 of the 1999 bill, the Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999. It will be seen when we discuss what some of the members opposite had to say about that bill that that title—more jobs, better pay—appears to have infuriated them more than did any other part of the legislation. I do not think they were so much concerned about the content of the bill; it was more the title of the bill and the fact that Australians should be getting more jobs and better pay infuriated them. I want to quickly go through some of the provisions of this bill. It provides for Australian workplace agreements to take effect on the day of signing; it permits employees to sign AWAs at any time after receiving a copy of the information statement prepared by the Employment Advocate; it permits an employee party to an AWA that provides for remuneration of $68,000 per year or less to withdraw consent within a cooling-off period; it removes the requirement relating to offering identical AWAs to comparable employees; and it simplifies the approval process. All in all, it is a worthwhile follow-up to the initiatives that have already been taken. Schedule 9 of that 1999 bill was passed on this side of the parliament, but apparently ground to a halt in the catacombs in the Senate. Schedule 9 had support in this House before, and I would expect that, in the form of this bill, it will again have support. I would like to go back to that slogan—’more jobs, better pay’—and talk some more about it.

Mr O’Connor—What a joke!

Mr CAMERON THOMPSON—Already the members opposite are starting to foam and froth at the mouth at the thought
that Australians might get more jobs and better pay under this coalition government. Indeed, the record shows quite clearly that that is exactly what they have got as a result of the initiatives being pursued by the government and the reforms that we are setting about. I go back to June 2000, when we talked about the bills that cover this area. The bills encompassed several different things: the requirement for secret ballots prior to legal strikes; protection of the fair go all round principle and discouragement of unmeritorious claims and legal costs in federal unfair dismissal cases; simplified approval procedures for the making of Australian workplace agreements — those that we are discussing today — and ongoing award simplification, including the removal of union picnic days and tallies in the meat industry from awards. Those are the kinds of progressive changes that the government are making. On the other side of the fence, we saw presented to the National Executive of the Labor Party this year some of the more absurd elements of Labor policy, the reinforcement of that policy and the commitment to it, the running up of the red flag, and the saluting as usual. To give a taste of some of those policies, I will quote items 74 and 96 of Labor policy. Item 74 says:

Labor promises to give union officials the right to enter every workplace in Australia, whether workers want the union there or not, for the purpose of trying to recruit new union members.

Item 96 says:

Labor promises to require every employer in Australia, whether a unionised business or not, to consult with union officials before making any management decision that has a significant effect on work matters or employment.

Let us look at another example of the policy capitulation and the ready reversal of policy that we have seen from the Labor Party in the industrial relations field. I want to remind listeners about what happened in the youth wages debate, which is another important part of industrial relations policy where the government has pursued a reform agenda. I should remind members that we had that phenomenal back flip by the Labor Party in relation to youth wages; the back flip when Joe De Bruyn, the secretary, or whatever he is, of the Shop Distributive and Allied Employees Association said:

I think that as a union we have to review our relationship with the Labor Party. This goes to show that you can't rely upon the Labor Party to represent your point of view in Parliament.

That was the view of Joe De Bruyn after he witnessed the back flipping behaviour of the Labor Party. On 9 March they claimed a great victory when they endeavoured to defeat legislation amending junior wage rates. One minute they did that, and the next minute they came back into this place and supported the government on that very same issue. This was the comment about that legislation from the Australian Retailers Association:

... the government is to be congratulated on ... this new Bill ... a victory for common sense, pragmatism and jobs for Australia's young people.

Another comment from Mark Paterson, the CEO of the Australian Chamber of Commerce and Industry:
This is a clear recognition of the damage to young people’s employment that would have resulted from any removal or limitation of junior wage rates.

Another quote:
...if youth wages had been dropped, many businesses would have stopped employing younger people.

That is from the Victorian Employers Chamber of Commerce and Industry as quoted from the Financial Review. That is the fact. The government was proposing an important change that protected the existence of youth wages. The Labor Party, having endeavoured first to wipe that out, then came finally on board and, as a result, the unions are scratching their heads and wondering just what their lap dogs are doing.

If we return now to AWAs, we have seen similar flipping and flopping and claims and counterclaims coming from the opposition. I would like to remind members about the false claim that came from the Leader of the Opposition about the impact of AWAs. In a speech to the Canberra Labor Club he singled out one poor employer, the Blackbird Café, when he made this comment:
...the Blackbird Café...dropped its AWA policy and has opted instead for a collective agreement.

He was making a huge political point out of that and obviously endeavouring to prosecute his point that the Labor collective agreement idea was regarded in a positive light by the proprietors of the Blackbird Café. However, that was revealed to be a hoax. What happened was that we got a fax that was sent to Peter Reith from the Blackbird Café which said:
We confirm that we have no intention of dropping our Australian Workplace Agreement.

There we go again. We have the Labor Party being prepared to say and do anything, to argue black is white and to argue against progressive reform of the Australian workplace.

That is because they are on a leash. We have seen evidence of that, for example, just recently in Victoria where, responding to the tug on the leash, the Victorian Premier, Steve Bracks, has decided to abolish AWAs for Victorian government employees. He has done that despite the fact that there has been an independent report worth $14,000 that was commissioned, pursued and followed through which has highlighted the success of individual workplace agreements in the Victorian public sector. That is where we are at in the history of AWAs and the Labor Party flipping and flopping on those issues.

As I said earlier, I have sought to identify some of the comments from members. We are speaking now about the ramifications of a section of the old More Jobs Better Pay bill. Let us just see what this government has delivered particularly for jobs. Are there more jobs or are there not more jobs? In fact, under the coalition, total employment has increased to an historic high of 9.1 million, which is up by 833,000 from when Labor left office. Average annual jobs growth under the coalition has averaged 188,700 compared with just 70,600 under Labor. Full-time jobs have been something of a hallmark for the coalition: over three fifths of new jobs in the year to August 2000 have been full-time jobs, and full-time jobs have grown by 457,100 which is over 16 times more new full-time jobs than Labor created in its last two terms of government.

I would like to close by referring to some comments from those members opposite when they were considering the More Jobs Better Pay bill. For example, I will try to pick out the best comment about that legislation from the member for Charlton:

What security does this provide? How can part-time workers plan their lives when the hours they work are at the whim of the employer? What about when a worker reports for jury service or takes up military reservist training? What happens to their jobs? They do not know, we do not know, but I will bet the minister pushing this legislation knows.

The member went on to make a comment about the uncertainty and difficulty that was created by this legislation. Yet if I consult the record, what has happened in relation to unemployment in the electorate of Charlton? In the past year it has gone from 11.8 per cent down to 7.2 per cent. So there has been a revolution in the ability of people in Charlton to find employment. What does that mean? According to a study by the National
Institute of Labour Studies, it means that job insecurity is very closely related to unemployment. The worst period of insecurity in recent years was in Labor’s recession when unemployment hit 11.2 per cent. For example, recently a Saulwick survey has found that 87 per cent of people feel very secure or quite secure in their jobs. Clearly, the government is on the right track and should continue to expedite its activity. (Time expired)

Mr O’CONNOR (Corio) (6.28 p.m.)—The Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000 we are debating here today is the latest instalment in a series of individual bills introduced to the parliament by the Minister for Employment, Workplace Relations and Small Business to give legislative effect to the agenda contained in the minister’s failed secondwave industrial relations legislation. We in the opposition opposed that legislation in its entirety and, thankfully, it was rejected by the parliament. But, true to form, this biased and partisan industrial relations minister is attempting in pieces what he failed to achieve in the whole.

My electorate of Corio, which takes in the major part of the great industrial and provincial city of Geelong, has experienced firsthand the depths to which this minister will stoop in driving the boot into working people. I have MUA members in Corio who work in the Port of Geelong, and they and their fellow union members know the lengths to which this minister went in the Patrick dispute to strip them of their rights and to reduce their incomes. But I can tell the Minister for Employment, Workplace Relations and Small Business that they were not intimidated by his biased and partisan laws, the thugs in balaclavas and the dogs on chains. They stood shoulder to shoulder with their workmates in Melbourne and around Australia in resisting what we have come to know as one of the worst conspiracies and abuses of corporate and political power this country has witnessed in the industrial relations arena. I pay tribute to Kevin O’Leary and his MUA members in Geelong who stood up to the minister and defeated his despicable attempts to deprive them of their industrial rights and their income. I also pay tribute to the Geelong and Region Trades and Labor Council, particularly the secretary John Kranz, who along with unions in the Geelong region supported the sustained campaign which ultimately led to the minister’s defeat.

It gives us great pleasure in Geelong to see this minister crawl back into the parliament with his motley bag of bills trying desperately to resurrect his failed second wave industrial relations legislation. As the Geelong labour movement’s representative in this parliament, let me deliver this warning again to the minister on behalf of workers in Geelong: we will oppose this insidious piece of legislation as we have opposed all the others, including the notorious second wave bill presented to this parliament by the government. We will make sure that every working family in Geelong is made aware of the continuous attack by the Howard government on their rights and their working conditions.

This battle will not be confined to the seat of Corio. I note with interest that the member for Corangamite, who turned up in the House just as I got on my feet, has won preselection for his seat, beating off a challenge from a wet-nosed Johnny-come-lately to the Liberal Party who believes that a few months membership of the Liberal Party entitles him to a federal seat. I congratulate the member for Corangamite on his preselection, and I really do hope he enjoys his remaining few months in the parliament because it is Labor’s intention to retire him at the next election. He has been one of the Prime Minister’s most ardent supporters in the government’s attack on the rights and working conditions of workers in the Geelong region. We will make sure that the workers and their families in Ocean Grove, Anglesea and Torquay, those down the surf coast to Apollo Bay and Lorne, those in the great Geelong suburbs of Belmont and Grovedale, and those in Colac—my home town—Winchelsea and other towns throughout the electorate are made aware of the close working relationship between this Prime Minister and the member for Corangamite. We will ensure that workers understand that one of the most ardent supporters in the coalition for these biased, unprincipled and punitive bills has been the member for
Corangamite. I have the pleasure of saying that in recent times many coalition seats in rural and regional Victoria have become shining and sparkling jewels in Labor’s Victorian crown. We intend to add Corangamite to the jewels in Labor’s crown.

As I stated earlier, the minister has attempted to have the parliament pass in individual pieces of legislation what the parliament soundly defeated in his amendments to the Workplace Relations Act 1996. He has introduced the Workplace Relations Amendment (Termination of Employment) Bill 2000, the Workplace Relations Amendment (Tallies and Picnic Days) Bill 2000, the Workplace Relations Amendment (Secret Ballots for Protected Action) Bill 2000 and the bill we are debating here today, the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. Let me go through some of those bills because they are instructive on how this minister and this government view industrial relations in this country.

The Workplace Relations Amendment (Termination of Employment) Bill 2000, which passed through this House in September 2000, was another attempt by Minister Reith and the government to strip away from workers in Geelong and throughout Australia entitlements they have at the moment to protect them from unfair and unjust dismissal. In that piece of legislation, the government attempted to amend its own 1996 legislation, legislation which the minister said provided for a fair go all round. If the 1996 legislation provided for a fair go all round, why did the minister come into this House and attempt to introduce measures in this bill to further restrict workers’ access to rights that protected them against unfair and unjust dismissal? In that bill, the spurious reason given for the proposed changes was that it would somehow create more jobs. The government in public statements and in parliamentary debate actually quantified the number of jobs it indicated would be created by the legislation. From memory, it was 50,000. Where did that figure come from? It came from the back of an envelope or off the top of the head; it was an entirely unscientific, unsubstantiated guess estimate provided by Robert Bastion of the Council of Small Business Organisations of Australia. That is how professional this government was in attempting to quantify the effects of its own piece of legislation. It did not come into this House and present some sound economic research or any other sort of research to back up and quantify its claim. The facts of course tell a different story.

In the year following the introduction of the unfair dismissal procedures, the unemployment rate actually declined. I am sorry that the honourable member for Corangamite has to sit here and endure this with all the humility he can muster, having pointed out these sorts of issues. But, as I have just indicated to him, in the year following the introduction of the unfair dismissals procedures in Commonwealth legislation, the unemployment rate actually declined, which gives the lie to the proposition that the coalition has peddled about the length and breadth of this country that the unfair dismissal provisions caused unemployment. As far as empirical evidence is concerned, the most recent Australian workplace industrial relations survey, which was conducted in 1995 and the results were published in 1997, indicated that less than one per cent of those surveyed in small business listed unfair dismissals as a reason for not employing people. I would think the government would pay heed to the only recent empirical evidence in this area. In that survey the overwhelming number of businesses, 95.8 per cent, cited the fact that they did not need workers, did not have work for them, or they cited low demand for their product as the main reason for not employing people. The facts speak for themselves, yet this deceitful minister persists with the myth that eroding workers’ rights in the unfair dismissal area will actually create employment.

In my electorate of Corio, there are a large number of migrant women in the workforce and there are a large number of young workers who are entitled to the protection of good law in the case of unfair and unjust dismissal. It is the rights of these workers that are at risk from what the minister attempted to do in that particular piece of legislation. Another piece of legislation similar to the
one we are debating here today is the Workplace Relations Amendment (Secret Ballots for Protected Action) Bill 2000, which was promoted by this minister as a bill designed to improve democracy in the workplace, requiring secret ballots to be held before industrial action. Can you appreciate the hypocrisy of that position and the howls of laughter from MUA members and from workers in Geelong when we hear this minister justifying that particular piece of legislation on the basis that it would introduce democracy to the workplace?

This is the minister who engaged in one of the most despicable conspiracies in Australia’s corporate and industrial relations history. This is the minister who resorted to dogs and thugs in balaclavas. So we howl with laughter when he justifies a piece of legislation on the basis that he is encouraging democratic practice in the workplace. The aim of this government has always been to restrict the rights of workers to take industrial action. Indeed, that particular piece of legislation, according to industrial relations barristers, is in breach of our international obligations under ILO conventions 98 and 87.

So we come to this piece of legislation, the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. I do not propose to canvass in the time left available to me all the elements of this legislation because it has been canvassed by previous speakers in this debate. However, I do want to draw to the attention of the House the fact that these provisions are the same as schedule 9 of the Workplace Relations Legislation Amendment (More Jobs, Better Pay) Bill 1999. That is another thing that brings howls of laughter from Geelong workers when we talk of the coalition government introducing a more jobs, better pay bill into this parliament. But here again, having been bowled over by the parliament, having had his second wave industrial relations legislation rejected by the parliament, the minister is now resorting to a very specific piece of legislation relating to that sacred cow of the coalition’s—the Australian workplace agreements.

Two aspects of this legislation cause us grave concerns. The first is removing the requirement relating to offering identical AWAs to comparable employees in the workplace. It think it is quite a fundamental proposition of justice in any workplace that employees who are doing similar work with similar degrees of competency—and, presumably, if they are employed by the enterprise, that is what is happening—should be paid a similar wage. But under Australian workplace agreements, and what is being proposed by this legislation, the government intends removing that requirement which relates to offering identical AWAs to comparable employees in the workplace.

The bill also proposes removing the requirement that the Employment Advocate refer AWAs to the Australian Industrial Relations Commission where there is concern that the AWAs do not pass the no disadvantage test. We all know what the government is attempting to do here in this element of its legislation. It is attempting to downgrade, yet again, the position of the Australian Industrial Relations Commission and of course to enhance the powers of the Employment Advocate in the industrial relations system. We have made a fairly strong commitment as far as industrial relations are concerned: we intend to abolish AWAs and restore the significant powers of the Industrial Relations Commission to arbitrate and conciliate in industrial disputes.

In my concluding remarks, let me just draw a broad brush across the canvas of this government’s involvement in industrial relations. It has been a government that has promoted confrontation and division in the workplace, and that is nothing new from coalition governments. It was the central feature of the industrial relations system that the coalition managed when they were last in office. It is not surprising to us, to the industrial wing or to the workers of Geelong that the coalition, in various guises in legislation presented to this parliament, have attempted to return to the scene of their original crimes. We have seen unprecedented bias in the way the government and the minister have handled this portfolio. That in itself is a tragedy, because Australia deserves better from na-
tional government. It deserves better than a partisan and biased approach to this very important relationship between employers and employees in the Australian economic system.

More than anything else, this particular piece of legislation has sought to force workers on to Australian workplace agreements and, as we know, that has been a spectacular failure. The coalition loathes collective agreements because they deliver better jobs and better pay for workers. It is as simple as that. The underlying agenda of the coalition in the industrial relations arena, with the legislation it has presented to this parliament in various guises, has been to attack the rights of workers in this country and to lower their rates of pay.

Labor in government would bring a new approach. I say this to the workers of Geelong and to the workers throughout Australia: you are not far from having another Labor government. It will only be a matter of one year or 1½ years before the Prime Minister calls the next election. You will have a Labor government that will put at the centre-piece of the bargaining process the value of good faith bargaining to achieve equity, fairness and harmony and to promote the economic wellbeing of all Australians. We will restore the independence of the Industrial Relations Commission and give it power to deal with all industrial matters. We will promote collective agreements over those individual agreements that seek to strip away your rights and conditions. We will once again proudly go into the international marketplace and promote Australia’s adherence to international standards. That is our commitment to Australian workers; that is my commitment to the workers of Geelong. I will hound the member for Corangamite in his electorate—the electorate in which I was born and raised—and I will resist at every turn his attempts to suppress the rights of workers in country Victoria. (Time expired)

Mrs IRWIN (Fowler) (6.48 p.m.)—I rise in the House to oppose the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. This bill is yet another attempt by this government to further erode the conditions of working Australians. The government claims that the bill concerns technical and procedural amendments to AWAs. This may be the case; however, these amendments are once again unashamedly biased towards the employer. Madam Deputy Speaker Crosio, as you know, I represent an electorate that is made up predominantly of workers. It is one of the poorest in Australia. This industrial relations approach by the Howard government is causing concern amongst my constituents. They are scared of what will ensue. Will their employers now impose upon them poorer working conditions? The evidence already suggests that, without workplace collectivism, this will occur.

This government, and in particular the Minister for Employment, Workplace Relations and Small Business, is obsessed with union bashing. Unions are the bugbear of the minister and, according to him, are the cause of all our social and economic ills. Whatever the faults of the union movement, its prime aim is to improve the working conditions of its members; in the same way, the government believes it is a fundamental right of a business to achieve the highest level of profit possible and for shareholders to achieve higher dividends. I have no problem with that. However, these should be achieved with little social cost. There will be times when an unfortunate circumstance will occur and a struggling business will have to relieve itself of staff. However, in recent years, it has become the fad to cut substantial numbers of staff to impress short-term investors looking for a quick buck. Subsequently, the share price increases and the chief executive officer obtains a large return on top of a huge salary. This is particularly irksome. The cause of any social upheaval in coming years will be a grotesque imbalance in conditions. The greed of the 1980s is still here, but the sharks are much more sophisticated in achieving their goals.

This bill imposes the employer’s will upon the employee. The government says that AWAs encourage flexibility and workplace bargaining. Well, Labor in government encouraged flexibility and workplace bargaining. Sorry, I apologise: I forgot that this government has been chronically inflicted
with short-term memory loss. When Labor was in government, we realised that the employee, particularly unskilled employees, lacked bargaining power. Who in their right mind genuinely believes that a waitress in a restaurant or a process worker in a factory is able to sit down with their employer and say, ‘Let’s negotiate.’ Come on. These are the people that I represent in Fowler. They struggle now. What would happen if the labour movement caved in and agreed that these people should survive on their own? We would be allowing the law of the wild; it would be like a lonesome wildebeest surrounded by a pride of lions.

The government has unfortunately succeeded in scaring people off joining unions. Why? Not because the unions are not capable, but because people are frightened that their employers may find out and that their jobs will subsequently be on the line. Is that a system we should aspire to? I have people coming to me, asking for assistance against an employer because, firstly, they are too frightened to ask for union assistance and, secondly, I am their last resort. The Reith system is definitely not working.

This amendment sets out to achieve a number of unnecessary changes. Firstly, a change is envisaged for the commencement date of an AWA. An AWA will commence from the proposed starting date rather than the approval date of the Employment Advocate. The AWA will stop operating on the earlier date or the expiry of 60 days from signing if no application has been made to the Employment Advocate. The day a refusal notice is issued, the agreement is terminated or another AWA starts to operate. However, there can be an additional 20 days added on for the agreement to still meet the Employment Advocate’s guidelines. That could mean that an employee is subjected to an agreement for up to 80 days before the Employment Advocate makes a decision to approve or disapprove.

To have an employee left in the lurch if there are problems with an agreement is unacceptable. The department has yet to explain what sort of protection is available if a dispute occurs in this period. The department has argued that an employee has a cooling-off period whereby they can withdraw consent. But what happens if an employee has been coerced into signing an AWA and the Employment Advocate has yet to approve the agreement or determine if coercion was involved?

No government member can persuade me that employees, particularly low skilled employees or employees who have a limited knowledge of English, will not be cajoled into signing an agreement. The big worry for employees is that large companies like BHP and the Commonwealth Bank are now attempting to impose their conditions upon their employees without the involvement of a union. I am sure that last week’s Federal Court injunction prohibiting the Commonwealth Bank forcing staff onto AWAs will be met with an angry response by the minister. Is this the environment that we have to endure, where employees have to seek redress through the courts?

A number of employees have noted that they have been pressured into signing agreements. The common scenario sees the employee questioning the consequences if they do not agree to sign an agreement, and the reply can be along the lines of reduction of shifts, substantial pay cuts or even threats of dismissal. In a recent case, Justice Marshall of the Federal Court stated that any employer who forces employees to sign AWAs is engaging in ‘unconscionable conduct which no employee in a humane, tolerant and egalitarian society should have to suffer’. He said:

Without injunctive relief, [they] would essentially be left with a choice between reduced entitlements or the economic scrap heap of unemployment.

I would not expect the Employment Advocate to knock back too many AWAs on the grounds of coercion. The Employment Advocate has an interest in as many AWAs as possible being approved. Can the government please explain how independent and objective the Employment Advocate can be when the government has set targets for the number of AWAs approved in a year. The Office of the Employment Advocate advertises the benefits of AWAs. This is undoubt-
edly a conflict of interest for the Employment Advocate.

Another amendment sees the removal of the requirement to offer identical AWAs to comparable employees. This provides the opportunity for the employer to freely discriminate between employees. Under the current provisions, AWAs should see comparable employees having access to the same terms and conditions of employment. Why the change? The government has been doing all it can to assist employers by having the Employment Advocate provide template AWAs. Now, get this: the government that is all for the workplace-level employee-employer relationships has provided industry-wide templates to employers for AWAs. Is this not the pattern bargaining that Minister Reith has time and again attacked the union movement about? It is permissible for employers to work together to obtain a common level of conditions throughout an industry but not for employees to be encouraged to do so. The minister is nothing but a hypocrite, and now he has added to this legislation the ability for an employer to further erode the basic capability of an employee to bargain.

This legislation further erodes the role of the Australian Industrial Relations Commission. Previously the October 1996 agreement between the government and the Democrats held that any AWAs the Employment Advocate believed did not pass the no-disadvantage test would be referred to the AIRC for determination. This will no longer be the case. These amendments will only allow the AIRC to establish principles, with the Employment Advocate making a determination on whether an AWA meets the no-disadvantage test. Once again, the Employment Advocate, the body that has an interest in approving large numbers of AWAs, has the crucial final decision.

In the last 12 months there have been two decisions by the AIRC either refusing to certify or terminating a number of AWAs. The AIRC was not convinced by the employers in these cases that their employees would not be worse off under the AWAs proposed. This government obviously was displeased with these decisions. This government is constantly placing pressure on the AIRC to make decisions in its favour, whether it be in minimum wage cases, where the government’s submissions argue for a pittance in the level of safety net increases, in the youth wage case or in a number of ‘allowable matter' cases.

I spoke last year in this place against the mojo bill and commented on the government’s relentless quest to erode the powers of the AIRC. Just turning back the clock, the government wanted to change the name of the commission; to introduce term limits—seven-year terms—and to provide AIRC members with compulsory training. Remember that? Training for people who have had decades-long experience in industrial relations; apparently they needed to be instructed in the minister’s model of industrial relations. The lecturers would probably have included the human resources manager of Patrick Stevedores or a young whippersnapper industrial lawyer from Freehills.

What has happened to the principle of the separation of powers? It is a selective principle for this government. When the AIRC decided not to terminate the bargaining period in the Coal and Allied case of January 1998, the AIRC was fantastic. When 35 awards went through the award simplification process, contrary to the satisfaction of the minister, the minister intervened and sought a review of those awards. A system that has worked well in this nation for the best part of a century, which other countries have looked to as a best practice system of industrial relations, is being assaulted by this government. All this action against the AIRC is so that the Prime Minister can fulfil his words in opposition—the motto of the H.R. Nicholls Society—‘to stab the commission in the stomach’.

As I mentioned earlier, the government is hell-bent on bashing the unions and, consequently, the rights of thousands of workers. This legislation seeks to remove the limited immunity available in respect of industrial action in support of a claim for an AWA. The department has argued that the removal of these provisions is justified due to their infrequent use. With that argument, the government should legislate to remove AWAs
from the industrial relations system entirely. If you do, the Australian Labor Party will support you to the hilt.

Getting back to the removal of these provisions for industrial action, the Labor Party and any fair-minded person would agree that every employee—every employee—has the right to protected action. The government would argue that it is legislating against employers doing the same. But the Australian people know the record of this government. When employers locked out employees in the G&K O’Connor abattoir dispute in Victoria, the government supported the company’s action. However, if any employees decide that they have had enough and decide to take industrial action, this government is suddenly on the warpath, telling companies to sue the unions, sue the employees—whatever it takes for the employer to get their way.

The Labor Party is not antibusiness. Our record is second to none in allowing well run businesses to grow into this modern globalised economy. Throughout our 13 years in power, we encouraged cooperative relations between employers and employees. Never forget that it was Labor, under Paul Keating, that implemented reforms to the industrial relations system. We encouraged more negotiation and flexibility in the workplace, but we also knew that employees had a right to collective bargaining. They should still have a right to collective bargaining.

The Commonwealth Bank’s attempt to force AWAs upon its staff has been thwarted. A clear majority of the bank’s employees want a collective agreement; they also wish for the Finance Sector Union to represent them in negotiations. I think we all know what will happen to employees at the mercy of David Murray’s sycophants; the recent corporate history of what was once the ‘people’s bank’ answers that.

The Labor Party opposes this legislation because it provides employers with the capability to erode the working conditions of their employees. Fortunately so far, very few Australians are covered by AWAs: approximately only one per cent of the work force—a very, very poor take-up rate. Maybe this is because there is still a distinct egalitarian streak amongst most Australians, including a large number of employers. Hopefully, this will continue in this relentless attack by the anti-worker Howard government. My colleagues and I will fight the good fight against this ideologically obsessed government and its supporters.

Ms BURKE (Chisholm) (7.05 p.m.)—I rise to speak on the Workplace Relations Amendment (Australian Workplace Agreements Procedures) Bill 2000. This bill can be described as an omnibus bill that is really just a rehash of schedule 9 of the Workplace Relations Legislation Amendment (More Jobs, Better Pay Bill) 1999, which was withdrawn by the government late last year after failing to attract Labor and Democrat support. In every way, this is really just a case of ‘old wine in new bottles’—rehashed legislation and rehashed ideas.

Before commenting on the specifics of the legislation, I would like to make a few comments on the dismal performance of the AWA in its goal of providing an alternative to awards and certified agreements, and the poor administration of the system by the Employment Advocate. My colleague the shadow minister, Arch Bevis, looked at the sorry state of the take-up rates of AWAs and found that, as at 31 December 1999, 85,864 AWAs had been approved. This represents 0.98 per cent of the Australian work force and 1.18 per cent of wage and salary workers. Fifty eight per cent of these AWAs were made in Victoria, due to the policy decision by the then Kennett Liberal government requiring all public servants to enter into AWAs for appointment, promotion and to gain access to pay rises. This, of course, will be reduced in the near future with the change of government and the change of ideas about how to treat staff. The Howard government’s support of AWAs has seen them applied in the Commonwealth Public Service and Commonwealth instrumentalities at levels well above the average. This is hardly a ringing endorsement of the government’s AWA program. In fact, it is only those unlucky enough to work for Liberal governments who have had AWAs forced on them with some success.
Of more recent concern, however, are the examples that confirm the fear that the Employment Advocate is incapable of being in charge of both the vetting of the AWAs and their enforcement. Evidence presented at the hearings conducted by the relevant Senate committee into the More Jobs Better Pay bill shows that there is a lack of concern in the impartiality of the Employment Advocate leading to a reluctance by workers to seek help through this office—a sad indictment. It is ridiculous to expect a body that is charged with promoting the benefits of AWAs to be the sole determinant in vetting them in addition to acting as a watchdog. The legislation was flawed to begin with, and these rehash amendments serve merely to worsen the situation.

Today I would like to focus on three main elements of this bill. The first is a proposal to simplify the approval process by removing the requirement of the Employment Advocate to report an AWA to the AIRC where there is a concern that the AWA does not pass the no disadvantage test. The Employment Advocate will now have the power to approve an AWA where it would not be contrary to the public interest test to do so. If enacted, this clause will serve only to further curb the already limited means of review that the commission currently has. Discretionary power on what is meant by ‘the public interest’ will be determined by the Employment Advocate, thereby removing another valuable check on AWAs by the commission. There are already concerns in the community that the Employment Advocate’s office is biased. If AWAs are further distanced from the scrutiny of the commission, I have very little faith that they will be forced to meet a genuine no disadvantage test.

The second part of the legislation I would like to focus on is the disturbing proposal to remove the requirement that an employer must offer the same AWA to all comparable employees. This allows a discriminatory approach to offering pay and conditions, and this means that an employer can totally discriminate between his or her employees. This usurps the principle that workers should be paid a fair day’s pay for a fair day’s work—a fundamental tenet not only of our industrial relations system but, I would say, of our whole society. Our industrial relations system is predicated on the basis that two workers with similar skills performing the same tasks would not be paid differently. The government may try to pretend this is an avenue to reward hardworking employees with performance pay. However, this is really just an attempt to allow employers to reduce their wages bill. Paying employees above an award or an agreement is an option available to employers at any time. But what is important is the need to maintain a floor via an award or an agreement that ensures employees who do comparable work have access to the same terms and conditions of employment.

Witnesses to the Senate committee consideration of the provisions of the More Jobs Better Pay bill last year were very concerned about the particularly discriminatory impact of this clause. Concerns ranged from a fear that some employers would use the provision to discriminate indirectly on grounds such as sex or union membership. A submission from the Women for Workplace Justice Coalition said:

This will give rise to the unsatisfactory situation where employees might be working side by side, performing the same work and yet some may be on more beneficial AWAs than others. Women (especially those working part-time and/or on short term contracts) who are less likely to be unionised, and more likely to have been ‘beaten down’ in the bargaining process, may agree to less beneficial AWAs without even being aware that male colleagues have been offered more beneficial terms.

When looking at the potential problems that arise from this change, the potential for discriminatory outcomes increases enormously if a workplace is dominated by people from a non-English speaking background. There is a large migrant population in my electorate of Chisholm, so this is of particular concern to my constituents.

The third proposal in this bill I would like to direct my comments to is the clause which will permit an employee to sign an AWA at any time after receiving a copy of the information statement prepared by the Employment Advocate. The Labor senators’ minority report that looked into the More Jobs
Better Pay bill found that, during the committee’s public hearings, serious claims were made concerning the manner in which the Employment Advocate had undertaken its role. Labor’s concern is that changes to allow employees to sign AWAs immediately may increase the propensity for employers to pressure an employee to sign without proper consideration. This is not to say that employers as a whole are about exerting undue pressure on their workers but just to recognise that there is a fundamental imbalance between the negotiation positions of most workers vis-a-vis their employers. Workers in vulnerable situations must always be uppermost in our minds when we are framing industrial relations legislation.

Let us take a current example of how this great piece of legislation actually operates to undermine and intimidate vulnerable, low paid employees. The wonderful Commonwealth Bank of Australia, which recorded a mere $1.7 billion profit, recently offered all its 28,000 staff individual contracts. These are Peter Reith’s secretive, divisive and job destroying individual contracts at their worst.

Why has this happened? Why would a bank want this much grief? Because they do not want to offer staff a decent pay rise. More importantly, they do not want to deal with the real issues impacting staff and the entire community: branch closures and staff shortages. Through their union, the Finance Sector Union, staff at the Commonwealth Bank have been dealing quite legitimately with the Commonwealth Bank for the last six months in trying to renegotiate their enterprise bargaining agreement. Part of the agreement was to seek proper staffing levels so that staff who are genuinely concerned about this issue can serve their customers better and receive a fair pay rise. But, instead of addressing these issues, under Peter Reith’s law—

Mr DEPUTY SPEAKER (Mr Nehl)— ‘The minister’s’ would be better.

Ms BURKE—Under the minister’s law, the bank can simply offer individual contracts. Everyone knows that these workers have no chance of getting a fair go if they are made to negotiate with Australia’s biggest bank one on one. Imagine a poor little part-time teller in the Surrey Hills branch in my electorate—

Mr Tuckey—Why are you so unappreciative of working people?

Ms BURKE—I am most appreciate of working people. Imagine some poor little part-time teller in the Surrey Hills branch, which is about to be closed down. They are being faced with, ‘Accept other hours or lose your job. Accept other hours, sign an agreement or face redundancy.’ That is how this legislation works in reality. The minister may groan from the other side of the table, but he just does not have a clue.

These are low paid, mostly female, workers. They worry about the rising cost of living and about supporting their families, and they are concerned about their bank. They are concerned that the bank does not have enough staff to service customers. That is what the enterprise bargaining agreement was all about. But the bank cannot do that; it has shut the door and offered them individual AWAs. All they are asking is that the bank negotiate a fair collective agreement through their union and address these legitimate issues. I would like to quote Lyn Ballerum, a CBA customer service officer:

My colleagues and I are already pressured into not taking breaks, working unpaid overtime and coming to work when we are sick. Now we are frightened that the Bank will try and bully each one of us into signing an individual contract that won’t give us a fair pay-rise, won’t fix the staffing problems, and won’t give us a fair performance pay or appraisal system.

The individual contract that the CBA is offering will give us a pay rise that will leave us far behind staff in other Banks. We instead will be offered a risky new performance pay scheme. What good is performance pay if we can’t get it? How can the Bank expect us to sell customers anything when they have been made to wait in queues for over half an hour and they are angry and frustrated?

Things are getting worse for the employees of the CBA and signing an Australian Workplace Agreement won’t make it any better. As a result of savage cost-cutting the Bank is expected to post an annual profit of $1.7 billion and still every day we are faced with less and less staff. Our customers are getting more and more impatient as they are forced to stand in queues that sometimes
spill out onto the street and the CBA still refuses
to do anything about it.

So this is the sad state of affairs at the Com-
monwealth Bank. Luckily, at this stage there
is a reprieve. The Federal Court has issued a
temporary injunction against the bank offer-
ing AWAs to staff. The judge said that there
was a case to be tried that the bank had mis-
led its staff over the contracts and had at-
ttempted to coerce the union into new enter-
prise bargaining agreements. In his decision,
Justice Finkelstein criticised the Common-
wealth Bank for misleading staff about the
negative impact that accepting an AWA
would have on important staff conditions. Of
the bank’s conduct, Justice Finkelstein said:
If it is not intentional in the sense of being deliber-
ate, it at least strikes me as reckless.

Justice Finkelstein said that it would be
wrong for him to do otherwise than to find a
sufficiently arguable case that the bank
sought to coerce the union to enter into new
enterprise bargaining agreements to replace
those whose nominal expiry date had passed.
And the means by which the bank hoped to
bring this about was to induce its employees
to leave the union by offering them Aus-
tralian workplace agreements. This decision,
built on previous court judgments, clearly
shows that powerful employers are attempt-
ing to use individual contracts to get rid of
unions and to cut the pay and conditions of
ordinary workers. The Commonwealth Bank
is set to reward its CEO, David Murray, at its
next AGM with another million free shares
and 250,000 more share options to top up his
low pay of $2 million. Mr Murray has en-
joyed a 272 per cent increase in his pay in
his term as CEO, but he rewards his staff, his
customers and the community by closing 438
branches, slashing 13,000 positions, in-
creasing banking fees by 50 per cent and
offering lower pay and worse conditions
through AWAs—and he can, because Min-
ister Reith’s legislation lets him get away
with it.

So what will Labor do in the field of in-
dustrial relations if we win government? La-
bor are about achieving a fair balance. We
believe in promoting a collective consensus
approach. This government has nobbled the
independent umpire and has sought to down-
grade its role even further with this legisla-
tion. Labor will give a greater role to the in-
dependent industrial commission to act in the
national interest, to have the powers to settle
disputes and to act in the interests of fairness
and equity. Labor will establish a system that
emphasises the importance of transparency.
The system will be fairer for both employers
and employees and provide more certainty
without depriving employers of the flexibil-
ity that comes with genuine collective bar-
gaining.

The Commonwealth Bank cannot argue it
has not had flexibility and productivity im-
provements through its years of enterprise
bargaining. The bank cannot argue this; the
records are there. It has produced a 150 per
cent increase in profits in the five years since
enterprise bargaining has been in operation.
Each individual employee has produced 36
per cent of that profit over that time period.
They have a very flexible arrangement in
respect of staffing and rosters. I do not think
it could get more flexible. So it is not about
flexibility and productivity. Importantly, La-
bor will abolish the office of the Employ-
ment Advocate and rid the Australian indus-
trial relations system of AWAs, which we
believe are secretive, unreviewable and un-
fair. This legislation does nothing to restore
balance in the industrial relations system. It
is just another chapter in the long running
struggle of the minister for workplace rela-
tions to visit his ideologically driven view of
the world on the basic rights of workers.

Mr McCLELLAND (Barton) (7.20
p.m.)—I note that a number of speakers in
the debate on the second reading of the
Workplace Relations Amendment (Austra-
lian Workplace Agreements Procedures) Bill
2000, particularly from the opposition side,
have commented on a recent dispute regard-
ing the Commonwealth Bank. I share the
view of the last speaker that the Common-
wealth Bank Officers Association, as it for-
merly was—it is now part of the Finance
Sector Union—has indeed been one of the
most sophisticated, sensible and balanced
industrial organisations that I am aware of in
its dealings with the bank. It has been pre-
pared, in appropriate cases, to give consider-
able flexibility to the management of the
bank in the provision, as an adjunct or add-
on to their enterprise agreements, of individ-
ual agreements for its more senior employ-
ees. It was one of the first unions to consent
to arrangements to bring in casual workers to
provide greater workplace flexibility. The
tactics being adopted by the Commonwealth
Bank are not only an indictment of the bank
but an indictment of our industrial relations
system itself, which was once based on eq-
uity and fairness but, in the context of this
day and age, is based very much on either
economic power or industrial might. A focus
on outcomes determined on the basis of
sheer force of industrial might or economic
power is not the way that Australians have
seen industrial relations practised in this
country.

Over the past century we have had a
uniquely Australian system of industrial re-
lations where outcomes have been deter-
mined on the basis of rational argument—the
presentation of submissions, the calling of
witnesses—and the fair and impartial adjudi-
cation of disputes or prevention of disputes
by the umpire, namely, the Australian Indus-
trial Relations Commission. The role of the
commission has been totally emasculated
under a deliberate policy of this government
of removing, to use its rhetoric, the
‘interfer-
ence of a third party’, even though that third
party is an impartial umpire. We are seeing
virtually the law of the jungle where, as I
have said, economic power or industrial
might determines the outcomes. The conse-
quences for either side can be equally as
damaging, for instance, in an industry where
there is a cyclical factor which swings the
balance in favour of a trade union. If, for
instance, there is overemployment in a par-
ticular industry, employers are liable to be
the victims of industrial might. In other cir-
cumstances, however, particularly for work-
ers without special skills, qualifications or
experience, more often than not it will be
economic power that determines the out-
comes.

Either situation is equally as reprehensible
to fair-minded Australians. Indeed, that is
coming out in the popular media now. For
instance, in the Australian of Friday, 29
September 2000, Michael Bachelard com-
mented on the difference between the con-
duct of the Minister for Employment, Work-
place Relations and Small Business in the
context of the Commonwealth Bank dispute,
which I have referred to earlier, and his pre-
vious involvement in virtually barracking for
BHP when they were attempting to deunion-
ise their workplaces, their mining sites in
Western Australia. The journalist commented
that the minister ‘has clearly realised that his
relentless barracking on the side of employ-
ers has not endeared him to the electorate’—
and that has to be the case. The government
are playing with a high-risk strategy and
there is no doubt that it is going to turn
around and bite them. Why do I say that?
Because Australians have had implanted in
their psyche this notion of fairness and eq-
ity from a century of fair adjudication by an
impartial umpire. Far from this system of
industrial relations that the government has
put forward in its Workplace Relations Act
of 1996 and in proposals since then being, as
those on the other side are hailing it, a sys-
tem for the 21st century, it is a throwback not
by one century but two centuries. It is a sad
throwback to the 1890s, when there were
massive disputes.

Mr Pyne—Better than roll-back.

Mr McCLELLAND—I do not think my
friend is going to find that is the judgment of
the Australian people who are suffering from
the consequences of the GST. Inevitably,
ordinary Australian working families are
suffering and will continue to suffer from
this government’s industrial relations poli-
cies. I say it is a throwback by two centuries
because it is a throwback to the practices of
the 1890s when there was massive suffering
and economic disruption as a result of in-
dustrial disputes where employers attempted
to deunionise important industry sectors such
as mining, maritime and manufacturing and
introduce a system of individual contracts.
As was discovered during the 1890s, as in-
deed our constitutional founders commented
upon in the constitutional debates, it was like
a nuclear war. There can be no winners from
that situation. The people who suffer are or-
dinary Australians. Indeed, every Australian
suffers because of the economic conse-
quences of disruption, dislocation and a fail-
ure to work in harmony and for a common purpose. That was the reason why our constitutional founders specifically put in the Constitution the power for an impartial tribunal to determine and to adjudicate on—and indeed to attempt to prevent—industrial disputes by fair adjudication.

Australians have been used to that system for 100 years. For about two decades the Prime Minister in particular has been promoting this agenda of removing the role of the commission and of removing the safety net of awards. If you look back to the late 1980s and early 1990s, when he was shadow spokesman on industrial relations, you realise we are seeing the manifestation of his then agenda where he wanted to make, in the policies that he was espousing, awards discretionary so that parties could either elect or not elect to be covered by industrial awards. We have effectively seen that implemented through this government’s policies. How has it been implemented? Industrial awards have been gutted back to core conditions so that we have lost such important matters as those relating to employment security, the obligation to negotiate with employees before they are made redundant, together with a whole range of ancillary benefits relating to penalty rates and the like. Having seen awards reduced to these core conditions, the only way that Australian workers have to recover those conditions is through direct supposed negotiation—but in actual fact it is disputation either collectively or through individual arrangements called, as the government does, Australian workplace agreements. That is the only means by which workers can rise above these gutted awards, given the procedures and the impediments to achieving agreements which are better than the basic safety net provisions, which are contained in awards. I should say that these safety net provisions are extremely basic—they are just above subsistence level—and only the poorest of workers are on these safety net conditions. The only way of rising above them is through direct disputation with employers. We are looking at a situation where in this bill this government is attempting to further limit the rights of workers.

Debate interrupted.

ADJOURNMENT

Mr SPEAKER—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Bass Electorate: Community Events

Ms O’BYRNE (Bass) (7.30 p.m.)—Being able to highlight the contribution to society which any group within our community makes is important. It is important to recognise the individual needs of particular groups, and it is important to say thank you. Today I wish to use the time allotted to me to thank some groups within the community who make particularly valuable contributions.

On Sunday I attended the launch of seniors week in Launceston. Seniors week provides an opportunity to thank and recognise senior Australians for their previous and, more importantly, current contribution to our communities. Locally in Launceston there are a number of great events occurring during seniors week. These include: a seniors health forum, the meeting of the older persons reference group, and a week of free Internet access at the Launceston online access centre. It is the nature of communities that they are built upon a base of experience and energy. That is a base which is largely provided by older members of our society. Accordingly, I want to take this opportunity to place on record my thanks to the older members of the communities I represent for their terrific contributions.

On Saturday I was fortunate enough to be asked to open the annual conference of the Diversional Therapy Association of Tasmania. Diversional therapists provide a hugely valuable service to many people, people who need the professional assistance which only this devoted group provides. One of the most well-known historical proponents of diversional therapy practised during the Crimean War; Florence Nightingale, was dubbed ‘the mother of recreation’ for her efforts to provide recreation to war casualties.

Today we know that diversional therapy is much broader than just a hospital program. There is recognition that leisure and recreational experiences are the right of every individual in our community and make an im-
portant contribution to our quality of life. Having access to this kind of interaction is something that the wider community takes for granted. It is very exciting to see such a high demand for experts in the area of health care and community settings, implementing and evaluating client centred programs. The Diversional Therapy Association of Tasmania provides a wonderful service for practitioners in Tasmania. The value of support and networking with colleagues cannot be overestimated. This is a body that provides information on the latest national and international developments and is an extremely useful resource to all working in the area.

Mr Speaker, you may not be aware that October is lupus awareness month. I was fortunate enough to launch this program on Monday. Lupus was first described in the 19th century by a French skin specialist as a disorder of the skin. We know now that it is far more complex than that. Lupus is an auto-immune disorder where antibodies are produced and attack the body’s connective tissue. The slogan used by the association is ‘someone you know has lupus,’ and that is very true. Indeed, I have a cousin with lupus, and the latest research shows that lupus is now more common than muscular dystrophy, multiple sclerosis and leukaemia.

For sufferers of this disorder the Lupus Association is an extremely valuable resource. Since it started in 1982 the Lupus Association has assisted people in Tasmania to come to terms with their diagnosis and live a relatively healthy and normal life. Membership has grown from a base of 25 to 65 members. The association promotes lupus awareness month every October. This event aims to educate the public, medical and paramedical profession about the symptoms, diagnosis and treatment of lupus. This education can lead to early detection and treatment, thus limiting the damage to connective tissue. I offer my best wishes to the Lupus Association for the conduct of lupus awareness month.

Following the launch of the very successful seniors week in Launceston last weekend, I was fortunate enough to go to the Olympics— the Olympics in Launceston. The special Olympics featured athletes with a range of disabilities competing in such things as basketball, gymnastics and soccer. I wish to place on the parliamentary record my congratulations to all of the athletes who competed, and who I must say competed with as much joy and commitment as we recently witnessed in Sydney—or if you were in Tasmania you probably witnessed on the television. In particular, my congratulations go to the New Horizons club, a local Tasmanian club, for their support of all of the athletes and to all of the support people who attended and made the weekend events possible. The special Olympics showed that we all have the capacity to achieve. Some of us, however, conquer a lot more in order to get to that level of achievement. I congratulate all of those groups and all of the support people who do so much to make their activities possible, who build and maintain our communities. I think that the parliament is an appropriate place to recognise that activity.

McEwen Electorate: Petrol Prices

FRAN BAILEY (McEwen) (7.34 p.m.)— Last night in this chamber the opposition, by way of the member for Wills, unveiled its strategy of how it intends to conduct its campaign leading up to the next election. That strategy is to target marginal electorates, like my electorate of McEwen, and to attack the member. The ALP candidate is then fed this attack to put into a press release. It has been the ALP’s strategy before, and I have no doubt that they will continue the strategy. These tactics, however, are the tactics of bullyboys, and I want to reassure the people that I was elected to represent that I will not be intimidated by these political bullyboys, and I want to reassure the people that I was elected to represent that I will not be intimidated by these political bullies and that I will continue to voice the concerns of my electorate in every possible forum, and these forums exist not only in Canberra.

What I found absolutely staggering about the member for Wills’s attack on me in this place last night was that he was criticising me for being prepared to speak out on an issue of great concern to my electorate—that is, the cost of petrol. It is no secret that I have been prepared to speak on the public record—not since March, as the member for
Wills stated, but well before then. It is also no secret that the views that I have put on the public record on behalf of my electorate are not the views of the Prime Minister or the Treasurer. They have not been persuaded by my view of freezing the excise at the current level or of preserving a percentage of the excise to be used as additional funding for rural roads. I believe—and in fact this was the bipartisan view of the members in my standing committee’s report on regional infrastructure—that 2c a litre of fuel excise should be preserved for this purpose.

However, what we and all of those who bothered to find out the facts are in full agreement on is that the current high prices for fuel are being caused by the high world price of crude oil and the current value of the Australian dollar. The member for Wills should note what even his colleague the Victorian state Premier said on Melbourne radio yesterday, on the very morning that the member for Wills chose to attack me. The Premier said:

The price of oil around the world has gone to over $30US a barrel and there’s really nothing much Australia can do about that.

The current high prices for fuel are not being caused by the GST, because we know that when the GST was first introduced and the excise was reduced by 6.7c a litre, together with the introduction of the $500 million country fuel subsidy, the price of petrol at the local pump fell and prices remained lower until the cost of world crude oil began to rise again. The last excise adjustment in August accounted for a 0.6c a litre increase to motorists. The reality, however, for so many people—especially those living in rural and regional areas, like the people in my electorate—is that they are paying very high prices. For people on low fixed incomes this is of great concern and the reason why I have spoken out on their behalf.

I also want to place on record that, while the ALP are sending their bullyboys in here to attack me, they have not been so forthright in stating what their policy is on this very serious issue. The facts are that all farmers do not pay an excise on the diesel they use for their farming activities. They get the full diesel rebate. Transport operators outside the metropolitan area using vehicles over 20 tonnes get a 24c a litre reduction on the diesel excise. Of course what the member for Wills did not say last night was that the ALP opposed that. If the ALP had had their way, transport operators would be paying 24c a litre more for their diesel and that increase would have been passed on to consumers by way of higher prices.

Yesterday in question time both the Leader of the Opposition and the shadow treasurer vehemently declared that they were not going to freeze any future indexation increases. That declaration comes hot on the heels of the declaration by the member for Hunter, who happens to be in here tonight, on 15 August in this chamber that the opposition would reverse our policy of providing the $500 million fuel subsidy to country motorists.

Mr Fitzgibbon—You know that was a misrepresentation.

FRAN BAILEY—It is no wonder that the member for Hunter is calling out, because it was an absolute disgrace. That reversal of policy, as he knows, would add an extra 1c to 2c a litre. The opposition are using some of their members as bullyboys, as I said, and I will not put up with that. (Time expired)

Transport Industry: Owner-Drivers

Ms JANN McFARLANE (Stirling) (7.39 p.m.)—I would like to speak today on the effect of fuel price increases on the people who form the backbone of our transport industry: the owner-drivers. Just recently I met with a local owner-driver, Bob Joyce, who subcontracts for Brambles Transport at the Peter’s ice-cream depot in Balcatta. I visited Bob at his workplace to get a feel for how the increase in fuel prices was impacting. I must admit talking to Bob was an eye-opener. He articulated the current plight of the average owner-driver in such a clear and no-nonsense way that I left our meeting feeling a little shell-shocked by the challenges that face these hardworking Australians and their families. Bob provided me with some information which I will share with the House today. This information paints a pretty bleak picture for our transport industry: costs are forever increasing, unre-
alistic schedules are putting the lives of our drivers at risk due to fatigue, and cut-throat operators are pushing down profit margins so much that livelihoods are being lost.

The first area I will look at is fuel. When I spoke to Bob diesel fuel sold at the local service station at $1.05 per litre. This is the price paid by the average four-wheel driver who has a diesel motor. A number of rebates are available for owner-drivers. The main one is the 17c per litre rebate. When tax is taken into account the true price for drivers is 90c to 94c per litre. This is a lot higher than prices before the introduction of the GST and before recent fuel price increases. In effect the rebate has been almost wiped out by the increase in fuel prices.

I will now look at how the industry has subverted the compensation process. In response to the diesel rebate the CCI directed its members to cut freight rates by seven per cent across the board. The reality of this was that the person who ended up carrying the cut in rates was the owner-driver, who is now paying more for fuel than before the introduction of the GST and before recent fuel price increases. I am told that there are instances in the freight industry where companies asked their owner-drivers to take the seven per cent cut in their rates and yet did not pass the savings onto their clients, in effect reducing their costs to increase their profits.

Owner-drivers are struggling to make ends meet. Here are some of the costs that they are faced with. In terms of registration, a semitrailer costs $3,624 to licence per year, a B-double costs $5,500 to licence per year and a triple costs $7,000 to licence per year. A typical semitrailer has 22 tyres. These need to be changed at least twice a year. The average semitrailer tyre costs approximately $350. If you calculate tyre costs for a semi, they come out at $15,400 per year. A triple with 72 tyres costs $50,400 a year. This is a lot of money. Drivers tell me the tyres have gone up in price, not down. Turning next to insurance for a semitrailer, this costs upwards of $4,000.

Finally, the purchase price: a new prime mover costs approximately $400,000, while a second-hand prime mover costs approximately $225,000. A fridge trailer costs approximately $180,000 and a tanker costs approximately $260,000. As can be seen from these figures, quite a substantial sum is needed to purchase the rig. Many owner-drivers have large loans against their homes for these rigs. The recent increase in interest rates coupled with increased fuel costs is really killing these people. Many of them face losing their homes due to these increased costs.

I have talked about the increase in fuel prices, the costs associated with setting up and running a rig, and the effect of interest rates on the owner-driver. Now I will examine the payment rate structure and the payment that the owner-driver receives for delivering goods across Western Australia, often over very long distances. The problem with the current payment rate structure in the transport industry is that over distance the rate decreases. For distances over 900 kilometres the rate drops between 8c and 14c per kilometre. When pulling a second trailer the rate is 86c per kilometre, and when pulling a third trailer the owner-driver is often forced by the transport company to do this for absolutely nothing.

Earlier in my speech I looked at the tyre costs for a triple. By pulling a third trailer for nothing the owner-driver is essentially doing it at a loss, while the company is charging freight for the goods carried. This is disgraceful. The government needs to come up with some positive solutions to reduce costs in the transport industry. The obvious way to do this is to address the fuel price issue. For example, a truck on the Jabberoo run in Western Australia earns $1.72 per kilometre. The cost to run a truck on the Jabberoo run is $1.05 per kilometre. This means that an owner-driver receives 62c per kilometre profit before tax. You cannot make a living on this rate. Every time fuel prices increase, this amount of profit becomes smaller. The government needs to seriously look at increasing the rebate for these drivers before it sends them to the wall with its inactivity on fuel prices. (Time expired)

Tonkin, Hon. David Oliver, AO

Mr PYNE (Sturt) (7.44 p.m.)—Tonight in the adjournment debate I would like to
comment on the passing away of the former leader of our party in South Australia and former Premier of South Australia, David Tonkin. I am sure, Mr Speaker, you would share many of the comments that I wish to make about Dr Tonkin. Dr Tonkin passed away on Sunday night at the age of 71, and he will be sadly missed by the Liberal Party in South Australia. He was a very successful leader of our party and a very successful Premier of South Australia. He was also a personal friend of my family, and a close friend of my father, having been at medical school with him. They were both ophthalmologists. David Tonkin was the Premier of South Australia from 1979 to 1982. He was also the member for Bragg—which is entirely contained in my electorate of Sturt, as you would know, Mr Speaker—from 1970 to 1983. In fact, he was the first member for Bragg. It was a very safe seat, and he ensured that it remained safe. He was Secretary-General of the Commonwealth Parliamentary Association on leaving politics. He was also Chairman of the State Opera Company in South Australia, and a member of the Flinders University Council. He was Chairman of the South Australian Film Corporation, and was awarded an Order of Australia in 1993. He was a successful ophthalmologist before he went into parliament. Dr Tonkin and my father were at medical school together in the forties and fifties, and they both pursued eye surgery careers. He knew my father very well, until my father’s death in 1988. We used to spend time with Prudence and David Tonkin, as growing families, although many of his children are older than I because I am the youngest in my family.

He had a number of career highlights as Premier. Unfortunately he was Premier for only a short period—three years—but in that time he achieved much for South Australia, including much that is ongoing. He also had a tremendous effect on Australia, far beyond the borders of our state. For example, he was the first Premier to sign a land rights act with the indigenous people, resulting in the handing back of land to the Pitjantjatjara people which they continue to administer to this day in northern South Australia, a model that was picked up by many other states over the succeeding period of Australia’s history. He was the Premier who brought the Olympic Dam mine site to South Australia—the largest uranium mine in Australia, situated in Roxby Downs. It was a matter of great controversy, as the Labor Party did everything it could to oppose it, but Dr Tonkin still managed to achieve it. He introduced random breath testing in South Australia, which has saved hundreds of lives and continues to save lives in South Australia and to stop drunk drivers from driving. He also introduced the O’Bahn bus system in South Australia, a unique transport corridor linking the north-eastern suburbs with the city. He was responsible for building Technology Park and the Adelaide international airport. He built the new Supreme Court and District Court buildings on Victoria Square and the Hilton Hotel. When he was defeated he was in the process of bringing a casino to South Australia and establishing the Adelaide Grand Prix and the Hyatt Hotel complex.

On a personal note, his period as Premier was a very memorable one for me. I was 12 years old in 1979 when he was elected Premier, and it was the first election coverage that I watched—even at that age—from start to finish. It was my job to ferry the results as each Labor Party seat fell to the Liberal Party into the get-together that my parents had organised for election night, so I remember it extremely well. It was also a landslide: we achieved a 10 per cent swing against the Labor Party, wiping them out of office. I have very fond memories of him. He also took a personal interest in my career because he knew my family and because he represented the district that is contained within my electorate of Sturt. By letter, by phone and in conversation, we spent time talking about politics and what made good governments and good parties. He was a liberal and a progressive in free enterprise and in social issues. He was a pragmatic politician, and he imparted some of his philosophical beliefs to me. He has been described as a gentleman and a nice guy, but he was also a hard-headed politician. He took over the Liberal Party in the late seventies after the Liberal movement and LCL had remerged. He merged them and led them to election in 1979, defeating the Labor Party. That was
not easy to do. As you would know, Mr Speaker, the Liberal Party in South Australia in the seventies was not an easy place to be, yet David Tonkin melded the parties together and very successfully led them to election, so he was a tough politician. Carolyn and I pass on our condolences to his wife, Prudence, to their six children and to their 10 grandchildren, and we wish them the best.

Senior Australian of the Year Award
Goods and Services Tax: Savings Bonus

Mr DANBY (Melbourne Ports) (7.49 p.m.)—I rise to congratulate the Senior Australian of the Year 2000, announced by the Prime Minister earlier today. Giving young people shining examples to aspire to is important, and I commend all the seniors involved in today’s ceremony. However, the award, in my view, only underlines to me the widespread anger that I have experienced from seniors in my electorate over the broken promises that the government made in regard to the savings bonus for older persons. Already since the introduction of the GST on 1 July 2000 my office has been told by 452 pensioners that the $7 a week rise in their pensions has gone nowhere near compensating them for the price rises and the added service charges on their bills. In fact, each day my office receives calls from pensioners and self-funded retirees who are only just starting to realise how much worse off they are under the GST. The other day a Miss Rachel Varty, a pensioner from South Melbourne, phoned me to say how dismayed she was to receive her gas bill and to see that each month she will be paying an extra 10 per cent. The Prime Minister promised people like Miss Varty, who is over 60, that they would receive a bonus of $1,000. The Prime Minister’s comments to that effect were made in a number of media and were telecast again just a couple of weeks ago in the national media. The government’s deep embarrassment resulted the very next week in a response from the Minister for Family and Community Services, Senator Jocelyn Newman, who wrote to the local newspaper. Too clever by half, Senator Newman protested that 70 per cent of people who had received the bonus had received more than $500. The member for Lilley and I set her straight the following week. The point is that more than 40 per cent of people received nothing at all and another very large percentage received these very trivial payments which were insulting—some only a dollar.

The phone calls to my office continued, and I spent a lot of time assuring many of these people that they could make a protest to Centrelink and get their bonus reviewed. Understandably, however, many of these people felt they had been misled by the government. They ask why they deserve this given the contribution that the previous generation has made to this country. In the last two weeks alone, my office has taken 234 calls from people who feel that they have been misled by the Prime Minister’s promise. Some have even told us that they were wondering what had happened to the promise the Prime Minister made. ‘I am still waiting for the money to arrive,’ one woman told me. ‘At least, Mr Danby, you have now let me know that I should stop expecting a nice windfall to come my way.’

Miss Varty, who I referred to earlier, was one of those who received nothing. She does not have savings. She lives from week to
week on her pension. ‘Some sort of assistance would have been nice,’ she told me, ‘the $7 a week rise in the pension is swallowed up with the price rises down at the shops. The GST is only making my life harder.’ It has been awful for my staff and I to have to tell many of these people who have phoned up the office that, despite the Prime Minister’s promise, due to the fine print they are not entitled to receive the bonus.

However, there have been some cases where we have ascertained that their assessments should be reviewed. Only the other day I received a letter from a woman called Pat who lives in Elwood. She had taken my advice and appealed. She wrote:

I will now receive a substantial increase— nowhere near the $1,000 promised by Mr Howard, but at least a much better deal. I hope other people have heeded your advice and appealed. Thank you very much for your assistance.

The Prime Minister promised that no-one would be worse off under the GST. Some of the smart people in the press gallery and some of our economic commentators claim that the GST has had widespread acceptance. When the post mortems on the next election are written, I am sure those same commentators will look back on the effect of the GST promises for the older person’s bonus because it will have a major effect on the next election.

There are those who claim that other spots in Australia will be the first from which to see the sunrise. I know the constituents in my friend and colleague Larry Anthony’s electorate claim that Mount Warning and Cape Byron in northern New South Wales are the first. However, this is where some investigative research and my previous career as a surveyor has come in handy.

My research—and I must also thank Peter Holland and Ian Sutherland from Auslig for their help—based on elevation, latitude and longitude analysis conclusively proves my claim that Mount Imlay of elevation 889 metres and latitude and longitude South 37 degrees 10 minutes, East 149 degrees 44 minutes will see sunlight at 4 hours, 39 minutes and 27 seconds Eastern Standard Time—not daylight saving time—on the morning of 1 January 2001. Mount Warning at 1,156 metres and latitude and longitude South 28 degrees 38 minutes, East 153 degrees 38 minutes will see sunrise at 4 hours 46 minutes and 41 seconds, about seven minutes later than Mount Imlay. Cape Byron, which is at sea level, will greet the sunlight a little later again.

Normally during January each year I participate in Tumbatrek with my colleague and former Deputy Prime Minister Tim Fischer.

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Normally during January each year I participate in Tumbatrek with my colleague and former Deputy Prime Minister Tim Fischer.

Mr Fitzgibbon—Keep up?

Mr NAIRN—Absolutely, I do. This year, depending on what the National Parks authority have to say, I intend to climb Mount Imlay either on New Year’s Eve or during the night so that I am there on the top of the mountain in time for sunrise. I have asked Tim to join me, although I fully understand if he chooses to instead spend the evening with his family at home or elsewhere in his electorate. However, Judy, Harrison and Dominic are of course welcome to be on Mount Imlay as well. It is an estimated four-hour return trek from Burrawong picnic area at the base of Mount Imlay. I am told it is quite steep and that the last 500 metres follows a rocky, razor-back ridge. So I may have to increase my training sessions over the next few months. I welcome all members to join me and hope that word of my quest will reach Australians far and wide—I am sure the mountain can hold us all. I will even
put on breakfast. This will be a great way to enjoy some fresh air, good exercise and wonderful scenery.

I also hope that my announcement today will help to generate a greater public interest and a boost in visitor numbers to the many national parks in the region. This area is a great place to visit in both winter and summer. As the South Coast Tourism’s slogan goes, ‘places for all seasons’. Mount Imlay National Park, which covers an area of 3,808 hectares, Ben Boyd National Park and South East Forests are just a few of the green jewels in the far South Coast. Mount Imlay National Park in particular contains a newly discovered eucalyptus species *E.imlayensis* and the waxflower *Eriostemon vigatus*, which was previously only known in Tasmania and at one site in Victoria. The park is also rich in animal life, most of which has a nocturnal lifestyle; so, even if no humans join me on this trek, I expect to share New Year’s Eve with them.

A stay of a few days in the area is the best way to handle this event. A base at a farmstay, bed and breakfast, cottage or cabin would allow a visitor time to relax on the expansive beach areas of Bournda’s national park, walk through the rainforests of Mount Dromedary and Mumbulla Mountain which have many significant tribal beliefs for the Yuin Aborigines, enjoy the fantastic fishing at Wallaga Lake National Park and marvel at the old-growth forests at Nadgee Nature Reserve, culminating in the pièce de résistance—the trek to the top of Mount Imlay. I am happy to spruik the wonders of this region—it is so easy to do. I look forward to many people joining me on this trek to the top of Mount Imlay to be the first in Australia to view the sunrise on 1 January 2001, the dawn of the new millennium.

**PERSONAL EXPLANATIONS**

Mr FITZGIBBON (Hunter) (7.59 p.m.)—Mr Speaker, I seek your indulgence to make a very quick personal explanation.

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

Mr FITZGIBBON—Yes, on a number of occasions.

Mr SPEAKER—Please proceed.

Mr FITZGIBBON—During the adjournment tonight, the member for McEwen and before her on a number of occasions the members for North Sydney, Bennelong and Higgins had misconstrued what I had to say during a recent debate on an MPI to suggest that I said Labor would abolish the fuel grants scheme. Yet they know that my words were not designed to suggest any such thing and, indeed, only yesterday the Leader of the Opposition recommitted Labor to the retention of that scheme.

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

**House adjourned at 8.00 p.m.**

**NOTICES**

The following notices were given:

Mr Truss to present a bill for an act to reform the provision of marketing, research and development services to the horticultural industry, and for related purposes.

Mr Truss to present a bill for an act to deal with matters consequential on the enactment of the Horticulture Marketing and Research and Development Services Act 2000, and for related purposes.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Roads: Burdekin Bypass Project

Mr MARTIN FERGUSON (Batman) (9.40 a.m.)—I rise this morning in my capacity as shadow transport minister to bring to the attention of the parliament and the federal Minister for Transport and Regional Services local community views on the issue of the Burdekin bypass project. A local group was formed around this issue, the organisers of which contacted my office after they had become exasperated at a perceived reluctance on the part of their local member to raise this issue in the parliament. Representatives of the group rang the Table Office to establish the true options of bringing their views before the House. They even had to contact the National Party Whip to clarify the reasons or excuses given by their local member, the member for Dawson, as to why she could not present their views to the House.

After a significant local organising effort, these citizens wanted the federal parliament and the transport minister—who will make the decision on the project—to know the nature and depth of their views. I suggest to the House that it is a sad indictment on the member for Dawson and the National Party that their constituents had to personally take the dive into the maze of bureaucratic procedure, standing orders and National Party power structures to find out their options.

I can testify to you today that the cane farming families and others in the group did a good job. They made a good fist of finding their way around the bureaucracy. The result is that they have found a way to be represented—against the resistance and blocking by their local member and the National Party—to have the issues aired this morning. They got that satisfaction by coming to the Labor Party. The letter I am about to read is one of 1,425 identical letters signed by the people of the Burdekin region. It says:

I wish to strongly object to the Burdekin Bypass Project and call for its complete abandonment. I am also calling for the elimination of all lines on Main Roads Maps with any prioritised numbering over these lines and land titles abolished.

As the Burdekin is situated on a flood plain, the building of an elevated road through our community will cause extra flooding for our district. Any extra flood water caused by a road is unacceptable. As there is a limited amount of fertile agricultural land in the Burdekin, it is unacceptable to destroy this Australian Asset for the placement of a bypass road. The quality of land is irreplaceable.

It is unacceptable to make farms unviable by carving them in two for the placement of a bypass road. We are constantly being told ‘get bigger or get out,’ being forced to become smaller will inevitably send many farmers to the wall. It is unacceptable to take the only available water source on a farm for the placement of a bypass road. As on some farms, there is only one point of access to quality and quantity of water.

In the south-east corner of the state it is often seen that traffic merges from four lanes to three lanes to two lanes, in sensitive areas. The volume of traffic is far heavier in the south-east corner than the Burdekin district will ever experience. Therefore I request a second bridge crossing, and the upgrading of the existing highway, including Bower Street Bypass.

I request that this matter be resolved, so that a sense of stability can return to our community.

(Time expired)
Mr NAIRN (Eden-Monaro) (9.43 a.m.)—I would like to speak briefly on two matters this morning. Firstly, I would like to congratulate the Monaro region’s lavender growers on coming together to form Australia’s first lavender cooperative. Monaro Country Lavender Cooperative Ltd encompasses 30 lavender producers from a vast area, from outside of Queanbeyan down through Jerangle, to Wyndham and across to Jindabyne and Delegate. Karen Cash of Bombala Lavender worked hard to form this cooperative, and should especially be commended for bringing this project to fruition.

The federal government was instrumental in helping this project to find its feet. Last year under the Regional Assistance Program $17,000 was provided to increase the viability of the lavender industry of south-east New South Wales. The project was endorsed by the New South Wales South East Area Consultative Committee as one which would generate employment opportunities for the local community. Through this funding injection and the dedication of the lavender growers, we should now see Bombala and the Monaro grow to become the lavender capital of Australia. With increased tourism in the area, this project will bring about sustainable employment growth for the whole community. Lavender is known for its soothing properties; maybe we should have a bit more of it about here in some of the more heated debates.

www.garynairn.com.au provides an index of my latest media releases and parliamentary speeches, provides information about Eden-Monaro and has a range of links to federal, state and local government services. I hope that over time the links section will build up so that the site is thought of as a starting point for accessing all ranges of information about services in the region. I am pleased to be able to provide this extra resource for the people of Eden-Monaro. I will update the site on an almost daily basis and I will especially value any feedback that constituents provide. I hope that my webpage will become a regularly visited site as a provider of information for school students looking for help with their schoolwork, constituents who would like to know about my work in the electorate and for those outside of Eden-Monaro who would like information about this special part of the world. (Time expired)

Goods and Services Tax: Petrol Prices

Mr MARTIN (Cunningham) (9.46 a.m.)—My constituents from Wollongong are sick of the broken promises of the Prime Minister. They well remember his most outrageous promise—that he would never, ever introduce a GST—and now they are reflecting upon another broken promise: that petrol prices would not rise because of the introduction of his GST. Yesterday, the opposition announced that it proposes to conduct an inquiry into the very important and significant issues as to why petrol prices are set at the level that they are, why the Prime Minister has broken his promise and what levels of revenue are carried by the federal government. That inquiry will be self-developed by the Labor Party, because we tried to get a bipartisan committee of inquiry through the parliament to look into this very important area and it was firmly rejected by the Liberal Party and the Democrats. I find that quite unacceptable in this day and age when people are prepared in the other house to run off and establish inquiries into all sorts of things. But when things affect our ordinary, everyday lives in areas like Wollongong—and, indeed, right around Australia—then people simply are not prepared to put up significant inquiries.

The Labor Party, on the other hand, has done so. I will be saying to my constituents in Wollongong that they can see, at the different service stations—whether they be in Helensburgh, Corrimal, Unanderra or central Wollongong—that the price of fuel in fact is much higher now. They understand that the tax grab is there and they understand that the Labor Party has called upon the government to excise the inflation spike that has been caused
by this latest excise increase from the GST and has asked that it be returned to the people of Australia. In fact, as the Leader of the Opposition said yesterday, we want to see the government remove the GST spike from the calculation of the inflation rate. The effect of that would be to reduce the price of petrol by at least 2c a litre.

On behalf of my constituents in Wollongong, I implore the Treasurer and the Prime Minister to let us, now the Olympics are over, concentrate on one of the important and significant issues in the lives of everyone in this nation. It goes to the cost of fuel and it goes to the ability, based on the cost of fuel, for people to get around this great nation of ours. I think people do deserve that break. They recognise that this government has once again misled them; they understand that the Prime Minister’s promise has been broken on this matter. I am suggesting also to my constituents to make their voices heard. I am quite prepared, through my office, to receive any submissions that people would like to make about this important issue, whether they come from the trucking industry or from just ordinary motorists—ordinary people—living in my electorate. I am quite prepared to make sure that those submissions are forwarded to the Labor Party’s committee but, importantly, also to the Prime Minister. (Time expired)

**HMAS Bundaberg**

Mr NEVILLE (Hinkler) (9.49 a.m.)—I rise today to add my support to the Bundaberg City Council’s request to have a navy ship named after the city of Bundaberg. The council recently wrote to the Naval Association of Australia and received support from the association’s federal president, Admiral Mike Hudson. A Navy warship last bore the name of Bundaberg during World War II. The HMAS Bundaberg was one of 60 Australian minesweepers, more commonly known as corvettes, built in Australian shipyards as part of the Commonwealth government’s wartime shipbuilding program. Fifty-six of these corvettes were named after Australian cities and towns, and the remaining four went to the Indian Navy.

The HMAS Bundaberg was launched at Evans-Deakin Shipyards in Brisbane in 1941 and, following trials the next year, was assigned to operational duty as a convoy escort along the east coast of Australia. Bundaberg also performed a range of duties between 1942 and 1946, including escorting convoys to Papua New Guinea, bombarding Japanese positions on Alim Island and assisting in the recovery of allied prisoners of war from Borneo. In October 1945 she visited her namesake town of Bundaberg for an official reception, and was decommissioned in 1946 after sailing 113,193 nautical miles and being under way for 11,792 hours at an average speed of 9.6 knots.

**Bundaberg** is possibly unique to the Naval Association of Australia inasmuch as it has two subsections represented: one long standing in Bundaberg and the other recently chartered Coral Coast section of Bargara. The vessel has a proud record and the city was proud of its namesake and her crew. It would be a thrill for local residents to have this honour bestowed on the city again, and I support the mayor, Councillor Kay McDuff; the Naval Association Coral Coast Sub-branch President, Mr John Simpson; the ex-Naval Association of Bundaberg President, Mr Jack Strong; the National President, Admiral Mike Hudson; and one of those most dedicated ex-Navy stalwarts, my good friend, Ted Garth, who brought this matter to my attention. I see the shadow minister here in the chamber today; I trust he too will lend his support.

**Genetically Modified Organisms: Tasmania**

Mr SIDEBOTTOM (Braddon) (9.52 a.m.)—In the face of the Gene Technology Bill 2000, which is still being considered within this parliament; the investigation into gene technology by the House of Representatives Primary Industries and Regional Services Committee; and the Tasmanian government’s decision to ban open testing of GMOs, I, along with my colleagues in my electorate Senators Denman and Sherry, put out a survey on GMOs, ‘Food
for thought’. I got a response of 3,000, which was excellent in an electorate that has not in the past been asked its opinions politically on many issues for the federal parliament. I would like to share some of those results with the chamber.

One of the questions was: ‘Do you think genetically modified crops should be grown in Tasmania?’ to which 75.9 per cent of respondents said no. In terms of the Tasmanian government’s one-year ban on genetically modified crops, 79.7 per cent supported it. Asked whether there should be a total ban on growing GMOs in Tasmania, 71.9 per cent also supported that; 95.5 per cent were in support of compulsory labelling of genetically modified food products. To test the validity of this, we asked, ‘Would you buy genetically modified food if it was cheaper?’ and 75.1 per cent said no. Asked, ‘Do you think you have enough information?’—and this is the point I want to make on genetically modified organisms—83.7 per cent said no. Asked whether there had been enough debate in Tasmania on genetically modified crops—and I suspect that this is the case elsewhere—82.4 per cent of people said no.

So it seemed to me that one of the most important things in terms of this whole issue, both in Tasmania and throughout the rest of the nation—and this is certainly taken up in *Work in Progress, Proceed with Caution*, the report of the primary industries committee of which I am a member—is that we have proper, constructive, rational debate.

It was with interest that I picked up the spring edition of the Agricultural, Fisheries and Forestry Australia newsletter. It had the current Minister for Agriculture, Fisheries and Forestry telling us that ‘the myths surrounding gene technology are being dispelled in regional Australia.’ I suspect, given my survey, that that is not the case. It listed all the areas where these particular forums have been conducted by Biotechnology Australia and I noticed that Tasmania was not listed. I did hear that one member of Biotechnology Australia has said in the past that they thought the issue was a bit hot in Tasmania to go down there and hold regional forums. It is interesting, and a happy coincidence, that after I put out a press release yesterday calling for these forums I believe they are going to happen in the new year. I think we need better, more informed, constructive debate. *(Time expired)*

**Ballarat Electorate: Olympians**

Melbourne Aquarium

Mr RONALDSON (Ballarat) (9.55 a.m.)—It is with a great deal of pleasure that I talk today about some Ballarat Olympians who competed in the Sydney Olympics. As honourable members would be aware, there have been many Ballarat Olympians. We do not use the term ‘past Olympian’ in Ballarat. There is no such thing as a past Olympian—they are all Olympians—but I will talk about the Olympians who competed at the Sydney 2000 Olympic Games. I will mention them in no particular order.

We had Peter Blackburn and Kellie Lucas in badminton. I know that Peter and Kellie were disappointed with the outcome of their competition but we are still very proud of their endeavours. Russell Mark is a Ballarat boy. Russell won the silver medal in the men’s double trap. Rachael Taylor won a silver medal in the women’s coxless pairs. Anthony Edwards and Rob Richards won silver medals in the men’s lightweight coxless four. We had Emily Martin, Bronwyn Thompson and Katie Faulkes in the women’s eight. Katie was the cox and Emily and Bronwyn were rowers. They were fourth in the final and very nearly got there. Tamsin Barnett competed in volleyball. The team competed with great honour—they defeated Kenya and China, and lost to the USA, Croatia and Brazil.

In athletics, we had Lee Troop. Lee made a fantastic effort, in my view. It was a really gutsy performance from a gutsy bloke. Our other athletics competitor is Steve Moneghetti. Everyone knows ‘Mona’. I think we have all known him as ‘Mona’ for a long time. He is now
affectionately called ‘Mona’ by the rest of Australia. We are very proud of Steve Moneghetti. Nothing I can say can add to what has already been said about this great Australian. I know that that was his last competition at that level. We were very proud of the fact that he ran very well to finish 10th in the time of two hours, 14 minutes and 50 seconds. A parade in Ballarat on Saturday week is going to highlight and congratulate all the Ballarat Olympians who competed in the Sydney Olympics.

I am always reluctant to talk about anything outside my own area but, on this occasion, I recommend to members that, after they have been to all the Ballarat electorate tourism venues, they should go to the Melbourne Aquarium. I took my family to Melbourne for a couple of days last week and went to the aquarium. I highly recommend it to those from outside Victoria.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

HEALTH INSURANCE AMENDMENT (RURAL AND REMOTE AREA MEDICAL PRACTITIONERS) BILL 2000

Second Reading

Debate resumed from 7 September, on motion by Dr Wooldridge:

That the bill be now read a second time.

Ms MACKLIN (Jagajaga) (9.58 a.m.)—Despite its brevity, the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000 actually contains some important changes to the Health Insurance Act to enable the minister to proceed with his design for bonded scholarships for medical practitioners in rural and remote areas. Members may recall that bonded scholarships were actually proposed by Labor at the 1998 election and opposed by the Minister for Health and Aged Care.

Labor strongly supports the need to get more doctors into rural Australia and believes that there needs to be comprehensive reform of the current training arrangements to provide short- and long-term solutions to this very serious problem. The May 2000 budget provided for $32.4 million over four years to create 100 scholarships of $20,000 per annum. These scholarships will be offered each year to new medical students entering university, in return for a commitment to practise in rural areas for a period of six years at the completion of their medical training.

What we all need to be aware of is that it takes 11 years to complete a university degree, undertake the internship and then complete paid vocational training as a GP or a specialist. In other words, the first fully registered doctors from this scheme will not be taking up rural positions until 2012. So it is certainly not a quick solution.

The bonding arrangements for these scholarships require the person to spend an equal amount of time continuously in a rural area. This means that in the simplest situation a student will receive financial support for six years, then work and do further training for at least another five years before spending another six years paying back the obligation to practise in the country. Essentially this bill provides the legislative mechanism for the Commonwealth to enforce the bond. The new section 19ABA provides that, if the medical practitioner breaches the commitment to work in a rural or remote area, the Commonwealth will be able to restrict payment of Medicare benefits in respect of that practitioner’s services. Bonded practitioners in breach of a contract can have their Medicare benefit payments restricted for up to twice the period they agreed to work in a rural or remote area. This means a person who is unable to commit to working for six years in the country after completing their degree will be banned from claiming on Medicare for up to 12 years. I note that this is a maximum and that the bill permits a lesser period to be agreed.
As I indicated at the start, the Labor Party’s rural health policy at the 1998 election included a bonded scholarship scheme of $20,000 a year for up to 100 medical students—sounds familiar. Labor’s policy required medical graduates to work in a rural area of need for the same number of years for which they received the scholarships. In 1998, the minister dismissed the Labor proposal as being fundamentally flawed and claimed in a press release dated 10 September 1998—

Mr Sidebottom interjecting—

Ms MACKLIN—The member behind me gets it absolutely right. The minister said:

The Rural Doctor Placement Scholarships are probably unconstitutional due to the limitation in section 51 preventing civil conscription of doctors.

Obviously now the minister has been forced to eat his words completely and accept Labor’s proposal. At the time that Labor proposed it, the AMA also embraced bonded scholarships as a means to provide an incentive for young doctors to plan a career in the country without needing to resort to geographical restrictions on Medicare provider numbers, as some rural groups have argued. The reason for this about-face by the minister is that he has been forced into adopting this scheme against his will. Country people, as you would know, Mr Deputy Speaker Nehl, are desperate about the shortage of doctors and the absence of bulk-billing in many places. Unfortunately, the minister has designed a less effective and less fair scheme than Labor’s proposal and, along the way, lost the support and goodwill of the AMA.

There can be no doubt that the shortage of doctors in rural areas is a major problem in the Australian health care system and it has been there for some time as a result of the combined effect of social and economic factors. This was recognised by the previous Labor government which put in place a number of measures to reverse the leakage from rural areas and these have made some progress. I just want to quote from the findings of the national rural practice study, as reported in an article by Professor Roger Strasser and others in the August 2000 Australian Journal of Rural Health. Professor Strasser reviewed the various actions taken by state and federal governments and he observed:

The most significant was the creation of the General Practice Rural Incentives program in 1992 which included a package of initiatives addressing undergraduate medical education, relocation and retraining of urban doctors, specific rural CME programs and locum support.

This program was followed up with rural work force planning initiatives. The article demonstrates that the long-term decline in rural doctor numbers was reversed by these programs.

I just want to take a few minutes to look at the minister’s achievements on this subject and his various comments. In May 1998, in the Norman Cowper oration, the minister said:

We are making important gains. In 1997 the number of doctors in rural areas went up by 4%. We are hoping that the figures for 1998 will show a similar or greater increase.

But that was not the case. In fact, the increase in effective full-time doctors for the last two years to 1998 was only 0.4 per cent.

Over the last four years, more than a dozen new programs have been announced without making any noticeable inroads. A number of these programs have been outright flops, while some certainly have provided a degree of relief. In 1997, we saw from this minister a program called the Clinical Assistantship Program. It was intended to provide additional training places for rural based doctors to do supervised training in rural areas. There was not a single applicant to participate in this program, despite significant funds being spent in developing and advertising. Similarly, the register of medical availability was intended to provide a list of qualified doctors willing to undertake locum work in rural areas. We had eight people put
their names on that list, and it is understood that none was qualified to practise medicine in
Australia and that most were not Australian residents. That scheme was also quietly axed.

Some $2\frac{1}{2}$ million has been spent on projects run by rural undergraduate steering
committees at Australia’s 10 medical schools to promote interest in rural medical services.
These projects have still to be evaluated, and we still do not have any information about how
the money was spent. The John Flynn scholarship scheme is a holiday program to encourage
150 medical students to take two-week placements in rural areas to experience the realities of
rural service. Problems have been experienced getting students to places in areas of need, with
too many applicants going to some attractive destinations where local doctors have a limited
capacity to supervise students during these times. The scheme has yet to be evaluated to
determine whether the availability of these placements has any long-term impact on the
likelihood of graduates moving to rural Australia. I note that the recent Rural Stocktake
comments on the John Flynn scholarships at page 100. It states:

... as with many of the rural health incentives there has been delayed consideration of the management
of the program ... The challenge will be to integrate the scheme as one of the complaints voiced during
the Stocktake was that it was not known what some of the scholars were doing with their time and there
was a lack of coordination with other student placements.

The list of failed or partially executed programs goes on and on, and unfortunately we have
very little information about them.

The government repeatedly claims that it has solved the problem of doctor shortage in rural
Australia. Unfortunately, the official statistics prove otherwise. In January 1999, the member
for Farrer, while Acting Prime Minister, claimed that the rural doctor numbers had jumped by
7.2 per cent in two years. The health minister repeated this claim in the parliament.
Questioning in the Senate estimates committee exposed the truth. The Acting Prime Minister
and the minister had got the figures wrong by including any doctor who had made a Medicare
claim in a rural area. In fact, there had been only a meagre 0.4 per cent increase in the actual
number of equivalent full-time doctors in the country. The 3,550 full-time equivalent doctors
in rural and remote areas had increased by just 13 in the previous two years.

Mr Snowdon interjecting—

Ms MACKLIN—That is right. The department has since refused to release—I wonder
why—more up-to-date figures on an equivalent full-time basis. It appears that maybe a little
progress is being made, but the government needs to release the full figures so that we can
actually get down and see what the true picture is and the dimension of the problems that need
to be addressed.

Over the next five years, a study that I referred to earlier by Dr Strasser and others
estimated that every 100 medical practitioners leaving rural and remote areas would be
replaced by 102 new doctors. Any improvement in the total number of doctors in rural areas
has to be also seen in the context of the large increase in the number of temporary resident
doctors coming to Australia for long- or short-term work.

The latest figures from the Institute of Health and Welfare indicate that up to 1998 there
was a net inflow of permanent migration of medical practitioners of 176 people a year. Since
then, a large number of additional people have been approved under the scheme requiring five
years service in a rural and remote area. The exact number approved under these schemes
since early 1999 has also not been disclosed, but it is understood to amount to several hundred
over the last year across all states. It would be interesting to know what those numbers are, in
fact.

If the numbers are to that degree, we can only draw the conclusion that we are in fact going
backwards in relation to getting Australian-trained doctors into rural areas. The small net
increase in the number of doctors in rural and remote Australia reflects a sizeable increase in the number of overseas-trained doctors filling the gaps left by retiring Australian doctors or other doctors moving out of country areas. Increasingly, seeing a doctor outside the cities means that you are either going to be seeing a trainee or an overseas-trained doctor.

In relation to the bonded scholarships, it is interesting to see that the minister has completely failed to win the support of the profession or young doctors for this version of the bonded scholarship scheme. The AMA has been scathing in its criticism of this scheme we are debating today. The federal president, Dr Kerryn Phelps, said that she had been pleased when the Commonwealth picked up the concept of bonded scholarships, but she went on to say that the draconian penalties had rendered the scheme useless. Tellingly, her statement was headed ‘How to turn a good idea into a dog’s breakfast—give it to the Government’. The key features the AMA is concerned about are that the length of time people are committed to work in rural areas will be too long and that there is no provision for review of hardship cases. I am disappointed that the minister has not been able to sit down with the AMA and resolve these problems, as the scheme would be much more effective if it were seen, particularly by the students, to be fair and reasonable.

The Medical Students Association has also expressed grave reservations about the scheme. Its view is that ‘such scholarships will do nothing to aid rural health’. Indeed, the association’s council has unanimously passed a motion which I want to put on the record for all members. It says:

> The Australian Medical Students Association believes that the proposed bonded scholarships:
> • Force new medical students to be certain of their career when they are as young as 16;
> • Carry with them the punitive measure of denying students a provider number for 12 years from the commencement of the bond should that student fail to meet the scholarship requirements in any way;
> • Will probably be awarded to those students who would practise in rural areas anyway, regardless of the $20,000 per annum incentive;
> • Imply that lucrative pecuniary incentives are required to attract medical students and junior doctors to rural areas and thus fail to capitalise on the many positive aspects of rural and remote Australia;
> • And are potentially deleterious to the students continuing education after post graduate training given that the bulk of this occurs in urban areas.

It is important to note that the association is not opposed to bonded scholarships. In fact, I met with members of the association again this morning and they made that point very plain. It is simply that they think the scheme that the government has put forward is unfair and inflexible, and they want to see some changes in that regard.

I want to explain how the opposition want to proceed in this regard. Of course, we certainly support bonded scholarships—it was our idea—so we will be supporting the essence of the bill. But I want to foreshadow that we will be moving amendments in the Senate to address some of the concerns that have been raised. I hope the minister will listen to some of the reasonable suggestions that are being made and revise the scheme.

This bill is a very general, empowering piece of legislation that permits contractual undertakings to be made by young doctors, and for these contracts to be enforced through the non-payment of Medicare benefits in the future. The bill itself does not go into any of the details of the scheme that the minister proposes. It was only this morning that I saw for the first time the proposed draft contract that the government will be asking students to sign—and, from my meeting with the students this morning, I gather that they had not seen the contract either. Unfortunately, the contract raises as many new questions as it answers. I have no doubt that the students and the AMA will be negotiating with the government over the contract, but there are a couple of basic parameters that we in the opposition want to ensure
there are a couple of basic parameters that we in the opposition want to ensure will be fair and consistent.

One of the weak points in the bill is that it lacks any clear safeguards or procedures for setting out how the contracts between the young doctors and the government will be managed. A lot of public comment has focused on the implication that young doctors who default will be banned from Medicare for 12 years. The legislation actually provides that if a person defaults they will be prohibited from receiving Medicare benefits for the period agreed in the contract if a breach occurs and that the maximum shall be twice the period that the practitioner agreed to work in a rural or remote area. That is a very important part of the bill. This certainly is a significant obligation. Some of the students might coin a phrase about these contracts: they might in the future refer to signing a ‘Wooldridge contract’. I would say that many of them should take great care to make sure that there are adequate clauses to protect their interests and to make sure that if a person is unable, maybe for serious health reasons, to fulfil their original intention of working in a remote or rural area for the contracted time, there is a way of dealing with that.

Mr Snowdon—What other Australian has to suffer this obligation?

Mr Ian Macfarlane—You should be supporting this bill.

Mr Snowdon—I supported bonded scholarships, but I don’t support this crap!

Mr Ian Macfarlane—It will help us in rural areas.

Mr Sidebottom—I don’t think I would be running after this one!

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The shadow minister has the call. The member for Braddon, the member for the Northern Territory, the member for Groom.

Ms MACKLIN—It just goes to show, Mr Deputy Speaker, it is a very serious issue in rural areas. We do need to make sure that bonded scholarships are supported. It was a Labor idea. We are pleased to see that your minister has had a complete backflip and has adopted the Labor plan, but it has to be fair, as the member for the Northern Territory says. We need to have a mechanism for dealing with hardship cases to enable the contract to be varied in circumstances where a person is unable to continue with their plans for reasons beyond their control, such as very poor health.

The contract suggests—and I am sure the member for the Northern Territory would be impressed with this—it will be done as a personal discretion of the minister, which I doubt is the best way to handle such complex matters. I also note that the guidelines require the six-year service in rural areas to be ‘continuous’, which might also be hard for many students. Most doctors would be at least 27 years old by the time they get vocational registration and 33 by the time they complete their six years of service. The minister may not have thought of this issue but many women around this age are thinking of having children, hence their work as a doctor—

Mr Snowdon—Women won’t go for this.

Ms MACKLIN—That certainly was the point that was made to me this morning. Their work as a doctor inevitably will be interrupted, even if they are to be continuously a rural resident and give a commitment to continuing to be a rural doctor when they resume work. So what I would say to the government is that it would be sensible for the contracts to be amended to allow students to serve out their six years including approved periods of suspension of service when this becomes necessary for personal reasons such as having children.

Members may be familiar with bonded university scholarships that used to exist for rural teachers in some states, and the range of problems that, not surprisingly, did arise from time to
time where a person was unable to fulfil their contract as they had intended. We just need to
learn from those experiences and make sure that the new scheme is fair and just to everybody
concerned. I reiterate: this was a Labor idea; Labor supports bonded scholarships. In fact, it
was the minister for health who said it was unworkable and he is the one that has done the
huge backflip and is implementing Labor’s scheme. But, of course, what we want is a fair and
just scheme.

There is also going to be a lot of confusion about how these scholarships are going to sit
side by side with other schemes, most notably the RAMUS scholarships, which give $10,000
a year without a bond to students from rural areas, and the HECS remission arrangements,
which provide for forgiveness of HECS debt for university graduates doing training in rural
areas. We do not have any information about how these schemes are going to relate to each
other and we need that spelt out.

There are three other anomalies in the scheme. I ask the minister to explain how he intends
to resolve them. I note that the scheme, as it is outlined in the explanatory memorandum,
appears to have no penalty for a person who fails to get vocational registration. Under this
legislation, a person could receive the bonded scholarship for six years and continue to work
as a career medical officer or go overseas for the rest of their life. It does seem odd that one
could simply evade the obligation to practise in rural Australia or repay the substantial
funding provided by practising within the public hospital system or by going overseas. It
would be particularly troublesome if it turned out that one could earn more in that way than
by practising in a rural or remote area. It seems to be a rather large loophole and I would
appreciate it if the minister could explain how he intends to make sure that the people who
benefit from training in this way do not have an easy option if they change their minds.

The bill makes no reference to the terms under which a debt to the scheme is to be treated.
The contract refers to the government bond rate being charged, but it is unclear about the
amount that will be required to be repaid in the event that a default occurs or a person
discontinues their involvement in the scheme. In what circumstances will the debt be wiped?
Will the same rules apply as apply to HECS debts? What will the rules be if the scholarship
holder fails their course, fails to gain acceptance to vocational training, fails to qualify for
vocational registration? All of these questions need answers—and, understandably,
particularly for the students concerned.

There is a series of anomalies about exactly how the giving of these scholarships and the
associated additional places in medical schools will sit with the allocation of normal places. I
understand that a person eligible for admission to a university medical school will be able to
apply for these scholarships but has to take one of the additional medical school places. They
cannot take one of the usual medical school places. I am advised that the intention is that the
scholarships will normally go to those who have not qualified before the extra 100 places are
allocated. I find that very surprising because I cannot see any reason why we would not want
those who qualify first to be going to rural areas.

Mr Snowdon—It is fairly bizarre.

Ms MACKLIN—It sounds very strange, but maybe that is not how it is going to work. As
I say, there is still an enormous amount that we need to know about how this will actually
apply. We still have a number of concerns about the terms of the arrangements which should
be set out in the individual contracts. The approach seems to be very similar to other
approaches by the government. It is like their ‘anything goes’ approach to industrial relations.
Basically, all of these junior doctors, all of these 16- and 17-year-olds, just have to go out and
bargain for their best. I am strongly in support of getting a real increase in the number of rural
doctors. Bonded scholarships certainly are part of Labor’s plan.

Honourable members interjecting—
Mr DEPUTY SPEAKER (Mr Nehl)—Order! I would like to say to all members that there is no obligation on any of them to continually mutter in the background, particularly the member for Braddon.

Ms MACKLIN—This is only part of what needs to be an overall policy. There are other social and economic barriers to overcome. These barriers apply not only to doctors but also to nurses, pharmacists, dentists and every other health worker. Logic would suggest that the graduates will continue to look for opportunities to practise in those fields that they find challenging and financially rewarding. If the rewards and challenges remain concentrated in the cities, the outcome is likely to be little different from what occurred in the past. Unfortunately, the minister is also at war with the Royal Australian College of General Practitioners over his plans for a new training framework and is in conflict with both the opposition and the Democrats over his plan to remove the sunset clause affecting the current arrangements for graduate training. So we have a number of serious problems in this whole area of doctor training that must be resolved quickly.

As I have said, the opposition will of course support the bill—which was our idea. However, we believe there is a need to establish some minimum requirements regarding the contracts that will underpin the scholarship scheme. I have indicated to the government that we are seeking to move two amendments to date. They require clarification of the terms of the contracts and ensure—this is a very important issue—that junior doctors, 16- and 17-year-olds, receive independent advice about the nature of those contracts before they sign. These amendments will require contracts to contain provisions dealing with the basic details of the obligations to be imposed on a young person who receives a scholarship.

The amendments will require a mechanism for independent consideration of applications to enable someone to suspend the period of service or to obtain hardship relief. They are the areas where we will seek to amend the legislation in the Senate. Allowing a period of suspension will be particularly important for women wanting to take some time off while they have children and a system of hardship relief will enable those who, for reasons beyond their control, need to leave rural practice. The hardship relief process must be separate from the minister and we must ensure that it is fair.

We must also have a provision that stipulates the amount to be repaid and the interest rate that will apply in the event that the recipient fails to graduate or achieve vocational registration. We must listen to concerns that have been expressed about the pressure that will be placed on young people as they enter university. We must remember that such people are only 16 or 17 years old and $20,000 is a heck of a lot of money at that age. I want to make sure that those students are fully aware of the significant commitment that they will be making to rural medical services and the length of time involved in meeting that commitment. In those circumstances, it is appropriate that the person entering into a contract receives the advice that I have mentioned and that we find some appropriate and fair mechanism of delivering it.

I certainly hope that these bonded scholarships will work because we need to attract more doctors to rural Australia—there is no question about that. Labor members in the chamber today who represent rural and remote areas of Australia certainly know that. They want to attract more doctors to their areas, such as northern Tasmania and the Northern Territory. To do that, we must have a scheme that works and that will encourage students to sign on and make this hefty commitment. A range of complementary measures must go with it, but I hope that the government will consider my suggestions and ensure that this scheme is fair and delivers the results for rural and remote Australia that were intended by Labor’s commitment in 1998.
Mr NAIRN (Eden-Monaro) (10.28 a.m.)—I rise to support the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000. This is just part of a massive effort by this federal government to improve the health services available to people living in rural and regional Australia. For some time it has been difficult to attract doctors—in fact, not just doctors but health professionals in a range of specialties—to rural areas and to retain them. Between 1984-85 and 1998-99 there was a 60 per cent increase in the number of full-time medical practitioners in metropolitan areas compared with only 39 per cent in rural and regional areas. In 1998-99 there were 115 general practitioners per 100,000 people in metropolitan areas—that is one practitioner for every 1,150 people. Therein lies the problem. When we look at the demographics of some rural and regional areas, we can see that the ratio should be much better—particularly when there is a large number of aged residents.

The turnover of GPs in rural areas is also much higher than in the city. Perhaps this is in part because of the higher number of hours that they are on call and also the fact that traditionally fewer services have been available in smaller communities. I can certainly vouch for that. I often stay with a friend who is a general practitioner down on the coast and I know that the GPs there rotate the time that they are on call around the less than half-a-dozen GPs in that area. It is a very onerous task being a GP in a country area, being called out quite regularly at night and on weekends.

In Eden-Monaro, for example, we had trouble attracting a permanent doctor to Tuross Head. The township was serviced by a visiting doctor from Batemans Bay only once a week. Tuross Head is no small area, as many people in this region who travel down there for holidays and weekends would probably know. It also has a very high proportion of retired people, but they only have a visiting doctor coming from Batemans Bay once a week. Tuross Head has to be one of the most picturesque spots in the world, so I still have great difficulty understanding why it was so difficult to attract a doctor. Perhaps we should have sent some brochures to city doctors and promoted a sea change for them. We finally found a doctor who was willing to move to the area—Dr Ruth Przychodzka, who was furthering her studies in Melbourne. Dr Przychodzka recently commenced as the permanent doctor in Tuross, and we are incredibly grateful to her.

This year’s federal budget contains a country health package which is aimed at addressing the country-city divide. This package, by the way, is the largest ever country health package detailed by a federal government—$562.1 million over four years. It includes a series of measures to address the shortage of medical practitioners and a longer term strategy, of which the Rural Bonded Scholarship Scheme is part, to encourage younger people to take up the practice of medicine in country Australia. This health insurance amendment bill addresses the Rural Bonded Scholarship Scheme. Under this scheme, the government has committed $32.4 million over four years to provide 100 extra medical students with a scholarship of $20,000 per annum to study medicine on the condition they agree to work in a rural community for six years once they have completed their basic medical training and GP or specialist fellowship. These 100 places are in addition to the places that already exist in Australian medical schools. This means that 100 Australians are going to study medicine who would not otherwise have the opportunity to do so.

A particular benefit to the residents of Eden-Monaro is that 25 of these medical school places have been allocated to the University of Sydney’s clinical school operating at Canberra Hospital. It is reasonable that, in return for the investment the Australian taxpayer is making in these students’ education, they then give something back to the Australian community by agreeing to work in a rural area for six years. The government will pay between $80,000 and $120,000 for each student during the course of their degree and will have to meet a similar
amount again for the cost of a place in a medical school. It is only fair that there is some
obligation to the community at the end of this. This amendment particularly deals with those
bonded scholars who break their agreement. When a student enters into this agreement, he or
she will know their full responsibilities and what penalties apply if the agreement is broken.

On the concerns about information that were raised by the spokesperson from the other
side, the department is presently finalising a comprehensive information pack which includes
an overview of the scheme, the key features of the scheme and answers to frequently asked
questions. The information packs will be distributed in October in plenty of time for
interested applicants to consider the implications of their obligations. The department is also
requiring that, prior to the signing of any contracts, individuals will seek independent legal
advice.

The shadow spokesperson talked about 16- and 17-year-old doctors. In fact, these students
are not immature: the average age of an undergraduate first-year medical student in 1999 was
21½ and of a graduate first-year medical student in 1999 it was 32½. There are very few
applicants who are younger, but they will not be required to enter into a contract until they are
of legal age—that is, 18. That answers those comments that were given before.

Bonded scholars are obliged to commence work as a medical practitioner in a rural area
within 12 months of obtaining fellowship of a recognised medical college in Australia or
within 17 years of commencing the medical course. They are expected to work in a rural area
for six continuous years and may fulfil this obligation by working in more than one rural area.
Should a bonded scholar breach this agreement they will be required to repay the amount of
the scholarship they have received, with interest, and there will be up to a 12-year ban on their
access to Medicare benefits. By no means does this ban signal the end of a career—students
can still work in the public system, where their services are greatly needed and would be
appreciated, and they could work in medical research for government authorities or large
corporations which require medical expertise.

In special circumstances, students will be able to apply for deferral of their obligation to
work in a rural area or for approval to take a break in the period of service in a rural area. In
exceptional circumstances, the minister will have the discretion to waive repayment of a
scholarship or to waive the ban on Medicare access. A clause will be written into the contracts
covering ministerial discretion, which will give those unable to fulfil the bond due to
exceptional circumstances—illness, disability, a variety of things—the opportunity to apply to
the minister to defer or reduce part or all of their service or repayment obligations. The
minister will be able to approve suspensions of service.

The scheme is open to any student, although consideration will be given to students
interested in rural health who are motivated to work in rural areas. Without this legislation
there would be no incentive for bonded scholars to honour their commitment to rural
Australians. They would simply be able to pay back their scholarship once they have qualified
instead of doing rural service—in effect, a very generous loan scheme.

Since the announcement of this scheme in this year’s federal budget I have spent some time
promoting its benefits throughout my electorate of Eden-Monaro. I have had a number of
calls to the electorate office both from prospective medical students requesting application
details and from constituents grateful for the federal government’s efforts to address the
disparity between city and rural health services. Some residents suggested that the six years of
medical service should start earlier. However, it would be remiss of the government to allow
doctors to practise before they have obtained fellowship. This way we ensure that all
Australians living in country and city areas have access to fully trained and qualified doctors
and the best health facilities. Some residents suggested that we are imposing draconian
penalties—a 12-year ban regardless of circumstance. This is completely untrue, as the federal
health minister of the day, as I explained, irrespective of who that might be, will always be able to waive or defer the period of work.

This is a long-term strategy under the budget’s package of measures to deliver more doctors to rural communities. Once the first cohort of doctors complete their fellowship training, there will be an extra 100 doctors annually working in rural communities for a six-year period. As I mentioned earlier, the government recognises the need to attract to and maintain in rural areas not just doctors but also nurses, psychologists, podiatrists and other health professionals.

Just to remind people, the budget announced a $210 million increase to support the number of doctors, nurses, psychologists and other health professionals; another $162 million to provide further medical training for doctors and graduates; $185 million for extending regional health services in aged care, child health, community care, substance abuse and mental health; an extra 50 general practitioner training positions specifically for rural areas, which means that young doctors have opportunities to train specifically for practice in rural Australia; $49.5 million to increase the range of services that support the retention of country doctors, including providing more nurses for general practitioners, more psychologists and more podiatrists; and $49 million to establish the infrastructure funding necessary to take specialists out to country areas to provide services.

The government also announced provisions for the establishment of nine new clinical schools and three new university departments of rural health. This news was greeted very warmly in my electorate. When the federal Minister for Health and Aged Care, Michael Wooldridge, announced that 25 of the medical school places were to be allocated at the University of Sydney's Clinical School operating at Canberra University, he also announced that the federal government, jointly with the ACT government, is reviewing the current Clinical School at the Canberra Hospital, with a view to establishing the ACT's own medical school and extending medical education and training to the far south-east coast of New South Wales, and we were very encouraged by that.

A new Canberra medical school would positively affect health service delivery and the economy of the region. It would be an important investment in rural health and would provide an opportunity for medical students to undertake their entire degree in the ACT and its surrounding districts. I think it is important that we provide medical students with rural experience; this is a vital component of any health professional’s training and career. A medical school would facilitate links with existing educational and health resources in the ACT and its surrounding districts. It would be of great benefit to both health facilities in Eden-Monaro and potential medical students.

This government is working hard to address the gap in services between the city and the country. This is what this scheme is all about, and it is giving 100 medical students a go—a real chance. This amendment asks these new students to do the right thing and give those in rural Australia something back in return for the faith placed in them. I urge all members to support the bill.

Ms LIVERMORE (Capricornia) (10.41 a.m.)—I rise to speak in support of the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000 and the amendments foreshadowed by the shadow minister. This bill comes out of the announcement by the Minister for Health and Aged Care that the government will offer bonded scholarships to medical students in return for service in rural areas. In the last budget, the government announced the Medical Rural Bonded Scholarship Scheme, which will allow 100 new medical students to apply for a scholarship of $20,000 per year to study medicine. In return for that fairly generous scholarship, the students will enter into a contract agreeing to work in a rural community for six years. The six years of their contracted service begin after they...
complete their university course and meet the requirements of either a GP or a specialist fellowship.

This bill that we are debating today effectively provides for the enforcement of those scholarship contracts by allowing for the suspension of Medicare benefits payable for the services provided by a doctor in breach of their bonded contract. The exclusion from receiving Medicare payments can go for up to 12 years. The health minister knows that he has the support of the Labor Party for the concept of bonded scholarships to attract medical graduates to rural areas. The idea of bonded scholarships has been around for some time; it has been suggested and supported by the Australian Medical Association for some years now. That was part of the reason that the Labor Party announced it as part of its policy before the last election in 1998. The health minister scoffed at the idea back then, but has now acknowledged that his government has failed to address the shortage of medical professionals outside the capital cities, and has embraced Labor’s policy. From the Labor Party’s point of view, we have not changed our position. We thought bonded scholarships were a good idea in 1998, and we still think that it is a step in the right direction towards boosting doctor numbers in rural Australia.

It is not surprising that the health minister has taken a while to catch up with us, because he was obviously in a state of denial for a long time when it came to the shortage of doctors in the bush. Earlier this year, the minister was caught out fudging figures on rural doctor numbers. The minister claimed an increase of 301 doctors in rural areas. That represented a jump of seven per cent in two years. In fact, the minister’s figures came from including locums working for short periods in those country areas. The real increase in terms of full-time doctor numbers was just 13 for the whole of Australia. After that, the minister’s game was up, and he had to come up with some effective policy to address the growing crisis in doctor numbers and health care in rural Australia. While we in the Labor Party are quite happy for him to resort to our policy on bonded scholarships to help out with that process, after four years of budget cuts to health services I hope that it is not too little too late.

The problems caused by the shortage of doctors and specialists are quite acute in my electorate of Capricornia. They are the problems that are mentioned most frequently—those and petrol prices—when I am out and about as the local member. I believe that many of the problems in obtaining health care in Central Queensland relate to the shortage of doctors in our area and the difficulty in attracting doctors and specialists. I find that the doctors who are working in Central Queensland are very overworked and it really creates a vicious cycle. To ease the workload of the current doctors and specialists we need to attract new doctors and specialists to the area but, of course, they are discouraged by the enormous workload that our current medical professionals are labouring under at the moment. The problem really just feeds on itself and it leaves patients in Central Queensland on quite large waiting lists.

One example that comes to mind is from the area of specialty—ear, nose and throat—that causes a lot of problems in Central Queensland. One letter to my office came from the mother of a young girl of about 10 who needs to see an ear, nose and throat specialist for an ear complaint. She has been advised that it will take something like two years even to see that specialist, and that is not even looking at when she is going to get an operation or any other treatment that she may require. It is a two-year wait just to get an appointment because there are just not enough ear, nose and throat specialists in our community.

Another problem area is the orthopaedic specialty, which is struggling under a huge load at the moment. Earlier this year there was an example of a young girl having to go to Brisbane to get a broken arm attended to. It was quite a simple matter, but there just were not orthopaedic surgeons available to assist this young girl. So, for a very simple procedure, her family had the expense of getting from Rockhampton to Brisbane and also anxiety on top of
that. Quite a simple medical procedure put this family through a lot of anxiety and hardship. They are just two examples off the top of my head. Anecdotally, there is also the problem where our GPs in Rockhampton are struggling under a huge workload. Many of the GPs have closed their patient lists. They are just so snowed under that they are not able to take on more patients.

That is just a day-to-day fact of life in Central Queensland. The reality is that the fewer doctors and specialists you have in a place, the harder it is to hang on to them and the harder it is to get new people to fill the positions. This is one of the reasons that I am so sceptical about the government’s obsession with private health insurance. I just do not see that it is the answer to our problems in Central Queensland, because, at the end of the day, you are dealing with the same limited pool of doctors and specialists—whether you are booked in at the Mater Hospital at one end of town or the Base Hospital at the other. The problem of getting to see a doctor or a specialist really stems from the numbers that we have got to go around. Of course, this is even worse in the western parts of Capricornia. In towns like Longreach, Barcaldine and Aramac, there is only one hospital and one set of medical staff, so I fail to see how private health insurance is the answer to health care needs out in those parts of the electorate.

Given the size of the problem in stemming the flow of medical practitioners from our region and in attracting new ones, I am pleased that the government is making a serious effort now with the bonded scholarships. It appears that it is not all smooth sailing with these scholarships. There has been criticism of the scheme from a number of sources—including the Australian Medical Association—regarding the inflexibility and the enormous obligations that the scholarship contracts impose on the scholarship holders. These problems have been outlined in detail by the shadow minister and I will not go into them here, except to say that I support the amendment that Jenny Macklin has foreshadowed to introduce greater flexibility and fairness into the scheme.

The member for Eden-Monaro, who spoke just before me, pointed out that the health minister will have some discretion to waive the period of exclusion from Medicare benefits. To me, that just underlines the problems that exist in the scheme at the moment in that obviously the health minister foresees that there will be circumstances where it would be fair to waive the exclusion period. Why not introduce fundamental procedural fairness into the scheme from the outset instead of just leaving it to the health minister? Ultimately, the success of the scheme will depend on its acceptance by medical students, so we really have to take their opinions and views on board to make it work.

There is another, broader problem that I have noticed in the details that have been released from the minister’s office about the Medical Rural Bonded Scholarship Scheme that I will just mention briefly. When the scheme was announced in the budget earlier this year, it was described in terms of applying to ‘regional and rural areas’. I will quote from Regional Australia: Making a difference—the statement by the Deputy Prime Minister and the Hon. Ian Macdonald, Minister for Regional Services, Territories and Local Government following the budget. It says:

The Government will provide $32.4 million over four years to create ... scholarships ... which will be offered to new medical students each year in return for their commitment to practice in regional and rural areas for at least six years after graduating.

So there it is ‘regional and rural areas’; now, in the guidelines from the minister’s office and even in the name of this bill, the reference to ‘regional areas’ has disappeared. In the guidelines from the minister’s office we see:

Definition of rural area

‘Rural area’ is defined as an area within Australia which is classified as rural or remote according to the index used by the Commonwealth at the time your period of service commences.
So, again, it is all about rural and remote areas. That might seem a bit pedantic but, coming from Queensland—particularly when I represent a seat that includes a major regional centre, Rockhampton, as well as many smaller rural and perhaps what you would call remote communities—the distinction between ‘rural’ and ‘regional’ is quite significant. I would be very disappointed if Rockhampton, a regional centre with a grave shortage of medical practitioners and with an important role in providing a range of health services to the whole region, did not qualify under this scheme. Perhaps in other states you can talk about city versus rural and cover the whole gamut, but Queensland is a very decentralised state and there is an extra layer of regional centres that need to be considered. For example, in Rockhampton, we have a population of 60,000, but we still lack the services of a major city. I would like some reassurance from the minister that our needs in regional Queensland will be considered, as was clearly anticipated in the budget statement put out by the Deputy Prime Minister, John Anderson.

While I am referring to the budget measures, I would like to refer to the announcement of the additional clinical schools, because this is another element of attracting health professionals to regional and rural areas. The idea of providing training in those areas to medical students is a very important one in terms of attracting medical professionals to, or keeping them in, regional areas. Certainly the medical practitioners in my area do put a lot of emphasis on this aspect when they talk about attracting doctors to our area. There is a lot of support for a clinical training school in Central Queensland. I believe the logical location would be Rockhampton because of the facilities and medical practitioners already there.

The establishment of a clinical training school in Central Queensland will give medical students a great experience of life and practice in a non-metropolitan area and, hopefully, will encourage them to consider practice either in Central Queensland or in other non-metropolitan areas. The establishment of a clinical training school will also add to the professional development available to the medical practitioners already working in Central Queensland. It will be an incentive for experienced practitioners to stay in Central Queensland or even move there to take part in the clinical training school. The budget announcement was for $117.6 million to establish nine new clinical schools in regional and rural areas. I have already written to the health minister to let him know the support that exists in the medical community in Rockhampton for the establishment of a clinical school and how important it is for us in boosting doctor numbers in both the short and long term in our region.

Yungalla Rural Health Training Unit already provides an important training service for medical students from the University of Queensland. It provides eight-week units of training for students from the University of Queensland and, through the unit in Rockhampton, those students are sent out for experience right across Central Queensland in smaller communities, as well as Rockhampton. I believe that the University of Queensland has put in a submission to the health minister seeking funding and acceptance under that clinical training school scheme announced in the budget. I would like to commend that submission and commend the idea of the establishment of a clinical training school in Central Queensland. If the health minister is serious about addressing the shortage of medical professionals in Central and Western Queensland he will use this opportunity to establish a clinical training school in Central Queensland to build on the excellent work already being done by the rural health training unit in Rockhampton.

Even if the bonded scholarship scheme is a big success, we will not see any medical practitioners come out of it for some years. In the meantime, the provision of medical services to rural Australia has to remain a priority. One of the organisations that is providing a great service to small communities in Queensland is the Queensland Bush Nursing Association. The Bush Nursing Association has five centres in Queensland: Bollon in south-west...
Queensland; Cecil Plains on the Darling Downs; Mckinlay in north-west Queensland; Mount Surprise in the lower Gulf of Carpentaria; and Jericho in central-west Queensland, which is in my electorate of Capricornia.

Each centre consists of a clinic and living quarters with a registered nurse in charge. Visiting local doctors hold outpatients clinics at the centres on a weekly basis. From dropping into the centre at Jericho, I know that that is a very popular service. The centres are managed by a voluntary local committee which collects yearly subscriptions from local residents and carries out fundraising to maintain the facilities and purchase new equipment. The bush nursing centres do receive money through the HACC program, but that is only for the wages of the nurses. Funding for the rest of the operation comes from fundraising which, as you can imagine, is very difficult in these small rural towns with declining populations which are going through the general difficulties that small towns are suffering.

The Bush Nurses Association in Queensland have told me that they are very disappointed that the funding announced in the budget—and I am referring to the announcement on the first-class regional hospitals—is for a very specific type of organisation. Specifically, it says that the funding of $30.3 million over four years will be spent on revitalising bush nursing, community and other small, regional non-government hospitals. The bush nurses of Queensland have been told that they are not eligible for funding under that program. It is, I believe, for small private hospitals which are quite common in rural Victoria.

I believe that the argument that the bush nurses have put to me—and I understand they have put it to the health department—makes a lot of sense. If you are providing funding for rural health services in small communities, those communities should have some say in determining how they deliver those health services. Just because Victoria, for example, has a system of small, private bush hospitals—as opposed to these community based centres in Queensland—why are those people more deserving of assistance when it comes to the provision of health services?

Mr Ian Macfarlane interjecting—

Ms LIVERMORE—What does the member for Groom say about that? Why is the government telling communities what a bush nurse is rather than the communities where they work? I think that the funding announced is very welcome but the minister is being short-sighted about the eligibility for funding. The money the bush nurses in Queensland are talking about is not very much at all but that support from the federal government would make a big difference in those communities where the bush nurses provide an excellent and vital service.

In conclusion, the bonded scholarship scheme is definitely a necessary part of addressing the shortage of doctors in regional and rural areas. By definition, a bonded scholarship does require some enforcement mechanism and, to that extent, I support this bill to amend the Health Insurance Act. I also support the amendments foreshadowed by the shadow minister because I believe that her recommendations are designed to make it a better and more attractive scheme. What we are all about is making this scheme work and improving the numbers of doctors, specialists and other health professionals in rural and regional Australia.
I note with interest the concern of the shadow health minister over the issue of bonded scholarships, but I must admit I have very little support for what she is saying. The only criticism of this bill has come from the AMA and the medical students, two groups of people who have pretty strong vested interests. I have not seen a great deal from the AMA in terms of what their alternative suggestions are, other than to pay these students $120,000 and then let them off their obligation to work in regional areas. From where I come, a man’s word is his bond. I would never believe that any of these medical students would deliberately walk away from their personal commitment to rural areas. However, in this day and age we do see a proliferation of people who use all sorts of excuses not to fulfil their commitments. The government makes no apology for putting in place a set of guidelines and requirements that will see these students actually deliver to rural areas the medical services that they have accepted money to provide, and that we as a government have paid the money to provide.

I do not accept for a moment that there is not room in the legislation for flexibility or compassion. Should a situation arise where a medical practitioner finds, for whatever reason, that on genuine grounds they are not able to fulfil their contract, then the provision is there for the minister to make a dispensation. I hear from the other side that the system needs to have a tribunal, or a far more complex mechanism. The reality is that all that does is set up a bureaucracy that slows the process. I have to say that I have no concerns with the current minister providing a fair and compassionate view of the situation. We are not expecting to be flooded with people applying for dispensations. And I have enough faith in the government of this nation that were the Labor Party ever to attain the Treasury bench, and may it not be soon, that their health minister would also be able to behave in a fair and equitable manner and provide dispensations when they are needed.

I also hear the argument that this sort of bonding for a six-year period does not provide for women, in particular, who may wish to start a family. However, within the guidelines of the act there is a provision that the medical practitioner has to practise for nine months of a 12-month period. Most women I talk to these days—although it certainly was not the case when my wife had children—seem to be able to fit within those sorts of provisions. In fact, since the term of this government started we have seen one member of the opposition take maternity leave and return. There is the ability to juggle that leave in such a way that six months leave could be taken. Of course, if there were any complications with the pregnancy or with whatever family reason required the person to take leave, again I have no doubt that the compassion within the minister’s office would take over and that there would not be a problem.

The bottom line with any sort of bonded scholarship is that there is a bond. There is no point in having a scholarship that people can walk away from. What we need to do, particularly in terms of providing rural and regional health services, is ensure that we deliver. I accept the member for Capricornia’s point that even with these provisions it will be six years before we actually deliver on the ground, or perhaps even more, but the reality is that, at least then, we will be delivering with certainty. We want to deliver 100 people a year into rural Australia to ensure that people who live in rural Australia, who live there for their profession, who retire there, or who may consider retiring there, are secure in the knowledge that we are going to see a gradual increase, a positive trend instead of a negative trend, in the number of doctors who practise there. I do not accept for a moment that we should be looking at easing the guidelines, to making them more lax. I accept that we need to have rural services improved in terms of medicine and I think this is a fantastic scheme to do it.

If the people who are considering taking these scholarships are not prepared to take the conditions, the answer is simple: don’t sign them. This is not a compulsory scheme; this is a voluntary scheme. It is a scheme which offers another alternative. We have heard from
previous speakers about the provisions that this federal government has put in place to give medical students the opportunity to get some assistance in terms of their training. This scheme is a particularly generous one. Twenty thousand dollars a year over six years is a lot of money. It is a lot of money where I come from. For a struggling university student—and I have been one—the thought of having $20,000 a year to assist them during their studies is certainly appealing. But there is no compulsion. Some university students work part time. I have a nephew who works part time to assist his studies and to provide for himself. That is easily an option for medical students; other students have other means of support. In the end, if people do not like the rules, they need not sign.

My understanding of the support that is out there—and I agree with the member for Eden-Monaro—is that this scheme is eagerly awaited. In fact, if I have heard one criticism of this scheme—apart from that of the students and the AMA, both of whom I dismiss—it is that it is too good. There are concerns on the part of the state government in Queensland—and there may well be some concerns within the state government, for a whole range of reasons that I will not go into right now—that our scholarship scheme for doctors is so good that they will not be able to recruit people to state government facilities. That, to me, says that our scheme is seen by the people who are going to use it and by the people who are going to benefit from it as a scheme that they want to get involved in. It is a scheme which I believe will deliver an increase in numbers.

There was one comment by the member for Capricornia that caused me some concern, when she said that we should be pulling back on our commitment to private health insurance; that private health insurance will not deliver the sorts of things that we are trying to achieve in order to provide better health services in rural and regional Australia. I cannot understand the basis for that argument. What I see in rural and regional Australia, particularly in my neck of the woods, is a growing reliance on private medical treatment—on non state government medical treatment. In my electorate of Groom, which has only one public hospital, there has been an absolutely shameful cut in the level of services provided by that base hospital in Toowoomba. The government of the day, under Premier Peter Beattie, obviously does not favour Toowoomba. He does not favour our beautiful city at all. The cuts that are taking place are causing concern right through the medical fraternity and the community. People are losing faith in the state government health system. Whilst that needs to be addressed, it is also causing people to move towards securing their own position in terms of medical treatment.

We are blessed with two major private hospitals and three smaller ones, which are either in my electorate or on the edge of my electorate. They are certainly taking up the slack and providing a wonderful service. The only way in which people will be able to afford that service is through private health insurance. This government has taken major steps to assist people to secure private health insurance and to secure their own destiny. In terms of regional, rural and remote Australia, the issues are no different. What we have seen right across Australia is a substantial increase in the number of people who are privately insured. In my electorate, the figure is approaching 60 per cent—a substantial increase and one which I am certainly very supportive of and very proud to see.

I wish to address the issue of rural versus regional. In my electorate of Groom, we struggle from time to time to get doctors into the smaller centres. Recently, there was a situation in Clifton which received national publicity. We struggled to get a doctor to work there. We have succeeded in doing that. Unfortunately, the doctor has chosen to live in Toowoomba, but you can’t get everything in the first grab. Clifton is a beautiful little town. It has got great amenities, a great school and great community spirit. They are looking to the government to ensure that we provide a doctor for their town in years to come. They have overcome their immediate problem, and I congratulate the doctor for the work that he is doing there.
The reality is that it is the small country centres, the small rural centres, that are struggling to get general practitioners. Toowoomba has an adequate supply of medical practitioners. I, like the member for Capricornia, would be the first to argue for government assistance to improve the medical services in Toowoomba as she would for Rockhampton. But the reality is that the chronic need is in the small rural townships like Clifton, Pittsworth, Oakey, Dirranbandi, Cunnamulla and Goondiwindi where we need to be able to get doctors out to actually reside in and join in the community. Under this scheme, we will achieve that. We will achieve what we from rural Australia know already, and that is that once we get these people out there they will become part of the community, they will realise that regional and rural Australia is a great place to live, a great place to bring up your children, even a great place to retire to. Having done that, it will also demonstrate to them that being a medical practitioner in rural Australia has some added advantages. This legislation will, as I say, deliver more doctors to rural Australia, it will deliver the sorts of health services that we want to see in rural Australia and I think it is a great credit to the government.

I welcome the support from the member for Capricornia. I join with her in lobbying for a clinical training school which, I understand, under the University of Queensland proposal, will be split equally between Rockhampton and Toowoomba. Those sorts of clinical schools offer a great opportunity to produce medical practitioners ready and able to fit into regional and rural environments. It is the sort of move into regional health—not just medicine but regional health with the associated allied health areas—that really will produce results. We in Toowoomba are already looking at a proposal which will see the expansion of the clinical training school to encompass some of the ancillary medical practices and provide allied health services as well as nursing. This can only improve the standard of health care in regional Australia because, like practising medicine, nursing in those rural and remote areas offers some particular challenges, as does being a physiotherapist or a speech therapist or an occupational therapist or any of the other allied health professions.

Madam Deputy Speaker Gash, this is excellent legislation. It will deliver more doctors to regional and rural areas, particularly rural areas. I do not think you or I would have to travel very far into any part of rural Australia to find someone who is keen to see that happen. It is great legislation. It is part of the government’s overall commitment to improving rural health, part of that $210 million increase that we have seen in the latest budget. I commend the legislation to the House.

Mr ZAHRA (McMillan) (11.13 a.m.)—I welcome the opportunity to contribute to the debate in relation to the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000. I say at the outset that I support the essence of the bill and what it is attempting to do and I support the amendments foreshadowed by the shadow minister for health, the member for Jagajaga.

Fundamentally, I support the legislation because what it is about is smashing the monopoly and hold which the people from the leafy, inner eastern suburbs of Melbourne and Sydney have had on the medical profession for decades. This has been half the problem we have had for a good many years in getting doctors into rural and remote areas: the fact that so many of the people who make up those students who are in medical courses at universities come from the elite private schools and those professional backgrounds and are people who have only lived in and around Melbourne and Sydney. These people with their circle of friends often very restricted to the more affluent suburbs in Melbourne and in Sydney just do not want to go and live in rural and regional Australia. They do not have an interest in rural and regional Australia. They have never really had any experience in rural and regional Australia. They have come from a very limited background and their exposure to what is on offer, if you like, in rural and regional Australia is very limited.
I think that this type of legislation, this type of action, which will see an influx of people from universities into rural and regional Australia because they have signed up to this agreement, can only be a good thing. It should not be seen as a panacea, it should not be seen as just one action which is going to cure all the difficulties we have in getting doctors into rural and regional Australia, but I think it is an important component in an overall strategy to try to achieve that end.

This idea was mooted by the shadow minister for health some two years ago. At the time, the Minister for Health and Aged Care, Michael Wooldridge, did say that it was probably unconstitutional and probably would never be allowed to happen. We have seen a substantial backflip, a substantial change in position, from the government—

A division having been called in the House of Representatives—

Sitting suspended from 11.16 a.m. to 11.25 a.m.

Mr ZAHRA—I point out to the chamber that this is the second time that I have been interrupted as a result of a division in the House of Representatives. I am starting to think that there might be a conspiracy involved, but I will put that conspiracy to one side just for a moment.

As I was saying, when it comes to dealing with methods to actually get more doctors into rural and regional Australia, we have to have at the front of our minds the fact that it takes a concerted strategy on behalf of government. Fundamentally we need to look at changing the whole basis of the medical profession, dominated as it is with people who come from the leafy inner city suburbs of Melbourne and Sydney. To the extent to which the provisions of the bill do that, I support those efforts.

Can I just put on the record as well my belief that, if we are to get more doctors in rural and regional Australia, we need to streamline the existing systems that are in place which deal with getting doctors from overseas to go and work in rural and regional areas. I, like other members of this place, have acted on behalf of constituents who have tried to negotiate their way through the battery of different organisations that deal with getting doctor registration in rural and regional areas. Some of these organisations include the Rural Workforce Agency in Victoria, the Medical Practitioners Board, the Royal Australian College of General Practitioners and the Centre for Rural Health. I am sure that there are several others that I just cannot think of off the top of my head right now. So there is this battery of different organisations all providing a myriad of services without too much coordination, as far as I can see.

For my own part, I think it is a great thing that we have doctors from overseas who come and work in rural and regional areas. They provide an important service and we are better for having them there. They contribute substantially by providing ethnic diversity to our communities and, in my experience, are always fantastic contributors in terms of being active at the schools and kindergartens where they send their children and also in local community and service organisations. So all up they make a wonderful contribution. However, I think we do them a disservice through the overbureaucratised system that we have in place to try to deal with their applications to come to Australia and register as doctors to work in rural and regional areas. So we really do need to do something about that if we are, in fact, to break the back of the problem that we have in terms of attracting doctors to rural and regional Australia.

I have to say up front that there will not be much benefit at all to my constituency for some five or six years from this program because, with regard to the bonded scholarship program, obviously it will take at least five or six years, possibly seven years, before we actually have graduates emerging from this program. So I think that something needs to be done in the interim to try to boost the number of doctors we have in constituencies like mine.
There has been a lot of talk about the rural doctor retention scheme and what a great thing it is for providing an incentive to doctors to practise in rural and regional areas. I have mentioned previously the problems that I have with the rural doctor retention scheme, in particular as it relates to my constituency. I remember well the discussions I had with the Central West Gippsland Division of General Practice, which wrote to me over concerns they had about the criteria which the Department of Health and Aged Care used to determine which areas would get access to the rural doctor retention scheme.

It is worth mentioning again, in the context of this debate, the basis on which the Department of Health and Aged Care decided that almost no areas in my constituency would get access to the rural doctor retention scheme. It decided that on the basis that Moe had a large public hospital, that it assumed that there was a 40-bed hospital in a population centre called Thomson and that Traralgon had two public hospitals—one for acute illness and one for mental illness. I point out for the information of the chamber that Traralgon had its public hospital closed by the Kennett government, that Traralgon had its psychiatric public hospital closed by the Kennett government, that Moe had its public hospital closed by the Kennett government and that, to the best of my knowledge, there has never been a population centre named Thomson in my constituency. Certainly there has never been a 40-bed public hospital in this imaginary place called Thomson in my constituency. I can only assume they are talking about the Thomson Dam works area and, to the best of my knowledge, there has never been a 40-bed public hospital there.

This was the basis on which the Department of Health and Aged Care decided that only some tiny areas of my very large constituency would be able to access the rural doctor retention scheme. So, whilst we have heard government members get up and talk about how this is part of a package and that bonded scholarships are just part of a series of different things the government are doing to try to get more doctors into rural and regional areas, can I point out that we in my constituency get almost no benefit from at least one of those areas that members have pointed to—the rural doctor retention scheme—because of the obviously flawed basis of flawed decision making by the Department of Health and Aged Care.

I mentioned before that this debate needs to be viewed from a larger perspective. Those of us who represent rural areas know that we do not just have trouble getting doctors; we have trouble getting other health professionals, such as nurses and pharmacists, and people in other professions as well, such as teachers and people in senior positions within organisations. So to the extent that the government has now accepted that it is constitutional to offer this type of scholarship and that that is now an okay thing and the member for Jagajaga was right when she proposed that some years ago, I encourage the government to examine the application of rural bonded scholarships to other areas where similar shortages exist in rural and regional areas.

For my part, the only way this can be a success is for governments to devolve part of their decision making to organisations such as the Central West Gippsland Division of General Practice—and other local organisations in electorates like mine—which are able to provide accurate advice about the needs of the local community, as opposed to the obviously flawed advice which the Department of Health and Aged Care, with its centralised bureaucracies in capital cities across Australia, is providing to the minister and which he is obviously using as a basis for his decision making. As I have pointed out, you can get no better example of that than the flawed basis on which the Department of Health and Aged Care decided to grant hardly any areas in my constituency access to the rural doctor retention scheme. The only way to make that work in a real way is to devolve decision making to bodies closer to the people who live in those communities so that we can identify our needs for doctors, pharmacists and other health professionals and we can look at ways to respond accordingly, using a range of
different programs put in place by the federal government such as the rural doctor retention scheme and bonded scholarships, to try to meet the needs of our district. That is something we would very much welcome in my constituency.

One of the things I like most about this bit of legislation is that it is all about getting students to understand up-front, early on, that we as taxpayers are providing them with a pretty wonderful start in life. They are getting off to a pretty good start by being enrolled in a course in medicine at some of the best universities not just in Australia but probably internationally. So, by putting this scholarship up-front, people understand that they too have obligations—that, in terms of the amount of taxpayers’ money that goes into the provision of courses they undertake, they need to put something back into the community they belong to.

Doctors, radiologists, other people in the medical profession and all the other professional people have obligations to the community as well. They benefit from all the money we put into universities to provide them with world-class facilities. They have to understand that they need to put something back into the community—not just at Toorak or Armadale where they live, or Glen Eira or any of those places, but into areas such as those that I represent, like the Latrobe Valley, which is doing it tough right now, West Gippsland and the smaller rural towns that make up my constituency—not to mention places in the western suburbs which are suffering from dislocation and which have difficulty in getting medical professionals as well.

These people need to understand what we are putting into their education and that we expect something back. I think that for the first time it is actually explicit in this legislation that these people are getting $100,000 or thereabouts from us on the explicit understanding that we have an expectation about what they are going to do in return—that is, that they will go and work in a rural area for a period of five or six years. That is a good thing; I think that is something which we need to see more of. All of those people in the medical profession who are resisting this, who think this is a bad thing, will be all the better for having had the experience of working in a rural and regional area. I think it will be a good thing for them. In fact, I am sure that it will be a life-changing experience for them.

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I am continually amazed when I speak to people from Sydney and Melbourne. I try to explain to them where I live. I say, ‘I live in Traralgon in the Latrobe Valley,’ and they ask, ‘Where’s that?’ I say, ‘It’s about two hours east of Melbourne,’ and I can see their eyes glaze over. Whenever you describe a location outside of Melbourne it is too hard for them to understand—either you live in the city or you do not. And, when it comes to Australia, the only cities in which so many people from the inner city areas are interested in, it seems, are Melbourne and Sydney. I think we have to change that. If we are going to prosper as a nation, we have to make sure that people understand all the various parts of Australia which make up the great place that Australia is. Australia is not made up of Melbourne and Sydney; it is made up of places like the areas that I represent and the rural and regional areas that so many other people in this House look after.

To the small extent that this program of bonded scholarships will provide opportunities for people to go out into rural and regional Australia and see the rest of Australia—and the rest of Australia that they would never experience growing up in the inner city—is a wonderful thing, and it is something which we need to see more of. I welcome also the provisions in this bill that provide for the Commonwealth to enforce the bond—that is, to take action against those people who seek to get out of their obligations. The Commonwealth needs to have a firm hand in dealing with this, and I do not think it is a place for too kind a heart. People getting support from the Commonwealth have to understand that they need to put something back in.

Over the past six or 12 months we have had a discussion about mutual obligations, and it seems to me that bonded scholarships are a practical demonstration of that concept. Mutual obligations have a role to play in our community. It seems to me that this is a very good example of that.
obligations should apply not just to single mothers on low incomes who are doing it tough in regional areas such as my electorate but to people who are beginning their careers in medical schools in Melbourne or Sydney. They will understand that they are receiving support from the Commonwealth and must give something back in the same way that those who are out of work or who receive some type of welfare payment understand that they must avail themselves of training and educational opportunities so that they can contribute even more to our community. It cuts both ways.

I appeal to the government to consider implementing a scheme for other health professionals that is at least reasonably similar to the scheme in this legislation. We hear much talk about the importance of attracting doctors to rural and regional Australia. There are many reasons for that. As I said before, we need not only doctors but pharmacists, podiatrists and medical specialists. In the non-health related professions we need more specialist teachers and those who constitute the skilled engineering and technical base in heavy industry. It seems to me that the health profession attracts the most attention because it is well organised. Let’s face it: the AMA is one of the most powerful unions in Australia and the Royal Australasian College of General Practice comprises people with very high levels of education, which has been paid for by the Commonwealth.

I do not want to be classist—you know me, Mr Deputy Speaker Hawker, I would never do that—but these are the professional classes and they are extremely well organised and well educated. That is why they are having quite a bit of success pointing out the difficulties they face in attracting doctors to rural and regional areas. The other professions that I have mentioned should not be excluded from our consideration. In talking about this legislation—which I think heads in the right direction in terms of introducing bonded scholarships and enforcing them—we must be open-minded and consider the inclusion, perhaps at a later date, of more general services in rural and regional areas.

I make this point because doctors living in rural and regional Australia have particular concerns about the educational opportunities for their children. We cannot provide good levels of educational opportunity without good teachers. Specialist teachers must live in those areas. Doctors require additional incentives to live in rural and regional Australia and we should offer similar incentives to specialist teachers and those who work in other health related professions. I support the essence of the bill and the amendments foreshadowed by the honourable member for Jagajaga, the shadow minister for health.

Mr PROSSER (Forrest) (11.43 a.m.)—I rise to support the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000 and to speak briefly about its implications for regional electorates such as mine. As honourable members will be aware from the contributions of previous speakers, the point of the bill is to provide 100 new medical students with $20,000 a year to study medicine on the condition that they agree to work in a rural community for six years upon completion of their medical training. The scheme will deliver 100 doctors annually to work in rural communities and will make a tangible difference once the first 100 students complete their studies.

It is easy to say that government should encourage a knowledge nation and, in the process, make motherhood statements that have no substance. It is much harder to tell regional and rural Australia that the government does not have—and cannot hope to have—all the answers but that we are prepared to try to make a difference. Making a difference is what the federal government’s budget is all about. Committing half a billion dollars to fostering regional and rural health is an achievement. It is a comprehensive plan that focuses on attracting to rural and remote Australia not only doctors but a range of allied professionals and services.

The general problem that rural and regional Australia experiences can in part be attributed to long-term economic trends that would have occurred and will occur beyond the control of
government. These trends, including mechanisation, have meant that Australia’s population has shifted. Whereas at the turn of the century two-thirds of Australia’s population lived in rural areas, now just over one-third live in regional areas. Of that one-third, only 15 per cent work off the land. The life expectancy of men and women in rural areas is four years shorter than that of their city counterparts, they have a 15 per cent higher risk of coronary heart disease and their death rates from injury are up 22 per cent.

The starkest statistic is that for every 1,000 people in the city there is one doctor whereas in the regional areas just outside the metropolitan areas there are 1,500 people to one doctor. Of course, some communities do not have a doctor at all. And that is what this bill is all about. The $562 million dedicated to health in rural and regional Australia is the largest ever effort to correct the imbalance between city and rural areas. To increase the range of allied health professionals, the government is committing $49.5 million in order to increase the range of allied services such as nurses, psychologists and podiatrists.

Geographic distances have always exacerbated health problems. It can take weeks to gain an appointment with a GP—it could be several hundred kilometres per round trip—and understandably people put off going to see their GP about minor problems. Often these minor problems become major. Over four years $48.4 million will be committed to providing rural specialists through an outreach program and $10.2 million will be committed to providing support to rural doctors in their regions, particularly those who are newly arrived.

The key to making a difference is to ensure that these reforms and funding measures make a difference not just now but in the long term. That is why the government is committing $162 million in this package to further the training and educational needs of doctors and medical graduates. Nine new clinical schools will be established and $68.9 million will top up the successful regional health services program and enable 85 extra communities to access health services in this way. There will be $30.8 million provided for aged care facilities, $30.3 million for revitalising bush nursing and $41.6 million for assistance to pharmacies to start up and stay in business in areas of special need.

The bill examines the area of doctors and health but it is not the only issue to be grappled with. The state government is attempting to arrest the drift of dentists from regional Australia to metropolitan areas and a private school in my electorate is having difficulty attracting a teacher because of perceived uncertainties in that town.

I think the key—whether we are addressing health issues or just the population decline in general—is education. According to the Department of Employment, Training and Youth Affairs, students in remote and regional areas—comprising one-third of all school students—constitute only 17 per cent of tertiary students in Australia. Despite the number moving from 40,000 students in 1990 to 119,000 today, it is still not enough. I think we can begin to solve these entrenched problems when kids from these towns can make it to university, complete their studies, and then go back to practise in the communities in which they grew up. I very deliberately separate being accepted and completing university studies because often kids from regional and rural Australia are equally as bright and committed as their metropolitan counterparts but do not make it to their third year of study.

I want to bring to the Main Committee’s attention the situation of the Margaret River Senior High School. Margaret River has a retention rate of kids completing year 12, which in WA is the final year of schooling, in the range upwards of 92 per cent and an acceptance rate at university of 89.4 per cent. This would be an excellent result for metropolitan schools. For a regional school it is nothing short of remarkable.

I was asked to open some new facilities at Margaret River Senior High School recently and at a meeting afterwards I asked them how they had achieved such excellent results. The answer was not surprising—innovation and community support. The school has on its board
the parents, teachers and administrators. The level of dialogue and the trust between the
school and the teachers are something to marvel at. Parents are involved in all levels of
decision making and its devolution to a point that is an advance of the state government’s
legislation. I have to say it gets results. The broader school community is also closely
involved and interested and has invested in the school and, as such, the students feel support
no matter what they choose, whether it is university or TAFE. The school is currently working
with Curtin, Edith Cowan University and the South Metropolitan College of TAFE to set up a
Centre of Wine Excellence where students from schools and others can gain recognised
training in what is clearly a relevant industry area.

The problem that students have is that when they go on to university, they find it
financially difficult. They become homesick and losing the close support from the community
means that they struggle and, ultimately, it contributes to a higher drop-out rate. I find it
somewhat concerning—indeed I have raised the matter and some possible solutions with the
Minister for Education, Training and Youth Affairs. I raise this example here in this debate
because, if these kids from Margaret River were graduating as the engineers, architects and
doctors that they start out wanting to be and can be, then I am certain that many would return
to the areas where they have spent their formative years and ultimately rejuvenate rural and
regional areas.

Finally, I want to touch on the AMA President Kerryn Phelps’s comments that the
sanctions in this bill are too tough. The sanctions are that where a medical practitioner
breaches the contract, Medicare benefits will not be payable in respect of any professional
services that he or she may have rendered on his or her behalf and Medicare benefits will not
be payable for either twice the period of time agreed in the contract by the medical
practitioner—that is, 12 years—or for the shorter period determined by the contract. For each
medical student who enters this contract—and remember they do so voluntarily, presumably
with the desire to work in rural and regional Australia—the Commonwealth will make a
$120,000 investment in their education. The Commonwealth has a right to ensure that the
medical practitioner will uphold their end of the deal. For non-compliance the disincentive
must be a financial one. These sanctions make practical and economic sense. The government
cannot implement a valuable initiative and hope to have doctors holding up their end of the
bargain without a carrot and stick approach. I support the government’s initiative to ensure
that there are doctors in rural and remote areas, and I have enthusiastically supported the
government’s overall $500 million health package for rural and regional Australia. I am
therefore pleased to commend this bill to the House.

Ms O’BYRNE (Bass) (11.53 a.m.)—Living in a regional city with an electorate that spans
many small rural communities, the problems of numbers of doctors, or the lack of them, has
been a constant and serious issue. We recognise through our own experience just how
desperately we require a comprehensive policy with regard to training and incentives to
encourage rural and regional practices. The Health Insurance Amendment (Rural and Remote
Area Medical Practitioners) Bill 2000 seeks to introduce the government’s Medical Rural
Bonded Scholarship Scheme announced in the May budget. It sets aside $32.4 million per
year to create scholarships which will be offered to new medical students. In return, these
students will commit to practising in a rural area for a period of six years at the completion of
their training. The scholarship will be a taxable amount of $20,000 per year, with the student
still responsible for HECS and, of course, expenses. The participants will be obliged to spend
six continuous years in a rural area within 12 months of obtaining fellowship of a recognised
college or within 17 years of commencing their medical course. I must confess that the
announcement of bonded scholarships by the government did come as a bit of a shock to
many of us because it was one that the minister did not support when the concept formed part
of ALP policy. On 10 September 1998, in a press release, the minister stated:
The scholarships are probably unconstitutional due to the limitation in section 51 preventing civil conscription of doctors.

I hasten to point out, though, that the ALP policy required an agreement to work for the number of years for which the scholarship was accepted, and not the defined six-year prescription that is set out in this bill. This meant that if a student accepted a scholarship for only two years of their training, they would have been required to work in rural areas for only two years. We believed this would make the scheme significantly more attractive. The bond as set out in the bill that is before the House will be enforceable by section 19ABA in the form of restricted access to Medicare. Should you fail to complete your course or fail to commit to work in a rural area for the required service time, you will be in breach and will be required to either repay the amount with interest or fail to have Medicare access for a specified period of time, unless you fail, or choose not to get vocational registration and decide to stay as a medical officer within the public hospital system. I also note that the bill fails to identify the interest application.

We have indicated our support for this bill but I wish to highlight a couple of concerns. The legislation makes some mention of exemptions and waivers but as yet we have no real idea of the exact nature of the contract that will be entered into and no real knowledge of the extent of or criteria relating to the minister’s ability to waive the ban on Medicare access, other than perhaps exceptional circumstances. I am concerned that the minister of the day may deem exceptional circumstances to be somewhat different. Will it be family illness? Will it be family responsibilities? I look forward to the deliberations on this bill in the other place shedding some light on the dark or perhaps missing patches of these contracts. I also note that the legislation requires six years of continuous service in a rural area and question what provision is made for those who choose at that stage of their life to commence a family and access their right to parental leave.

Tasmania has one of the most highly decentralised populations in the country, with nearly 60 per cent of people living outside of the capital city of Hobart. Currently, in Tasmania, the definition of ‘rural’ under the RAM classification index will see this program extend everywhere outside of Hobart and Launceston, although the bill refers to the definition of ‘rural’ which applies at the time of signing the contract rather than the current RAM classification, so we will obviously be monitoring any changes to the definition.

One of my concerns is that Hobart and Launceston already have significant problems with a low number of practising GPs. It is a common situation in Launceston, for instance, for many doctors to have already closed off their lists and no longer accept new patients. This is an area that will receive no benefit from this program—a program that I understand was initially proposed for both rural and regional areas by the Deputy Prime Minister.

The program will offer 100 new scholarships each year. I would be interested to know whether they are for current student places or whether it indicates an increase in student numbers through additional places. Given that the normal practice for Tasmania whenever federal allocation in this area is made means that we get about 2.5 per cent of the allocation, we are probably looking at two or maybe three doctors a year in 2012. That does not go a very long way towards addressing the current problem. It is also contingent on getting young doctors to sign up and say, ‘Yep, that’s right, in 17 years this is the position that I will be in.’ It is not a commitment that a lot of young people are in a position to make. My concern is that young doctors cannot in any way be said to have embraced this scheme.

The Australian Medical Students Association have said that such scholarships will do nothing to aid rural health. In particular, their concern was that the option would probably only be taken up by those with an existing interest in rural practice, thereby failing to target additional students. I support the concept of requiring rural practising and feel that it is a
valuable step in the professional career development of doctors, but I am not convinced that
the application of this bill will necessarily meet that need. I am concerned that some GPs
might re-evaluate their position after completing years at medical school, a year at a teaching
hospital and four years of vocational registration, and decide that perhaps a further six-year
commitment in a rural area is beyond them. This needs to be coupled with the manner of
addressing the perceived disadvantages of rural practice. It needs to work within a
comprehensive system and not be seen as the sole answer, albeit the 2012 answer.

The Australian Medical Students Association have indicated that using lucrative pecuniary
interest as a sole incentive fails to capitalise on the many positive aspects of rural and remote
Australia. As members would be aware, rural areas are competing with the perceived
disadvantages of rural practice and against those struggling urban areas. It is a limited
resource to go around a very large part of Australia. The disadvantages are seen as not having
immediate access to accident and emergency departments, lots of after hours work and a
concern about the practice’s financial liability. The minister might say that the latter is
addressed by grants but that does not make the practice independently viable.

Another concern I have centres around the failure to focus on the full-time equivalent
positions when we look at medical work force deficiencies and targets. I note that the
department has not given full-time equivalent numbers since the minister was caught out last
year claiming a 7.2 per cent leap in rural doctor numbers which, on a full-time equivalent
basis, turned out to be a 0.4 per cent increase. The minister is very keen to talk about the
number of new doctors trained but does not necessarily equate that to the number of new
doctors working a full-time load. It does not accurately reflect the nature of the practice of
medicine anymore. It refers to a time when quality of life was not quite as large an issue for
GPs and they would often work up to 18 hours a day.

Many doctors now choose to job share, with one full-time equivalent position being filled
by two, three or even four doctors. There is one practice in Tasmania I am aware of where
nine of the positions make up only five full-time equivalent workloads. The minister must
draw his attention to the outcomes and reality in practice as well as his perception of
operation. Many young doctors in urban areas are providing an integrated network with other
allied professionals, and we need to be ensuring that rural health policy concentrates on the
extension of the positioning of the rural practices that other professionals, such as
pharmacists, often depend upon.

While speaking about other health services, I cannot ignore the crisis in dental health.
When the government ripped $55.6 million from the Commonwealth Dental Health Scheme
in 1996-97, scrapping the scheme altogether, it signed the death warrant for rural dental
services. Many private services relied on their public workload for viability. The loss of this
workload has made businesses unviable and meant the removal of dental services in rural
areas. I hope the minister spends some time turning his mind to this rural crisis as well.

The opposition have indicated their support for this bill. We have flagged amendments,
which will be moved in the other place, in relation to the clarification of terms of the contracts
and the calculation of interest rates. One of my major concerns, however, still centres around
the lack of consultation with those young people crucial to the success or otherwise of this
scheme—those young people who will be potentially taking up these scholarships; those
young people who we really hope will choose to practise in rural areas.

I am not totally convinced that this scheme will resolve all of our problems, but I truly
hope that there will be some impact. This issue is far too important to rural areas to let it fall
over. Unfortunately, on its own, I do not think it is enough, certainly not for Tasmania. I urge
the government to expand its view on this issue and look at negating the perceived
disadvantages of rural practice and the extension of other health services. I urge the
government to acknowledge the true extent of this problem and investigate the broad range of solutions which rural Australians and, indeed, regional urban Australians need.

Mr LIEBERMAN (Indi) (12.02 p.m.)—I wish to briefly comment on the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000, enthusiastically support it and commend the Minister for Health and Aged Care, the Hon. Dr Michael Wooldridge, for another great initiative. I think his contribution as Australia’s minister for health over the last four years has been outstanding, and he deserves to be commended very strongly by this parliament for his work. It is a very complex and difficult portfolio. It was regarded as the graveyard of politicians years ago. Michael Wooldridge has turned it around, and I hope that he will continue to be the minister in that portfolio for a long time to come.

We have been looking forward to the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000 for a long time, because it delivers the Howard government’s initiative and strategy that we would do all we could to attract more doctors and better services to rural and regional communities in Australia. We all know stories about the difficulty of attracting rural doctors. We know the burnout problems of rural doctors. We know that when they look at retirement or, unfortunately, have a health problem themselves they find it is almost impossible to find doctors to buy their practice and to assist them. This has been of great concern not only to members of parliament but also to rural communities. The bill aims to address that and should be read as part of the total mosaic of the strategy by the Howard government to address a number of issues in rural health in Australia.

The bill provides for the creation of 100 new medical school places in universities in Australia for Australian medical students commencing next year. The students who will qualify will receive a grant of $20,000 per year. Those of us who live in the country who have had children at university recently or who do have children at university will have a good understanding of the huge cost incurred by country families in trying to get a university education for their children in the capital cities. The $20,000 grant is very generous, quite frankly, and one that I think will act as a great incentive to attract suitable students to apply.

The grants are taxable, but are not subject to a means test. The condition of the grant and the scholarship is that the students agree to practise in rural areas of Australia for six years on completion of their basic medical training and postgraduate training. The bill provides for enforcement provisions and penalties for a breach. The idea of providing penalties for a breach and the idea of requiring the students to bond themselves to work for six years is very reasonable. After all, it is taxpayers who are contributing to their education and training. I have not heard from any member of my electorate, or from any medical person, any criticism of the bonding and contracting arrangements. Indeed, I have been quite encouraged. The other day a doctor in Albury-Wodonga was proud to tell me that his daughter was applying for one of these scholarships. He was confident that she would get it and that this was a matter of great happiness in that family which was having difficulty in addressing the question of encouraging their child to go into medicine.

The universities will select the scholarship holders through the normal medical school admission process. Students, I understand, will apply to the universities through their medical schools for the bonded scholarships and for a place in the medical school in that university. Students are able to express their interest virtually now for the 2001 medical courses. The legislation must pass this parliament before the end of this current year. It is absolutely important that all the parties in this House and in the Senate get on with it and ensure that this legislation is passed. There are many young people, and many universities, anxious to have the legislation enacted so that we can start to promote this particular scheme and get it under way.
The idea of the scholarship, of course, is based on pure commonsense, that if the student who is bonded is obliged to work for the minimum period of six years after graduating in a rural and regional area, it is more likely, because of life, that that person will become attached to the community. Who knows, Cupid might strike, and instead of falling in love with a person from one of the big metropolitan areas we hope that the recently graduated doctor will follow his or her instincts and Cupid’s arrow and find someone in the country. That obviously helps to organise the family’s future because we all know that if a son or a daughter marries someone who has not had any life experience in rural and regional Australia—is a city person—it is harder sometimes for them to make that change. Most of them succeed, might I add. If anyone is listening to this and thinks it is not a good idea to move from the city to the country, let me assure you that once you do it you never look back. Nevertheless, it is important to get the recently graduated doctor into the community.

This legislation is part of a mosaic of initiatives by the Howard government, and I think they are really working well. With the new community primary care health policy the government has set aside $560 million to address health issues in the country. I have been working recently with the smaller hospitals, some of them non-profit, the famous bush nursing hospitals of Victoria. They have been facing closure because of a lot of problems. However, they are now finding a new direction, a new life. For example, now that the Walwa Bush Nursing Hospital in my electorate has a future, because of a grant from the federal government and with the assistance of the Victorian state government—I acknowledge, as well, the partnership between Commonwealth and state—the three doctors in Walwa have decided that they have a future and can stay in Walwa and continue to practise. So the spin-off is starting to work with this $562 million regional health strategy.

I would particularly like to acknowledge that—and we have been in government for only a little over four years—the Howard government’s commitment to Medicare has been sincere, despite the difficulties. We would like to put more money in. We all know that we would like to put more money into health, but it is a bottomless pit in a way. We have increased the funding for the states by 25 per cent in real terms. That is not a bad effort after having inherited approximately $13 billion of deficit.

Mr Horne—Not even you believe that.

Mr LIEBERMAN—It is on the credit card. The Labor Party, in 13 years of government, spent more than it earned, increased taxes at record levels and yet charged up to the credit card some of the recurrent expenses. It was totally irresponsible. Furthermore, it had some $90 billion of government borrowing at a frightening rate in the last three or four years. If you look at the graph, it would have sent this country into poverty with the Asian financial crisis that followed after the Howard government was elected. Without the initiatives of the Howard government in managing the economy and addressing these things, we would not have withstood so well the crisis in Asia.

The rural health policies include the work force agencies incentives, the rural women’s fly-in, fly-out GP service, the John Flynn scholarships for rural placements, and new university departments of rural health—to name just a few. I commend this bill to the House. I call on members of parliament from all parties in the House of Representatives and the Senate to pass it speedily so that the universities can put in place the necessary procedures so that students can apply and become part of this great scheme.

Mr HORNE (Paterson) (12.11 p.m.)—Firstly, let me express my disappointment with the member for Indi, a decent bloke who knows that this is a major problem in rural and regional Australia. He stated right at the end that the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000 needs bipartisan support but he could not help getting in the partisan barb. He just could not help himself. Today, we are debating an issue that is
vital to the survival of many rural communities. I represent an electorate that would be regarded as rural, but it is hardly remote. Most of it is within an hour’s drive of a major city. I am talking about cities like the city of Newcastle with the John Hunter Hospital, a teaching hospital and the faculty of medicine at Newcastle University or the city of Taree, which also has a regional hospital. So it is hardly remote but we do have the problem of attracting doctors to those towns.

I noted yesterday—and we could hardly help note—the Minister for Health and Aged Care coming into the House in a very childish manner, gloating and saying that the ALP had done a backflip over its policy on or its attitude to the private health insurance rebate. So be it. If that is the best way that the minister can see to spend $2 billion a year without creating any resolution of this major problem or without reducing waiting lists in public hospitals, so be it. I congratulate the government on accepting as policy a proposal that was put forward by the Hon. Michael Lee before the 1998 federal election. Make no mistake, this policy of giving scholarships to doctors was an ALP proposal. It was put forward by Michael Lee. I have here the press release he put out and it is dated 10 September 1998. I am prepared to accept that Michael Lee did that and that the government has accepted it in good faith. We will work together to make sure that it does work.

There are a few things that I believe we have to look at because it is not only the case of an incentive and a punishment. There is far more than that behind the fact that young doctors do not want to go into rural and remote Australia. One is the rapid advancement of medical technology. If you are out of the loop of being near a training hospital or a medical school by being out in a remote area for five to six years, then you can be out of the loop of receiving the information.

That is one of the reasons why ambitious young doctors do not want to go to the country. If they have high hopes of being a surgeon, of specialising, they want to stay near the hospital so that they have access to that information, because they know that after five or six years out there, when they come back, the quantum gap is just too big to jump. I believe that we need to have some system to allow doctors access back to medical school. It may be for refresher courses; it may take a couple of weeks or a month a year, but we need to ensure that they can find out what they have been missing out on.

I do not say this in any sexist manner at all, but I believe that something like 60 per cent of the first-year intake at medical school comprises females. As I go around my electorate, I can count the number of female GPs on one hand. They are not there. Yet the majority that went into medical school were women. It is not a sexist attitude; it is a fact of life that, after they finish university, they get married. Perhaps they marry someone whom they met at university and they will locate in the city and probably be part-time medics. I do not know what the reason is. I believe that is something that we also need to address. It is going to be extremely difficult. When you live in a democratic society such as ours, you cannot deny people access to medical school.

The amazing thing is that, in a small community—and I am talking about a village in my electorate—I recently spoke to a female medical practitioner. She had been a partner in a bigger practice in the city of Maitland. She decided that she wanted to try something different. She and her husband bought a block of land—her husband is not a medical practitioner—in this village, adjacent to where they live. They built a brand new, beautiful surgery. It is a credit to them. She hung up her shingle. I spoke to her a couple of weeks ago at a presentation—she is also a soccer coach—and she told me she has been inundated with people from the surrounding localities. They are coming to a new practice because it is a practice with a female doctor. These are the sorts of good news stories that you occasionally stumble on.
However, I mention other communities—towns like Dungog. Dungog, for the uninitiated, is 45 minutes from Newcastle, and the town where I reared my family. At that time, 15 years ago, in that town there were five doctors and a hospital. Today, there are two, and both of them have been advertising for the past couple of years to try to interest young people to come there as partners. They are not interested. The number of doctors remains at two. I mention a town like Bulahdelah, in a beautiful place on the edge of the Myall Lakes National Park, on the Pacific Highway, 35 minutes from Taree and about an hour from Newcastle. It has a population of about 2,000, a hospital and one doctor. He is desperately trying to get out of the town. He wants to go to Sydney. His children attend school in Sydney but he cannot get anyone to look at the practice. Yet, money-wise, it is a very lucrative practice.

I mention a small community like Karuah. Again, it is about half an hour from Newcastle, on the Pacific Highway. There is one doctor who went there to operate his practice part time. He recently had to have bypass surgery. He suffered pneumonia while he was in hospital. The practice was closed for a number of weeks and the community was without a doctor. These are stories that every member representing a rural community can tell. I do not believe that simply introducing a scholarship and a punishment is going to resolve it. It needs something far greater than that.

I believe the rationalisation of practices works. Doctors want to know that they will not be on call every night of the week or every weekend. After all, they are human; they have families and they have the right to expect to have a family life. They are the problems that this parliament should address and which this legislation does not address particularly. This bill is purely about rewards and punishment. I will listen with interest to what other honourable members have to say in this area because we must work on it.

Those of us who have lived in Australia’s rural communities know that they are worth while and valuable for families: they are wonderful places to rear children. However, it is a terrible situation for families and for young couples who want children. I have mentioned Dungog. The hospital building still stands, but mothers-to-be will not be allowed to have their babies there, except in emergencies; they will be transferred to Newcastle. That is the sort of problem that confronts general practitioners every day. I talked only yesterday to a doctor who told me that he pays annual insurance of $20,000 in order to safeguard himself against being sued for something that may go wrong during a medical procedure. If people are working long hours by themselves, the chance of something going wrong is heightened. That is why towns with a single doctor have very restricted medical services.

The opposition is interested in working with the government to resolve this matter, which is vital to all rural and regional areas. I look forward to a positive outcome. I hope that the system will work—if we do not try, we will not know. However, we must ensure that this is only the start: we must keep working to resolve this important issue.

Dr WASHER (Moore) (12.23 p.m.)—One brings a lot of life experience to one’s role as a parliamentarian, and this can sometimes prove invaluable when dealing with policy matters such as this. I feel it is important to contribute to the debate on the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000, which deals with the penalties involved with the new Medical Rural Bonded Scholarship Scheme. I support the scholarship scheme wholeheartedly. Aside from its obvious benefits for rural and remote areas—I do not think any honourable member disputes the problems we have attracting doctors to the bush—this scheme will offer a tremendous opportunity to 100 young Australians each year.

I fully endorse the comments by the honourable member for Paterson. There will be future problems for these young people in the education system and they will need backup services. An ethos of education and culture must support this scheme. These people must be made to
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feel part of the community and enjoy the quality of life that they rightly deserve. In the west, where a growing number of female practitioners have come through the medical system, I shared the anxieties expressed about whether, because of their lifestyles, they would have the opportunity to commit to full-time medicine and would want to work in more remote sites. To my surprise, in Western Australia at least a lot of female doctors are going into remote bush areas and making a full-time work commitment. Sadly, I have observed that many of our male counterparts have slowed down in that regard. That is a pleasant sideline, but I support that anxiety.

The scholarship provides for 100 places over and above what already exist in Australian universities for medical students. So there will be 100 new opportunities created to study medicine, with the extra benefit of having financial help. Students awarded these scholarships will receive $20,000 a year for the time it takes to complete their studies, on the condition that they agree to practise in rural areas upon the completion of basic medical training and postgraduate training.

I can remember what a tremendous financial struggle it was, as a medical student, for the vast majority of my classmates and me while completing medical training. The offer of $20,000 a year on the proviso that I practise for six years in the bush would have been very attractive to me as a young man. I was also a farmer’s son. The fact that there have been more than 1,000 inquiries since the announcement of this scholarship just a few weeks ago speaks volumes. It is encouraging, so hopefully it is a scheme that will get people out there. But again, to reflect on what the member for Paterson said, without the backup educational facilities this scheme will not entirely work in its own right.

The legislation we are dealing with here today looks at the penalties that make up a condition of this scholarship. If a doctor fails to meet his or her obligation to practise in the bush for a full six years, they will be banned from having a provider number for 12 years. I know that the AMA has labelled this penalty as draconian. That is an absolute nonsense. Yes, 12 years is a long time to be excluded from practising independently. But if you have entered into a contract where you have promised to practise in a rural area in return for receiving taxpayers’ money to support you through university, then you have to accept these boundaries.

If the purpose of a penalty is to prevent a person from reneging on a deal, and it is not a sufficient deterrent, what is the point of the penalty in the first place? Those doctors who consider returning to the city to practise before the end of their six years as a mere lifestyle or career choice will not be sufficiently deterred if the penalty is simply that they have to repay the bond. This is especially so if they are coming to the city to practise for a particularly lucrative sum of money. That is not going to help the people in the bush and it will certainly be seen by the taxpayer as most unfair.

I would hate to think that, after providing more than $100,000, non means tested, to a medical student as well as an additional place for them to become a doctor—not to mention the costs associated with training—the Australian community’s investment was short-changed. We are out to fix a problem here. Giving doctors a soft option to return to the city, unless it were in extraordinary circumstances, would not fix that problem. Indeed, this would prove to be a very expensive and time consuming exercise without a decent penalty. There will be ministerial discretion if, for some important reason, like a very serious illness, a doctor has to return to the city. There is a safeguard.

It is also worth noting that, even if a doctor does renge on the promise to work in the bush and loses their access to Medicare, there are other options they could take regardless. There are many things that a doctor can do without a provider number. They can work in a public hospital, for instance, or enter into education and training and research.
The AMA also argues that it is too much of a commitment for a young person to make in signing up for this scholarship. This is also nonsense. Aside from the obvious point that these students are already taking on a huge commitment by deciding to study medicine in the first place—these students are no strangers to the big decisions in life—I do not believe it is any more of an ask that they promise to pay back the community by working in the bush. The obligations that come with the scholarship will be clearly outlined before they enter into any contract. I think it is a tad condescending to say that these students are incapable of weighing up the pros and cons of this scholarship. The huge interest already displayed in the scheme reinforces this.

The problem of attracting doctors to areas other than remote or regional is also worth noting. I would be most happy to see the scholarship extended to other areas where doctors are in short supply. I cannot see the difference between paying the scholarship in order for a doctor to commit to practise for six years in a country town like Meekatharra in Western Australia and paying the scholarship for a doctor to commit to practise for a time in outer metropolitan suburbs. These are areas with skyrocketing populations but few or no doctors.

This is certainly the case in my electorate, which is by no means defined as rural or regional, but which suffers from many of the same problems of lack of infrastructure and essential services. A suburb known as Two Rocks, for example, has its one and only doctor leaving after six years of trying to attract a replacement. The ratio of doctor to patient was already around one to 5,000. And this is one of the fastest growing regions in Australia. I am pleased that this area has now been recognised as an area of unmet need. Hopefully, we will have an overseas trained doctor there soon.

It is important that we do not forget these areas when determining where these doctors on scholarship should work. Allowing overseas trained doctors to obtain provider numbers to work in rural and regional areas has already made a huge difference in my home state of Western Australia. This is another example of pragmatic, commonsense policy that identifies the problems and offers real solutions. The medical rural bonded scholarships are another such measure. You could say it was a carrot and stick approach, but with an enormous carrot and a very small stick—or possibly even a twig.

This is particularly true given the fact that these people may not have ever received the opportunity to study medicine without the scholarship. Doctors practising in rural areas have the opportunity to derive enormous benefits from their time in the bush. They usually emerge as highly skilled, well rounded practitioners. I would hope that, even after six years, many would feel part of their community and want to stay on. I am sure this would also be the hope of their rural patients and the community at large. I look forward to the first intake of these scholarship students and I commend the bill to the House.

Mr ADAMS (Lyons) (12.32 p.m.)—The purpose of the Health Insurance Amendment (Rural and Remote Area Medical Practitioners) Bill 2000 is to amend the Health Insurance Act 1973 to exclude the payment of Medicare benefits where a medical practitioner has breached a contract to work in a rural or remote area. It is part of the implementation of the government’s Medical Rural Bonded Scholarship Scheme. Section 19 of the bill provides the legislative framework for the Commonwealth to enforce the bond. If the medical practitioner breaches the commitment to work in a rural or remote area, the Commonwealth will be able to restrict payment of Medicare benefits in respect of that practitioner’s services. Bonded practitioners in breach of a contract can have their Medicare benefit payments restricted for twice the period they agree to work in a rural or remote area—for example, 12 years. It will also make it an offence for a medical practitioner for whom a Medicare benefit is payable as a result of section 19 to render a professional service without first having taken steps to inform the patient that a Medicare benefit is not payable for the practitioner’s professional services.
The Labor Party adopted a health policy at the 1998 election which included a bonded scholarship scheme of $20,000 per year for up to 100 medical students. That required medical graduates to work in a rural area of need for the same number of years for which they had received the scholarships. The legislation determines that doctors’ bonded rural work does not begin until after their training has been completed. It is estimated that, on average, this would require doctors to work in rural areas for 12 years to fulfil their obligations to the Commonwealth.

It is not clear from the legislation what the nature of the contract between the government and the doctors will be—for example, whether or not penalties could be varied in exceptional circumstances. I think the shadow minister may have received something from the minister, but that information has been locked up. She may have received something in recent times, but I certainly have not seen it.

I have some real problems with this change in the way it is worded. I have been speaking to some rural doctors that are operating in the area now and who have been in the training area too and they have some really grave concerns. I suppose the most obvious point to make is that experience has shown that rewards, not necessarily financial, reap better results in recruitment and retention of rural doctors in the long term than penalties do. Rural training alone is not the answer—rural practice needs to be sustainable.

If we go through this and look at the main issues, it can be seen that the length of time involved in the training of a young recruit is somewhere in the region of 17 years. At the age of 17 or 18, when most start, this is a terribly long time to commit oneself. They just do not know what they are letting themselves in for, personally or certainly professionally. Over 60 per cent of medical graduates are women and there is a great need for women GPs and specialists in rural areas. They would be far better targeted with incentives instead of being told, ‘If you default, you will lose your ability to act as a doctor.’

Anyway, who knows what rural practice will be like in 10 or 15 years time? Will they have a guaranteed income in a rural practice or will other government policies prevent this or be put in place? A 12-year moratorium is very severe. Surely training in rural areas could be included where this provides a service. Currently service provision is part of GPs’ training. Training is likely to move into rural areas over the next few years. It already occurs for a very few surgeons who are interested. Standards of education and training are not guaranteed. No-one knows yet how the new rural health clinical schools and new GP training programs are going to operate. Opportunities are growing with the new rural clinical schools and university departments of rural health, which give a choice of options.

Not being able to get a Medicare rebate hits the community more than the doctors and is going to have more impact on GPs than specialists who have larger incomes anyway and are more able to pay their way out. Students from rural areas who are the ones most likely to become rural doctors are better off financially and without the time commitments, if they go for the RAMUS and can pay off HECs fees after graduating in rural areas. Students with bonded scholarships are not eligible for other scholarships so, once again, this is a disincentive. This is not a scheme that would attract rural origin doctors, unless they would not get into a medical course in the first place. It could be seen as supporting second-class doctors for the bush.

Evidence is that rural origin and positive rural experience during training are the strongest factors in taking up rural careers. The current proposal for regionalisation of vocational training, converting a national program in a short period of time to many small regional programs, increases the risk of a lower standard of training. Standards of training need to be legislated too. Areas where it is difficult to attract doctors will always be difficult, and even more so in establishing appropriate training and supervision. Experience is that conscription
does not work. The Queensland state health cadetships were an absolute disaster for both the community and the doctor and, anecdotally, not many with cadetships continue as rural doctors.

In the long term, education and training are only part of the answer to the rural crisis of health service delivery. We need to keep those doctors who are already there and to retain those who undertake conscription, and so there need to be rewards built into rural practice. So far, this has not been addressed well enough. There needs to be better professional and financial support for rural doctors. Paying rural GP specialists an additional fee is cheaper than paying specialists, yet quality of service by GPs is comparable.

Apparently, the government has not debated the main provisions of this proposal out in the community with the rural doctors and the trainers. The doctors believe this legislation has a much broader application than just scholarship holders. The new GP registrars are signing up to rural training, with no declared ongoing commitments beyond training. So what is the hidden agenda? They are very worried by the implications.

I would have thought those doctors in the government would have heard these alarm bells if they had been properly consulted. For example, there are over 200 new rural GP registrars who are committed to rural general practice and who have signed up with the understanding that, after training, they have no further commitments to rural general practice. Will this section now apply to them retrospectively? This has certainly not been flagged before.

The fact that the bill makes no allowance for the circumstances in which a contract may be breached in exceptional circumstances is a worry. GPs who may need to cut short their contract for reasons such as personal illness, family tragedy, pregnancy or in other similar circumstance appear to have no rights. This goes totally against trying to increase the number of rural women doctors that are desperately needed. The percentage of women medical students is increasing. This needs to be taken into account for the rural medical workforce, because they will help to keep it sustainable over time if they are happy to remain in their home rural areas. In certain of these exceptional circumstances, they may have to go back to a city for assistance, thus breaching the contract.

The rural crisis in health is a crisis in health service delivery. However, there are anomalies in the various rural classifications currently developed. For example, rural areas are declared on city boundaries. Also there is an increasing problem in provincial and suburban areas, with very low doctor-patient ratios.

Although the worst does need to be addressed first—rural and Aboriginal—any such longer term objectives need to address future needs rather than just current needs. This does not seem to have been built into the plan of the MRBS scheme or any other scheme. A commitment to working in areas of health service needs, as defined at the time, may be more appropriate.

Doctors generally, and ideally all the other health professionals, need to be more engaged in the discussion of future health needs and solutions, rather than dealing with the here and now and being reactive to such proposals. There was a lack of consultation on the bill by this government. I am indebted for the professional advice on this discussion to a number of rural doctors, particularly Dr Strasser from the rural facility of the Royal Australian College of General Practitioners. She pointed out that we have to be more open in talking with doctors about the needs of local rural doctors before putting more barriers in their way.

I know how difficult it is in Tasmania to get doctors to put their hands up to be there, and it is not because of the isolation or necessarily the pay. It is because they have no backup, often in highly stressful situations, for months at a time, and they get very little recognition from
their city colleagues for the sort of wide ranging work they do—and we know of rural doctors working every weekend and being on call for up to a month, night and day.

I would far rather consult a doctor in the country than one in the town if I did not know either of them. I know that country doctors are used to dealing with a much greater range of medical problems than their city counterparts. I think we have to clarify the nature of the contract between the government and the doctors and, if it is as restrictive as I believe it is, then it should be tossed out and reconsidered in the light of some incentives and ‘carrots’—rather than a whole pile of sticks—to encourage students to go to the country. I understand that the Labor Party will be moving some amendments to this bill in the Senate. Again, this coalition government really wants to bash people more than to work through the issues and the problems that Australia has. It really is about saying, ‘We’ll bash you up if you don’t do as you’re told.’ That is their approach. Whether it is industrial relations or whatever, down that track they go.

There is a need not just for doctors in rural and regional Australia but for lots of other health professionals as well. Those needs are not being addressed and they should be. There are many holes in that area in my electorate, and it takes a considerable amount of time to work through these issues. There are many doctors working long and hard on the east and west coasts and all through the middle of Tasmania, and they endeavour to give their best. We have new schemes applying to people who work for local councils. Local councils are now striking rates in their municipalities to raise the income to pay for some of the infrastructure for contracted doctors working for companies. There are difficulties in getting overseas doctors to fill in the holes. There are a lot of very difficult problems to be solved.

Of course, it is not only in the health professions where we have those holes, Mr Deputy Speaker. As you would know, there are difficulties in getting professional people to fill holes in lots of other areas in regional Australia. But, because we are addressing health needs, that is where I had better stay, otherwise you will pull me up. The difficulties that we all have and that we have all seen in this health area relate to the pharmacy area as well. I have all sorts of arrangements in my electorate to enable pharmaceuticals to be delivered by the school bus, because that is the only transport these days into some of the valleys that I represent. Arrangements are put in place so that the prescriptions that pensioners need are sent in that way because their nearby chemist shop closed many years ago. Those sorts of difficulties need to be looked at. We need to find other solutions. I am finding that within the health area there are some very rigid rules and conditions which maybe we should look at. I am sure they are there for a good reason, but it is time maybe that we started to look at them in a new light to fulfil the need that is applying in some of our regional areas of Australia in today’s world.

As I said, this bill is really about bashing people to achieve a goal. It sets out conscription on people which might be a contractual arrangement for 17 years and then you take away the Medicare ticket so they cannot get payment. Therefore, working as a doctor would be pretty difficult because you would probably work for nothing.

I do not think that is the solution. Hopefully, some of the amendments may get up in the Senate which may make this a much better bill and help us move towards a better health solution for Australia. We will have the debate in the Senate and we will work through some of the issues that the minister has not bothered doing with the health professionals of Australia, as he should have done. If he had done that, we would be much further down the track with this legislation being a solution to the problem and not, as I said, a bill to bash people about the head with and make them stay somewhere where they probably do not want to be.

Mr LAWLER (Parkes) (12.52 p.m.)—As I listened to some of the comments made by contributors to this debate on the Health Insurance Amendment (Rural and Remote Area...
Medical Practitioners) Bill 2000, it became clear to me that there are many people who are not conversant with the act and what is intended by the government. Might I say that in my time at university I would not have minded being bashed with a $120,000 grant to assist me getting through university. It would have been most welcome, and I am sure that many of the medical students I went through university with would have welcomed that as well.

It is important to note at this time that the scholarships we are talking about are extra scholarships; they are not taking up places that are offered to medical students now. There are 100 new places. So if we took this scholarship away we would have exactly the same situation as we have had for the last several years—certainly for the 13 years that the opposition was in government. I do not think it is a legitimate argument to say that we are coercing people and using threats. It is an extra provision, something that we are offering to young people that they can take up if they so desire. If they do not, they will have exactly the same opportunities that they have today to study medicine.

I understand that the draft contract has been provided to the shadow spokesperson for health and so members opposite would have seen that it does contain details of a student’s obligation and it does contain a provision for a waiver of the obligation at the minister’s discretion, something that I do not think is clear to those opposite in some cases.

As a resident of regional Australia, and as a representative of western New South Wales, I would like to wholeheartedly back this government’s outstanding and ongoing effort to address the doctor shortage in country areas. This strategy, amongst several to boost doctor numbers and ensure that the increase is a direct benefit for rural and remote areas in terms of more GPs, addresses the primary concern of country people. A couple of weeks ago on a 2,500 kilometre tour of part of my Parkes electorate I visited six towns in succession and none of those had a doctor, a pharmacist, a vet or a physiotherapist. Certainly, those towns were served magnificently by the Royal Flying Doctor Service. These were not two-horse hamlets on the desert fringe, but substantial communities like Ivanhoe, Wilcannia, White Cliffs, Tibooburra, Wanaaring and Enngonia. The crisis is such that even in major regional cities such as Dubbo, GPs are not accepting new patients into their lists and the patients of a GP who leaves the city often find it very difficult to get access to another GP.

With doctors ageing or relocating to areas with less gruelling workloads, the situation is deteriorating and fuelling the perception that setting up a practice in a regional area is a career sidestep for health professionals. The profound absence of doctors feeds upon itself and doctors are understandably hesitant to take on the workload as the only resident GP for hundreds of kilometres.

It must be said, as I mentioned earlier, that the Royal Flying Doctor Service has played an invaluable role in making up the shortfall in access to health services for whole swathes of outback Australia. Again, I commend this government on committing $4½ million to setting up another Royal Flying Doctor Service base operating out of Dubbo. It is yet again showing the concern that this government has for delivering medical services to rural and regional Australia. This government certainly has earned the right to say it is turning the tide on the issue of health services for people in regional areas. This year’s budget contained an unprecedented strategy to improve the quality of health services in country regions, with a special, but not exclusive, emphasis on providing more doctors.

The previous speaker mentioned that it was a stick approach. Look at some of the carrot approaches that this government has taken in the last four years that it has been in government: introducing the John Flynn scholarships which encourage medical students to spend time in the country, and introducing the RAMA scholarships which are exclusively offered to country students—scholarships of $10,000 a year. None of that was in place before. There are the carrots of the GP incentive program, where grants are made to GPs relative to
the isolation of their practice and the length of time that they have practised there; the money provided through the divisions of GPs for training support, locum relief and the rural clinical schools, one of which has already been set up in Wagga; and the promise of nine new clinical schools throughout regional Australia.

Some of the previous speakers alluded to the fact that it is not enough purely to train more doctors. The important thing is that we get them to train in a rural community where they learn the benefits of living and residing in that community so we will have that carrot approach when they see that it is a very pleasant way of life. But with the combination of programs and scholarships, this government showed its determination to alleviate the shortage in the short term through initiatives like the rural placement program and in the long term through the Medical Rural Bonded Scholarship Scheme.

The immediate success of a rural placement program, which places graduate GPs in country areas for six months as part of the Royal College of General Practitioners training program, is evidenced by the increase by 25 per cent in the number of GPs available in my home town of Dubbo. Effectively, the number has gone up from about 24 to 30. We still have problems, but a 25 per cent increase in the last couple of years, due to the policies of this government, is no mean feat. A further four new GPs are operating in the district outside Dubbo in what represents a real improvement for the people in the area in terms of the actual number of GPs with whom they can get appointments.

I understand that the GP practices that provide the training for the registrars in these training programs are now being seen as leaders in the rural areas and other GPs are seeking for their practices to be training accredited practices. This will again expand the service to rural areas. I would like to see it in the practice, for example, in Cobar which I understand is very interested in this option. This endeavour to create more opportunities for people to train as doctors, with $20,000 annually in taxpayers’ assistance on the condition that they serve six years in a rural area, represents the long-term element of this diverse strategy. As this scholarship scheme places more new graduates into country areas for their obligatory six-year term, the non-metropolitan medical fraternity will experience a surge in the number of young, vibrant personnel.

More country doctors and a general swelling of the ranks of health professionals, combined with recent technological advances to keep health workers informed and interactively linked to colleagues elsewhere, along with the introduction of the rural clinical schools, will in turn help attract more such professionals to the country. In the same manner as the shortage of doctors fed upon itself to aggravate the problem, a rotating influx of 100 new GPs, year after year, will have a reciprocal effect, with the trend spreading from larger centres to smaller towns and so forth. It is all very well for the opposition to crow about ‘not enough’, ‘too much’, ‘it’s a bashing’ but if this program had been introduced 10 years ago, we would not have the issues that we are facing now. I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Main Committee adjourned at 1.00 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Australian Defence Force: Reservists
(Question No. 1064)

Mr Laurie Ferguson asked the Minister Assisting the Minister of Defence, upon notice, on 6 December 1999:

1. How many reservists from (a) Victoria, (b) NSW, (c) Western Australia and (d) other States are now serving on a temporary full-time basis with the component units of 7th Brigade in Brisbane.

2. For what period have the reservists been asked to serve on a full-time basis.

3. What proportion of these reservists were previously (a) full-time students, (b) unemployed, (c) employed in the public sector and (d) employed in the private sector.

4. In respect of those reservists who were (a) previously employed in the private sector and (b) previously employed in the public sector, what measures, if any, has the Government instituted to protect their civilian employment.

5. In regard to University and TAFE students what measures, if any, has the Government put in place to enable them to temporarily defer their studies without penalty.

Mr Bruce Scott—The answer to the honourable member’s questions are as follows:

1. (a) Victoria - 94
   (b) NSW - 12
   (c) Western Australia - 67
   (d) Other States - 80

2. The length of the period of service that a reservist will perform is determined by the task for which the reservist has been engaged. The Directorate General Personnel - Army and the reservist being engaged, agree to the period of service.

3. (a) Full-time students - 79
   (b) Unemployed - 25
   (c) Public Sector - 41
   (d) Private Sector - 108

4. (a) and (b) At present, protection is provided by the Defence (Re-Establishment) Act 1965 and Section 118A of the Defence Act 1903. These pieces of legislation provide penalties against an employer who:
   . hinders a person from serving in the Reserve Forces,
   . penalises a person on account of their service;
   . requires a person to take annual leave during periods of Reserve service; and
   . termination of a contract of employment due to Reserve service.

   The Defence (Re-Establishment) Act 1965 also provides for the rights of members upon resumption of employment following service.

5. The protection given by existing legislation does not apply to students.

Australian Taxation Office: Gunton, Mr Mike
(Question No. 1546)

Mr Latham asked the Minister representing the Assistant Treasurer, upon notice, on 11 May 2000.

1. Has the Ministers attention been drawn to representations by my constituent, Mr Mike Gunton of Lorikeet Avenue, Ingleburn, NSW, to the Australian Taxation Office (ATO) seeking an answer to a question Mr Gunton has been asking for approximately 16 years.
(2) Has the ATO provided an answer to Mr Gunton’s question; if not, why not.

(3) Did the ATO derive a tax bill of $99,000 for this moderately paid PAYE worker; if so, how.

(4) Has the ATO initiated bankruptcy action without providing information or evidence of why Mr Gunton allegedly owed this money; if so, how.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member’s question:

(1) Yes, I was aware of the honourable member’s representations on behalf of Mr Gunton.

(2) I wrote to the honourable member in a letter dated 14 March 2000 that provided an answer to Mr Gunton’s question. The Commissioner of Taxation (the Commissioner) advised me that Mr Gunton had review rights under the Taxpayer Charter, with access to ATO reviews and external reviews by independent bodies such as the Administrative Appeals Tribunal, the Federal Court or the Commonwealth Ombudsman.

The Commissioner went on to say that taxpayers requesting an internal review by the ATO, for example by lodging an objection against an assessment, are subject to time limits in applying for such a review.

The Commissioner further advised that Mr Gunton’s income tax liability has been the subject of court proceedings over many years and he has had the opportunity to dispute the issues at these times.

In addition, Mr Gunton has approached the Commonwealth Ombudsman seeking a review of these matters. The Special Tax Adviser to the Ombudsman declined to investigate Mr Gunton’s claims for a number of reasons.

In view of all of the circumstances surrounding Mr Gunton’s case, the Commissioner has decided that the ATO will not review the issues further.

(3) The ATO derived a bill for $68,406.94 in income tax assessments for the financial years 1981, 1982, 1983 and 1984 in January 1985. This amount escalated due to additional tax for late payment with a total liability of $99,888.62 before income tax amendments were issued reducing the liability to $65,229.12 in unpaid tax and $5502.73 in additional tax for late payment. As a result of the income tax liability remaining unpaid Mr Gunton was declared bankrupt on 5 April 1989.

The ATO is required by law to provide information to a taxpayer before bankruptcy action is initiated and has complied with the law in Mr Gunton’s case.

Australian Taxation Office: Petroulias, Mr Nick
(Question No. 1585)

Mr Kelvin Thomson asked the Treasurer, upon notice, on 30 May 2000:

(1) Has his attention been drawn to an article in the Australian Financial Review on 15 May 2000 entitled ATO ignored advice: Petroulias.

(2) Did Mr Nick Petroulias meet with other ATO officials in April 1999 and seek a Government announcement in the May Budget to close off employee benefit schemes designed to avoid tax; if so, what action did the ATO take in response to Mr Petroulias request.

(3) In September 1998 did the ATO have advice that a legislative response was necessary to close off employee benefits schemes designed to avoid tax; if so, what advice did the ATO provide him or the Assistant Treasurer concerning this matter.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member’s question:

As these questions go to matters which are currently before the courts, it is not considered appropriate to provide answers. In this context, the Director of Public Prosecutions has indicated he would prefer that there be no discussion about this matter whilst it is pending before the courts.
Regional Australia Summit: Consultation Fees
(Question No. 1611)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 5 June 2000:

1. Further to question No. 1234 (Hansard, 1 June 2000, page 16943) concerning the 1999 Regional Australia Summit, who were the members of the Regional Australia Summit Reference Group and who selected them.

2. Did the Reference Group receive advice from, or consult with, him, his staff or his Department about its decision to invite only Coalition Members and Senators (apart from myself and Senator Mackay) to the Summit dinner.

3. Was the aim of the Summit for all Australians to gain a better appreciation of the needs and concerns of regional Australia; if so, why did the reference group invite all Coalition Members and Senators but only invited myself and Senator Mackay from the Australian Labor Party.

Mr Anderson—The answer to the honourable member’s question is as follows:

1. The members of the reference group were:

   Chair
   Mr Ian Sinclair,

   Members
   Dr Wendy Craik, Executive Director, National Farmers’ Federation
   Mr Mike Beckingham, Executive Director, Australian Rural Leadership Foundation
   Mr Mark Bethwaite, Adviser, Deutsche Bank AG
   Former Senator David Brownhill
   Mr Barry Wakelin, MP, Member for Grey
   Ms Jan Hirst, Adviser, Officer of the Minister for Transport and Regional Services
   Ms Liza Albion, Adviser, Officer of the Minister for Regional Services, Territories & Local Government
   Ms Sema Varova, First Assistant Secretary, Department of Transport & Regional Services
   Ms Prue Regan, Office of the Parliamentary Secretary to the Minister for Transport and Regional Services

   I selected the Members of the Reference Group after seeking advice from my staff and Departmental officers,

   - the members were chosen to represent business; industry; community and government and included staff of my office, the office of the Minister for Regional Services, Territories and Local Government, Senator Ian Macdonald, the office of the Parliamentary Secretary, Senator Boswell and a Departmental representative.

2. There is no record of advice from my staff or my Department regarding the Reference Group’s decision to invite only Coalition Members and Senators (apart from Mr Ferguson and Senator Mackay) to the Summit dinner,

   - I do not recall providing advice to the Reference Group on that subject
   - any discussion between myself and the Reference Group is a matter for the concerned parties alone.

3. Yes, one aim of the Summit was to provide all Australians with a better understanding of the needs and concerns of regional Australia.

   - However, the Reference Group did not only invite all Coalition Members and Senators to attend the Regional Australia Summit

   - a wide cross section of the Australian community was invited, including representatives from the:
Mr Danby asked the Minister representing the Minister for Justice and Customs, upon notice, on 20 June 2000:

(1) Is the Minister able to say whether the Latvian Procurator General is drawing up a request for the extradition of former SD Lieutenant Konrad Kalejs to Latvia.

(2) Have representatives of the Australian Government confirmed this directly with the authorities in Riga.

(3) What time frame does the Australian Government anticipate before it receives the extradition request.

(4) Will the proposed Australia/Latvia extradition treaty be completed in time to respond to a Latvian request for Mr Kalejs.

(5) What procedure has the Government established for evaluating the extradition request once an extradition treaty between Australia and Latvia come into existence.

(6) Will the Minister respond to the request.

(7) Will the extradition request be evaluated by a magistrate; if so, will the magistrate have to evaluate whether there is a prima facie case on the balance of probabilities that Mr Kalejs was a Nazi war criminal.

(8) Will the Minister request the Australian Federal Police to interview the remaining three witnesses in Latvia in order to establish a prima facie case so that an Australian magistrate might accede to an extradition request for Latvia.

(9) What measures are the Government taking to prevent Mr Kalejs fleeing Australia.

Mr Williams—The Minister for Justice and Customs has provided the following answer to the honourable member’s question:

(1) - (3) In accordance with long-standing Government policy, it would not be appropriate to comment on questions regarding progress in a foreign criminal investigation.

(4) The Treaty was signed in Riga on 14 July and is expected to be in force by the end of the year. In order to ensure that it can respond to any extradition request received from Latvia in the interim, the Government has arranged for the making of regulations declaring Latvia to be an extradition country for the purposes of the Extradition Act 1988. The regulations commenced on 12 July 2000.

(5) If a request for extradition is received from Latvia after the Treaty enters into force it will be assessed in accordance with processes and criteria set out in the Treaty and in the Extradition Act.

(6) All requests for extradition received by Australia are responded to at an appropriate time.

(7) In the event that a Latvia made a formal extradition request to Australia, the first stage would involve a determination by me, in accordance with section 16 of the Extradition Act 1988, of whether a notice should be issued authorising a magistrate to proceed with the case. Assuming that such a notice was issued, and if the person sought did not consent to extradition, the magistrate would conduct a hearing to determine whether the person was eligible for surrender to Latvia. The magistrate would not be required to determine whether there was a prima facie case in relation to the person sought. Under our extradition arrangements with Latvia, the requesting party is not required to provide evidence regarding the guilt of the alleged offender.
(8) No. As noted in response to question (7), the magistrate would not be required to determine
whether there was a prima facie case in relation to any person sought by Latvia.

(9) The Government does not have the effective power to prevent Mr Kalejs from leaving Australia.
Where extradition proceedings are initiated against a person, a court may issue orders including an
arrest warrant and, subsequently, a condition of bail requiring the person not to leave Australia and/or to
surrender his or her passport to the court. These are not possibilities at present in relation to Mr Kalejs,
as no request for his extradition, or for his provisional arrest with a view to extradition, has been
received.

**Australian Electoral Commission: Provision of Information**

(Question No. 1757)

Mr McClelland asked the Minister representing the Special Minister of State, upon notice,
on 14 August 2000:

(1) Has the Australian Electoral Commissioner been forced to correct evidence given to a Senate
Committee Inquiry into the provision of information by the Electoral Commissioner to the Australian
Taxation Office (ATO) for the purpose of a mail out on the Goods and Services Tax.

(2) If so, what were the circumstances in which the Electoral Commissioner was forced to correct his
earlier evidence.

(3) What is the correct chronology of correspondence between Mr Becker and Mr Carmody
regarding the provision of information by the Electoral Commissioner to the ATO in the period since 1
April 2000.

Mr Fahey—The Special Minister of State has provided the following answer to the
honourable member’s question:

(1) On 31 May 2000, the Electoral Commissioner sent a letter to the Chair of the Senate Finance and
Public Administration Legislation Committee comprising 17 matters about which comment or
correction was appropriate following examination of the proof version of the Hansard of the appearance
before the Committee of the

Australian Electoral Commission on 24 May 2000. This is a normal occurrence on receipt of a proof
version of a Hansard of evidence given by officers. No external pressure was applied to the Electoral
Commissioner to make any changes.

On 6 June 2000, the Secretary of the Finance and Public Administration Legislation Committee
wrote to the Electoral Commissioner advising that his letter of 31 May 2000 needed to be broken into
two parts for tabling purposes. On 27 June 2000 the Electoral Commissioner replied to the Secretary
splitting his earlier advice into two attachments to this letter, in a format suitable for tabling.

(2) The particular matter, out of the 17 matters raised, which Mr McClelland may be pursuing is that
in which the Electoral Commissioner amplified his evidence that he had not seen any information from
the Commissioner of Taxation to show what would be in the proposed mail-out. The Electoral
Commissioner advised the Committee Chair that the Commissioner of Taxation’s letter of 19 April
2000 to the Electoral Commissioner, had advised that the mail out would contain an information
booklet along with a letter from the Prime Minister. The Electoral Commissioner advised that he was
not in Canberra at the time this letter was received by the Australian Electoral Commission and had no
recollection of having seen the Tax Commissioner’s letter before the Committee hearing.

(3) The chronology of the relevant correspondence between Mr Carmody and Mr Becker is as
follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>19 April 2000</td>
<td>faxed letter from the Commissioner of Taxation to the Electoral</td>
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<tr>
<td></td>
<td>Commissioner seeking permission to use an electronic version of the</td>
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<td></td>
<td>electoral roll for a mail-out to all households</td>
</tr>
<tr>
<td>19 April 2000</td>
<td>faxed letter in reply from the Acting Deputy Electoral Commissioner to</td>
</tr>
<tr>
<td></td>
<td>the Commissioner of Taxation agreeing to the provision of the</td>
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</tbody>
</table>
Mr Laurie Ferguson asked the Minister Assisting the Minister for Defence, upon notice, on 14 August 2000:

1. What is the required process of enlistment that a civilian who wishes to join the Army Reserve must go through.

2. For the most recent year for which data is available, what is the average time in weeks, from the date of first application, that it takes to complete this enlistment process.

3. Can Regular Army personnel who have completed their full-time service automatically transfer to the Army Reserve if they wish to do so, if not, what further checks are they subjected to.

4. For the most recent year for which data is available, what is the average time in weeks to complete the transfer from the Regular Army to the Army Reserve.

Mr Bruce Scott—The answer to the honourable member’s question is as follows:

1. Applicants for the Army Reserve (Ares) receive initial careers counselling from Defence Careers Advisers. Provided a prospective applicant meets the basic eligibility criteria of age, education and citizenship they are given an application for entry. As soon as an application is returned, arrangements are made for the applicant to attend a test day. Test day involves a medical examination, psychometric (aptitude) assessment and interviews with a psychologist and an interviewing officer. Subject to being found medically fit, aptitudinally suitable for enlistment and being recommended by the psychologist and interviewing officer an enlistment date is negotiated with General Entry applicants, taking due cognisance of their civilian employment commitments and when they can be released to undertake Recruit Training. Ares officer applicants who are recommended by the psychologist and the interviewing officer are presented to an Officer Selection Board.

2. The average time taken from date of first application to enlistment for an Ares applicant is 13 weeks. However, as indicated in part (1), many applicants are not immediately available for enlistment and must enlist and commence recruit training at a time that is acceptable to their employers. It should be noted that as from 1 August 2000 an Eastern Region Part-Time Recruiting Trial was commenced in which Reserve Recruiting Units will assume a greater role in prospecting for Reserve applicants. As part of the trial, applicants who are found suitable for enlistment by the psychologist and interviewing officer will be enlisted on test day and managed by their Reserve unit until attendance at Recruit Training. It is anticipated that this process will significantly reduce the average time between application and enlistment. Concurrently, Army Headquarters is examining the feasibility of implementing the revised process for Ares recruiting on an Australia-wide basis.

3. Australian Regular Army (ARA) personnel are not automatically transferred to the Ares on request. However, they will normally be transferred to the Ares provided they are not subject to a Return of Service Obligation, are not due to be medically retired and are not subject to disciplinary termination.
When considering an application for transfer between forces of the Army, the approving authority must consider:

. current Army employment policy,
. the member’s service record and qualifications,
. the results of the transfer medical board or member’s existing employment standard,
. the results of a current Basic Fitness Assessment,
. comments by the member’s Commanding Officer and Army Personnel Agency, and
. Service needs and vacancies.

(4) ARA officers are required to give three months notice of their intention to discharge/transfer, and soldiers are required to provide six months notice. However, exceptions can be made to the period of notice if sufficient justification is provided.

Based on the Calendar Year of 1999, the average time in weeks to complete the transfer process from the ARA to the Ares was 9 weeks for officers and 10 weeks for soldiers.

**Banyo and Bulimba Army Facilities: Enterprise Agreement**

(Question No. 1813)

Mr Bevis asked the Minister Assisting the Minister for Defence, upon notice, on 15 August 2000:

(1) On 30 June 2000 was a message sent to military personnel at the Bulimba barracks in Brisbane saying that (a) due to recent events involving consultations and negotiations, no dialogue was to occur between unit representatives and state or federal union officials, (b) that any inquiries posed by state or federal union officials should be directed to either the Industrial Relations Officer or the Commanding Officer and (c) the request was not intended to gag consultation between management and the union movement but to ensure “we all sing from the same sheet of music”.

(2) In his answer to question No. 1104 (Hansard, 16 February 2000, page 13719), did he say that enterprise agreement negotiations were matters between the contractors and the union and not the Defence Department and the union; if so, why does Defence maintain a process of negotiation with unions given that Drake Personnel is the employer and not the Department of Defence.

(3) What strategy or approach is involved with the desire to ensure “we all sing to the same sheet of music”.

(4) What role does Defence play in the negotiations concerning conditions for contractors’ employees.

Mr Bruce Scott—The answer to the honourable member’s question is as follows:

(1) (a) - (c) On 30 June 2000 verbal advice was passed to all military supervisors of South Queensland Logistic Group located at Bulimba, Meeandah, Banyo and Enoggera in relation to on-going negotiations between a Defence Contractor, Drake Industrial, and their employees; and a proposed internal work practice trial. The advice reminded junior staff to remain uninvolved in enterprise negotiations between Drake Industrial and their employees; and that only the Commanding Officer and Industrial Relations Officer should communicate directly with state or federal union officials with regard to enquiries over a work practice trial. This was to ensure that information and advice provided to those affected by the trial by unit and union representatives was accurate and consistent.

(2) Yes. Defence maintains a process of negotiation with unions only in relation to its own employees.

(3) To ensure that information and advice provided to those affected by the unit level trial by unit and union representatives was accurate and consistent.

(4) Defence plays no role in negotiations concerning conditions for contractors’ employees. However, Defence does stipulate in its contracts that contractors comply with Commonwealth employment legislation. Defence also specifies the security classifications that contractors’ employees need to obtain for the various services they will provide on Defence establishments.
Australian Electoral Commission: Protected Information
(Question No. 1821)

Mr McClelland asked the Minister representing the Special Minister of State, upon notice, on 16 August 2000:

(1) What safeguards are in place to ensure that personal information sourced from the Electoral Roll maintained by the Australian Electoral Commission is not used by private sector organisations for commercial purposes.

(2) Have there been any cases in which any person has been prosecuted under section 91B of the Commonwealth Electoral Act, which provides that a person shall not use protected information for a commercial purpose; if so, what were the outcomes of those prosecutions.

Mr Fahey—The Special Minister of State has provided the following answer to the honourable member’s question:

(1) The Electoral Roll, comprising name and address information only, is a public document and is available for inspection and/or purchase without restriction under section 90 of the Commonwealth Electoral Act 1918 (the CEA).

The availability of the electoral roll as a public document has long been regarded as integral to the conduct of free and fair elections. The public availability of the roll enables participants to verify the openness and accountability of the electoral process and object to the enrolment of any elector, thereby reducing the likelihood of fraudulent enrolment activity.

With recent developments in technology, I understand that it may be commercially viable for some organisations to purchase a publicly available copy of the electoral roll and scan it or enter it into a data bank for matching with other information for incorporation into a commercial product. In response to these developments, the Australian Electoral Commission is close to completing a review of sections 89-92 of the CEA dealing with access to the roll. The review will result in the publication of a report by the AEC and is expected to result in recommendations for legislative change.

In addition to the name and address details comprising the Electoral Roll, other elector information held by the Australian Electoral Commission may be passed on to medical researchers, public health screening bodies, politicians, political parties and to certain prescribed Commonwealth Government agencies and authorities. Any information passed on to the prescribed Commonwealth Government agencies or authorities is, passed on only after their Chief Executives sign a specific Safeguard Agreement which sets out how the information may be used and specifies that the information will not be further disclosed or used in any other way. Elector information provided in electronic format may be used only for purposes permitted by section 91A of the CEA. Breaches of section 91A of the CEA attract a penalty of $11,000 for misuse. Breaches of section 91B attract a penalty of $110,000 for disclosure or commercial use.

(2) There have been no prosecutions under section 91B of the Commonwealth Electoral Act 1918.

Department of Employment, Workplace Relations and Small Business: Salary and Staffing Levels
(Question No. 1828)

Mr Tanner asked the Minister for Employment, Workplace Relations and Small Business, upon notice, on 16 August 2000:

In 1999-2000 in the Minister’s department, what was the (a) average salary paid in each Australian public service salary band and (b) average staffing level (average number of employees) for each band.

Mr Reith—The answer to the honourable member’s question is as follows.

The average salary and number of staff in each APS Band as at 30 June 2000 was:

<table>
<thead>
<tr>
<th>BAND</th>
<th>Average Salary</th>
<th>Number of staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Public Service Level 1</td>
<td>$27584</td>
<td>18</td>
</tr>
<tr>
<td>Australian Public Service Level 2</td>
<td>$31680</td>
<td>78</td>
</tr>
</tbody>
</table>
Wednesday, 4 October 2000

BAND                        Average Salary  Number of staff

Australian Public Service Level 3  $35555  242
Australian Public Service Level 4  $40036  352
Australian Public Service Level 5  $44423  340
Australian Public Service Level 6  $50440  498
Executive Level 1               $63 108   406
Executive Level 2               $76411   211
Senior Executive Level 1        $95295   42
Senior Executive Level 2        $109137   14
Senior Executive Level 3        $139700   3

UNESCO Convention on Technical and Vocational Education
(Question No. 1842)

Mr Latham asked the Minister for Education, Training and Youth Affairs, upon notice, on 17 August 2000.

(1) Further to the answer to question No. 1607 (Hansard, 14 August 2000, page 18942), has his attention been drawn to the technical and vocational education available at Don Bosco Technical School at Fatumaca and other Salesian schools in East Timor.

(2) Will he obtain this information for (a) the Australian National Training Authority Ministerial Council and (b) the South Pacific Forum when they consider membership of the 1989 UNESCO Convention on Technical and Vocational Education.

Dr Kemp—The answer to the honourable member’s question is as follows:

(1) Yes.
(2) No.

Australian Defence Force Personnel: Accommodation
(Question No. 1858)

Mr Laurie Ferguson asked the Minister Assisting the Minister for Defence, upon notice, on 17 August 2000:

(1) Further to the answer to question No. 931 (Hansard, 18 October 1999, page 11816), for each Defence base or facility that has more than 100 units of living-in accommodation (LIA) classified as being level 1 or level 2, what is (a) the name of the base, (b) the electorate in which it is located and (c) the number of level 1 and 2 LIA units located on the base.

(2) Does the Defence capital works program include LIA refurbishment projects for any of the bases referred to in part (1); if so, for each such base what is the (a) number of LIA units approved for refurbishment, (b) total approved cost of the refurbishment and (c) estimated expenditure in 2000-01.

(3) Has the Government now withdrawn the reduction in LIA charges that took effect on 8 July 1999; if so, (a) on what date did this occur and (b) what saving does this entail for the Defence Budget in 2000-01 and subsequent years.

(4) Has the Government introduced a system of Optional Rent Assistance (ORA) for single personnel in LIA level 1 and level 2 type accommodation choosing to live off base; if so, how do the ORA provisions differ from Defence’s general system of rent assistance.

(5) How many personnel are predicted to access ORA in (a) 2000-01, (b) 2001-02 and (c) 2002-03 and what is the estimated cost in ORA payments in each of these years.

(6) What is the precise role of the Defence Housing Authority in administering the new ORA system.

Mr Bruce Scott—The answer to the honourable member’s question is as follows:

(1) (a), (b) and (c)
<table>
<thead>
<tr>
<th>Base</th>
<th>Electorate</th>
<th>No. of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Larrakeyah Army Base (Larrakeyah Barracks)</td>
<td>Northern Territory</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base Darwin</td>
<td>Northern Territory</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base Townsville</td>
<td>Herbert</td>
<td>117</td>
</tr>
<tr>
<td>Lavarack Army Base (Lavarack Barracks)</td>
<td>Herbert</td>
<td>2375</td>
</tr>
<tr>
<td>Enoggera Army Base (Gallipoli Barracks)</td>
<td>Brisbane</td>
<td>89</td>
</tr>
<tr>
<td>Oakey Air Base</td>
<td>Groom</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base Amberley</td>
<td>Blair</td>
<td>0</td>
</tr>
<tr>
<td>Canungra Army Base (Kokoda Barracks)</td>
<td>Forde</td>
<td>36</td>
</tr>
<tr>
<td>Singleton Army Base (Lone Pine Barracks)</td>
<td>Hunter</td>
<td>112</td>
</tr>
<tr>
<td>RAAF Base Williamtown</td>
<td>Paterson</td>
<td>0</td>
</tr>
<tr>
<td>Randwick Army Base (Randwick Barracks)</td>
<td>Kingsford-Smith</td>
<td>256</td>
</tr>
<tr>
<td>Endeavour House Accom. Complex (Coogee)</td>
<td>Kingsford-Smith</td>
<td>0</td>
</tr>
<tr>
<td>HMAS Kuttabul (Potts Point)</td>
<td>Sydney</td>
<td>0</td>
</tr>
<tr>
<td>HMAS Penguin (Balmoral)</td>
<td>Warringah</td>
<td>32</td>
</tr>
<tr>
<td>HMAS Watson (South Head)</td>
<td>Wentworth</td>
<td>0</td>
</tr>
<tr>
<td>Holsworthy Army Base (Holsworthy Barracks)</td>
<td>Hughes</td>
<td>259</td>
</tr>
<tr>
<td>RAAF Base Richmond</td>
<td>Macquarie</td>
<td>288</td>
</tr>
<tr>
<td>HMAS Albatross (Nowra)</td>
<td>Gilmore</td>
<td>76</td>
</tr>
<tr>
<td>HMAS Creswell (Jervis Bay)</td>
<td>Fraser</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base Fairbairn</td>
<td>Fraser</td>
<td>0</td>
</tr>
<tr>
<td>HMAS Harman (Symonston)</td>
<td>Canberra</td>
<td>0</td>
</tr>
<tr>
<td>Kapooka Army Base (Blamey Barracks)</td>
<td>Riverina</td>
<td>276</td>
</tr>
<tr>
<td>RAAF Base Wagga</td>
<td>Riverina</td>
<td>0</td>
</tr>
<tr>
<td>North Bandiana (Gaza Ridge Barracks)</td>
<td>Indi</td>
<td>72</td>
</tr>
<tr>
<td>Puckapunyal Army Base (Tobruk Barracks)</td>
<td>McEwen</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base East Sale</td>
<td>Gippsland</td>
<td>0</td>
</tr>
<tr>
<td>HMAS Cerberus (Western Port)</td>
<td>Flinders</td>
<td>100</td>
</tr>
<tr>
<td>RAAF Base Williams (Laverton)</td>
<td>Lalor</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base Williams (Pt Cook)</td>
<td>Lalor</td>
<td>0</td>
</tr>
<tr>
<td>Broadmeadows (Maygar Barracks)</td>
<td>Calwell</td>
<td>0</td>
</tr>
<tr>
<td>Watsonia Army Base (Simpson Barracks)</td>
<td>Jagajaga</td>
<td>0</td>
</tr>
<tr>
<td>RAAF Base Edinburgh</td>
<td>Bonython</td>
<td>32</td>
</tr>
<tr>
<td>RAAF Base Pearce</td>
<td>Pearce</td>
<td>36</td>
</tr>
<tr>
<td>Swanborne (Campbell Barracks)</td>
<td>Curtin</td>
<td>120</td>
</tr>
<tr>
<td>Karrakatta Army Base (Irwin Barracks)</td>
<td>Curtin</td>
<td>25</td>
</tr>
</tbody>
</table>

(2) (a) (b) and (c) No. The Capital Works Program includes a project to build 906 new units of LIA at Lavarack Barracks at a total cost of $72.00 million, with an estimated expenditure of $52.00 million in 2000-01. However, a number of LIA refurbishment projects for certain of these bases have been approved as Expense items funded out of the Facilities and Operations Program, as follows:
<table>
<thead>
<tr>
<th>Base</th>
<th>No. of Units</th>
<th>Total Cost $m</th>
<th>2000/01 Spend $m</th>
<th>Notes:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lavarack Army Base (Lavarack Barracks)</td>
<td>906</td>
<td>72.00</td>
<td>52.70</td>
<td></td>
</tr>
<tr>
<td>HMAS Albatross (Nowra)</td>
<td>48</td>
<td>0.44</td>
<td>0.44</td>
<td></td>
</tr>
<tr>
<td>Kapooka Army Base (Blamey Barracks)</td>
<td>x</td>
<td>1.90</td>
<td>0.65</td>
<td>A cross (x) signifies an upgrade to ablutions.</td>
</tr>
<tr>
<td>Watsonia Army Base (Simpson Barracks)</td>
<td>176</td>
<td>1.15</td>
<td>0.00</td>
<td>(3) Yes</td>
</tr>
<tr>
<td>RAAF Base Pearce</td>
<td>520</td>
<td>0.64</td>
<td>0.25</td>
<td>(a) 25 May 2000</td>
</tr>
<tr>
<td>Swanborne (Campbell Barracks)</td>
<td>331</td>
<td>0.41</td>
<td>0.25</td>
<td>(b) 2000-01 2001-02 2002-03 $3.840 million $3.107 million $3.166 million</td>
</tr>
</tbody>
</table>

**Notes:**

Expenses are those works to comply with occupational health and safety and fire protection engineering requirements, for example, fire detection upgrades.

These figures do not include the messing component, eg. kitchen and dining areas.

(3) Yes  
(a) 25 May 2000  
(b) 2000-01 2001-02 2002-03 $3.840 million $3.107 million $3.166 million  
(4) Yes. The ORA rent ceiling for members choosing to live alone is the same as the Rent Allowance (RA) ceiling for two persons sharing. The ORA rent contributions are higher than the RA rent contributions, and the ORA contribution for a member living alone is the same as the ORA contribution for two persons sharing.  
(5) The most recent estimates are:  
(a) 5800 - $16.5 million.  
(b) 7000 - $19.6 million  
(c) 7000 – $19.0 million.  
(6) The Defence Housing Authority administers the allowance on behalf of Defence.

**Office of the Prime Minister: Disabled Ex-Service People**  
(Question No. 1874)

Mr Edwards asked the Prime Minister, upon notice, on 29 August 2000:

Has his office demanded that totally disabled ex-servicemen and women who are fighting for an increase in their rate of pension no longer email his office; if so, (a) why, (b) has his office suggested an alternative means of contact for these ex-servicemen and women to use in order to bring their circumstances to his attention and (c) will he review this demand; if not, why not.

Mr Howard—The answer to the honourable member’s question is as follows:

I am advised by my office as follows:

(1) (a), (b) and (c)

There has been no demand that ex-servicemen and women stop sending emails to my office. Instead, my office has provided advice on the correct method of accessing the Prime Minister’s new website and
leaving messages there. In addition, my Senior Adviser on Social Policy continues to receive regular email messages from the ex-service community at his personal office email address.

**Education: Adult and Community Sector**

(Question No. 1921)

Mr Latham asked the Minister for Education, Training and Youth Affairs, upon notice, on 4 September 2000:

1. What support does the Federal Government give to the adult and community education sector.
2. What discussions has the Minister or his Department had with their State and Territory counterparts regarding the transfer of adult and community education responsibilities to the Commonwealth.

Dr Kemp—The answer to the honourable member’s question is as follows:

1. The Commonwealth through the Australian National Training Authority (ANTA) provides $700,000 to support Adult Learning Australia, Adult Learners Week and several research projects annually. Some of the funds that ANTA provides to the States and Territories to support the development of a national vocational education and training system may go to adult and community education providers where they are providing recognized vocational education and training. This is at the discretion of States/Territories and no figures are available on the amount of funding involved.
2. None.