## CONTENTS

### CHAMBER HANSARD

<table>
<thead>
<tr>
<th>Bill</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jurisdiction of Courts (Miscellaneous Amendments) Bill 2000—</td>
<td></td>
</tr>
<tr>
<td>First Reading</td>
<td>21973</td>
</tr>
<tr>
<td>Second Reading</td>
<td>21973</td>
</tr>
<tr>
<td>Australian Research Council Bill 2000—</td>
<td></td>
</tr>
<tr>
<td>Australian Research Council (Consequential and Transitional Provisions) Bill 2000—</td>
<td>21974</td>
</tr>
<tr>
<td>Second Reading</td>
<td>21974</td>
</tr>
<tr>
<td>Consideration in Detail</td>
<td>21987</td>
</tr>
<tr>
<td>Third Reading</td>
<td>21991</td>
</tr>
<tr>
<td>Australian Research Council (Consequential and Transitional Provisions) Bill 2000—</td>
<td></td>
</tr>
<tr>
<td>Consideration in Detail</td>
<td>21991</td>
</tr>
<tr>
<td>Third Reading</td>
<td>21991</td>
</tr>
<tr>
<td>Taxation Laws Amendment Bill (No. 8) 2000—</td>
<td>21991</td>
</tr>
<tr>
<td>Second Reading</td>
<td>21991</td>
</tr>
<tr>
<td>Questions Without Notice—</td>
<td></td>
</tr>
<tr>
<td>Goods and Services Tax: Petrol Prices</td>
<td>22023</td>
</tr>
<tr>
<td>Council of Australian Governments: Petrol Prices</td>
<td>22024</td>
</tr>
<tr>
<td>Distinguished Visitors</td>
<td>22025</td>
</tr>
<tr>
<td>Questions Without Notice—</td>
<td></td>
</tr>
<tr>
<td>Telstra: Share Ownership</td>
<td>22025</td>
</tr>
<tr>
<td>Dryland Salinity</td>
<td>22026</td>
</tr>
<tr>
<td>Telstra: Share Ownership</td>
<td>22027</td>
</tr>
<tr>
<td>Dryland Salinity</td>
<td>22028</td>
</tr>
<tr>
<td>Distinguished Visitors</td>
<td>22029</td>
</tr>
<tr>
<td>Questions Without Notice—</td>
<td></td>
</tr>
<tr>
<td>Telstra: Share Ownership</td>
<td>22029</td>
</tr>
<tr>
<td>Economy: Retail Trade Figures</td>
<td>22030</td>
</tr>
<tr>
<td>Civil Aviation Safety Authority: Performance</td>
<td>22031</td>
</tr>
<tr>
<td>Nuclear Disarmament</td>
<td>22032</td>
</tr>
<tr>
<td>Civil Aviation Safety Authority: Director</td>
<td>22033</td>
</tr>
<tr>
<td>Wool: Australian Wool Research and Promotion</td>
<td>22033</td>
</tr>
<tr>
<td>Civil Aviation Safety Authority: Director</td>
<td>22034</td>
</tr>
<tr>
<td>Unemployment: Government Policy</td>
<td>22035</td>
</tr>
<tr>
<td>Education: Special Needs Funding</td>
<td>22035</td>
</tr>
<tr>
<td>Job Network</td>
<td>22036</td>
</tr>
<tr>
<td>Education: Funding for Non-government Schools</td>
<td>22037</td>
</tr>
<tr>
<td>Economy: Index of Economic Freedom</td>
<td>22038</td>
</tr>
<tr>
<td>Papers</td>
<td>22039</td>
</tr>
<tr>
<td>Questions To Mr Speaker—</td>
<td></td>
</tr>
<tr>
<td>Questions on Notice</td>
<td>22039</td>
</tr>
<tr>
<td>Matters Of Public Importance—</td>
<td></td>
</tr>
<tr>
<td>Education: Funding</td>
<td>22039</td>
</tr>
<tr>
<td>Personal Explanations</td>
<td>22049</td>
</tr>
<tr>
<td>Financial Sector Legislation Amendment Bill (No. 1) 2000—</td>
<td>22049</td>
</tr>
<tr>
<td>Indigenous Education (Targeted Assistance) Bill 2000—</td>
<td>22049</td>
</tr>
<tr>
<td>Tobacco Advertising Prohibition Amendment Bill 2000—</td>
<td>22049</td>
</tr>
<tr>
<td>Consideration of Senate Message</td>
<td>22049</td>
</tr>
</tbody>
</table>
CONTENTS—continued

Committees—
  Public Accounts and Audit Committee—Report ................................. 22050
  Taxation Laws Amendment Bill (No. 8) 2000—
    Second Reading ............................................................................. 22054
Adjournment—
  Charlton Electorate: Commonwealth Recognition Awards for Senior
    Australians ...................................................................................... 22065
  International Year of Volunteers .................................................... 22065
  St George and Sutherland Area: Exports ........................................... 22065
  Palestine: Conflict ........................................................................... 22066
  Employment: Mature Age Workers .................................................. 22067
  Australian Broadcasting Corporation: Funding Cuts ......................... 22069
  Schools: Funding ............................................................................ 22070
  Culburra Beach Association ............................................................ 22070
  Middle East: Peace ......................................................................... 22071
  Notices ........................................................................................... 22071

MAIN COMMITTEE HANSARD

Statements By Members—
  Shipping: Foreign Vessels ................................................................. 22072
  Aged Care: Accommodation Places ................................................. 22072
  Parramatta Electorate: Cancer Research ........................................ 22073
  Telstra: Service Standards ............................................................... 22073
  Paralympians .................................................................................. 22073
  Telecommunications: Mobile Telephones ....................................... 22074
  Isaacs Electorate: Car Insurance Policies ......................................... 22075
  Hume Electorate: Woodlawn Mine .................................................. 22076

Committees—
  Primary Industries and Regional Services Committee—Report ........ 22077
Adjournment—
  Goods and Services Tax: Petrol Prices .......................................... 22095
  James Cook University .................................................................. 22096
  Sydney (Kingsford Smith) Airport: Air Traffic Control .................. 22097
  South America: Visit ...................................................................... 22098
  Members of Parliament: Entitlements ............................................. 22099
  Member for McEwen: Webpage ...................................................... 22101
  Great Southern Railway .................................................................. 22101

Questions On Notice—
  Taxation: Rebates and Grants Schemes—(Question No. 1284) ..... 22103
  Health: Emphysema—(Question No. 1501) ................................. 22103
  Australian Taxation Office: Salaries—(Question No. 1647) ............ 22104
  Health: Lower Back Pain Research—(Question No. 1664) .......... 22104
  Disability Discrimination Act: Federal Court Applications—(Question No. 1753) ................................................................. 22105
  Goods and Services Tax: Defence Portfolio Compliance—(Question No. 1772) ................................................................. 22107
  Goods and Services Tax: Health and Aged Care Portfolio Compliance—(Question No. 1773) ................................................................. 22107
  University of Melbourne: Student Accommodation Funding—(Question No. 1783) ................................................................. 22108
  Legal Aid: Victoria—(Question No. 1790) ....................................... 22109
  Atomic Test Participants Cancer Incidence and Mortality Study—
CONTENTS—continued

(Question No. 1793) .............................................................. 22109
Judiciary: Overseas Service—(Question No. 1796) ...................... 22110
Roads: West Shepparton Bypass—(Question No. 1805) ............... 22112
Defence: Bulimba Base—(Question No. 1814) .......................... 22113
Health: Cervical Cancer—(Question No. 1816) ......................... 22113
Department of Health and Aged Care: Salary and Staffing Levels—
(Question No. 1832) ............................................................ 22114
Attorney-General’s Department: Salary and Staffing Levels—(Question
No. 1836) ........................................................................ 22115
Goods and Services Tax: Health Care—(Question No. 1840) ....... 22115
Human Rights: Former Heads of State—(Question No. 1841) ....... 22116
Family Court: Tasmania—(Question No. 1853) .......................... 22117
Iraqi Kurdistan: Human Rights—(Question No. 1886) ............... 22118
Family Law: Federal Magistrates Service—(Question No. 1888) ... 22118
Australian Defence Force: Personnel Re-Enlistment—(Question
No. 1896) .......................................................................... 22121
Aboriginals and Torres Strait Islanders: Welfare Dependency—(Question
No. 1902) ........................................................................ 22121
Education: British Education Action Zones—(Question No. 1917) .. 22122
Private Health Insurance: Rebate—(Question No. 1924) .............. 22122
Colston, Former Senator: Criminal Proceedings—(Question No. 1925) 22122
Education: Funding for Non-government Schools—(Question No. 1955) 22124
Medicare: Bulk-Billing—(Question No. 827) ............................. 22126
Mr SPEAKER (Mr Neil Andrew) took the chair at 9.30 a.m., and read prayers.

**JURISDICTION OF COURTS (MISCELLANEOUS AMENDMENTS) BILL 2000**

**First Reading**

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

**Second Reading**

Mr WILLIAMS (Tangney—Attorney-General) (9.31 a.m.)—I move:

That the bill be now read a second time.


More specifically, it clarifies that the Federal Court has the jurisdiction to hear applications under the Administrative Decisions (Judicial Review) Act 1977 that are transferred to it by the Federal Magistrates Service and that the Federal Magistrates Service has jurisdiction to hear such applications that are transferred to it by the Federal Court. It also clarifies that the Federal Magistrates Service has jurisdiction to hear matrimonial causes transferred to it by the Family Court.

The amendments regarding this jurisdiction were made by the Federal Magistrates Bill 1999 and the Federal Magistrates (Consequential Amendments) Bill 1999. The courts and the Law Council of Australia were consulted during the drafting of the bills. The bills were publicly available for over six months before they were passed by parliament and were the subject of scrutiny by the Senate Legal and Constitutional Committee, which received over twenty submissions. No issue was raised with the government about the effectiveness of the conferral of administrative review jurisdiction in proceedings transferred between the courts. Advice has also been received that, although the conferral of the matrimonial causes jurisdiction on the Federal Magistrates Service in transferred proceedings is more likely than not to be effective, this is not certain.

These amendments are being made purely to clarify these areas of jurisdiction for the avoidance of doubt. However, the government does not wish there to be any uncertainty about the effectiveness of judgments made in cases that the Federal Magistrates Service has already heard in these areas of jurisdiction.

Whilst no applications under the Administrative Decisions (Judicial Review) Act 1977 have been transferred by the Federal Magistrates Service to the Federal Court, such applications have been transferred from the Federal Court to the Federal Magistrates Service, and matrimonial causes proceedings have been transferred from the Family Court to the Federal Magistrates Service.

To avoid any doubt about the effectiveness of judgments made in these cases, the bill provides that any such judgments made without jurisdiction by the Federal Magistrates Service will have the effect of a valid decision. This approach has been adopted in the past to deal with possibly ineffective judgments, and has been approved by the High Court.

Additionally, under the Trade Practices Act 1974, the Federal Magistrates Service can only award damages of up to a monetary limit of $200,000 (or such other amount as is prescribed) in respect of proceedings instituted in the court. Whilst the intention was that this limitation apply to all trade practices proceedings before the Federal Magistrates Service, there is some doubt as to whether it applies to proceedings transferred to the Federal Magistrates Service by the Federal Court. The opportunity has been taken in this bill to make an amendment to clarify this. I present the explanatory memorandum to the bill.

Debate (on motion by Dr Lawrence) adjourned.
AUSTRALIAN RESEARCH COUNCIL BILL 2000

Cognate bill:
AUSTRALIAN RESEARCH COUNCIL (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2000

Second Reading

Debate resumed from 1 November, on motion by Dr Kemp:

That the bill be now read a second time.

upon which Mr Lee moved by way of amendment:

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

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

(1) cutting Commonwealth Government investment in higher education by a billion dollars;
(2) proposing new arrangements for higher education research which:
   (a) reduce the number of Commonwealth-funded research training places, particularly hurting newer, smaller and regional universities; and
   (b) fail to address the need for increased research funding;
(3) abolishing the National Board of Employment, Education and Training and thereby removing a significant source of corporate knowledge and independent advice; and
(4) seeking to reduce the independence of the Australian Research Council, by removing its ability to initiate advice”.

Mr HATTON (Blaxland) (9.36 a.m.)—I said at the outset of this debate on the Australian Research Council Bill 2000 and the Australian Research Council (Consequential and Transitional Provisions) Bill 2000 that what this legislation should be about, and the single phrase we should address to the minister, is: ‘It’s the knowledge economy, stupid’—paraphrasing what Bill Clinton said in 1992. Throughout the entire history of Australia’s economy at all levels—primary, secondary and tertiary—the emphasis has been on the knowledge economy. At the start of the 20th century Australia’s standard of living, together with that of countries such as Argentina, was amongst the highest in the world. The predominance of our effort and our output was in the primary area. Today, both Australia and Argentina have fallen well down the rankings.

One of the problems that Labor attempted to address in a number of ways during the 1980s was our overreliance on primary products. One of the emphases that Labor put in place was that in the primary area—with our great reliance on wool, wheat and coal—companies, the Australian government and our institutions such as the CSIRO needed to bring in the best research and development processes possible in order to improve and add value to those products. In the year 2000, the country, the government and its instrumentalities are still struggling with those problems of improving value in the primary area and competing on world markets. Australia faces an enormous challenge in the secondary and tertiary areas as well. In the latter years of Labor’s period of government, we moved to a greater extension of exports in elaborately manufactured goods. That provided part of the basis for improving our current account and for ballasting Australia’s economy so that the previous overreliance upon primary goods and the previous lack of initiative in terms of action to redress our fundamental economic problems were overcome. Labor also gave strong emphasis to research and development and progress in developing our tertiary industries—those that are noted these days as the core parts of the knowledge economy. It is my view that the knowledge economy reaches right through all three sectors and that for us to be successful we need the drive to improve not only our productivity but also our output and the value we add to all goods in all three important sectors of the economy.

We find an excellent example of where we can go from here by looking at the start of this century when Australia and Argentina—both great exporting countries of primary goods—enjoyed an immensely high standard of living. In Australia that was on the back of 30 years of development from 1860 through to 1890, one of the greatest periods of development in our history. Prior to 1900 we had a 10-year period with four major
strikes, major droughts, very high unemployment and a series of problems that have dogged us ever since. But our standard of living at the start of the century was still very high.

If we look at what happened in the rest of the world during the period from 1870 to 1900 while Australia was still investing in primary goods, a number of other countries made enormous investments in secondary industries and education. There are three prime countries to look at in this regard. The first is the United States. The United States effort went into building their railways and steel industry. The steel industry fed not only the railways and the expansion to the west but also the great industrialisation of the United States. This was topped off in the First World War because for almost three years of that the United States was a non-participant and secondary industry expanded dramatically. During the Second World War and after the years of the Great Depression, the United States, led by the government of a great President, Franklin Delano Roosevelt, poured its efforts into leading the way in research and development and in expanding and running the economy according to its war needs. That placed the United States in the pre-eminent position at the end of the Second World War as the greatest industrial power this planet has seen.

Two other countries also took major steps. The first of those countries was Germany. After the Zollverein of 1834—which compacted 300 German states down to 34 and opened up a customs union so that trade was free amongst those states—and then the military expansion led by Prussia, following the end of the war of 1870-71 the Germans struck out in an entirely different direction. Instead of concentrating on military might, they decided to concentrate their efforts in the universities and in particular industries. In the universities they determined to put enormous effort into research and development in the sciences. This was the period between 1870 and 1900 when the great growth and flowering of the chemical industry in Germany was based upon research and development and investment by the government in their most talented people within the universities. That, combined with the development of the Ruhr coalfields and the steel industry in Germany, led to the great growth of that economy.

The third example is that of the Meiji Restoration in Japan. Between the period of 1870 and 1900, Japan looked at what was happening in Germany, it looked at what was happening in the United States and it looked at what had happened in England, and it determined to modernise itself. It did so by pouring funds into education and by attempting to ape what was happening in Europe and the United States to develop its industries and its industrialisation. What happened during the Meiji Restoration in fact was extended during the 20th century when Japan utilised the developments made in other countries, refined them, made better products and then sold those to the world, and a major part of that was seen from 1950 on with the enormous development in that economy.

In all three examples, industrial success and development came as a result of determined government action to pour investment into their people. In the Science Meets Parliament gathering yesterday, the scientists whom I and other members dealt with had five key notions that they wanted to present. Those notions essentially ran around a cluster of three central ideas. Firstly, you need to have investment and you need to invest in your people because that is your greatest resource; secondly, you need to generate ideas through research and development; and, thirdly, you need to commercialise those ideas. The argument of Australia’s Chief Scientist is that Australia’s basic science, engineering and technology base has fallen away since 1995—and very rapidly since 1996 when this government came to power. The bill before us today supposedly seeks to redress that situation in terms of Commonwealth grants to Australian universities—which used to be through NBEET and are now through the Australian Research Council—through being structured in such a way that the scientific community in Australia should be entrusted with the task, through peer review, of assessing the best research and development programs in our universities with a view to those being
view to those being expanded, extended and developed and, eventually, commercialised to the advantage of the country.

As I pointed out at the start of this speech, there are major problems with this bill. The minister, Dr Kemp, does not trust the Australian Research Council that he is setting up under this bill because he has entirely overturned previous practice. Instead of trusting the scientific community and trusting the core element of peer review, which is regarded worldwide as the great symbol of the strength of the scientific community—people who have similar knowledge to others who are putting projects forward making an assessment of it—what does this bill say? This bill says that the minister on his own initiative can completely disregard all of the advice given to him with regard to research grants. I know that Dr Kemp is an academic; I know that he has an academic career behind him. I know that Dr Kemp has an assessment of himself as a great minister and a great academic and that he sees himself as a reforming zealot, but I do not think he can say that his strength as a scientist should put him in a position where he can override the advice, based on peer review, that Australia’s best scientific academics can provide. This is a dangerous procedure where the minister can direct the Australian Research Council to undertake certain projects, where the minister can refuse to take into account advice that is given to him, where the minister can in effect use the Australian Research Council as his tool—not as a research tool for the benefit of the country but as a tool through which that organisation can be directed at the minister’s whim.

Labor’s amendments go to defeating that approach in this bill. Why do we do this? We do this because of the vast amount of money that has been ripped out of research and development, particularly in the university sector. We do it because the funding for cooperative research centres has not been expanded. We do it because it has been recommended in the Chief Scientist’s report and through the group of eight that, instead of just staying where we are, we should actually be looking at doubling the amount of grants going to the Australian Research Council. We do it because there needs to be an utterly open and transparent process with regard to the development, assessment and granting of research through the Australian Research Council. And we do it to overturn the minister’s attempt to suborn this council from its very birth. So the shadow minister has proposed a number of provisions which go directly to excising from the bill the minister’s power either to hide the reasons for proposals not getting up or to hide why certain proposals and research grants were actually given. That is the core of one set of Labor’s amendments. We argue that here and in the Senate they should be taken note of by the minister, although we hold out no great hope that the matter will be dealt with properly and fairly. We ask the other parties in the Senate to join us in order to defeat those provisions in the bill and to replace them with the amendments that the shadow minister has brought forward. The other sets of amendments go to addressing the great problems in education generally, and in particular with regard to research and development funding. This bill is empty-headed because it seeks to put one man, one minister, in charge of Australia’s research effort so that he can—like one of the ministers in Germany during the Second World War—direct the research and scientific effort of the nation based on his fiat. That is not a smart or a sensible thing to do for a country that is struggling with the dramatic decline in business and government input into research and development. I commend Labor’s amendments. (Time expired)

Mr MURPHY (Low) (9.49 a.m.)—I rise this morning to support the amendments moved in the House yesterday by the honourable member for Dobell, Mr Michael Lee. Despite repeated warnings from many quarters, this government is determined to continue its destructive, laissez-faire experiment with Australia’s science and technology future. No other Western country has adopted such ill-conceived policies towards science and technology as has the Howard government. Virtually all aspects of government policy from IT outsourcing to diesel fuel subsidies are undermined by the evident failure of the Prime Minister and cabinet to understand even the most basic scientific and technical issues. Despite the government’s
newfound concerns for the future of Australia’s research and development efforts, it is evident that there is still no understanding of the importance of basic research that is not specifically directed towards solving a particular technical problem. I would like to point out the difference between basic research and technological development by mentioning the work of Australia’s first Nobel prize winners. In 1915, Sir William Henry Bragg and his son Sir William Lawrence Bragg shared the Nobel prize for physics for their work in the use of X-rays for deciphering the structure of crystals. The Braggs’ discovery of the interaction of X-rays with crystals arose from basic, curiosity-driven research. An adaptation of the methods that the Braggs developed was later used by Crick and Watson to determine the structure of DNA; that is, the technology that was developed from the Braggs’ original research was used as a tool by Watson and Crick in their work. In the early years of the 20th century, it was natural that eminent scientists like the Braggs went to Britain to take advantage of the infrastructure that existed there.

These days Australia’s eminent scientists are once again leaving the country, but this time it is because the Howard government is deliberately running down the scientific establishment that has been built up here since the Braggs’ time. What is Australia losing because of the myopic policies of this government? How many scientists with the Nobel prize winning potential of the Braggs are packing their bags and leaving for countries that recognise the need to support basic research? The answer is that there are hundreds, if not thousands.

The government claims to be investing in science and technology; yet it is clear that there is confusion in the cabinet about the difference between research and development. I have noticed the dispute that has arisen in this regard between Senators Minchin and Alston over the government’s R&D policy. It seems that Senator Alston is promoting a policy of handouts to the IT sector while Senator Minchin favours a more equitable policy and wants to support research grant applicants on the basis of merit. Senator Alston wants to support technological development, while Senator Minchin appears to favour giving some support to basic research. Perhaps Senator Alston wants to ensure that Bill Gates’s fortune is not too diminished when the United States government finally forces him to give up his unscrupulous business practices.

As I have previously mentioned in this House, universities have been particularly hard hit by this government’s confused and uninformed policies. Starved of funding, some university departments have been forced to seek money from inappropriate commercial sources. I believe that commercial applied technology projects are increasingly being carried out in university research facilities and that the workers in these places are very dependent upon outside work in order to survive.

In academic recruitment, the ability to raise funds appears to be seen in some parts as a more important qualification than a capacity to carry out original research. This corrosive effect of government policy is directly undermining academic standards. Gone are the days when the proper funding made Australia’s research establishment world famous. Gone are the days when the proper funding made Australia’s research establishment world famous. Gone are the days when highly skilled and dedicated scientists and technicians worked on research projects that were likely to produce results that were of benefit to Australia and the world as a whole. Under this government, universities are increasingly being taken over by commercial managers who regard students as customers, courses as products and independent minded academics as trouble.

We recently heard from Mr McGauran—and I am pleased he is sitting here at the table this morning—and Mr Bartlett, who extolled the benefits of various schemes such as the Innovation Investment Fund and the Commercialising Emerging Technologies program. Schemes like these will not produce significant long-term benefits, because they do not offer support for the basic research work that is required to produce the emerging technologies in the first place. They certainly will do little to restore Australia’s plummeting reputation as a nation that pro-
duces good basic science and original research.

At present, expensive instruments that are designed to carry out basic research lie idle in university laboratories because the government has not provided funding for the non-academic staff to operate the equipment. The system is like a collapsing house of cards, because bright students are discouraged from taking up science or engineering courses, both because they realise that there are no jobs in research and because of the punitive HECS fees that the government will force them to pay—unless of course they leave the country after completing their studies, as many are now doing.

At one well-known university, a multimillion dollar spectrometer—an instrument that can be used to measure the chemical properties of biological molecules—sits virtually idle because there is no money to pay the staff to operate the machine. This extraordinary waste is a direct consequence of the government's refusal to provide funding for university infrastructure. Members of this group had previously worked on understanding the properties of molecules that carry oxygen in blood—surely a vital issue for all of us. Despite the evident utility of these sorts of studies, the government has deliberately cut funding to academic research groups such as this one in the unsupported belief that private funding will provide the necessary support. If funding cannot be found, then in the view of this government the work is of no use.

I wonder if any government members have ever taken time to find out what is actually happening in our universities as a result of their policies. Perhaps they are not willing to take the risk of being recognised. In the past, Labor as well as Liberal governments have understood the problems that research workers face in this country and have realised that there is little interest in the private sector in funding basic research. There are a few exceptions to this rule but the amount of money available is small compared to the amount required.

There was a report yesterday that the government had made available $210 million for 1,300 new projects through the Australian Research Council—about $161,500 per applicant. This may seem to be a fair amount of money but, on the scale of these things, it will not go far. Scientific instruments are by their nature quite expensive. A good quality research oscilloscope could cost $75,000 and, with the dollar the way it is, setting up a laboratory to study high-speed chemical reactions could cost several million dollars. What chance do Australian scientists have these days? No wonder they are leaving the country.

Just to illustrate the sort of inducements being offered, I would like to mention the case of a Queen Elizabeth II fellowship holder who was working at Sydney University. A graduate of Melbourne University who gained a PhD from Caltech and did further work at Cornell University in the US, this promising young scientist was offered—and took up—a post at the Scripps Institute in California where he was provided with a fully equipped laboratory and an initial tenure of six years plus $US300,000. In Australia he was working in a cramped laboratory that he had to share with three or four graduate students and two other academic staff. The Americans recognised his ability and made it worth his while to emigrate to the United States. This situation is becoming depressingly common, and still the government fails to act.

Yesterday I heard that at least 65 of Australia's best mathematicians had left the country for more equitable climates abroad. Where will the Treasurer now find the people to prepare his beloved economic models and where, more particularly, will the mathematicians and statisticians be found to work in the various government agencies, such as taxation, that absolutely depend on well-prepared forecasts?

In all quarters, Australia's future prosperity is being undermined by this government's failure to understand the need to support education, training and research. Previous Labor and Liberal governments, as I have said, have supported basic research with reasonable levels of funding, and under previous governments Australia has earned world recognition for its scientific efforts. The next government of this country will be a Beazley
Thursday, 2 November 2000

Labor government, I hope—I think Mr Reith has seen to that—and we will be committed to resuscitating Australia’s scientific establishment. I only hope that it can survive until then.

A moment ago I referred to 65 of Australia’s best mathematicians that had left the country for more equitable climates abroad. I had the pleasure yesterday, in this week of Science Meets Parliament, to meet a couple of scientists: Professor Robert K. Norris, Dean of the Faculty of Science at the University of Wollongong, who came to my office, and Dr Genevive Mortiss. Genevive impressed me enormously. Genevive has a PhD in mathematics. She is originally from Brisbane but moved to Sydney to pursue an interest in mathematics at the University of New South Wales. After completing a PhD she worked for a year in the financial sector before returning to the University of New South Wales to take up postdoctoral research. Earlier this year, Genevive spent some time doing research at the University of Maryland in the United States but is now involved part time in consulting and part time at university. Dr Mortiss’s particular area of research interest is ergodic theory, which is the study of dynamical systems. Such systems are used to understand any environment which changes with time, including the stock market, the brain, ecological systems and the perfect martini mix.

Dr Genevive Mortiss gave me a copy of this paper, Mathematical sciences in Australia: looking for a future, from the Federation of Australian Scientific and Technological Societies, FASTS Occasional Paper Series. In the interests of all those highly skilled and educated mathematicians in Australia, I would like to read into Hansard the executive summary and the summary of the principal findings and priorities for action. This report says it better than I can, because I am not a scientist. The executive summary reads:

Executive Summary

The brain drain from the universities, exemplified by the data from the mathematical sciences documented as part of this study, represents the kind of loss of intellectual capital that no nation that aspires to be a leader in science and technology can afford. Significantly much of this loss has been in areas such as statistics which underpin other areas where Australia aspires to be a world leader such as financial services and biotechnology.

Further, in terms of young people’s life chances, English and mathematics remain the access subjects. However, the economic divide in access to mathematics is now firmly entrenched in our schools system, and will become progressively worse unless something is done urgently about teacher supply. Remote rural schools and ‘hard to staff’ inner urban schools will be left deprived of the essential resource they need—well qualified mathematics teachers—to offer the more advanced courses and a quality mathematics education for all students.

In the long term, solving the supply of mathematics teachers is intimately connected to the number of students studying advanced level mathematics in schools and strong mathematical sciences in the universities. However, both of these have shrunk—when they should have been expanding—so Australia now suffers a crisis throughout the mathematical sciences.

For these reasons the sense of optimism engendered in the science community by the Chief Scientist’s Discussion Paper The Chance to Change, and the report of the Innovation Summit Implementation Group (ISIG) Innovation—Unlocking the Future is more muted in the mathematical sciences. In the words of one mathematician, “...neither increased ARC funding nor post docs will help much the diminished role of mathematics and statistics departments in universities”. This echoes the fear in the mathematical sciences that even if the recommendations of these two reports are implemented—which they should be—the implementation will fall far short of what is needed to restore the health of this fundamental discipline. In 2000 the mathematical sciences in Australia face a perilous future.

Summary of Principal Findings and Priorities for Action

This report has three main findings and priorities for investment in the mathematical sciences. These are the areas that need immediate action but to re-build the mathematical sciences in Australia a long term, coordinated strategy is needed that addresses the multi-faceted weaknesses that are now inherent across the discipline. The priority areas are:

• improving the number of students in advanced mathematical courses in schools and universities,
ensuring that all students are taught mathematics by teachers with appropriate content knowledge and teaching skills and,
addressing the problems in university mathematics by reversing the excessive staff and student losses.

Participation of students in advanced level mathematics courses

The finding: The number of year 12 students studying advanced mathematical courses continues to decline, a consistent trend since 1990.

Solution: A national campaign to promote awareness of the benefits of continuing the study of mathematics at the highest levels for as long as possible and which highlights the benefits to long term career prospects.

Teacher supply

The finding: Few mathematics graduates are choosing teaching as a career at a time when many experienced and well-qualified mathematics teachers are retiring. Many primary teachers need further studies in mathematics and it is estimated that about 40% of junior secondary students are taught mathematics by a teacher who has little or no background in mathematics and no studies in the teaching of mathematics.

Solution: Greatly improved incentives must be found to attract mathematics graduates to teaching and also students into mathematics and thence to teaching. Secondary teachers teaching out of field should be given study leave to develop appropriate mathematical knowledge and skills. Professional development for primary teachers should be enhanced to include more opportunities for improvement in content knowledge. Teacher education for primary teachers should be re-examined to ensure that sufficient and appropriate mathematical content is taught and learnt.

Mathematics in the universities

The finding: A decline of some 25% in staff since 1995, a brain drain of both experienced and new researchers, marginalised or restricted departments, fewer applications for research grants, few if any new appointments, difficulties in making appointments in key areas such as financial mathematics and statistics, and some universities no longer offering a three year degree majoring in mathematics or statistics.

Solution: Implementation of the Chief Scientist's and ISIG reports with special attention to be paid to the mathematical sciences as the world-wide demand for excellent mathematical scientists far outstrips supply. Greater support for existing research and teaching in the mathematical sciences in the universities, disincentives for collaborative teaching to be removed and versatility of the mathematical sciences to be enhanced. A national centre with adjunct state centres, possibly on the lines of the Canadian Fields Institute, should be established.

So concludes the summary in this wonderful paper. Earlier in the week I was speaking about the funding cuts to the Australian Broadcasting Corporation. The programs that the ABC puts on include science programs and, indeed, current affairs. It is important to maintain the funding for the ABC in the interests of science and education programs. Notwithstanding that the commercial networks do not want a bar of them because they do not rate on the commercial networks, they are vital for providing news and information to the public. Everyone learns from these programs, particularly students.

So I am standing here this morning, along with my colleagues, to support science. I congratulate the parliament on the Science Meets Parliament Day that we had yesterday. I think scientists expect us on both sides of this chamber to stand up and provide the adequate funding that is so desperately needed in our universities to give our children a future and to give this country a future, not to run away from the demand saying, ‘Oh, well, there’s not much in this.’ We stand up for scientists today. (Time expired)

Mr SNOWDON (Northern Territory) (10.09 a.m.)—I am pleased to be able to contribute to this debate this morning, and I hope that my contribution will, like those of my colleagues from the Labor side of this parliament, reinforce the view that, unlike the government, we see research as a fundamental priority for this nation. The Australian Research Council Bill 2000 will establish the ARC as an independent agency within the Education, Training and Youth Affairs portfolio. It was previously a council of the National Board of Employment Education and Training, which, as you would be aware, Mr Deputy Speaker, has been abolished. The role of the ARC will be to provide advice to the Minister for Education, Training and Youth Affairs on matters relating to higher education and research, to make recommendations on the funding of competitive grants and to administer the National Competitive Grant Scheme. The ARC will consist
of a board, including a CEO, committee and staff. The board will consist of a chair, eight appointed members and five ex-officio members. The bill requires that the chair be a prominent member of the Australian community and highly regarded in the research community. The composition of the other members of the board should also reflect the breadth of academic industry and community interests in the outcomes of research.

The other bill we are contemplating this morning is the Australian Research Council (Consequential and Transitional Provisions) Bill 2000. Under these bills the minister will have new powers to disregard or vary ARC advice regarding the funding of research proposals. Secondly, the ARC will not be able to initiate advice to the minister, only to respond to his or her requests. Lastly, the minister will no longer be required to table directions of the ARC. Of course, this goes to the heart of the concerns of the Labor Party. We are concerned, clearly and obviously, at the cuts to higher education and the government’s policies in relation to research and to universities generally; the unfair way in which these proposals and policies that have been initiated by the government and implemented by it impact, particularly in my case, on the Northern Territory University.

The obvious thing to comment on is that this bill provides no new money for research. It spreads existing money over a wider number of institutions and, clearly and most emphatically, it will damage the research capacity of our smaller regional universities. Again, that will have a significant impact on my own community, and on the Northern Territory University in particular. I noted the contribution from the member for Lowe this morning. I note also the contribution made by our leader, Mr Beazley, the member for Brand, in which he made some quite detailed comment about the question of mathematical sciences in Australia and the need for us to look to the future. He quoted from a published paper of the Federation of Australian Scientific and Technological Societies entitled Mathematical sciences in Australia: looking for a future. It is worth repeating some of the comments therein. The findings of that paper are that ‘the number of year 12 students studying advanced mathematical courses continues to decline’; there is a massive shortage of maths teachers, with about 40 per cent of junior secondary students being taught maths ‘by a teacher who has little or no background in mathematics and no studies in the teaching of mathematics’; there has been a ‘decline of some 25 per cent in university mathematics staff since 1995’; there are falling applications for research grants in mathematics; there is difficulty in filling some university maths and statistics vacancies due to the brain drain that the government seems to believe is not happening; and some universities are ‘no longer offering three-year degrees majoring in mathematics or statistics’.

I want to emphasise that last point for two purposes. As the Minister for Education, Training and Youth Affairs, who is at the table, would know, the worst educational outcomes of any state or territory education service belong to the Northern Territory. Significantly, that is a result of the large number of indigenous students within the school population and the failure of this government to come to terms with its responsibilities in that regard. If you listened to the rhetoric that comes out of the minister and the government, you would be forgiven for believing that somehow or other they were fair dinkum about addressing the education malaise that exists in Northern Australia, and particularly in the Northern Territory. If you listened to the minister and the government, you would be forgiven for believing that they are very concerned about issues to do with, say, mathematics and English. Let me tell you: whilst you can be trained as a teacher at...
the Northern Territory University, it is no longer possible to do a maths major at the Northern Territory University and it is no longer possible to do a physics major at the Northern Territory University. So you cannot do a maths degree or a physics degree at the university in the Northern Territory. And, significantly, nor can you do an English degree or a history degree.

It makes you wonder what the hell we are doing up there in relation to the training of people to lead the community. As the Leader of the Opposition stated yesterday very clearly, the best way to improve the educational outcomes of students is to ensure that those teachers who are teaching in specialist areas are specialist trained. So, if you want to improve numeracy and literacy, you make sure you have maths teachers and English teachers. You make sure that those maths teachers and English teachers are trained to the highest level of competency that is possible within the university education system. That is not what this government has achieved, however. It has addressed tertiary education in this country by decimating the courses which were being provided, and which can be provided now, at the Northern Territory University and other regional universities around Australia.

This government is directly responsible for that. Whilst it is important that we have lawyers and doctors, it is very important that the people who are involved in teaching in our schools have the competencies required to ensure that they impart the knowledge they are supposed to. That becomes extremely difficult if you want to be a maths teacher but you cannot do a major in maths, or if you want to be a physics teacher but you cannot do a major in physics, let alone postgraduate research or a postgraduate degree in physics, maths or—in the Northern Territory’s case—English or history. It is very clear that the government has been found wanting.

As the Leader of the Opposition pointed out yesterday, since the election of the Howard government, there has been a $1 billion cut to university operating grants. As a result of this, the government’s own cabinet documents have admitted that eight institutions are now operating at a deficit; a number of regional campuses are at risk of closure; and the universities now have higher student-staff ratios, less frequent lecturing and tutorial contact, and outdated technology. University quality is falling. I have already explained how, in the case of the Northern Territory University, that is clearly evident and obvious. The unfair enrolment benchmark adjustment is removing $60 million per year from our state schools despite increasing enrolments. The number of enrolments in maths and science in our secondary schools has declined. In some states, only 25 per cent of maths and science teachers have university qualifications in these important disciplines, which again emphasises the stupidity of the policies of this government in relation to maths and science. Australia’s expenditure in R&D has declined 10 per cent against GDP since the election of the Howard government. We have a 30,000 shortfall in trained IT graduates. Too many talented young Australians are leaving Australia to continue the research in places like Silicon Valley, Cambridge and so on.

I have made it plain on a previous occasion that, as a result of this government’s policies, the university postgraduate research positions at the university in the Northern Territory have been cut by 60 per cent. This legislation will take another 13 positions from the university’s research capacity. This is a direct responsibility of this government. I understand that the minister has a view about the world that does not comprehend clearly the needs of regional Australia. He clearly does not comprehend the needs of those in regional Australia to study in their home communities. They need universities that can carry out research as well as providing basic degrees in maths, physics, English and history. This is a responsibility of the government. I also make the point that even the bigger universities—even the elite, the group of eight in this country—have been suffering under this government’s policies.

My attention has been drawn to a proposal coming out of the Australian National University from the Research School of Pacific and Asian Studies to close the North Australia Research Unit, which is located in Dar-
win. For those in the parliament and the community who are unaware of it, the North Australia Research Unit was established in 1973 at the suggestion of the then Chancellor of the Australian National University, Dr H.C. ‘Nugget’ Coombs, who passed away only a year or two ago. In establishing the North Australia Research Unit, Dr Coombs wrote a report to the Australian Universities Commission in which he said:

My work as Chairman of the Council for Aboriginal Affairs has brought sharply to my attention the opportunities and needs which exist in the Northern Territory for research of high quality. Apart from the economic and related problems associated with development of the north, there are sociological changes taking place there of profound importance and of great interest academically and for the future of Australian policy. It seems to me to lie within the field of interest of the National University to give a lead in the part of Australia which is especially a Commonwealth responsibility.

That could have been written today, because very little has changed. NARU was established under the aegis of the ANU. It was placed within the Institute of Advanced Studies and the responsibility was effectively given to the Research School of Pacific and Asian Studies. Over the years this part of the Australian National University has hosted some very notable research activities. In addition, it has hosted academics from the widest possible array of disciplines from universities all over the world. Uniquely, this institution set up a community advisory consultative committee and a research advisory committee. It appears that the community advisory committee basically fell out of existence in about 1995.

My concern is that the university is taking a decision which, in my view, is very short-sighted. I have already explained how the Northern Territory University has had its research capacity severely undermined by this government, how it is unable any longer to teach comprehensive maths and science courses and how you are unable to do a maths or physics degree there. So it is important that the Australian National University—which I would argue is the pre-eminent research university in Australia—should be able to have this unit in Darwin to carry out research. Of course, the ANU is profoundly better funded than the Northern Territory University. The Northern Territory University clearly does not have the capacity to take over the role of the North Australia Research Unit.

This morning I spoke to the Acting Vice-Chancellor of the Australian National University. I indicated to him that I am very concerned about the idea that they should be closing the North Australia Research Unit. I told him that I believe that the university has a responsibility to maintain this unit’s operation. I told him that on 9 May I wrote a submission to the internal review committee of NARU and I got no acknowledgment of my submission to the review committee and there was no effort by the review committee to consult with me or many other people with an interest in the future of the North Australia Research Unit. I have expressed to the university my concern about this and I have suggested to them that they set up a reference group which can review the report which comes out of the internal review done within the Research School of Pacific and Asian Studies, which had very limited terms of reference. Its terms of reference were (a) to assess whether the availability of a Darwin based facility is necessary for the effective conduct of the school’s research and research training activities; and (b) to look at the future of the site and facilities of the North Australia Research Unit.

Let me say very clearly here and now that this is a responsibility not only of the Research School of Pacific and Asian Studies but also of the Australian National University council. They have to look at the total resource of the university and, in my view, find within it the capacity to maintain the operation of the North Australia Research Unit. It might well be that there needs to be a different management structure and a different partnership built to ensure that the North Australia Research Unit can operate economically. I have my doubts as to whether these views have been properly assessed by the university. I am very concerned at the apparent inability of the university management to come to terms with their responsibility as an institute of national prominence.
and, as I said earlier, as the pre-eminent research university in Australia. It might be that they, like the Northern Territory University, can lay the blame squarely at the foot of the minister sitting at the table. It might be that they just do not have the discretionary funds available to maintain NARU in its current status. If that is the case—and I am not sure that it is—it is another indictment of the university and education policies of the minister and this government.

Yesterday people came to this place and talked about the need for research. In my view, there is a fundamental requirement for us to maintain the research effort in Northern Australia. If NARU does in fact close, we will see a massive diminution in the ability of the Australian community to be confident that there is intellectual rigour and effort being undertaken in research into all manner of things in Northern Australia—for example, the politics of Northern Australia, the indigenous people in Northern Australia, the physical sciences in Northern Australia, and our relationship with our neighbours in South-East Asia, all of which have been the subject of research, publications, papers and seminars at this institute. The government has a responsibility to make sure that NARU is maintained. (Time expired)

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (10.29 a.m.)—I just want to make some remarks on the debate by way of summing up the contributions that have been made and restating the government’s attitude to these Australian Research Council bills. These bills are very important elements of the government strategy to ensure that Australia is best positioned to make the transition to a true knowledge based economy and to capture the economic and social benefits of innovation. The higher education sector, as has been acknowledged throughout this debate by members on both sides of the House, is a vital element of the innovation system and Australia is right to be very proud of the contribution which its higher education sector has made, through its research, to the position that Australia now enjoys in the world.

Some 65 per cent of Australia’s basic research is conducted in its universities. This research is critical to producing the ideas that have led to so many important developments in Australia socially, culturally and economically. The government values the important contribution made by the many higher education researchers working in the disciplines which underpin the transition that is taking place in our society to the new economy of the 21st century. This research provides us with the organisational, management, financial, legal and social frameworks which allow us to capture the economic and social benefits of innovation. Research in both engineering and the sciences and in biology, the social sciences and humanities is all of critical importance to Australia becoming a society which can effectively and ethically manage the remarkable innovations in knowledge which are now coming particularly from our universities.

Let me take a little time in this debate to respond to some of the points that have been made by previous speakers. Firstly, in the course of the debate members opposite have made much of the 1996 budget changes to higher education. Let us be quite clear what the facts are here, because figures and statistics have been thrown around in this debate in ways which might easily leave a misconception in the minds of many listeners. There was a reduction to the forward estimates of universities’ operating grants announced in the 1996 budget. That was clearly stated at the time to be an efficiency reduction because it was believed by the government that there was a capacity within the universities to more efficiently manage the resources that they had and indeed to not only maintain but improve their contribution to the community with a more efficient use of those resources. Following that, the government also took a number of decisions to fund aspects of university life which were unfunded under the previous government. The net effect of these decisions has been that, including HECS, the Commonwealth funding for universities through operating grants has remained constant at around $5 billion a year since 1996. So the fundamental operating funding for the Australian university system has been maintained in real terms by this government. But
we have given a very clear message to the universities—and I think the community expects us to give such a clear message—that we expect them to manage those resources efficiently to ensure that, where they have unused resources, as they have had—and they have indicated that by their decisions—those unused resources should be used to create additional places in a range of subjects.

The government has also agreed to fund the universities, in making use of those resources, at a marginal rate for students who are classified as overenrolled but are students who are admitted to universities because the universities themselves have voluntarily recognised that they have a capacity to take on those additional students. We have seen a remarkable consequence as a result of those decisions. We have seen the university sector in Australia grow very substantially since 1996. We have seen total university revenues increase substantially by almost a billion dollars over that period since 1996. In the year 2000 it is estimated that total university revenues will be some $9 billion—almost, as I said, a billion dollars higher than when the government came to office.

We have also seen some 40,000 additional student places within the sector. Over that period the government has grown the number of fully funded places by some 14,000 or 15,000 but, in addition to that, the universities have clearly indicated to the government—and it has been clear year after year—that they have unused resources which they are prepared to devote to additional student places, and those additional places have been created. Indeed one could argue that since 1996 a number of additional places equivalent to some two new major universities have come into existence as a result of the government’s policies, so this shows as a complete distortion the suggestion that somehow or other the government’s decisions have squeezed down or reduced resources in the university sector. Neither of those propositions is true.

Let me remind members opposite also that since the government has come to office it has announced an additional $390 million in funding for higher education research through my portfolio, for research infrastructure and for the collaborative research undertaken by universities and industry. One of those programs, the SPIRT program, has been extraordinarily successful in leveraging industry funding for research through the expenditure of some significant public funds. There has, of course, also been the doubling of funding for health and medical research announced in the 1999-2000 budget. I cannot refrain from reminding the House that when the Labor Party put forward its own higher education research policy at the last federal election it indicated that it was going to fund the Australian Research Council at a particular level, and that level was lower than the level at which the government has funded it. In fact, the level at which the government has funded it has maintained the capacity of the Australian Research Council. The Labor Party’s funding level announced in the last election would have reduced that capacity. So, when a fair-minded person considers a debate of this kind and hears the rhetoric, it is very important to consider the realities, and the realities are that there has never been more funding in the higher education system in Australia, there have never been more students on university campuses and there has been a very substantial increase, under the decisions of this government, in the moneys available for research in the universities over and above what was available through the forward estimates left to this government by Labor.

Secondly, members opposite have lamented Australia’s declining R&D performance relative to other OECD countries. That has been their rhetoric. I make the point first of all that Australia has one of the highest publicly funded university research efforts in the world. Within the OECD, Australia stands fourth. That is quite remarkable. That has been the position for many years and it is the position on the latest available statistics that we have. So the suggestion that somehow or other government is running down the university research sector or that somehow or other this sector is unable to make its contribution to Australia is simply untrue. That is not to say that a case cannot be made for additional resources, and I will come to that later in my remarks and draw attention
in particular to what the Prime Minister said yesterday. My colleague the Minister for Industry, Science and Resources has detailed the Commonwealth government’s total investment in Australian R&D in his science and technology budget statement, and he does that each year. Commonwealth support for major programs of science and innovation is estimated to be over $4.5 billion in 2000-01, of which some $1.7 billion is funds provided through my own portfolio, predominantly to universities.

Thirdly, one aspect of the white paper Knowledge and innovation which has attracted a lot of comment in the debate on these bills has been the creation of the two performance based block funding schemes, the Institutional Grants Scheme and the Research Training Scheme. The government is committed to ensuring that the research training environment provided within Australia’s universities is of the highest standard. This is why the government is requiring a university to provide a research and research training management plan and to be accredited before it is eligible for funding under these schemes. Some members opposite have suggested in the debate that institutions such as Telstra and BHP would receive this funding ahead of rural and regional universities. I can assure the House that this will not be the case. As far as I am aware, BHP is not university. It has not submitted, and likely has no intention of submitting, a research and research training management plan to the government, and it has not been listed as an accredited institution on the Australian qualifications framework registers, both requirements which must be met by an institution if it is to be eligible for funding under these schemes. So a lot of really quite ridiculous comments and ill-informed comments, may I say, have been made in the course of this debate. In relation to the funding programs administered by the Australian Research Council, it may interest members opposite that institutions other than universities already receive Commonwealth funding for research. In particular, museums successfully compete for Australian Research Council funding, as do not-for-profit research agencies.

Let me also say that the government is very strongly committed to Australian postgraduate students. One of our concerns has been that many of these students have not been offered the supervision and the quality training environment to which they are entitled. One can see this by considering the very high level of non-completions by postgraduate research students in Australia. In fact, less than 60 per cent of postgraduate research students complete in seven years. There are many institutions where the completion rates are below 40 per cent; indeed, there are some institutions where completion rates are getting down towards 10 per cent. That is a totally unsatisfactory situation. It is a waste of resources and it is not doing the right thing by Australia’s postgraduate students. The proposals that the government put forward in the white paper and which are embodied in the legislation will provide a very powerful incentive for universities to assist their students to complete and to provide those students with excellent research training environments.

Let me therefore respond to claims from the other side of the House during this debate that the government is cutting higher degree research places in universities. The overall point is this: the government is going to continue to fund around 21,500 higher degree research places, so Commonwealth funding for higher degree research places is not decreasing at all. Secondly, the proposals in the white paper and the legislation will, I believe, very significantly raise the total number of postgraduate research students completing their research and their degrees. We will see a further increase in the output from Australia’s universities of research students and research degrees as a result of the decisions that have been taken by the government. The distortions that have come from the other side of the House are clear evidence that there is simply not an understanding of how the higher education system is operating. There is far too much attention being given to the nonsense coming from the Labor leaning representatives of the postgraduate student associations and not enough attention being given to the facts about how postgraduate students are actually being short-changed under the existing arrange-
ments and how they will get a much better deal under the arrangements which the government is putting in place.

Some reference has been made to the fact that universities will be reducing unfunded postgraduate research places and places which they have put in place at the expense of undergraduate places. I have been concerned that some universities have been increasing their higher degree research load at the expense of undergraduate places, reducing the opportunities for our young people to study at university. Profile discussions between universities and officers of my department held recently have addressed this concern in the context of handling the implementation of the research training scheme. The growth of these places has been one of the factors which have led to the poor completion rates that some universities have exhibited. Let me also make the point that universities will continue to be able to fund additional higher degree research places by providing scholarships funded from their resources or from industry.

Let me respond briefly to the concerns that have been expressed about the ARC’s independence. The ARC’s role, particularly in relation to funding decisions, is based on practice developed over time—my colleagues the members for Brand and Hotham will recall this from the days when they were portfolio ministers. These bills put the ARC’s role in funding decisions on a sound, statutory footing. Provisions of the bills ensure that the minister can rely solely on ARC advice in making funding decisions, and they require that all projects approved for funding go through the ARC’s peer reviewed grant application assessment process. These bills are vital to securing a strong higher education research sector in Australia. They are vital for securing an Australian Research Council which has the capacity to take a strategic view of Australian basic research. They are vital for ensuring that we put in place a key element of a successful innovation system and maintain and strengthen that system.

As the Prime Minister said yesterday when asked about the recent reports that the government has commissioned in relation to innovation and research:

It is very important for the government to listen carefully to what is being put...

There is, I would argue, an increased role for government in relation to science and to some aspects of innovation and technology. There is also a very strong role for the private sector. ... I believe that the attitude to be taken by the government and enunciated at an appropriate time in the near future will represent a balanced, forward looking and sensible approach to this very important issue.

These bills position Australian universities to make the contribution that Australians are looking to from their research sector. I believe the universities have responded very well over the last four years to the changes that the government has put in place. They are much more efficient institutions than they were. They are producing world-class research, and they have more resources and more students than ever before. The government has commissioned two important reports, which it is now carefully considering in relation to the future of the system. (Time expired)

Mr LEE (Dobell) (10.49 a.m.)—Mr Deputy Speaker, by your indulgence and for the record, I wish to indicate to the House that I do not intend to call a division on the opposition’s second reading amendment but that we will be voting for our second reading amendment on the voices.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation for the bill and proposed amendments announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr LEE (Dobell) (10.51 a.m.)—by leave—I move opposition amendments (1) to (3):

(1) Clause 6, page 4 (after line 20) after paragraph (c) insert:

(ca) the function of providing advice to the Minister on research matters on the ARC’s own motion; and
(2) Clause 6, page 4, after line 29, after subsection (4), add:

(5) The Minister shall cause a copy of any requests made under subsection (2) to be laid before each House of the Parliament within 15 sitting days of that House after the day on which the request was made.

(3) Clause 52, page 29 (after line 31), after subsection (4) add:

(5) If the Minister does not approve a recommendation under subsection (1), the Minister shall, as soon as practicable, cause to be laid before each House of the Parliament a report detailing:

(a) for each of the proposals recommended but not approved for funding:
   (i) the name of the organisation seeking financial assistance for the proposal;
   (ii) a description of the research program;
   (iii) the name and title of the person leading the research program; and
   (iv) a statement of reasons why the proposal was not approved for funding; and

(b) names of all persons who or organisations which provided advice to the Minister in respect of each of the proposals approved for funding.

In relation to the first amendment, in the white paper the government made the following commitment:

The government is committed to the establishment of an independent and responsive ARC. The government wants to see the ARC further develop as a prestigious, nationally focused agency with an enhanced role in the provision of strategic advice to government regarding research in the university sector and an enhanced capacity to identify and respond to emerging areas of research excellence.

The problem is that the legislation currently before us seeks to establish a body which does not have the capacity to initiate advice to the minister, which we consider a vital ingredient for true independence and a meaningful role in Australian research policy development. The Australian Research Council established by Labor as part of the National Board of Employment, Education and Training did have the power to initiate its own inquiries. Amendment No. 1 seeks to give the same power to the ARC under this legislation. We are entitled to ask why the government has sought to remove this important power. Is it for the same reason that the government has abolished NBEET—that is, it has sought to close its ears to advice that it does not wish to hear? How can the government claim that the ARC is independent when it is emasculated by having to await requests from the minister—which may never come—before conducting inquiries into issues of research funding and policy?

The second amendment is required because the Australian Research Council Bill 2000 requires requests by the minister for advice from the ARC to be included in the ARC’s annual report for that year. The opposition regards that as insufficient means for parliament to be kept informed about the activities of this independent advisory body, given that annual reports are published after the end of each financial year and often after a considerable delay. Amendment No. 2 requires requests for advice from the minister to be tabled in this House and in the Senate.
within 15 sitting days, so that all of us are informed when the minister has submitted requests to the Australian Research Council. If the government is not prepared to support this amendment, we would be interested to know what possible argument he could have. The third amendment deals with this particular sentence in the minister’s second reading speech:

This bill demonstrates the government’s commitment to an ARC that will be supportive of our most outstanding researchers and that is responsive to changes in the global environment.

If that is the case, then the minister should have little reason not to accept advice from the ARC about which research proposals should be funded. That is why the opposition believes that the parliament is entitled to full details of instances when the minister fails to accept recommendations of the ARC. Similarly, we believe that decisions to fund proposals other than those recommended by the ARC also ought to be made public and the reasons explained. That is the reason we have moved amendment No. 3.

Finally—I intend to speak on only this one occasion in the consideration in detail stage—one of the issues that the ARC needs to deal with is the enormous community concern about the 3,500 gap places. The changes the government is making will result in enormous damage being done to university research across the country. If I understand correctly, the minister was saying that, despite the fact that he has pulled the rug out from 3,500 places, he expects universities to increase the number of higher degree research places. The government is making will result in enormous damage being done to university research across the country. If I understand correctly, the minister was saying that, despite the fact that he has pulled the rug out from 3,500 places, he expects universities to increase the number of higher degree research places. Minister, if that is your position, I would encourage you to visit the University of Bendigo, RMIT, the University of Western Sydney and many of the other universities that are extremely concerned about the impact—

Dr Kemp—The University of Ballarat.

Mr LEE—I beg your pardon: the University of Ballarat. Certainly, the university campus at Bendigo are also concerned about the impact of your gap places. The concern they have is that the changes the government is making are making it very difficult for the newer regional small universities to maintain their excellence in research. I would be grateful if the minister could respond to those matters.

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (10.56 a.m.)—The government is not accepting these amendments. They are not well-conceived amendments to the Australian Research Council Bill 2000. I will clarify the misunderstandings that relate to the opposition’s argument for these amendments. In relation to the role of the ARC in conducting inquiries on its own motion, first of all I make the point that the role of the ARC in the new research and research training framework is clearly set out in the white paper Knowledge and Innovation, and that is that the ARC is going to play a more strategic role in providing advice on the allocation of funding and contributing to national innovation by:

... helping to form and maintain effective linkages between the research sector and the business community, government organisations and the international community; developing and improving public understanding and appreciation of the contribution that research makes to the community; and reporting on the comparative performance of Australia with other research active countries and assessments of the national return on investment in research.

The areas in which the minister may seek ARC advice have been broadened to research matters. This is wider than is currently the case under the Employment, Education and Training Act 1988. There is nothing in the bill that prevents the ARC from asking the minister to refer a matter to it for consideration and advice. It is not a matter, as the member for Dobell seemed to suggest, of the ARC waiting there, wanting to investigate something and being unable to do so. If the ARC wants to investigate any matter, it can come to the minister and make a proposal for a reference on that matter. In any reasonable case—and I expect only reasonable cases would come forward—the minister will have the capacity to refer that to the ARC. So there will be no hold-up whatever in the capacity of the ARC to offer advice to the government. The proposal in
the bill ensures that there is consultation on that matter between the ARC and the government, and that is entirely appropriate.

The opposition amendment does not carry across the constraints which currently apply to the ARC’s power to inquire into matters on its own motion. The current legislation requires the ARC to have a care to ensure that its own motion inquiries do not compromise its primary statutory obligations. No such care would be required under the opposition’s proposed amendment.

What we have here is just an opportunistic effort to appeal to some who believe that there should be no effective consultation between the ARC and the government. The opposition is not even proposing to maintain the policy of pursuit in government. So I do not think we can take that very seriously. In any case, it is in no way a constraint that is going to have any substantive effect on the ARC’s capacity to do its job. On the contrary, it is going to ensure that its job will be done more effectively because it will be based on full consultation between the ARC and the government.

The opposition’s second amendment requires the tabling of references to the ARC. That is where the minister commissions the ARC to undertake inquiries on particular matters. It does not require tabling of directions to the ARC. Let me make the point that references to the ARC will be included in the ARC’s annual report. The opposition would be better to withdraw their amendment in this case.

The third matter relates to the minister following and not following ARC advice on recommendations for funding. Let me make the point that this provision will allow the minister to rely solely on the ARC’s recommendations in approving a proposal for funding without needing to examine the details of each application or having to make other independent inquiries. However, in order for the minister to properly fulfil his responsibilities, it is necessary to provide the minister with the option of making other inquiries before reaching a decision on ARC recommendations. The clause does not prevent the minister from seeking additional advice from the ARC. *(Extension of time granted)*

The clause provides a clearly defined and positive role for the ARC in the approval of funding for research projects. Under current legislative arrangements, the minister is obliged neither to seek nor to follow the ARC’s advice in the allocation of funding for research programs. In other words, the legislation that Labor put in place made no such requirement. The new provisions explicitly set out the ARC’s role in the decision-making process. Current arrangements under the Employment, Education and Training Act 1998 do not even give the ARC a role in funding decisions. This bill puts the ARC’s role in the funding approval process on a sound statutory footing.

In relation to the last point raised by the member for Dobell, the flow-through of the government’s decisions in relation to research training places, I simply reiterate the point that the government’s decisions will increase quite significantly, I believe, the number of research graduates in Australia. At present we have under the current unsatisfactory system an extraordinarily high rate of non-completions. There are many students who start a postgraduate research degree who never complete. Indeed, as I have said in the debate, fewer than 65 per cent complete in seven years. There are institutions where 20 per cent complete in seven years. This is not fair to these students. We have to put in the bill incentives for universities to provide proper research training environments. This white paper will put in place those incentives, and we will see universities providing a much more satisfactory research training scheme for postgraduate research students. We will see the total number of postgraduate research students actually coming through and getting their degrees increase significantly as a result of this legislation.

**Mr LEE (Dobell) (11.04 a.m.)**—I will not delay the House further by engaging the minister in further debate on these issues, given that the final decisions will be made in the Senate, but I point out to the minister that we will continue to press the government on these amendments and our concerns about...
the 3,500 gap places and other amendments that the minister is making that place at risk the scarce dollars that are currently invested in research in our public institutions and the risk that further resources will be diverted to private companies and private research organisations. But we will pursue those matters in the other place.

Amendments negatived.

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (11.05 a.m.)—by leave—I move government amendments (1) and (2):

(1) Clause 49, page 27 (line 11), omit "$244,330,000", substitute "247,830,000".

(2) Clause 52, page 29 (line 24), omit "7B(1)", substitute "51(1)".

Government amendment (1) gives effect to a recent decision by the Department of Finance and Administration to agree to transfer $3.5 million of funds for research assistance in the Higher Education Funding Act 1998 from 2000 to 2001. This amendment puts the money into 2001. A corresponding amendment to the ARC (Consequential and Transitional Provisions) Bill takes the money out of 2000. Expenditure has already been approved for these funds under the current Large Research Grants Scheme—$2.5 million—and the university industry collaborations program, SPIRT, $1.5 million.

The second amendment is a technical amendment to correct a cross-referencing error. The current reference in the provision is to 7B(1), which reflects the numbering conventions used during the drafting of the bill. The reference should now be 51(1), in keeping with the numbering conventions used in the bill as introduced.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Bill (on motion by Dr Kemp)—by leave—read a third time.

AUSTRALIAN RESEARCH COUNCIL (CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2000

Consideration resumed from 7 September on motion by Dr Kemp:

That the bill be now read a second time

Question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation for the bill and proposed amendments announced.

Consideration in Detail

Bill—by leave—taken as a whole.

Amendment (by Dr Kemp) agreed to:

(1) Schedule 1, page 4 (after line 25), after item 4, insert:

4A  Paragraph 23C(2)(h)

Omit "$476,320,000", substitute "$472,820,000".

Bill, as amended, agreed to.

Third Reading

Bill (on motion by Dr Kemp)—by leave—read a third time.

TAXATION LAWS AMENDMENT BILL (No. 8) 2000

Second Reading

Debate resumed from 12 October, on motion by Mr Hockey:

That the bill be now read a second time.

Mr CREAN (Hotham) (11.09 a.m.)—The Taxation Laws Amendment Bill (No. 8) 2000 deals with more GST roll-back by the government. This government, which ridicules roll-back, is into it in spades. There are 188 amendments in the bill that we are debating today, with a further seven circulated in the chamber yesterday, taking the total number of amendments to this simple new tax to in excess of 1,650. And that is within the space of three months of its implementation. Here we are, with the government bringing in more legislation to roll back the GST and other aspects of the new tax system. No wonder accountants and taxpayers are tearing their hair out trying to cope with it. Remember what the Treasurer said back in February: ‘We have got the legislation right.’ Here we are, 1,650 amendments later, and it
is still feeding the complexity. There has been lobbying for many of these amendments by many parts of the community. They have been lobbying for this roll-back. Unfortunately, they have to put up with this movable feast from the government. Business does not want any more complexity associated with an already overly complex tax. Labor’s roll-back of the GST involves making its administration simpler for small business.

A further roll-back needed today in this legislation is roll-back in relation to petrol—to take the GST on petrol out, to honour the Prime Minister’s promise that the GST would not increase the price of petrol and so give relief to ordinary Australian motorists. The government has obtained a windfall gain in taxation revenues in fuel taxation from its broken GST promise. Until yesterday, the government was denying that there was any windfall at all. In relation to our assertion that there was a windfall to the government from the GST, the Prime Minister, on the 7.30 Report back on August 6, said, ‘Kerry, there is no windfall.’ In answer to a question in this House, the Prime Minister said on 28 August:

Before you start thinking about what you do with a windfall, you have to have a windfall—and there is no windfall.

Again on the 7.30 Report, the Prime Minister, John Howard, on 28 August again asserted that there was no windfall. That was until yesterday when the Prime Minister admitted that there was a windfall but that it had been spent on the latest budget blow-out—some $1 billion or in excess of, catalogued by the Prime Minister yesterday, paid for at the petrol pump by every Australian motorist. This a $1 billion blow-out that benefits a proportion of the Australian community but is paid for by all Australian motorists at the petrol pump.

The Prime Minister acknowledges that there is a windfall but he will not tell us the extent of the windfall. We believe that there is still more windfall than even the AAA acknowledged yesterday, but we will only know that when we get certain details from the government. The AAA yesterday said that there is a $1 billion windfall from the petroleum resource rent tax. But there are other aspects of what the government has decided in relation to petrol that it has not given us the details of. We do want additional information. We do want to know what the level of the petroleum resource rent tax is that it now expects for this year and for the forward estimates years. That is an important piece of information to have; but so too is the amount of additional company tax flowing from the oil companies due to the higher prices, the additional amount from GST on fuel and the level of additional excise due to not cutting the excise rate sufficiently back in June, and from the GST inflation spike coming up in February.

Labor have argued that the government need to do one of two things: they need to honour their promise to drop the excise by the same amount that the GST goes up, or they have to eliminate the GST inflation spike from the February indexation adjustment. Either way would result in a 2c a litre reduction in the price of petrol. The government have to come clean with Australian motorists. Until yesterday they had denied there is a petrol windfall from which we say that 2c relief can be paid because it was never factored into their budget, so to be arguing that it is going to cause fiscal difficulty is a nonsense. It was never factored into their budget—that is what a windfall is. Until yesterday they had denied there was such a windfall. Now that they have admitted it, they have to come clean with how much. Labor has established an inquiry because the government would not agree—nor would the Democrats—to having one in the Senate to establish the extent of this windfall. But we also will be pursuing this issue in the Senate estimates process because Australian motorists are entitled to know how they are being ripped off and by what amount they are being ripped off, and to understand the nonsense in this government’s claim that there is no windfall and therefore no capacity to give motorists relief.

A little later I will be moving an amendment to enable members of this House to vote on this very important issue. We have seen the backbench revolt; we have seen the members for McEwen, Makin and Hume—and even the member for Wakefield, dare I
nd even the member for Wakefield, dare I say so—saying that the government’s promise has been broken, that the excise has not been dropped sufficiently and that is why petrol prices are going up. Backbenchers have been calling for the adjustment to take out the GST inflation spike in February. We will give them a chance to vote on that. Let us test what they are saying in their electorates about the need for petrol relief and whether they are prepared to stand up in this parliament and vote to get that very relief for their constituents. Those coalition members cannot have it both ways: they cannot say one thing in their electorates and refuse to support it in this parliament. So the amendment is designed to give them that chance.

I mentioned the billion-dollar blow-out that the government says they have already spent. No wonder the Australian dollar is in trouble. The question that people keep asking is this: ‘If the economy is so good, why is the dollar so poor?’ There is a simple answer to that: if we as a nation are not prepared to invest in our future by taking the right decisions in relation to skills formation, innovation, research and development and the transition to the new economy, why should the rest of the world? That is why the perception of the rest of the world in relation to us is a significant reason as to why the dollar is where it is at. It is also because they do not believe the government when they talk about their fiscal discipline, and this billion-dollar blow-out is just another example of it.

Recently, in an effort to bolster the Australian dollar, we had the Treasurer swanning off overseas to try to talk it up. The trip was best summed up by Mark Riley in the *Sydney Morning Herald* on 27 October when he said:

The dollar may have been sinking, but the Treasurer was happily afloat; and doing it in style. Last Saturday was something of a lost day on Peter Costello’s Australian-dollar Wall Street tour. There he was on the good ship *Highlander* with Steve Forbes, multibillionaire, in the United States, and he was supposed to be talking up the dollar as part of his goal. It was interesting therefore to read the account of the discussions he had with the financiers because Mark Riley went on to write:

But was Mr Costello equally bullish about the Aussie dollar? “Umm,” Mr Forbes mused, “I don’t think he even mentioned your dollar. Why spoil a good day?”

So with the dollar at US$52.1c when he left and hitting a record low on Tuesday now that he is back, for the dollar’s sake it might have been a good policy for him to have just stayed home in the first place. But, at a time when there was a greater need than ever for the Treasurer to be talking up our economy and to interest international investors in where we saw our future in terms of our commitment to the things I talked of before, he missed those opportunities. He not only failed to lift the Australian dollar; he did not even raise it in talks with those financiers.

More interesting out of this trip was the profile article in the *Australian Financial Review* by Paul Cleary on 31 October. It is an article that I will keep close to my chest whenever I want a reference point. This was a two-page ramble with economic pearls of wisdom aplenty. Let us just raise a couple of them. When asked about whether the US was concerned about the strength of its dollar, the Treasurer responded:

I have a policy of never commenting on the level of the Australian dollar ...

Really, Treasurer. We all recall his penchant for commenting on the level of the dollar. This is what he had to say before he became the Treasurer:

A nation’s currency is a mark of how its currency is perceived in international markets. ... The mark that has been given to our currency and to this Prime Minister’s economic reform management is a fail—an absolute fail.

That was his quote about Labor’s economic policies. Do you know what the dollar was when he made that statement? Close to US$71c. With the dollar now around US$51c to US$52c, what is his verdict today? No wonder he has suddenly got a new policy of not commenting on the Australian dollar.

His discourse on international exchange rates regimes also makes interesting reading. When I started to read about his two corners doctrine, for a moment I thought he was describing Senator Alston’s policy vision for the ABC’s *Four Corners* program. It started out as the two corners doctrine of free float-
ing exchange rates in one corner and currency boards in another, but by the end of the sentence it was not clear whether the currency board corner was in the middle as a pegged or a spectrum regime with a new one-corner doctrine or whether in fact a third corner had emerged. It looked like you could be in the middle and in the corner at the same time, according to our Treasurer’s astral travelling theory of currency regimes. He loves to be heard, but he is little understood—and, worse still, he understands least of all. Perhaps he should have read the more thoughtful and considered speech on Monday by the Deputy Governor of the Reserve Bank, Dr Stephen Grenville.

On fiscal policy we had two economic lessons from the Treasurer. The first was fiscal policy 101: People say you should spend the surplus this way or that way and, if you spend it, it is not a surplus. A surplus is what happens when you have all your revenues in, all your expenditures out, and the surplus is what is left over.

I am sure the readers of the Financial Review are thankful that someone finally explained that to them. But it reminded me of George W. Bush:

More and more of our imports are coming from overseas.

Thanks for that, and thanks for the Treasurer’s enlightenment. But he went on to say to the journalist:

You’re saying to me in the Australian forward estimates how much of what we are projecting of revenues over expenditures would come to fruition? Well, all of it would come to fruition.

How interesting on that point, because just three years ago Peter Costello’s own budget papers projected an $11 billion surplus for this year. But by this year, in the budget itself, despite higher than expected economic growth, the budget papers revealed a surplus of $2.8 billion—but that was only by screwing the figures: by not including spectrum sales as an asset, by shifting Reserve Bank dividends around, and by treating a grant to the states as a loan in order to take the expenditure off the books. In reality, the budget papers suggested a deficit of $2.1 billion.

So where was the $11 billion projected surplus? When parameter changes went in the direction of boosting the surplus, the actual delivery was a $13 billion deterioration. Why? Because, despite being the highest taxing Treasurer in a decade, real final Commonwealth consumption expenditure, excluding defence, is growing at its fastest rate in 14 years. It is loose fiscal policy, and no wonder the Australian dollar is in difficulty.

I come now to details of the bill, because I think they are important. Predictably, the amendments the government talks about are described as minor and technical. Input from the community, from accountants, from tax agents and from taxpayers—from the real world, if you like—highlights the significance of many of the proposals in the bill. There are three major administrative issues: one is the increased flexibility to cancel GST registration; the second is changes to the way debts are offset against business activity statement refunds; and the third is increased flexibility to revoke monthly tax period elections. Dozens of other issues are dealt with—as I said, there are 188 plus seven amendments. But the explanatory memorandum is a good indication of this because, in listing each individual issue that is dealt with, it goes for seven full pages.

Labor will support the amendments because they assist taxpayers in dealing with the botched implementation of the new tax system. But there are a large number of people who have been registered for the GST either accidentally or incorrectly. At the moment these taxpayers have to remain in the system for 12 months and collect and remit the GST before they can be deregistered. Clearly, this is an absurd situation. The PM promised that there would be no losers, but this principle guarantees that they will be losers. The bill will fix the anomaly—but only prospectively. This means they will have a GST liability from the period from 1 July, when this system started, until the time deregistration occurs—a liability of course that is continuing to grow as we debate this bill.

Many people will not have collected the GST and will face hardship in paying the government. The PM promised no-one would be penalised for inadvertent mistakes,
but this legislation, even with the amendments, will ensure they can be. We support the proposal in the amendments but believe it does not go far enough. I will be moving an amendment later in the debate to allow de-registration to be retrospective. This will allow people who should not have been caught in the net to be deregistered from 1 July 2000, and it will properly honour the Prime Minister’s promise, in respect of these people, that inadvertent mistakes will not be penalised. Whilst I am foreshadowing that amendment, I formally move the amendment I foreshadowed in relation to petrol:

“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, noting the serious impact of the taxation regime on Australian households, calls on the Government to remove the effect of the GST from the fuel excise indexation adjustment in February 2001”.

The second aspect of administrative change is the offsets of business activity statements debts. This bill also proposes to amend the law to allow the Australian Taxation Office to provide refunds to taxpayers where the Taxation Office owes the taxpayer money but there is a future tax liability which is not yet due to be paid. What has been happening is that taxpayers have not been receiving a refund from their monthly business activity statement even though they have been owed one. The law has forced the Taxation Office to retain this amount of refund and apply it against a future tax liability, even where that future liability is not due to be paid. Of course, affected taxpayers have complained—and so they should. This bill will correct it, and Labor will be supporting that amendment because it is an absurd situation that should not have occurred in the first place. But, even under the new arrangements, the situation is still not clear from the explanatory memorandum. It still suggests that refunds will not be paid in some shorter term circumstances. I ask the minister to clarify in his response what will be the point at which refunds are denied where there are future tax debts. For example, will the commissioner be issuing a public ruling on the circumstances under which the refund discretion will be exercised in favour of taxpayers, and, if so, when is that ruling expected to be released? There certainly needs to be certainty for taxpayers in planning their cash flow if they are in a refund situation under the business activity statement.

There is also the administrative change in relation to the monthly BAS batch-up. This involves increased flexibility to cancel monthly remittances of the GST. Currently, people cannot change from monthly to quarterly until they have completed 12 months as monthly remitters. Again, this is absurd and the bill will fix it. But let us not pretend that the quarterly system itself is a simple one. So complicated is it that the deadline was generally extended by three weeks until 11 November, a date that will come up at the end of next week. But the government has now admitted that the first extension was not enough. The National Tax and Accountants Association conducted a comprehensive survey of accountants and tax agents.

Over 2,000 accountants responded to that survey. The result was that an estimated 400,000 BAS returns will fail to meet the extended deadline. That is even with a three-week extension. Hundreds of thousands of small businesses cannot cope with the first BAS. In the wake of the release of this survey, the Taxation Office has extended the deadline further. Now, clients of a tax agent who lodge in the vicinity of 50 per cent of their activity statements by 11 November, including their larger value cases, and also lodge the balance of their statements by 30 November will face no penalties.

We welcome this further extension because it recognises the difficulties that businesses are facing in coping with this new tax. But I remind the House that the NTAA still think that this time extension will be inadequate. They think that small business will be facing millions of dollars in penalties under the further extension. Time will tell in terms of the final wash-up but, for the Prime Minister’s pledge to be met that no-one should face a penalty for an honest error, we really need better clarity and better certainty in the way in which this operates. We are talking about the activity statement required to be in by the extended deadline of 11 November,
but the cycle will have to be repeated early next year for the December quarter BAS. The hassle for small business is just beginning.

Let me come to another issue: the Taxation Office and the way in which it has been giving advice out. The Taxation Office has distributed free software to businesses to assist them with the paperwork involved in the GST. I have a copy of that here. It is on a CD. It is known as E-Record, and it is entitled How to keep your business records. ‘E-Record’ it may well be labelled, because the ‘e’ stands for ‘error’. Why? Because the information in it is wrong. Something that the Taxation Office circulates to help taxpayers and businesses cope with the GST is wrong! If the Taxation Office cannot get its new tax system right, how can it expect anyone else to get it right? It was drawn to our attention by Terry Wright, an alert but exasperated farmer from Table Top. How many other mistakes has the ATO put out in trying to explain this so-called simple new tax? More importantly, what was the response of the Taxation Office when this was drawn to its attention? They produced an information sheet, which was not circulated to everyone that received the ‘Error-Record’. What it says is interesting. It says that no client who has relied on information from the Taxation Office, including E-Record, will be penalised for any mistakes made resulting from the information provided.

So information circulated by the ATO cannot be relied on—what a great admission from the tax office administering this great, new, simple system—and, more importantly, if we muck it up, ignore it and keep it quiet. What a botch-up. But it raises the question as to how many others have relied incorrectly on E-Record, which has given them wrong information but have not had the information sheet from the tax office drawn to their attention. But it does underpin a far more fundamental point: if the tax office does not understand how its tax system operates, how can it expect ordinary Australians to understand? The reason the tax office is having such great difficulty is that the government botched the implementation of the tax. The government has taken its eye off the detail.

The government believed that all it had to do was to get the dirty deal done with the Democrats last year—to get the GST passed in the Senate—and that the rest would look after itself. What is required is a government that is prepared to not only cut the deals but also understand the content of what it is on about. This is a government that has clearly failed in that regard.

There are other aspects of roll-back associated with this bill. There is the commission on international travel arrangements, which will become GST free. Also, certain low value amusement and vending machines, not including gambling machines, operating for less than a dollar will now be input taxed. This retrospective change recognises, belatedly, the fact that there is no viable mechanism for GST to be charged on these older style machines. This is a group that circumstances meant could not be taxed, but the legislation sought to tax them. These machines will be released from the GST retrospectively until 1 July 2000. Indeed, this must be the ultimate roll-back—it is retrospective roll-back. The status will last for five years, by which time the operators will have had time to modify the machines.

The other is a provision to extend the concessional treatment of long-term accommodation—that is, the 5½ per cent rate—to accommodation provided at marinas. The further roll-back involves the GST on people who live on boats. These residents will have the GST on their rental of boats reduced from 10 per cent to 5.5 per cent—a good example of the priority the government gives. It is probably a priority that the Treasurer was alerted to when he received his invitation from Steve Forbes to visit him on Highlander, schmoozing up the Hudson, trying to talk up the dollar but daring not to speak its name. This is a Treasurer driven by self-interest and completely botching the system as he goes. (Time expired)

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

Mr Emerson—Madam Deputy Speaker, I second the amendment and reserve my right to speak.
Mr BAIRD (Cook) (11.40 a.m.)—It is my pleasure to rise to support the Taxation Laws Amendment Bill (No. 8) 2000 today and certainly to show the naivety of the shadow Treasurer on bills of this nature and all other matters related to the economy. As we listened to him speak, the distinctive mark about the shadow Treasurer was his disappointment that the introduction of the GST has gone so well. He thought it would be a disaster. He asked question after question. He talked about roll-over, roll-back and roll-forward—whatever 'roll' was required, he was there. The fact is that, after the GST was introduced, Australians decided it was not a bad system after all. They could see the many benefits, particularly when they had the $12 billion worth of tax cuts. Instead of the lame promises made by Mr Keating before a previous election, withdrawing them once he was re-elected and then actually increasing the wholesale sales tax, this government lived up to its promise and reduced the tax levels to a degree we have not seen in the past 20 years. These are the most significant changes to the structure of Australia's tax system since Federation. Given all of that, the introduction has been a success.

I noted the shadow Treasurer’s attack on the Treasurer in talking about his being the highest taxing Treasurer in a decade. In fact, we have had personal tax cuts of $12 billion, removal of the wholesale sales tax, a reduction in business tax from 36 per cent to 34 per cent on 1 July this year and, of course, we will go down to 30 per cent on 1 July next year. These are very significant taxation cuts for the business sector. Exporters have the ability to remove the GST if their product is to be exported; they have not seen that situation before. We have had to go out into the marketplace with the wholesale sales tax in place when other countries have had a particular advantage in having tax removed if the goods are exported. There has been a virtual halving of the capital gains tax because of the changes introduced by this Treasurer.

There seems to be a certain jealousy that the Treasurer was speaking to some of the movers and shakers in New York. It is appropriate that, in the world’s major financial capital, he would be meeting with key investors and key bankers. People like Jim Wolfensohn, the President of the World Bank, were there, and listening to him was a range of other people. This is what we would expect the Treasurer of Australia to be doing at this time.

Turning to the shadow Treasurer’s comments in relation to the Australian dollar, I would suggest that, before he starts attacking the government’s policies and saying that this has led to the drop in the value of the Australian dollar, he looks at the Age of Wednesday, 25 October 2000. The same article was produced on the same day in the Sydney Morning Herald. The article was not produced by an economist of the government; it was written by Ross Gittins, who of course is known for his independence. It is almost as if he had heard what the shadow Treasurer had to say in dispelling some myths about why the Australian dollar has changed in relation to the US dollar. He said:

The first is that it must be happening because of something bad the government has done, we’ve committed some kind of economic sin, and this is the world’s punishment.

Sometimes the world sails on while the Aussie dollar falls out of the sky. That’s a fair sign that it’s something we’ve done. Of course, we well remember when the former Prime Minister talked about the banana republic and what happened to the value of the Australian dollar as a result of his words. Ross Gittins said:

But that’s not what happened this time. He went on to say:

Why has the US dollar been rising at the expense of so many other countries’ currencies? Because, as Peter Costello put it so nicely last month, the world’s financial markets are caught up “in a love affair with all things American”.

He said in summary:

So it’s wrong to assume that the explanation for the dollar’s recent weakness lies in something we’ve done or failed to do.

This is how Ross Gittins, a professional economist who writes in the Age and the Sydney Morning Herald, viewed the situation. It is about time the shadow Treasurer got himself up to speed. Instead of listening to the trade unions about their view of the
Australian economy, he should listen to some real experts. He claims all this expertise but shows very little of it in this House.

It is my pleasure to support the various aspects of the proposals here today because it is a refining of the process. I hear the normal lines from the shadow Treasurer that the sky is falling.

Mr Emerson—It’s roll-back, Bruce!

Mr BAIRD—I am very glad to hear the member for Rankin mention the word ‘roll-back’ because we have not heard it for some time. We have not heard the word ‘roll-back’ for some time, and it is no wonder when the Morgan and Banks study yesterday made it very clear what the Australian business community think about your proposal to roll back the provisions of the GST: 91 per cent of Australian businesses throughout the country said, ‘We are totally opposed to it.’ So all this talk about how you are going to roll back, roll forward and roll over is not supported by the Australian business community. It is about time the shadow Treasurer got out there and spoke to the Australian business community and found out what they really think. They think that the GST implementation has been a great success, they think it is good for business, they think there have been major incentives for the Australian economy; and they are certainly supportive of the tax cuts for business, for private individuals and particularly for exporters who want to go out in the international marketplace. Those are the facts of the matter.

With respect to claims that this has put an undue strain on business, it needs to be remembered that it was on 1 July that this change was introduced. The business activity statements are due now, so people who have suffered difficulties have had some time to put in their proposals. There have been the normal implementation issues of listening to business about some of their concerns. It is a refining process. There is incredible Labor hypocrisy in this whole exercise.

A month after the introduction of the GST, it was interesting to read an Daily Telegraph editorial which, among other things, said:

For months political, business and public opponents filled the community with dread about the tax they claimed had eaten economies all over the world. But a month after the GST’s arrival the doomsayers have been silenced and the critics forced, to a large extent, to eat their words ... While Labor Leader Kim Beazley may have once thought the GST would be his ticket to the Lodge, it is clear that he will have to add more substance to his policy platform than simple and untested promises to roll back the tax.

This is not some Liberal Party publication. This is the Daily Telegraph one month after the GST was introduced. That is the view of the Australian community and the view of Australian business. Included in this bill is a variety of provisions, and I do not plan to cover all of them. Firstly, the bill provides for the GST-free treatment of travel agents’ fees for arranging all overseas supplies; secondly, it allows the Commissioner of Taxation increased discretion in certain matters pertaining to the GST; thirdly, it clarifies the GST treatment of reimportations and temporary importations; and, fourthly, it will improve the interaction of the GST with fringe benefits tax.

In relation to travel agents’ fees, let me say briefly that the tourism industry was one sector of the economy that was concerned about the implementation of the GST. But, as the GST unfolded, their concerns were not realised. The bed tax in New South Wales was removed as part of the deal with the state governments. The removal of this tax simply added to the overall economic benefit to operators in the tourism industry. Under the wholesale sales tax system, there was no comeback at all for other expenses. The tourism industry realised that there would be an impact, but the cost increase across the board was about 2½ per cent for the tourism operators. The removal of the bed tax was a welcome change in New South Wales, particularly as some 65 per cent of all international visitors who come to Australia do come through Sydney and use accommodation there. Every package had a Sydney bed tax component in it, so its removal as part of the GST certainly made the situation quite different.

The tourism industry prepared seminars on how the GST would be implemented. The survey that was carried out just recently found that 87 per cent of operators classified
themselves as being well prepared for the change, 80 per cent of members indicated they were experiencing no problems at all with BAS and 75 per cent of all of the operators in the tourism area said that they experienced no drop in demand for their products internationally or within Australia. I think that is very significant because the member for Hunter, the shadow minister for tourism, went on at great length about the impact of GST on the tourism industry. It is, once again, a myth. The tourism industry has responded well. It is particularly interesting that, in this year of the Olympics, despite the fact that the normal flock of international visitors have avoided Sydney for a couple of months, an increase in the numbers of international visitors this year of about 10 per cent compared with last year is expected. It is amazing.

This is the year in which the GST was introduced, and it can be seen that there is no real impact on the tourism industry. TCA chief Phil Young said:

The good news ... from unforeseen GST problems to readiness of accounting systems small operators rated about the same, and in some cases better than their larger counterparts.

There have been sensible exclusions from the GST of security deposits, voluntary tips and programs, and this legislation adds a travel agent’s commission for overseas land content to that list of exclusions. In the past the international travel component was removed but there was a service fee that was charged on the land content which attracted the GST and that has now been removed. The inequity of there being a GST on the land content but not on the international component has been removed. That significant improvement introduced by this particular bill was very much welcomed by the tourism industry. They lobbied for it. The travel agents were concerned about the impact on their business. That problem has been fixed. The Minister for Sport and Tourism listened to the industry and made the recommendations to the Treasurer. That is why we have seen these proposals in the bill today.

This bill also allows for increased discretion for the Australian Taxation Commis-
benefits tax, the bill ensures that a company can claim an input tax credit for all expense reimbursements that are fringe benefits. There are also some changes to the GST treatment of adjustment for bad debts that are not fully taxable or credible. The shadow Treasurer made mention of one particular aspect with regard to the BAS which he welcomed, and which I support as well—that is, that where a refund may be due that refund is not used to pay another bill that the individual or company owes to the Taxation Commissioner which is not due at that point in time. Under the previous legislation if it was anticipated that a bill may be due, a refund could be deducted for that anticipated debt. This legislation recognises that, in terms of cash flow requirements, this would represent a penalty to the company involved and has fixed this problem.

This bill assists travel agents when they are booking the land content of travel arrangements by ensuring that it does not attract the GST. That is of great assistance to the travel agents throughout Australia—of which there are many thousands, employing many people throughout Australia—and the tourism industry itself welcomes this change. There are also changes in relation to bad debts or the debts that are owed to the Taxation Commissioner. The bill also deals with the problems associated with bringing a product back into the country, as I mentioned before. This bill also widens the discretion of the Taxation Commissioner to allow companies to change their reporting requirement from one month to quarterly and to allow companies that wish to deregister to be able to do so earlier than 12 months.

Meeting those requirements is again recognition that the Treasurer and the government is listening to the concerns of business about some aspects of the implementation. Overall, it is very clear at this point in time, only several months since the GST was introduced into this country, that by any criteria the GST has been accepted by the Australian community and the Australian taxation community—who are busily preparing returns at this time—and supported by the Australian business community. It is a recognition that the Australian community also support the many benefits that flowed from the introduction of the GST and the removal of the iniquitous wholesale sales tax and the great inequities caused by the wholesale sales tax. It also provided the greatest range of tax cuts that Australia has seen in recent memory. The incentives for business in reducing their tax rates, the incentives for exporters and the whole clarification and simplification of the Australian taxation system are very much welcomed. This Treasurer has done an outstanding job. We understand the difficulties of the shadow Treasurer in shadowing someone who is clearly so competent in his job and who has done such an outstanding job in this area. The implementation of the GST has been a great success. I support this bill. It provides some clarification of the existing legislation.

Mr KELVIN THOMSON (Wills) (12.00 p.m.)—If the GST were going as well as the honourable member for Cook claims, we would not be here debating the Taxation Laws Amendment Bill (No. 8) 2000 at all. I am pleased to be able to stand up today and welcome another government initiated GST roll-back. The Treasurer likes to stand up here and complain that Labor is not talking about roll-back every second day. He has a short and selective memory. When the coalition were in opposition, they spent months, perhaps even years, keeping their policies from the view of the public. The Treasurer could also learn from the new-found humility of his fellow minister, the minister for workplace relations. People in glass houses should not throw stones. If he wants to talk about the absence of the ‘r’ word, roll-back, let us talk about the absence of the ‘s’ word, simplicity, from the Treasurer’s comments about the new tax system.

Prior to the introduction of the GST, we heard a lot about how it would simplify the new tax system. Going back to the Treasurer’s press release of 13 August 1998, simplicity took up a whole subsection. He said, for example:

The introduction of the Australian Business Number ..., coupled with simpler and more flexible payment arrangements will substantially reduce the number of dealings business has with the Australian Taxation Office ...
Try telling that to a small business person struggling to deal with the business activity statement! Indeed, the Treasurer has simply stopped talking about simplification. For the last time that he referred to the GST simplifying business reporting obligations in the House, you have to go back to 4 April this year. In answer to a Dorothy dixer, he said about it:

This is good, this is simplification.

But we have not had any mention of simplification since the GST actually came in. Similarly, with the business tax reforms he responded to a question in March this year from the member for Indi that these ‘far-reaching’ reforms ‘would dramatically simplify the Australian taxation system’. Also in response to the member for Indi, on 28 June last year, he talked about his tax reform simplifying the tax system for businesses. He said:

The good thing about the introduction of a goods and services tax with quarterly returns is that it gives the government the opportunity to dramatically simplify other taxation obligations for companies.

On 2 June last year, in response to a question from the member for Makin, he said the government ‘proposes to simplify Labor’s complex wholesale sales tax system’. The fact is that the ‘Treasurer has stopped talking about simplification of the tax system; the ‘s’ word has simply disappeared from his vocabulary. But, with the legislation before the House today, we at least can see that there is some understanding on the part of the government that in fact its GST and associated tax changes have made the taxation system very much more complex for small businesses.

This bill deals with issues going to simplification. It allows the tax commissioner, in certain circumstances, to cancel an entity’s GST registration. It allows the commissioner, in certain circumstances, to change an entity’s tax period from monthly to quarterly, and it gives the commissioner the ability to pay out a refund from a business activity statement rather than to take it off current or future tax liabilities such as company tax. These are the more significant changes. There are some 48 other changes plus a number of minor technical corrections. That is in fact a lot of simplification. I and other Labor Party members are supportive of these simplification measures because we have had calls and letters from small business people who have had to suffer as a result of the botched implementation of the GST.

Mr Bruce Howard—no relation to the Prime Minister, I assume—is a small business person who has suffered as a result of the existing legislative provision that, once you register for the GST, you cannot deregister for a period of 12 months. That might seem like a small point but, if you are required to then fill out those BASs, business activity statements, quarterly when you had no intention of doing so, it is not a small point. When business people have been faced with the impending deadlines and the application forms of the new tax system, we have had quite a few instances of them applying in error for GST registrations. Some, in the process of applying for the Australian business number, have mistakenly applied to register for the GST. Those people have now found themselves in a very difficult situation indeed.

To come back to Mr Howard, he ran a very small business with a turnover well below $50,000—from memory I think it was around $20,000 to $30,000—certainly low enough for him to know that he could safely apply for an Australian business number with no concern about needing to apply for the GST because he would not breach the $50,000 trip-wire. On his application form he filled out ‘No’ to question No. 30—’If you are not required to register for GST, do you want to apply for voluntary registration?’ That was what he wanted to do. He did not want to voluntarily register for GST. Then, in response to question No. 32—’What is your annual turnover?’—he ticked the box ‘0 to $49,999’. He regarded it as being fair enough for the tax office to ask him that question. But in fact because he answered that question, even though he ticked ‘No’ to the box on question 30 as to whether he wanted to become registered for GST, the tax office saw fit to register him. This is a pretty simple matter and no harm should have arisen from it. Mr Howard approached the tax office and asked it to cancel his GST registration: he did not want
registration: he did not want to fill in the business activity statement on a quarterly basis. But the tax office told him, ‘No, you can’t deregister from GST.’

The impact of this was so serious that he decided to close his business until such time as he could become deregistered. This was the only way he could get his registration cancelled. So he sent in a second deregistration form on 22 September with the reason stated, ‘Business has closed down and ceased trading.’ He got a letter back dated 9 October telling him that his cancellation was effective 1 July 2000—or so he thought. But he then received another tax office letter, also dated 9 October 2000, telling him that he was now registered for GST purposes, the registration was effective 1 July 2000 and he had been registered for monthly remittance. This gave him a considerable shock. Not only had he been mysteriously reregistered at the same time as being deregistered but also the compliance burden, the very thing he was seeking to avoid, had been increased from remitting four times a year to remitting 12 times a year. It must have seemed a bit like playing Lotto: Mr Howard played Lotto with the new simplified tax system and comprehensively lost. We certainly hope that once this legislation has passed through the parliament Mr Howard’s business can be reopened and he can continue trading. But it still leaves the question open as to how the tax office managed to deregister and reregister a business that had sought to be cancelled. That is something I have written to the Treasurer about and I, along with Mr Howard, will be interested to know the answer.

I also bring to the attention of the House the case of Phillip Yates. Phillip runs a Jim’s Cleaning Service franchise. He had also been registered for the GST, even though he did not ask to be and, because of a turnover of less than $50,000 per annum, did not need to be. He has been very frustrated at the lack of action on his request for cancellation. The tax office responded to him that he was registered for GST when he had not asked to be—

The very point we are debating here. She also said:

Lost forms and disputed lodgement dates meant that others did not receive $200 Certificates from the Start-Up Office.

This problem has also been referred to by the National Tax and Accountants Association. The president of that association, Ray Regan, has expressed great concern about the fact that this legislation is not retrospective or at least does not give the commissioner a discretion to cancel GST registrations going back to 1 July. As Mr Regan has stated, there was a feverish atmosphere in the lead-up to the introduction of the GST and many businesses decided to play it safe by registering. I have got to say that, when people came to
me and asked should they register in relation to the ABN, I always said, ‘Yes, it is a good idea to register,’ and in relation to GST as well. We tended to err on the side of caution.

Many businesses which registered for GST subsequently found that it was not appropriate for them but they are now in the situation where they will not be able to de-register. So the situation for these businesses, as pointed out by the National Tax and Accountants Association, is that they have to lodge the business activity statement by 11 November and pay GST even though they have not increased their prices by even a dollar to collect the GST. As Mr Regan says, the GST is effectively coming from their pockets and will likely bankrupt many small businesses. In the lead-up to the GST, the government was urging all businesses to register for the new tax system as soon as possible and, in trying to do the right thing, many small businesses who did not understand the GST registered, mistakenly, and they should not be punished for trying to do the right thing. That is exactly right, and that is why the opposition believes that there needs to be some retrospectivity to this legislation.

The other substantial change in this legislation I want to talk about is the ability of the commissioner to ensure that a business activity statement refund is not automatically offset against a current or future tax debt. The way the situation operates at the moment causes considerable problems for businesses. The tax office, acting on the current law, has reduced GST refunds for businesses by deducting company tax bills even when they had not fallen due. The tax office should not be collecting company tax payments which have not yet fallen due. That clearly creates cash flow problems for small businesses, and the small businesses that experience this problem have to wade through all that red tape while they find out what has happened to their GST refund.

One case that was drawn to my attention involved a small business which submitted a business activity statement on 21 August and was entitled to a GST refund of around $92,000. The subsequent advice from the tax office was that the refund had been put into the owner’s account. When he checked with his bank, he discovered that the refund was $12,000 less. He did not get any advice from the tax office about this; he just found it out for himself. When he checked back with the tax office, he discovered that the tax office had taken his company tax out of his anticipated refund. As no-one had suggested to him that this was going to happen, he had already separately paid his company tax bill. So he was in the situation of having paid his company tax twice, and at the time he contacted me he had still not been repaid the outstanding $12,000. So you can see the cash-flow and red-tape problems which this has been generating for small business. Frankly, it is an all too common problem under the Liberal government, which promised to reduce the red tape for small businesses but which is actually increasing it.

Mr Sciacca—They’re supposed to be the friends of small business!

Mr KELVIN THOMSON—Absolutely, on false pretences. These examples and this bill are clear evidence that the GST implementation is adversely affecting small business and is not proceeding in the trouble-free way which government triumphalism would have us believe. The opposition are happy to have raised these issues and to have brought them to the government’s attention, and we are pleased that some action is now being taken in relation to them. But this is not the only time that the government and the tax office have taken Labor’s advice on helping small businesses with their GST and business activity statement problems. Back in early September, I called on the Commissioner of Taxation to do more to help small businesses, community groups and charities with their first business activity statement, which was due at the end of the month. I pointed out that the tax office needed to look for creative ways to help small businesses, community groups and charities which were struggling with their business activity statement obligations and that they needed more and better advice. I suggested that the commissioner consider having a tax office ‘open week’ where staff get out into the community and go to town halls and community halls, to help out people who are having difficulty
with their business activity statements. I was therefore very pleased to read a couple of weeks later a report in the Age titled ‘Tax Office ‘help week’ to avert GST chaos’. The article read:

The Australian Taxation Office is to launch a last-resort rescue deal to provide advice to up to 50,000 small businesses struggling to lodge their GST returns by the November 11 deadline.

I am pleased that the tax office has seen fit to pick up my suggestion. With that, as with this legislation, we are happy to help fix up, from opposition, the problems caused by your GST legislation, and we look forward to the opportunity to fix up even more of the problems caused by your GST when we become the government.

Although this legislation addresses some GST related problems, sadly there continue to be many more. For example, it has been recently reported that the GST Start-Up Assistance Office is telling people that they do not need to complete page 2 of the business activity statement if they have a record-keeping and accounting system. This is not right; it contradicts the tax office’s advice in its BAS instructions booklet. Clearly, the tax office and the GST Start-Up Assistance Office need to get their act together on that. I also point out problems which the National Tax and Accountants Association has identified concerning the approaching deadline for BASs—the 11 November deadline. The tax office is saying that, unless tax agents lodge 50 per cent of the BAS returns by 11 November and all of them by 30 November, it will be imposing interest and penalty charges. It is suggested by the National Tax and Accountants Association that will cause those small businesses and their tax agents and accountants great difficulties. It will cause them to be liable for lodgment penalties, interest charges and the like, and that is a very unsatisfactory situation. There remain a whole swag of problems concerning the GST’s implementation. I urge the government to examine those problems and to take the necessary action to ensure that small businesses do not continue to bear an unreasonable burden of the implementation of the GST.

Ms JULIE BISHOP (Curtin) (12.20 p.m.)—On 1 July 2000, just over three months ago, Australia gained a new tax system. Over many years, different persons proposed a new, fairer tax system for Australia. On occasion, support for tax reform even reached the inner sanctum of Labor governments. But when the national interest met the political needs of the ALP, there was only ever going to be one winner: the self-interest of the ALP. And the result? Tax reform was delayed and shelved and repudiated and re-examined and shelved and delayed, again and again. It took the political courage of the present government to see that national interest finally served, by the reform of a tax system that was unfair, inefficient and ineffective.

Three months later, we have the opportunity to consider the performance of that reformed system and the relative ease of its implementation. And what a different opposition we see now—still carping, but the wind has been taken out of their sails. Just three months ago, they could not be quietened—certainly not by simple decorum and certainly not by informed refutation. There they were during question time, pumped up about the alleged injustice of tax reform and pumped up about the disaster they hoped would engulf working Australians. Maybe they were the only people convinced about that disaster, but self-convinced they were. And what about prices? The ACCC might profess expertise in these matters, but the opposition knew better! They knew prices would skyrocket, they just knew it! Wrong, wrong and wrong again.

In the height of earlier debate, before results were known, before surveys were collected, when there was still a hint of doubt in the public mind, the opposition had harangued, decried and speculated. Yet now they cannot get past the facts ranged against them. Retail spending jumped 5.6 per cent in August, more than double the consensus forecast by market economists. The trend estimate for total new car registrations rose by five per cent in August. Wine exports jumped 10 per cent in July to $143 million. Housing loans in July grew 18.3 per cent from the previous year and were up 1.5 per
cent on June. In September unemployment fell to the decade record low of 6.3 per cent. Since July, 23,000 jobs have, on average, been created every month. The labour market remains strong. The Morgan and Banks job index released yesterday indicated that hiring intentions were at the highest level in five years, with 42 per cent of the 5,877 employers surveyed indicating they will be hiring permanent employees in the next quarter. The opposition just cannot scramble over the comments of business. Mr Roger Corbett, CEO of Woolworths, said recently:

Woolworths’ first-quarter sales rose 9.6% to $5.3 billion and were not affected by the GST. Clearly there is a lot of confidence out there in the community and our sales in the past few weeks are reflecting this trend.

The average price to customers of the total basket of the retailer’s goods after the new tax was little changed, but customers had found extra dollars in their pockets following personal income tax cuts.

Mr Warwick Helmsley, Chairman of the Housing Industry Forecasting Group, said:
The outlook in Western Australia is positive, sustained, good economic growth.

Mr Peter Sturrock, Chief Executive of the Federal Chamber of Automotive Industries, said:
The September quarter result fulfils what we have long predicted, that car sales would increase with the benefits of the GST. This is unambiguously good news for the car industry.

Lynn Minaham, Marketing Manager of Daimaru, said:
Confidence is coming back. I think people have accepted it (the GST) now, and cash registers have definitely been more active this week.

Mr John Bowe, President of the Australian Taxi Industry Association, said:
The transition to GST within the taxi industry has been seamless and without incident.

Mr Peter Wilkinson, CEO of David Jones, said:
Taking both June and July together, the GST wasn’t the disaster that many people made it out to be. I wonder who he could have been referring to—‘the disaster that many people made it out to be’. Mr Mark Paterson of the Australian Chamber of Commerce and Industry said:
The introduction of the GST has continued to remain a smooth transition to a superior tax system.

But the ALP’s bluff and bravado has been exposed truly with the Australian Bureau of Statistics release of the consumer price index for the September quarter. For nigh on two years the opposition told anyone who would listen that under tax reform prices would jump 10 per cent overnight. Yet the Bureau of Statistics figures revealed that inflation had risen by only 3.7 per cent, less than the government’s forecast of 4.5 per cent. The one-off price effect of tax reform has not been 10 per cent but rather less than three per cent, significantly lower than the 3.75 per cent forecast by the government. The cost of child care is just one example. It has fallen by 15 per cent under the new tax system. The price of motor vehicles fell 2.5 per cent in the September quarter. In the same period, the price of basic food fell. The price of audiovisual and computing equipment was down five per cent for the quarter and 14.3 per cent for the year. As David Buckingham of the Business Council of Australia remarked upon this announcement:

Australia has digested the price effects of the introduction of the GST better than expected.

With the opposition now resorting to talking down the economy yet again, the parliament has the opportunity to consider further reforms that will allow smoother administration of the new tax system and deal with some minor questions that have arisen since the system’s implementation. That is the stated intention of the legislation before the House. The Taxation Laws Amendment Bill (No. 8) 2000 does not make grand changes to the new tax system. It does not alter the rate or mechanism by which the sale of goods or services is taxed. Nor does it alter the personal income tax rates, now substantially reduced, or the significant increases in pensions and allowances made on 1 July. These are changes that address operational issues that have been raised in the main by industry groups and tax practitioners, the ATO and in some instances the states and territories. That is not surprising, given that in the imple-
mentation phase there will be issues that will arise in what has been one of the largest overhauls of the tax system since Federation. The government is addressing these issues by this legislation. There are seven schedules, comprising amendments to GST supplies and input taxed services, to imports, to fringe benefits, to adjustments and to administration, as well as some other general amendments, and some technical corrections.

Turning to the particulars, the bill grants greater flexibility to registered businesses in their reporting and payment requirements. Under the changes made by the bill, entities which voluntarily agree to lodge monthly GST returns may change to the more usual quarterly returns without being required to use monthly returns for at least a year, as was previously required. In fact the Commissioner of Taxation will now have the discretion to backdate the effect of such revocation to 1 July 2000. This development, I know, will be much appreciated by many smaller businesses. I know of a number of smaller businesses in my electorate of Curtin which elected to report monthly but now no longer wish to do so. This change will facilitate that. Some businesses placed in this situation by their initial election would have been disadvantaged in comparison with businesses that registered quarterly. Similarly, this bill will allow for greater flexibility in the cancellation of GST registrations.

Where previously an entity that registered voluntarily would be required to remain registered for at least a year before cancelling its registration, now such an entity will be able, with the permission of the commissioner, to cancel that registration within that first year. The bill also gives the commissioner the discretion to be able to refund a running account balance surplus or credit rather than apply it against a tax debt other than a BAS amount that is due but not payable. That reminds me: on the BAS, the member for Wills is just plain wrong in his statement about option 2. It is an option and it is explained in the instruction booklet. There is no mystery about it.

The provision about the commissioner’s discretion is going to ensure that businesses are able to receive BAS refunds without having them offset against other debts that may be due but not payable for up to several months after the BAS is lodged. This is a significant change in that it will assist business to overcome any cash flow problems that might have arisen otherwise. This is good stuff. In fact, this is probably the most significant change in the bill. It is hardly a roll-back.

The legislation also provides for the GST treatment of travel agents’ fees for arranging overseas supplies, such as accommodation and meals and car hire and the like—not only overseas air transport. It will be GST free where the effective use of the supply is to take place outside Australia. This will reduce significantly compliance costs for travel agents who would, but for this amendment, have had to split the agency fee charged to Australian wholesalers of overseas holiday packages into a GST free and a GST taxable component. This is good.

The bill also provides that the sale of residential premises that have been used as rental premises for at least five years will be input taxed. The amendment effectively removes such properties from the definition of ‘new residential premises’ which applies to rental premises constructed after 1 July. There are also amendments to finetune the treatment of financial services. There are changes to the GST treatment of representatives of incapacitated entities. The GST act provides that the representative of an incapacitated entity—that is, a liquidator or a receiver—assumes the GST responsibilities of the entity. That could have had an impact on the order of priority rules where the Australian Taxation Office is an unsecured creditor. So all this amendment does is restore the established rules of priority.

There is finetuning treatment of reimportations and importations. The bill deals with matters like conversion rates, the treatment of goods acquired before 1 July which are to be reimported, the reimportation of breeding stock, the treatment of certain goods that are temporarily imported into Australia and the like. There is also better interaction between
the fringe benefits tax and the GST. For example, under FBT legislation employers can make various elections, that is, they can elect that only 50 per cent of the value of certain entertainment benefits is subject to FBT, for example. The component not subject to FBT is not income tax deductible. In most cases, input tax credits are not allowable for acquisitions to the extent that the entity cannot deduct the expense for income tax purposes. This amendment will ensure that entities can only claim input tax credits to the extent that the acquisition in relation to entertainment is deductible under income tax law.

There are a number of other changes, including adjustments for bad debts that are not fully taxable or creditable, adjustments for associates of non-profit sub-entities, and provisions to do with insurance excesses, GST free insurance policies and the notification of an input tax credit entitlement on the settlement of an insurance claim. There are provisions relating to the insurance applying to settlements to injured third parties. There are some measures dealing with employees of overseas entities in circumstances where a non-resident entity supplies the services of an employee to a 100 per cent owned Australian subsidiary company. This amendment ensures that the value of that supply—the supply of that employee—if it exceeds the GST registration turnover threshold, will not form part of the entity’s registration turnover threshold for the purposes of the non-resident entity’s choice whether or not to register for GST. So that is good.

There is also an amendment relating to returnable drink containers in South Australia and another clarifying the application of the luxury car tax and the wine equalisation tax. Then there are some technical corrections and some miscellaneous measures. But the provisions are all directed sensibly to ensure that the legislation operates effectively. I guess it is to be expected on past performance that the opposition is incapable of considering this bill in that context. Even though each and every development since 1 July has been contrary to their pronouncements and expectations, they will not yield. The ship might be holed and the gunwales sinking below the water line, but the opposition’s colours are still nailed far too high upon the mast for them to alter course.

Nonetheless, the degree of sophistry associated with Labor’s reaction to this bill is extraordinary. For six months prior to 1 July, all the Leader of the Opposition talked about was roll-back. That is all he wanted to talk about. Regardless of the issue at hand, the Leader of the Opposition would send out the signal: ‘Roll-back will fix it.’ What was this thing called roll-back? That he could not tell us, but he believed in it. He believed in it 110 per cent. I am sure I heard the Deputy Leader of the Opposition earlier in this debate slip in the phrase ‘our roll-back policy’, but I did not hear any details. Perhaps the press gallery would have a better chance of obtaining some policy details on roll-back from the leaders of the Labor Party, for the last time that that phrase crossed the lips of the Leader of the Opposition in this parliament was in June.

I actually missed the vivacity of the Leader of the Opposition’s turn of phrase when he was onto this roll-back thing. There was a certain elegance about this claim that he could surf into office on a roll-back. There was a sort of a gravitational wave thing happening there. But alas, no more. I am not ridiculing the roll-back policy, as the member for Hotham suggested. I just want to know what it is. It seems that the business community, however, have no trouble ridiculing the concept. This ALP policy is so out of touch with business that the Morgan and Banks survey released yesterday showed that business is resoundingly against whatever the ALP means by its roll-back policy. Some 90.5 per cent of businesses surveyed do not want roll-back. If the member for Hotham was detecting some derision, it is coming from business.
It is predictable that the opposition benches try to suggest that this bill and these amendments to the existing laws are a variety of this thing called roll-back, but it is apparent that the measures contained in this bill are not substantive policy initiatives. They are measures that will increase administrative simplicity and compliance to the benefit of, in particular, some smaller businesses within the new tax system. It is just plain silly to expect that such groundbreaking reforms would not need minor adjustments. The suggestion that this bill represents roll-back is inane at best. There is only one roll-back policy and it is Labor’s and it is still being kept secret from the Australian people. I commend this bill to the House.

Mr FITZGIBBON (Hunter) (12.36 p.m.)—I have listened with great interest to the member for Curtin. She would have every single piece of positive economic news we have had in recent times attributed to the GST. What an extraordinary thing to say. She even mentioned wine exports. The member for Curtin would have us believe that increases in wine exports over recent quarters are attributable to the GST.

If the member for Curtin really wants to do something for the wine industry—and it is relevant to this bill because we are talking about some changes to the wine equalisation tax—she should lobby the Treasurer and her government ministers to have them make the wine equalisation tax a revenue neutral measure, not a tax that reaps an additional $147 million out of the wine industry each year. It should be a revenue neutral measure. The government has no justification whatsoever for reaping $147 million extra each year out of this industry. In this place I attempted to move amendments to the wine equalisation tax regime to exempt those small winemakers in regional communities where wine tourism is so important. You will recall that the government initially derided that plan. They said it was an inappropriate thing to do; they were not prepared to recognise the positive results for wine tourism in the regions, but eventually they backed down after a revolt from their own backbench and agreed that it was a good thing to do. However, rather than provide an exemption—which is what I recommended in my amendments—they decided to make it a rebate, which means that small business wineries now go through this complex process of claiming that rebate back for the WET they have paid on cellar door sales: a lot of paperwork, a paper war, for the same result as would have occurred had an exemption simply been granted.

The Library Bills Digest cites as the most significant change in the Taxation Laws Amendment Bill (No. 8) 2000 the discretion it gives the Commissioner of Taxation to refund amounts due to the taxpayer as indicated by a business activity statement, without the need to offset against other debts owed to the Australian Tax Office. This, of course, is a sensible change and one the opposition supports. It is a change of particular significance to the small business community. Indeed, this bill is of large significance to the small business community and therefore it is not surprising to see me on my feet speaking to it as shadow minister for small business. The other changes in the bill which impact significantly upon small business are those which allow the commissioner to (1) in certain circumstances cancel an entity’s GST registration and (2) revoke an entity’s monthly BAS lodgment obligation. These are important changes which really should be made retrospective, particularly for those people who have inadvertently registered for the GST, who were not aware they had done so and who have been carrying on a business since 1 July but not collecting a GST. They now find themselves liable to the tax office for all that GST they did not collect. I know one person with an accounting background who made this mistake. The member for Curtin challenged the comments of the member for Wills, saying that it was all folly, that the form was very simple and that this was not possible. She said there is a very helpful information booklet to help you through the process—148 pages long, if I
remember correctly. So it is a seemingly fairly simple form that requires 148 pages to explain how it should be best filled in. As I said, my friend, with his accounting background, lodging it electronically, made the very easy slip and registered for the GST—unwillingly and unknowingly. He now finds himself three or four months into the new tax system with an obligation to pay the tax office for tax he did not collect. Surely that person, under those circumstances, should be released from that obligation to pay. He is just one example of many small business people who have found themselves in those circumstances.

The member for Curtin had a lot to say about roll-back. The Bills Digest for this bill debates whether these changes represent a finetuning or indeed a roll-back. It does not matter what word you use, the fact is we have now dealt with more than 1,600 amendments to the government’s new simple tax system. This bill simply represents the latest tranche of those changes. The member for Curtin would have us believe that everything is rosy out there in the small business community. The fact is that Australia’s almost one million small firms are hurting badly. Some of them have already invested tens of thousands of dollars preparing themselves for the GST and yet still find themselves spending up to 20 hours a week struggling with the complexities of the GST and the sheer volume of paperwork involved.

The government would have us believe that the transition to the GST for small firms has been all smooth sailing. Indeed, the Treasurer and Minister Reith would have us believe that the small business community is grateful for the new tax system. It reminds me of the comments made by the member for Parramatta who said that people living in the regions should be coming to Canberra bearing gifts and expressing their thanks for all the wonderful things the Howard government is doing for regional communities. How laughable is that! What sort response do you think you would get from someone living in Australia’s regions to a comment like that from the member for Parramatta! You would get the same sort of response from the small business people in the regions who are struggling with the complexities of the GST. They do not have the army of accountants and lawyers to help them through the process like Woolworths have. The member for Curtin is fond of quoting Mr Roger Corbett, the CEO of Woolworths, and passing on to us his comments about the GST and how it is impacting upon his organisation and on prices. But, of course, the GST is of no concern whatsoever to Mr Corbett. Indeed, Mr Corbett likes the GST because he does not squeeze his own profit margins; he passes the demands of the GST back onto his small business suppliers—just another example of how this tax is hurting the small business community.

The Treasurer is very fond of quoting the Yellow Pages Small Business Index, although he does so selectively, of course. He did not mention the survey too often earlier in the year when the GST emerged as the single biggest issue for small firms. There was never a mention of the Yellow Pages Small Business Index then, but when it suits him he likes to tell us of the results. He tells us that something like 60 per cent of small firms surveyed say that the GST is going to be a good thing. I have always found that survey to be puzzling. It certainly does not conform with my own survey, a survey of some 200 small firms in my own electorate—a much larger sample compared with the Yellow Pages survey which was 300 firms over the width of the whole nation. It certainly does not conform with my results. The key question in my survey was this: what has been the impact of the GST on your business? Those participating in the survey had four choices in response to that question. I should say, of course, that this survey was undertaken pre the period in which small business people really began to focus on their business activity statements, so it was pre the most difficult time for small business. It is my intention to undertake a similar survey post business activity statement lodging—probably after the second rather than the first because I suspect that that second business activity statement will be a greater challenge for small firms than the first, although not in terms of the complexities of filling it out—that might even be a bit simpler. I concede that: having done it once, you
will more than likely find it a bit easier the second time around. But, in terms of cash flow, I think it will be significantly more challenging; firstly, because the first time around many firms had a wholesale sales tax credit to assist in cash flow which will not be available the second time around, and, secondly, when you have a cash flow crisis there are many means available to you to weather the storm: you rob a bit of money from another account or from a friend or a member of the family. But Peter Costello’s new rules do not allow you to do that, either: the second time around that option is not there. You still have the debt from the first time but your friends have now gone missing. How many times can we do this? So I think a survey post the second business activity statement will be very informative indeed.

As I said, the respondents to my survey had four choices in their responses. I repeat the question: what has been the impact of the GST on your business? They could have said positive; they could have said negative; they could have said they were still unsure or they could have said it had no impact whatsoever. Of course, I could fiddle with these figures and make them look better but I think you will accept, Mr Deputy Speaker, that they are correct because it is fairly obvious that I made no attempt to cover them up or to make them more favourable towards the ALP’s position on this subject. Fifty-four per cent of respondents said that the GST had had a negative impact on their business; 16 per cent said that they were unsure; another 14 per cent claimed that the GST had had no impact whatsoever, and only 16 per cent were willing to indicate that the impacts had been positive. It gets worse than that for the government because, of the 16 per cent who said they were unsure with respect to the original question—that is, what has been the impact—45 per cent made negative comments on the GST at the back of the survey where they were invited to make general comments. Forty-five per cent made a negative comment—and this was a negative comment not accompanied by a positive statement at all. We have been very fair about how we divided these. So that takes the total saying that the GST has had a negative impact on their business to 61 per cent. I would not think that is good news for the government, and certainly it is not something that backs up the outrageous claims being made by the member for Curtin and others on the government side during this debate this morning.

The member for Curtin also attacked the opposition for, if you like, screaming that the sky is falling in and for raising the anxiety of small firms throughout the GST process. Nothing could be further from the truth. Certainly the opposition opposed the GST, and I think rightfully so, but, since its introduction—and being aware that you cannot unravel the web, you cannot unscramble the egg, you cannot get rid of this regressive tax once implemented—we have lain low on the impact of the tax on small business: there is enough happening in their lives without the opposition unnecessarily raising concern, fear and anxiety. That has certainly been my approach throughout the course of the last few months. In fact, we have been in here making positive suggestions about how this tax can be made fairer, indicating where changes need to be made. Sometimes we call it roll-back. It does not matter what you call it: they are important changes, now numbering more than 1,600. There are 1,600 amendments to the government’s own simplified, simple tax system.

Yesterday the Treasurer was in here waving around the Morgan and Banks survey, and again the member for Curtin made reference to it. He was proudly boasting that 90 per cent of firms, I think it was, do not want any form of roll-back. But what is this? Finetuning, roll-back—it does not matter what you call it: they are changes that are necessary and changes that we have been calling for for a long time now. And there should be more changes that we will be happy to give bipartisan support to.

The shadow Treasurer this morning fore-shadowed one of the most important changes of all—the one that is hurting people most in the regions, the people in the regions that the member for Parramatta says should come bearing gifts—and that is a commitment to the Prime Minister’s original promise, the promise that the GST will not cause petrol prices to rise.
Mr Emerson—Which he denied he ever said.

Mr FITZGIBBON—I thank the member for Rankin—which he denied he ever said. He tried to finetune—if I can use that word again—the statement and qualify it.

Mr Emerson—Roll back his promise.

Mr FITZGIBBON—Roll back his promise. But the facts are on the table and the Speaker himself has backed us on this issue. The GST has caused petrol prices to rise, and that is hurting people in the regions most. Both the Treasurer and the Prime Minister have the means available to them—today, tomorrow or whenever they are ready—to fix that. I am happy to be in here supporting small business but, just as importantly, supporting the amendment of the shadow Treasurer to hold the government to account, to try to bring them, screaming, to keeping that important promise. There is all this talk of ‘What about the budget surplus?’ We are talking about a billion dollar windfall here not budgeted for. How could a decision to hand back a windfall, unanticipated, to the electorate possibly have an impact on the government’s bottom line? Of course it cannot. Petrol will remain an issue for this government for some time to come. And don’t worry: we will hold the Prime Minister to account for his broken promise all the way to the next federal election. It is obvious that the member for McEwen and others understand that to be the case and are rallying now to support our side on this issue and are calling upon the Prime Minister to do something about keeping that very important pre-election promise. The government has to move on petrol. It has a fuel grants scheme, now subject to an ACCC inquiry, for which there is numerous evidence that it is not going to the people for whom it is intended. The Minister for Financial Services and Regulation tried to misinterpret words I used in this place to try to portray the opposition as keen to abolish that fuel grants scheme. That is not so. We will support any scheme that attempts to address the price differential in city-country fuel prices. But that scheme must be made to work. I suspect at the moment it is going straight into the pockets of the major oil companies. But the jury is still out on that issue. I am happy to await the ACCC’s finding. But certainly there is plenty of evidence, both anecdotal and otherwise, that that is not the case at the moment.

The other thing that the government could do is adopt the principles contained within my private member’s bill, introduce some wholesale competition into the market for the first time and pass on some of those savings to motorists. That is a principle now supported by the MTAA, the National Farmers Federation, the Australian Democrats and at least three state consumer affairs ministers. Now the petrol inquiry committee of the Western Australian government, dominated of course by members of the Court conservative government, all think it is a good idea. Professor Fels of the ACCC thinks it is a good idea. There are only two groups that do not think it is a good idea. One is the major oil companies, who see themselves being disadvantaged by this new level of competition, and the other is the Howard government, who of course closely align themselves with the major oil companies, see themselves as good friends of the major oil companies, and indeed see themselves as beneficiaries of the major oil companies. It is about time the Howard government moved to keep their election promise on petrol. It is about time they dispensed with their cosy little friendship with the major oil companies and got on with introducing some competition to the petrol market, particularly at the wholesale level of the market, and as a result got on with reducing petrol prices but, more importantly, reducing that unacceptably high city-country price gap.

Mr CADMAN (Mitchell) (12.56 p.m.)—If that was a positive speech supporting the government’s tax changes and full of positive ideas, I am quite amazed. I would love to hear a negative one! In fact, the honourable member for Hunter, who has just resumed his seat, has done nothing but whinge and complain about all of the problems that he has detected in the changes to the system. He has not provided one positive idea—not one positive idea at all. Today we are dealing with legislation full of positive ideas, full of changes that are producing a—

Mr Emerson—Roll back.
Mr CADMAN—It is not a roll-back. They are sensible changes. You can refer to any documentation you like. Just refer to the Bills Digest. The summary says:
The Bill includes a number of minor policy and technical changes which amount to fine tuning …
Nobody is saying this is a roll-back. For goodness sake! It stays in place. The main issues raised by the opposition today are what they call the complexity of the first business activity statement and the petrol pricing issue. Not a single thing about the legislation. Not a single thing about the legislation—which I understand the opposition is not going to oppose—which brings some sensible changes to what has been the most massive change of taxation in the history of Australia. But, no, carping and whingeing comprises the Labor Party’s contribution to our debate today.

We are considering the amendments in the Taxation Laws Amendment Bill (No. 8) 2000. Let me just indicate how sensible these amendments are. If, for instance, somebody inadvertently happened to register for the goods and services tax at the same time as they registered for the Australian business number, they are now allowed to pull out. The previous speaker, the member for Hunter, said that he felt that it was strange that somebody who made that mistake and realised that, by the size of their activity, they were not supposed to be registered for GST was obliged to fill in a return. I encourage that individual to approach the Taxation Office, get an individual ruling on that and see how they go. The Commissioner of Taxation has made statements time and again that he is prepared to consider on a case by case basis the difficulties that people may be confronting in dealing with their first business activity statement. That is a simple matter and this legislation regularises it. If somebody has inadvertently completed a statement saying that they will need to fill in a GST registration, the commissioner now has the right to cancel that process. It is there—this is the sensible legislation today.

The bill also deals with the GST-free treatment of travel agents’ fees for arranging overseas supplies. This sensible provision provides that the sale of residential premises that have been used as residential premises for at least five years will be input taxed. The finetuning of the interaction between the fringe benefits tax and the goods and services tax is sensible stuff. It clarifies the GST’s treatment of reimportations and temporary imports. Excellent. It ensures that the associates provisions operate in relation to non-profit subentities—that is a grouping process for non-profit entities. How sensible. All of these changes are highly predictable and none of them was raised by the Australian Labor Party. Not one of these minor changes that improve and streamline the legislation has been suggested by the Australian Labor Party, but they are changes that make it easier for people involved in various aspects of the goods and services tax, and make the administration easy.

I point out to members, and certainly the opposition, that if they are responsible they should be making small businesses aware that they do not have to complete the back page of that business activity statement. If they have a reliable system—and most people I have spoken to have decided to go for Mind Your Own Business or Quicken, one of those software packages that provide, straight off the screen and off the printer, all the information the tax office needs from the records they have been putting in over the last three months—they do not have to go back and recalculate the whole process. They do not have to demonstrate where their figures have come from. They can provide those figures straight to the tax office, and that is all that is required in this reporting process. It is not meant to be a final profit and loss accounting process. It is not meant to be an end-of-the-day, end-of-the-year process. It is a reporting process that can come straight off the records kept by the small business operator. Even if they do not have a software package, provided they have a system which enables a tracking back of the cash flow, all they need do is fill in the front page of that business activity statement. The commissioner said that to the community back in March. He said, ‘You don’t have to complete the complex and full statement that larger businesses may have to complete. All you have to do is demonstrate you’ve got a plausible and sensible system and fill in the
front.’ That is all he requires. I appeal to tax agents and certified tax agents to make sure their clients understand this. I appeal also to small business people not to get fazed about this new tax. Take it steady, be careful and seek advice when necessary. It is quite simple and effective.

I have spoken to many small business people and have had a variety of responses. On investigation I have found that those who are claiming it is hard and complex are mostly trying to work backwards through the system, doing the very thing the tax commissioner says they do not have to do—fill in both sides of that business activity statement. If anybody is concerned, I would like to quote some of the comments from Mr Chris Jordan, who is the chairman of the New Tax System Advisory Board. Chris Jordan has made statements about the help available. There are 50,000 appointments at 250 locations around Australia to help people prepare their business activity statement. Those opportunities are there. If somebody has a concern, there are free opportunities to help them prepare their business activity statement. There is a booklet, a video, a CD-ROM, and the tax office web site—a multitude of opportunities. I wish I had brought into the House the great pack of stuff that I have that is designed to assist any type of organisation—including not-for-profit groups, travel groups—to assist small businesses. For every type of activity, there is advice available for them. It is easily understood and easily followed. Chris Jordan said:

If you have given all of these packages a try and still need help, there is an initiative running from 1 November to 8 November—

We are right in that period now—called BAS Help Week, Business Activity Statement Help Week. BAS Help Week will be held across the nation with the Australian Tax Office offering free one-to-one advice and assistance to small business that are self-preparing their BAS statement.

How easy this is and how the government has moved to assist small businesses struggling with the new tax system. If they are struggling, help is there. They have only to ask. If somebody is interested, all it takes is a phone call. The ATO number for the self-help preparers and for BAS Help Week applicants is 13 24 78. All they have to do is phone that number and someone from the tax office will come to help them. I have had a number of constituents who have been in strife and a tax officer has come out to help and they have been delighted with the results. The tax officer has stayed as long as necessary to help them solve any problems and after that it is a breeze.

Mr Emerson—For a streamlined new tax system for a new century!

Mr CADMAN—I will come down to your electorate and I will meet your people. You ask me down there and I bet we will solve the problems. You are cooking up problems that do not exist. From day one of this tax you have come into the House on every tax bill complaining about the complexity. You were proved wrong on every statement you made prior to 1 July. There were porkies that the Australian Labor Party perpetrated in this House; the honourable member was amongst the people who promoted disinformation on what the tax was going to do. I can go back through the speeches and point out where every issue that the opposition have raised has been proved wrong by facts. They continue the process here today with the business activity statement and I know we are going to get another burst in a couple of minutes about how difficult the government has made it for everyone and how people are going broke. That is just not true. People who are in trouble have so many opportunities to obtain assistance, and it is commonsense practical help on the ground.

I want to deal, in particular, with the cuts to fuel tax under the new tax system and the changes brought about by the new tax system. On 1 July 2000, the Commonwealth significantly cut fuel taxes, particularly benefiting rural and regional Australia. We removed part of the excise tax and put a GST in there without increasing the price at that time. In fact, prices fell immediately after.

The Australian Labor Party said that the government will not admit that the GST increases the price of fuel. If any commodity rises in price, the GST component does increase but it has to be paid back to the people
who claim it. It is as simple as that. There is nothing unusual about petrol or any other commodity. The GST applies to oranges, apples, motor cars; it applies to everything. It is a flat consumption tax across the board. It is 10 per cent. What is the Australian Labor Party on about? I cannot understand the contrivance and sophistry that it goes on with about petrol because it is no different from any other commodity and it has all been taken into the calculations the government has already made. So for goodness sake, let us move on because the government reduced excise on 1 July, the excise on petrol and diesel fell by 6.7 cents per litre and it introduced the GST. That reduction cost $2.2 billion.

All registered businesses can claim an input tax credit paid on fuel. Effectively, they pay no GST on any of the fuel used for business and they get the benefit of an excise cut of 6.7 cents a litre. The Fuel Sales Grants Scheme provides one or two cents per litre to retailers of petrol and diesel in rural and remote Australia. Those grants alone cost $500 million over a four-year period. That ensures that motorists outside metropolitan areas, where fuel prices are typically higher, are not worse off as a result of the new tax system.

All this has been in place since 1 July and the Australian Labor Party tries to run a spurious line about the government secretly raising taxes on petrol. It is rubbish. All that has happened is that time has moved on. The trouble is that the Australian Labor Party has not moved with it, otherwise some of the comments its members are making in the House would be more constructive.

The diesel fuel rebate scheme provides 100 per cent rebate on the diesel used by off-road vehicles in agriculture, mining and a number of other industries. It was extended to diesel used in rail and marine transport from 1 July. This is a massive change in the cost of transportation in Australia. What would the road transport industry be paying for fuel under the Australian Labor Party? It would be paying the full tote odds. It would not have any of the grant schemes or any of the rebate schemes. They would not be available because the Australian Labor Party voted not only against the GST, it voted against these grants. The introduction of the Diesel and Alternative Fuel Grants Scheme meant that diesel became 24c a litre cheaper for heavy transport and vehicles over 4.5 tonnes.

That is a huge drop in the cost of fuel and a huge benefit to Australians using the new system of taxation. The coalition government’s proposed fuel tax cuts were even more generous in the original package but the Australian Labor Party and the Democrats in the Senate said, ‘We’re not going to let you do that because we have some weird agenda to muck up your tax system and not allow the deductions that were to apply right across the board in rural, regional and metropolitan Australia. If we can stop the government from doing that, we will blunt the benefit that Australia should be getting from the changes that this new tax system has brought about.’

Labor has an appalling record on fuel tax. Mr Deputy Speaker, you should look back over the history of what the Australian Labor Party has done. I imagine that you might have already done so. I remind the House that when Labor came into office in 1983, fuel excise was 6.155c per litre. When it left office, it was 34.183c per litre, an increase of over 28c per litre, or about 450 per cent. That is what the Australian Labor Party thinks of fuel and how it should be taxed.
Labor’s 1983 fuel tax hike raised an extra $4.1 billion between 1993 and 1996, or $3.7 million a day. That is an equitable tax; that is the way it likes to tax things. Its discretionary budget exercise of 9.5c per litre is equivalent to 25 per cent of today’s excise rate. That is 38.118c per litre. That is the sort of policy the Australian Labor Party has for the users of petrol and dieseline. On top of the increase in world oil prices, it would have been a disaster if there had not been a change of government and the Labor Party’s policies were still in force. There would not have been any rebate or grants schemes. We would have been paying full tote odds, no matter where we lived—in regional or rural Australia or in the city—and there would have been the additional prospect of incredible price increases due to the Labor Party’s taxing policy on fuel.

The changes we brought in have produced a massive benefit. The fact that they have been blunted by the increase in world oil prices does not diminish the overall benefit that Australia has compared with nations that have to pay the full impact of increased world oil prices. This is good legislation which changes the GST and brings benefits to all Australians. (Time expired)

Mr EMERSON (Rankin) (1.16 p.m.)—This legislation introduces a further 188 GST roll-back amendments. In addition, since the legislation was put on the Notice Paper, a further amendment bill amending the amendment bill has been circulated and that contains another set of amendments. The 188 GST roll-back amendments should be added to the 1,466 GST and other related amendments that have been introduced in this parliament by the Treasurer, taking the total number of amendments to the new tax system legislation to 1,654.

This parliament may recall—the Australian people will certainly recall—that when the Treasurer came back from holidays earlier this year, he was interviewed by Neil Mitchell on 3AW. He was trying to clean up the mess created by the Minister for Financial Services and Regulation and the Deputy Prime Minister, who did not understand this so-called ‘streamlined new tax system for a new century’. Confusion reigned supreme over the holiday break. The Treasurer came back from holidays and he was asked on that radio program, ‘Does that mean no more changes?’ The Treasurer’s response was: Well, it does mean that we’re not changing the legislation, that we’ve got it right. As you implement these things there have to be further rulings, they’re just rulings as to how the Tax Office applies the concepts, but we’re not changing the legislation.

That was the Treasurer’s pledge in early February when he came back from holidays. Since that time in just about every second sitting week of the parliament, the Treasurer has introduced another GST amendment bill, on this occasion containing 188 GST roll-back amendments. So much for the Treasurer’s ‘streamlined new tax system for a new century’. How many times have we heard the Treasurer boast about this ‘streamlined new tax system for a new century’, which he has said replaces ‘the 1930 Botswana style outmoded wholesale sales tax’?

That is his exhortation; that is his proud boast—that this is a ‘streamlined new tax system for a new century’. How streamlined can a tax system be when now it has reached 7.1 kilos of complexity, when it contains 1,654 amendments and rising, despite promises by the Treasurer that no further amendments were required? It is ironic that the government’s own economic analysis of the impact of the tax package, and particularly of the GST, showed that the exchange rate would rise as a result of the implementation of this so-called ‘streamlined new tax system for a new century’ that was going to replace ‘the 1930s outmoded Botswana style wholesale sales tax’.

The government said the exchange rate would rise effectively after 30 June. History has proved exactly the opposite. In fact, I had a look at movements in the exchange rate from 30 June until yesterday and the Australian dollar has fallen against 150 currencies out of a total of 161 listed currencies. I find it ironic that amongst those currencies against which it has fallen is the Botswana currency and the Swaziland currency. So the Treasurer himself has now become a bit more circumspect about commenting on the exchange rate. I think that is probably a wise
policy. But he was not so circumspect back in 1995 when he was criticising the previous Labor government. He said this:

A nation’s currency is a mark of how its economy is perceived in international markets ... the mark that has been given to our currency and to this Prime Minister’s economic management is a fail—a fail.

He said that in this parliament on 30 June 1995. The value of the Australian dollar when the then shadow Treasurer gave a fail mark to the government’s economic management was US$1.06. It is now US$0.85, a depreciation in the order of 30 per cent. By his own standards, if the value of the Australian dollar is a mark of the government’s economic management, the Treasurer must be managing this economy worse than the government of Botswana and the government of Swaziland.

We have heard much from the government about the great economic impacts of the GST, that if only they could get the GST package through the parliament we could expect a lot of improvements in the economic performance of this country. Inflation since the GST was introduced has reached 6.1 per cent, the highest level in, I think, almost two decades. But apart from the inflationary consequences, we have heard from the member for Wakefield and other speakers that the GST has had no impact on small business. In fact, the Treasurer himself earlier in the year also said that the GST would have no effect at all on small business. I refer to statements reported on 18 May in Perth, where the Treasurer is quoted as saying, ‘I don’t think anyone will go to the wall as a consequence of the GST.’ We will hold the Treasurer to that claim, because already a very substantial number of businesses in Queensland and other states have gone to the wall because of the GST.

In my own area I have been talking to local banks. They say that the GST is proving to be a very big problem for lots of small businesses. They may be able to make their first payment based on cash balances that they have had in the past and in some cases for credits for the wholesale sales tax that they had paid and were effectively getting refunded. So they may just be able to make the first GST payment, which is due in a couple of weeks’ time, but the view of the people that I have spoken to is that it will be extremely hard for businesses—I am talking about small businesses here—to survive the second GST instalment due early next year. It will be very interesting to see what the Treasurer has to say at that time.

We have had trenchant criticism of Labor’s plan to roll back the GST. Yet, as I said earlier, this legislation contains 188 GST roll-back amendments. We are getting into this semantic game where the government calls roll-back finetuning, and finetuning is fine, but roll-back is bad. The Treasurer quotes a Morgan and Banks survey saying all these businesses do not like roll-back. I think quite a lot of businesses would support the changes proposed in this legislation, as does the opposition. They amount to roll-back. We have made it clear that rolling back the GST involves making it simpler and fairer. The government is saying you cannot make the GST simpler and you cannot make it fairer, yet a number of the measures that are provided for in this legislation do in fact make the GST simpler and that is why we are supporting them.

I refer now to three provisions in the bill that are aimed at making the GST simpler. The first is increased flexibility to cancel GST registration. The second is changes to the way debits are offset against refunds of tax. The third is increased flexibility to revoke monthly tax period elections—that is, if the period is currently one month, they would be able to revert to three-monthly instalments.

In relation to increased flexibility to cancel GST registration, every member of this house would be aware of cases of small businesses accidentally registering for GST. In some cases they thought they were registering for an Australian business number, but in fact registered for GST. As a result of that, many of them are saying they did not want to do that. Others have done it and have decided that it was not appropriate that they should register—they were not required to do so because of the threshold—and they want to get out of the system. Under the current law they cannot get out of the system for
12 months. That means those businesses have to levy GST and if they do not levy it, they will still have to pay it for 12 months. This legislation says that will no longer apply as from the date of royal assent to the bill. What that means is that any business seeking to get out of it will be able to get out of the GST registration process, the GST regime, as of the date of royal assent to this legislation. We think that is an improvement, but a far better system would be to allow them to get out of the system as of the date of introduction of the GST, 1 July. That is why Labor has an amendment to that effect.

The second piece of GST roll-back to make the system simpler relates to changes to the way that debits are offset against refunds. At the moment, if a business is actually in credit in relation to the GST payments, but is expected to be in debit in relation to other tax payments under the PAYG system, the government, under law, is withholding the money, the refund that is due to those businesses, to be offset against their emerging liabilities in relation to the payment of other taxes. That means, obviously, a cash flow problem for companies which would otherwise be entitled to a refund. They are not getting that refund at present. This legislation offers them that refund. Then when their liability for other taxes comes due, of course they will pay those taxes. So obviously that is a sensible piece of GST roll-back that makes the GST simpler.

The third, as I have said, is in relation to increased flexibility to revoke monthly tax period elections. At present you have to wait 12 months before you can move from a one-monthly instalment payment to a three-monthly instalment payment. This legislation makes it easier and gives the tax commissioner some discretion in relation to that. Again we support that GST roll-back that simplifies the GST system.

There are also a number of measures in this legislation that are designed, at least in the minds of the Treasurer and the Prime Minister, to make the GST fairer. In some cases, I think that is unambiguously the case. I refer, for example, to changes in the commission on international travel arrangements. Any commission on international travel arrangements will become GST free. Previously only commission connected with international travel was GST free, but the bill proposes that commission relating to all travel arrangements outside Australia, such as accommodation, car hire, entertainment, transport, meals and so on will also be GST free.

It is passing strange that this is a bit of GST roll-back of some benefit to the tourism industry. But when we go to the explanatory memorandum to examine its financial implications, we get the same three letters which are printed in virtually every item of GST roll-back the government has implemented—'NEG'. When we want to know the revenue impact of the government’s roll-back proposals the Treasury says it is negligible or nil. Since 1 July there have been numerous roll-back amendments, the total sum of which, in terms of impact on the revenue, is negligible or nil. It seems very strange to us and I would like to see a bit more accuracy, to put it mildly, on the part of Treasury when costing these roll-back amendments.

The second area in this legislation in which the GST is designed to be somewhat fairer relates to low value amusement and vending machines; that is, those operating for less than one dollar. They will be input taxed because there are very clear mechanical problems with the little rides kids use in shopping centres and so on and in which you put in less than one dollar. To implement a GST in relation to these would be very difficult. Belatedly, the government has recognised these difficulties.

Further roll-back involves people who live on boats. In the case of longer-stay accommodation, residents will have the GST on their boat rentals reduced from 10 per cent to 5.5 per cent, to bring them in line with long-term residents of caravan parks and mobile homes. I think this is a good thing for low income people living on boats, but of course it is also of great benefit to very high income people living on yachts. I do not think that is necessarily a great thing, but it is of course this government’s definition of fairness.
I turn now to the issue of petrol. The Prime Minister said in this House on 15 August:

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

He said, ‘I said it need not rise.’ I refer now to the Prime Minister’s commitment made in an address to the nation on 13 August, 1998, which I would think was a fairly widely-heard address because it was in the context of the election and it was about the GST. The Prime Minister said:

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

I cannot find any reference in there to ‘need not increase’. The Prime Minister comes into the parliament and says, ‘I never, ever said that. I never, ever said—’

Mr O’Connor—Probably a non-core.

Mr Emerson—It was definitely a non-core promise, as the member for Corio has said, because he said quite clearly in an address to the nation that the GST would not increase the price of petrol for the ordinary motorist. In fact, also before the last election, the Treasurer said in a media release on 7 September, 1998, ‘The government’s proposed new tax system will not lead to any increases in petrol prices.’ So the Prime Minister and the Treasurer were promising that the GST would not lead to any increases in the price of petrol. The Prime Minister repeated that promise after the election in an interview with Philip Clark, Radio 2BL, on 28 March this year, when he said:

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

Remember the Treasurer saying that they were going to equalise the price—that they would reduce the excise and that would then be replaced by the 10 per cent GST, and there would be no change in the price of petrol as a result of the GST? What happened? On 1 July the government reduced excise on petrol by 6.7c a litre, but began collecting a GST of 8.2c a litre, leaving a gap of 1.5c a litre. So from that day the government increased the price of petrol by 1.5c a litre through its policies, and said to the oil companies, ‘You will absorb the 1.5c a litre. It’s your responsibility to absorb the 1.5c a litre.’ Of course the petrol companies said, ‘No way, Jose; we’re not absorbing the 1.5c a litre.’ As a result of that petrol prices did go up.

It gets worse, because the GST interacts with the fuel excise in a vicious spiral of a tax on a tax. Again, this is something the government said would never happen. It said there would not be this interaction of a tax on a tax. The GST is causing inflation. The excise is adjusted twice a year according to the CPI. Because the GST makes the CPI higher, the excise goes higher. The GST is based on the excise-laden price. When the excise goes higher, the GST—at 10 per cent of that excise-laden price—goes higher. So each one kicks the other one up in this vicious spiral of a tax on a tax. But we have the Prime Minister, the Treasurer and members of parliament from the government saying, ‘No, no, that has not happened. Petrol prices have not risen as a result of the GST.’ They clearly have. That has been confirmed by the Australian Automobile Association, which said, ‘If petrol taxes returned to the level they were at on 30 June this year, before the GST, petrol would be 3c a litre cheaper.’

We are going to give a very good opportunity to a number of members of parliament on the government side. We are going to give a very good opportunity for them to show their true colours with the second reading amendment and vote with us, because the second reading amendment calls on the government to discount the next indexation in February by the GST price spike. I fully expect that the member for Makin will join us in that vote. I fully expect that the member for McEwen will join us in that vote, the member for Hughes, and the member for Herbert, who has been campaigning loudly on this in his own electorate. The trouble is that they are tigers in their electorates but, when they come to Canberra, they are kittens. When they vote, they always vote the other way. When they say, ‘We’re going to do this,’ they vote the other way. I feel that they are going to vote with the government—that is, against our motion to make sure that that excise adjustment is discounted by the GST price spike. (Time expired)
Mr PROSSER (Forrest) (1.36 p.m.)—I rise to speak in support of the Taxation Laws Amendment Bill (No. 8) 2000. In the minister’s second reading speech, he described the bill as containing minor and technical provisions and this is true. But, importantly, it addresses issues that a number of constituents in my own electorate of Forrest have raised with me, issues which my constituents view as important to them. Generally, the new tax system has been received well. Business and tax practitioners in the south-west and Great Southern have worked hard to ensure there was a smooth and seamless transition for consumers in my electorate.

The GST has also been accepted by my local communities, and businesses have adjusted well. I want to take the opportunity to pay tribute to businesses who availed themselves of the government seminars and publications and made the fundamental changes necessary to keep their accounting as required by the new tax system. Having said that, however, the system has not been without some transitional issues. As one very respected accountant in Bunbury said to me on Friday, ‘If you build a new house there are invariably a few difficulties to overcome. Building a new tax system from scratch is bound to be no different’. I agree with his assessment and I think the key is in how you respond to these difficulties. I have met with a spokesman and spoken to accountants about the matters that are addressed in this bill. I am pleased that the government has taken a flexible approach. A willingness to finetune the legislation is a demonstration of the government’s flexibility and commitment to making the system work as well as possible.

The tax practitioners in my electorate, particularly in Bunbury, have taken a very proactive approach to the new tax system and I have been in contact with them and had discussions with them regarding their concerns and the positives. I take the opportunity to thank them for providing comprehensive feedback on all manner of things, including the design of some of the forms and other administrative matters, which I have pursued with both the Treasurer and the Assistant Treasurer.

I welcome the advice by the ATO that a flexible approach will be taken to completing the returns of the business activity statement by 11 November 2000. On Friday it was further announced that accountants would receive concessional treatment if they lodged in excess of 50 per cent of their client BAS forms. I am concerned that those accountants who have not taken as active an approach to educating their clients as perhaps the practitioners in my electorate may not be able to meet this high-jump bar. It is important that the government continue to monitor the implementation of the new tax system and so increase simplicity and iron out any unintended consequences.

In June I was visited by Mr Rob Satti, who runs a small coin operated machine business in Bunbury in my electorate. Mr Satti pointed out that because many of his machines could not be adjusted to take different sized coins or only took one coin, the GST for his business would need to be absorbed, making it, in effect, a turnover tax. Mr Satti agreed that the removal of the wholesale sales tax and the ability to claim back input tax credits would be of benefit to his business but in the short-to-medium term this was outweighed by the problem of a tax on turnover. I was very concerned that he was initially told to make his rides 10 per cent shorter and his gum balls and low value lollies 10 per cent smaller, or provide 10 per cent fewer songs on his jukebox. The fact is it is not that easy and, in reality, the market would not accept cost increases, hence the problem. This is clearly an unfair burden for the low value, coin operated industry. This bill moves to correct undue hardship on the industry by allowing for certain supplies to be input taxed. The transitional measures apply to supplies made before 1 July 2005 and will offer relief for suppliers of coin-operated machines where the device only accepts one denomination of coins and does not give change.

The device must also have been in operation on 1 July 2000 and must not relate to a gambling supply. The supplier has the choice of making all supplies from a device treated as input taxed. Once a choice has been made to treat the supply as input taxed, the opera-
tor cannot apply this option again with respect to the same device after the operator has revoked it. The option is designed to give these businesses more time to convert to different machines that will allow further payment options or upgrade the machines to accept a wider range of coins. Initially, the five-year transitional approach is the same as that which Canada adopted in approaching an identical problem.

I also received many calls from members of the community and tax practitioners regarding the inability of entities to cancel their GST registration. Schedule 5 of this bill seeks to fix this problem. The bill amends the GST Act and the Tax Administration Act 1953 to allow the commissioner the discretion to cancel an entity’s GST registration when it has not been maintained for 12 months. This is an important amendment because there are many people who registered when they were not required to and who face a negligible benefit but an administrative burden for doing so. I cannot see any reason why these people who made an error must maintain their registration for the fixed 12-month period and I am pleased this issue is also being resolved.

Likewise, there are several small businesses in my electorate who have opted for a monthly reporting period when the quarterly reporting period would be more appropriate. Prior to this bill, as with GST registration, it took effect for 12 months before it could be revoked. The bill provides the commissioner with the discretion to revoke the monthly report and allow businesses to report quarterly. These two measures are very practical and will be of assistance to entities that need to make these changes.

The ATO has received around 5,000 applications from entities that incorrectly or inadvertently elected to use monthly reporting and want to change to using the quarterly tax periods. These requests have been received despite advice from call centres that the ATO is unable to revoke their monthly tax period election at this time. Entities across all industries will benefit from these changes, especially those not-for-profit entities which have been affected by a recent change in the legislation.

These necessary changes are indicative of how seriously people have taken their responsibilities under the new tax system. It also speaks volumes about the benefit of the system that 2.1 million entities have registered for GST, which is far in excess of the initial estimate. There are now 3.2 million businesses and other entities registered for an Australian business number. As the minister said, this is a very positive sign that the community is actively addressing its obligations under the new tax system.

I, like many of my government colleagues, I am sure, have received calls about the ATO withholding money for taxation debts that have been incurred but were not yet liable, and setting this off against the GST refunds. Any person with experience in business would know cash flow is vital and businesses have a right to expect that they will receive their input tax credits in full. Currently the Tax Administration Act 1953 requires the commissioner to apply any payment, credit or RBA surplus to either an RBA or non-RBA tax debt. The amount remaining after this application is also required by legislation to be treated in the same manner. The result is this diminishing circular routine of applying credits or surpluses against tax debts until none remain. The Commissioner of Taxation currently has no discretion in this manner. It is a mandatory procedure.

My constituents, some of whom have never been late with a tax payment and never ended up on the wrong side of a general interest charge, found the process particularly perplexing. They mentioned they could understand it if there was a perceived risk that they would not pay their full liability but they had always previously paid up on time, yet no allowance was made for this fact. The bill gives the commissioner the discretion to be able to refund a net BAS credit rather than applying it to a non-BAS tax debt, such as an income tax debt that is not yet payable. The bill further extends the commissioner’s discretion to be able to refund a net BAS credit where there is an existing debt that is covered by an agreement with the taxpayer. This may be either to defer recovery of the debt or to pay the tax by instalments when the tax-
payer has complied with the agreement. This will mean that the commissioner can refund amounts in cases where the tax debt is in dispute and finalisation is dependent on an Administrative Appeals Tribunal or the courts.

The amendments contained in the bill to the existing processes are important to the efficient collection of revenues and subsequent refunds on which the cash flow of many businesses depend. I am pleased that the government has responded so swiftly to the concerns of those who have been affected.

The bill also makes amendments in relation to records for transitional credits and delaying a claim for an input tax credit. Currently, entities are required to attribute an input tax credit to the first tax period in which they hold a tax invoice. However, there are situations where an entity does not become aware that it holds a tax invoice until after it has lodged its GST return for that tax period. When this arises, the entity cannot currently claim an input tax credit in the next period but must instead lodge an amended GST return for the tax period in which it should have claimed the input tax credit. The bill will mean that entities can choose to delay a claim for input tax credits instead of lodging an amended GST return for the affected tax period. This will reduce compliance costs for entities as they will be able to claim the input tax credit on a subsequent GST return. This makes the process much simpler.

One of the final points in the bill that I want to pick up on is that entities that construct rental premises after 1 July 2000, which are subsequently rented out for a number of years, will be denied input tax credits for the construction costs of the premises. This is because the acquisition relates to an input tax supply of leased residential premises. Upon the eventual sale, the premises will fall within the definition of new premises and the sale will be subject to GST. The eventual sale of the premises may occur too far into the future to claim back the original input tax credits for the construction. This bill will ensure that premises that have been used solely for the purposes of rental accommodation for a period of at least five years are not included in the definition of new premises. As a result any subsequent sale of such residential premises will be input taxed.

The government is willing to listen to industries. The transitional arrangements that apply to the coin operated machine industry and other amendments contained in this bill relating to travel agents demonstrate this. Under the GST Act currently, commissions paid to travel agents for agency services are generally treated in the same way as the GST treatment of the travel. However, under the current GST legislation, travel agent fees that relate to overseas air transport are GST free while those that relate to other overseas supplies, such as accommodation, rail transport, car hire, meals, entertainment and sightseeing tours, are taxable. This will require Australian retail travel agents to split the agency fees charged to Australian wholesalers of overseas holiday packages into a GST-free and a GST-taxable component. This requirement places a considerable and unnecessary compliance burden on travel agents. The bill enables the supply of arranging travel related services such as accommodation and meals to be GST free where the effective use of the supply is to take place outside Australia. This amendment will significantly reduce compliance costs for affected travel agents.

This bill makes a number of changes which correct unintended consequences of the legislation, makes technical corrections and ensures the legislation operates as it was intended. It is proof of the government’s desire to be flexible and our commitment to monitor the implementation so that the benefits of the new tax system can be realised by all Australians.

Mr Murphy (Lowe) (1.51 p.m.)—The Treasurer is requesting my support for further GST roll-back in the Taxation Laws Amendment Bill (No. 8) 2000. There are 188 amendments in this bill across seven schedules. The Prime Minister and his Treasurer are continuing to manufacture public opinion to sugarcoat the impact that these tax changes are having on all Australians. The Liberal-National coalition in government
will do everything possible to hide the regressive GST that eats away the wages of many Australian workers employed on arguable terms. They have badly underestimated the intelligence of Australian workers and their understanding of the inequitable taxes they must pay. The double standards of the Howard government are now obvious to all who can see.

Before the last federal election, voters who supported the coalition would have been comforted when the mainstream media spread the good news about glorious tax cuts from above. I remember the article in the 12 October 1998 edition of *Time* magazine which told the world that, at the Prime Minister’s campaign launch in Sydney’s west, he implored voters to ‘call it for Australia’ and accept not only the pain of broad economic change but a GST, part of an overhaul of the tax system built in the 1930s. ‘A strong economy and a better society are permanently linked,’ the PM told the National Press Club, saying he wanted to strengthen the two ‘mighty rivers’ of the Australian tradition, the ‘fair go’ of tolerance and equity and the ‘have a go’ of opportunity and aspiration. He vowed to hold on to what benefited the nation and jettison whatever held it back—to pursue what he called ‘selective conservatism or discerning radicalism’. As I reflect on the Prime Minister’s words ‘selective conservatism’ or ‘discerning radicalism’, I remember reading a great speech delivered by British Prime Minister Benjamin Disraeli, who described a conservative government as an organised hypocrisy and pretending that people can be better off than they are as radicalism and nothing else.

The Treasurer’s GST roll-back continues at a pace, with several thousand amendments already in the pipeline. As the clock is ticking, Prime Minister Howard’s decision to call it for Australia at the next election is getting even closer. This will be an election at which the Australian voter will be constantly coerced by the government through clever manipulative advertising. Voters will be coerced into believing that they are better off because of the Prime Minister’s ‘selective conservatism’ and ‘discerning radicalism’. Voters will have to make a choice between the Howard government’s declining public service for the common good and its all-out privatisation and globalisation program. With everything privatised, voters will have to pay the GST on almost everything. Workers on humble incomes will be squeezed even more tightly and the one-sided policy of mutual obligation, including the unfair industrial relations policies negotiated by Minister Reith, will set Australians on a very divisive path. What a choice.

During the 1992-99 economic cycle, when Australia’s gross domestic product grew steadily at close to four per cent, the level of income inequality made the rich immensely richer, compared to ordinary Australians, those who have only their labour to sell, who now lose more than six per cent of their real wages because of the government’s inflationary policies. Inflation, if left unchecked, will become a serious constraint on many Australians, particularly the average to low income earners. However, the paradox of utilising recession type policies to fight inflation will certainly lead to long-term damage for many families.

It is interesting to note that, during its two terms of governance, this government has presided over a continuation of high unemployment. We all know that the ABS stats on the unemployed are bodgy. Many of the jobs that have been created are mainly of a temporary nature. Whilst inflation until recently has been exceptionally low, we have not done as well as countries like the Netherlands. In my electorate of Lowe live many citizens who have seen the value of their income dramatically fall due to inflation. There are also many individual small businesses who wish to deregister from the GST because of mistakes made as a result of confusion created by the Howard government as it continues to implement the conservative goods and services tax. But the Prime Minister and his Treasurer, in their pretentious way, are trying to tell Australian voters that these errors are really only minor matters. Tell this to the Aussie battlers risking their hard-saved capital. Ask them about the hard-hitting GST.

I am reminded of the time when the Liberal member for Parramatta, in a monumen-
tal grab for publicity—bad publicity—told country citizens who had only their labour to sell to move to Sydney if they could not make a go of it. That went down like a lead balloon in Dunedoo, where I grew up. According to some members of the Liberal Party, Australian families must be uprooted from their homes. It seems that some Liberals care little about lower yields for house prices in these country towns. They certainly have allowed the big banks to behave in the way they do, leaving many of these communities unserviced and continuing to charge even higher fees. I spoke about this during the grievance debate on Monday.

In addition, with higher mortgage and petrol costs, the real value of wages is being reduced with increasing inflation created by the GST. On top of all this, families are now paying an additional 10 per cent GST on inflated prices to purchase their necessities of life. And this is a nation that possesses an abundance in resources. But who owns these resources? With mortgage and rent costs rising, many of my constituents in Lowe living on average wages are discovering their level of income falling, making life harder. With higher costs of living, they have had their meagre tax cuts absorbed by the 10 per cent GST. Prime Minister Howard’s analogy of a ‘fair go’ and the ‘two mighty rivers’ leaves me with a vision of two wide, swollen rivers colliding and creating a massive regressive taxation mud bath the size of a 10 per cent GST. It is a nightmare vision of Australian battlers, with only their labour to sell, stuck in the rising mud. It reminds me of the American hotelier Leona Helmsley, who when facing trial for tax evasion told her housekeeper, ‘Only the little people pay taxes.’ In my opinion, the coalition hierarchy believes that only the little people pay taxes.

While the Australian dollar is trading at historic low levels, rising inflation, rising interest rates and the current account deficit is not being reduced, we are told that our exports will be in greater demand. While an element of truth may permeate this line of thinking, we are also reminded that high fuel prices affect many of our trading partners. In order to cover our dollar, we had better substantially increase the volumes of our products for export. The globalised market economy has certainly exposed policy weaknesses in the Howard government’s ability to perform. With a history of resource abundance, Australians are continuing to experience a mediocre class of management from this government. Instead, we ought to be very much ahead in world competition through value adding and producing knowledge intensive products and processes. This is the way we will be able to address our balance of payments constraints and build a valuable currency of which we should all be proud.

During the oil crisis of 1973, the Organisation of Petroleum Exporting Countries raised the cost of a barrel of oil from $US1.90 to $US9.76 and in 1979 from $US12.70 to $US28.76. What did we learn from the 1970s when many governments, including Australia, created enormous tax concessions to win back lost capital? As the process of monetarism became established, the owners of global capital learnt much about the nature of government, how to internationalise themselves, establish special secret deals, evade tax wherever possible and, with the assistance of sycophantic governments, exploit the workers. The question of corporate wealth is a case in point where more tax cuts are given than is made from higher fuel taxes. While some changes made by the World Bank have led to better outcomes with nations discussing debt, the establishment of a more enlightened prudential approach is a positive step forward to help the poor throughout the world. Of course, some countries are still pursuing policies in favour of predatory and greedy capitalism.

Mr SPEAKER—Order! Reluctant as I am to interrupt the member for Lowe, it is 2 p.m. and the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour and the member will have leave to continue speaking when the debate is resumed.

QUESTIONS WITHOUT NOTICE
Goods and Services Tax: Petrol Prices
Mr CREAN (2.00 p.m.)—My question is to the Prime Minister. Prime Minister, yes-
terday you said you could not keep your pet-

Mr HOWARD—The allegation forming

trol promise because that would put upward
the basis of the question is wrong, but I will
pressure on interest rates. Isn’t it true that, if
nonetheless have something to say about the
you took the GST spike out of the next fuel
issue of changing petrol excise. What I did
excise rise, you would be putting downward
say yesterday, and what I say today, is that,
say is incorrect, but I will nonetheless
pressure on inflation?
in all the submissions that have been put to
have something to say about the
the government by the premiers and by oth-
issue of changing petrol excise. What I did
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say yesterday, and what I say today, is that,
is to take any action that is going to put upward
in all the submissions that have been put to
in all the submissions that have been put to
pressure on interest rates. If you run down
the government by the premiers and by oth-
the government by the premiers and by oth-
the surplus, it is the view of the government,
ers, the one thing this government will not do
ers, the one thing this government will not do
particularly in the present circumstances, that
is to take any action that is going to put upward
that could, and almost certainly would, put
that could, and almost certainly would, put
pressure on interest rates. Nothing
pressure on interest rates. Nothing
pressure on interest rates. Nothing
the Deputy Leader of the Opposition says
the Deputy Leader of the Opposition says
the Deputy Leader of the Opposition says
can alter that fact. If he wants to align him-
can alter that fact. If he wants to align him-
can alter that fact. If he wants to align him-
himself with those who want lower interest
himself with those who want lower interest
himself with those who want lower interest
rates, let him pay the price for that in the
rates, let him pay the price for that in the
rates, let him pay the price for that in the
Australian community.

Council of Australian Governments: Petrol Prices

Dr WASHER (2.02 p.m.)—My question

Mr COSTELLO—I thank the honour-
is addressed to the Treasurer. The Treasurer
able member for his question, which was
t would be aware of calls by the state premiers
 certainly worth waiting for. There is obvi-
for the Commonwealth to cut fuel taxes.
ously a penetrating analysis in his question.
What is the Treasurer’s response to these
counterparts the Commonwealth to cut fuel taxes.
The Treasurer would be aware of calls by the state premiers
calls?
for the Commonwealth to cut fuel taxes.
What is the Treasurer’s response to these
calls?

Mr COSTELLO—I thank the honour-

Mr Howard—On not one occasion. Let us have a guess as to how many times
able member for his question, which was
Mr Bracks, the Labor Party staffer, advocated a freeze on indexation on petrol.

Mr COSTELLO—Not on one occasion. While Mr Bracks was actually working as a

Government members interjecting—

Government members interjecting—

Mr HOWARD—The allegation forming

Mr BRACKS was once

Mr BRACKS was once

Government members interjecting—

Government members interjecting—

Mr HOWARD—The allegation forming

Mr HOWARD—The allegation forming

Mr BRACKS was once

Mr BRACKS was once
wealth, because that is the amount that he is currently pocketing. The New South Wales government is currently pocketing 7.2c per litre; the Western Australian government, 6.2c per litre; the South Australian government, 6.3c per litre; and the Tasmanian government, 5.9c per litre. If the state premiers really believe they would like to reduce excise and reduce the price of petrol, they all have the means, outside of Queensland, to do so. Mr Bracks could do it tomorrow by 6.6c a litre and Mr Carr could do it by 7.2c a litre.

This argument from the state premiers that somehow they are against the excise but they want the money it raises is not a straightforward argument. It is the kind of argument that premiers have grown used to over the course of Federation—we have seen it before—but it is not a forthright argument.

I heard the answer of the Prime Minister just a moment ago on the question of taxes and the budget position. I came across this statement by a Prime Minister on 1 November 2000, who said:

There is no argument between me and anybody that petrol prices are too high. If I blew the whole of the budget surplus on a fuel duty cut, I could do nothing for pensioners and interest rates would go up.

That was said by Prime Minister Tony Blair on 1 November—the hero of the Labor Party.

Mr Crean—He’s doing well at the polls too!

Mr Howard interjecting—

Mr COSTELLO—Some mothers do have ‘em, because the member for Hotham, on cue, intervenes in support of Tony Blair. The House might be interested in the policy that Mr Blair is administering. In the UK, under Mr Blair, excise is 49 pence per litre, which equates to $1.32 per litre. In the UK, the GST on top of that is 17½ per cent. The price of fuel in the UK equates to $2.19 per litre, with the total tax being $1.70. Here we have the Labor Party’s hero, Mr Blair, saying—in my view quite rightly—that he has to have a view to his surplus and interest rates. They will accept it from Mr Blair, who has a tax of $1.70 a litre, but apparently they will not accept it from the Prime Minister, who says the same thing and has a tax of 38c excise a litre. If there were any crediblity in any of these claims from the Labor Party, or from former Labor Party staffers like Mr Bracks, the answer lies precisely in their own hands, and if the premiers were really serious about it they have the capacity to fix it tomorrow.

DISTINGUISHED VISITORS

Mr SPEAKER—It seems an appropriate time to inform the House that we have present in the gallery this afternoon the Hon. Doug McClelland, a former President of the Senate and former High Commissioner to the United Kingdom; and the Rt. Hon. Lord Alfred Morris, Chairman of the United Nations Committee on Rehabilitation and Chairman of the Parliamentary Anzac Group at Westminster. On behalf of the House, I extend a very warm welcome to our visitors.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Telstra: Share Ownership

Mr STEPHEN SMITH (2.10 p.m.)—My question is to the Minister for Finance and Administration. Minister, are you aware that, as at the close of trading last night, mum and dad investors who bought T2 receipts were sitting on a paper loss of $1.02 per share—a paper loss of $153 for those with a minimum shareholding; a paper loss of $816 for those with an average shareholding and a paper loss of approximately $2.4 billion for the 1.5 million T2 receipt holders? Minister, what have you got to say to those 1.5 million T2 receipt holders today?

Mr FAHEY—I thank the honourable member for his question. He asked me what I had to say to the shareholders of Telstra. I want to say this to them. There was a report by Standard and Poor’s and a report by Moody’s a few months ago that indicated that one of the factors that was restraining the expansion and growth of Telstra was the fact that it was still partly in government hands. The reports made it clear that, if the company were able to operate extensively out there without the restrictions that have been placed on it by being partly in government hands, it would have a significant impact on its capacity in the future. But of
course we know that Labor says one thing in its policy and, on the other hand, runs around to merchant bankers—investment bankers—to get advice about breaking up and selling off Telstra. Everybody knows that, when in government, they would do just that, so perhaps those shareholders would acknowledge that the government’s policy, should there ever be a change of government, may come to pass anyhow. Heaven forbid, but it may come to pass in any event.

The government made it abundantly clear when the prospectus was issued for the sale of shares in the second tranche of Telstra that all who sought to invest should seek their own advice—they should seek the advice of their broker and they should read the prospectus carefully. It is also clear that the overwhelming majority of those who invested in Telstra saw it as a medium- or long-term investment. I believe it is a great Australian company. I believe it does have the ability to do a number of good things for this country and for its shareholders. We should stop the farce that Labor continues to perpetrate that it ought to remain partly in government hands even though we know that Labor propose to break it up and sell it off if they ever get the chance to do just that. It is a medium- to long-term investment. Paper losses are just that.

One might argue what the paper gains were in respect of the Commonwealth Serum Laboratories, which Labor sold for about $2. When I last looked, they were running at about $32. I will not criticise Labor for selling them, with that massive spike that occurred in the intervening years. Because they were out there and were able to operate totally commercially, I think the Labor government did the right thing there, just as I know most of them over there believe that the right thing that should be done for Telstra is to allow it to be sold off in an orderly fashion at an appropriate time so that it can operate properly in the interests of the company and in the interests of all shareholders.

**Dryland Salinity**

**Mr HAWKER** (2.14 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister inform the House of what the Commonwealth government is currently doing to address salinity and why this is vital for the wellbeing of the agricultural sector? Why is it also important for state governments, local communities and others to support the Prime Minister’s national salinity action plan?

**Mr TRUSS**—This government has demonstrated its commitment to tackling vital natural resource management issues, particularly dryland salinity. These are vital issues for rural and regional Australia and, indeed, for our entire nation. Salinity issues certainly also address urban environments and affect our national infrastructure and indeed our capacity to be a productive nation into the future. On 10 October the Prime Minister announced a $1.5 billion initiative which he will be putting to state leaders at the COAG meeting tomorrow. But that is not the first thing that this government has done in relation to addressing salinity matters. The $1.5 billion Natural Heritage Trust has been the biggest program of action in our nation’s history to address natural resource management issues, and salinity programs have been high on the agenda. In the three years to the end of the last financial year, some 562 projects were funded in the dryland salinity area, and there is another 216 to be funded in the next year. We have also funded the $30 million National Land and Water Resources Audit, which is paying particular interest to salinity matters. A lot of work is being done in research and development. We are funding the National Dryland Salinity Program and the CSIRO’s Land and Water Division, and the Bureau of Rural Science and the Australian Geological Survey Organisation are receiving significant research and development funding. Of course, the cooperative research centres are also being supported by the federal government in that regard.

So we have the runs on the board. We have demonstrated our commitment in that regard. Of course, the primary and the constitutional responsibility for land and water management issues rests with the states. So they must also play a role in addressing these significant issues. They have their opportunity tomorrow at the COAG conference to take up the lead demonstrated by the Prime Minister and this government and to commit
themselves to this vital national objective. Unfortunately, some of the state premiers seem to want to address peripheral issues and avoid the big picture matters that are really important to our country and the sorts of things that premiers and prime ministers ought to be talking about when they get together for these quite rare these days but significant national gatherings.

We are not the only people who think that this is an important issue and that salinity ought to be addressed as a top priority at tomorrow’s COAG meeting. I have just seen a news release put out under the heading ‘COAG must focus on salinity’. It has come from the Australian Conservation Foundation and the National Farmers Federation. They urge the state leaders to agree at tomorrow’s meeting of COAG to the Prime Minister’s national action plan on salinity and water quality and its framework of implementation. They know what the priority issue is. They go on to say that it is urgent that we get on with the job of turning around the degradation of our environment. So this is the flagship issue. It is the matter put on the agenda by the Prime Minister because of its high national priority. I call on the states to get on with the job and talk about the really important issues. Let us work cooperatively together to address this vital national agenda item.

Telstra: Share Ownership

Mr STEPHEN SMITH (2.18 p.m.)—My question is again to the Minister for Finance and Administration. I ask whether the minister recalls signing off on the T2 public offer document dated 6 September 1999 as follows:

Telstra will remain majority Australian owned after the offer with the Commonwealth continuing to hold at least 50.1 percent of the Company’s shares.

I also ask whether the minister recalls the Minister for Financial Services and Regulation telling the House on 21 October 1999:

It is not for me to comment on the risk ... of Telstra shares, but they are a damn good investment because the Commonwealth still has, for example, a huge amount of its assets invested in Telstra.

Minister, if, as you now claim, the government believes that its inability to fully privatise Telstra has damaged T2 receipt holders—

Mr Ross Cameron—Mr Speaker, I rise on a point of order. If the member for Perth wishes to make a speech on the subject, he has private members business on Monday mornings to do so.

Mr SPEAKER—This is a matter that has frequently been of genuine concern for the member for Parramatta, and as a result I listen to questions. The member for Perth prefaced the statements he made with a question, and I presume from the tone of his question that he was coming to the conclusion of the question he was asking.

Mr STEPHEN SMITH—Minister, if, as you now claim, the government believes that its inability to fully privatise Telstra has damaged T2 receipt holders, why didn’t the government warn mum and dad investors of this risk in the public offer document and your public statements at the time? Why will you not accept responsibility for your statements and your part in their losses?

Mr FAHEY—The honourable member for Perth demonstrates a complete lack of knowledge in these matters in the context of that question. I said earlier in answer to a question from the honourable member for Perth that the Telstra instalment receipt holders, who no longer are instalment receipt holders as at today, should look at the reports issued by Standard and Poor’s and by Moody’s—the rating agencies—who made a very clear observation of what they believed was in the best interests of Telstra and its shareholders. That clear observation was that partial government ownership was not in the longer term interests of those shareholders.

That was the claim. I referred the honourable member for Perth to the statements made by those internationally recognised rating agencies.

The first part of the question referred me to a statement that was signed off by me in the offer document. That is a fact. We were selling 16.6 per cent of shares in Telstra, bringing the total sale of shares in Telstra up to 49.9 per cent, leaving 50.1 per cent in the
government’s hands, at the conclusion of that offer. That is fact. The policy of the government has been on the record long before the last election. Long before the last election it has been the government’s intention to sell its remaining shares in Telstra in an orderly fashion at an appropriate time, subject to the market and all of those other factors. There was never going to be a rushed sale, and, of course, there was a condition attached to it, which was that there was to be an independent report as to the adequacy of service levels with particular regard to rural and regional Australia. That report was done independently. Its results are out there. They have been known to the Australian public for some considerable time. That does not change the policy of the government. It still has the intention of proceeding in an orderly fashion.

The honourable member for Perth quotes to me some statement that has been made by my colleague. I do not know whether that was accurate or not and, as is the time honoured tradition on this side of the House, we will have a good look at that because we cannot rely upon the words that are alleged to have been said and coming from that side of the House to be accurate. So I will have a look at that aspect of it, but I see the whole question to be really a non-question. Yes, we do own 50.1 per cent; we were always going to after offering last year’s 16.6 per cent. That is a fact. As to the claims of what is in the interests of Telstra, I again ask the honourable member for Perth to even perhaps take a little bit of notice of international rating agencies. You do not have to listen to what I might have to say, but you really ought to listen to what they say.

Mr Anderson—I thank the honourable member for Riverina for her question and welcome the opportunity to make some further comments following on from what the Minister for Agriculture, Fisheries and Forestry has already said. There is no doubt in my mind, and I think in the minds of all who are aware of the extent of dryland salinity and water quality problems in this country, that they are indeed amongst the greatest—if not the greatest—national challenges that we in fact face.

There is a bit of a view in some quarters that perhaps this is a problem both caused by and confined to affecting farmers. Even at its most basic level, that is not right, for the simple reason that we all eat and we all wear clothing and we are dependent upon clothing and on the fibres and what have you that are produced on the land in Australia. Many of our jobs and a great deal of our export income comes from the land. It should also be acknowledged that many of the decisions made and the practices that have been engaged in in rural and regional Australia have not been the result of decisions made simply by farmers but also by everybody from researchers through to the CSIRO and extension services provided through the state departments of agriculture. It is a deep and multifaceted problem.

It should also be observed that it is a problem that strikes not just our land. Salinity affects 2.5 million hectares, five per cent of the cultivated land in this country, and it is on the way, if we do not act, to becoming 30 per cent of the nation’s land. But it is also a transport problem, a communications problem, a housing problem and a public infrastructure problem. Indeed, in eight Murray-Darling Basin catchments alone in New South Wales and Victoria, dryland salinity and saline water are costing more than $250 million a year, with around $120 million of that falling on farmers. Water treatment costs are estimated at $450 million a year, algal blooms at around $200 million a year, and some 40 per cent of streams are in poor health; many are deteriorating.

As the minister for agriculture noted, a lot has been done. This government has put in place an unprecedentedly large and extensive

Dryland Salinity

Mrs Hull (2.23 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister inform the House of the threat posed by salinity to the environmental and economic wellbeing of my electorate of Riverina, regional Australia and the nation? What measures has the government proposed to address these problems and what action would be required from other levels of government to support these initiatives?
program through the Natural Heritage Trust but the Commonwealth action plan that is to be discussed tomorrow commits around $1.5 billion to further addressing this very serious national problem. It will seek to address community driven action targeted at key catchments and regions, to be supported by governments through such things as technical assistance, skills training, information, funding for on-ground works, research on new commercial opportunities and transitional adjustment assessments.

There are no simple solutions or one-size-fits-all approaches. Trees may, for example, be the solution or part of the solution in some areas, but they certainly will not be of themselves a simple panacea. As we confront this difficult issue, it has to be said—it has to be emphasised—that it is of critical importance that the states play their full role. The Prime Minister will be asking for their commitment at tomorrow’s COAG meeting. The states will need to commit to spending $700 million on this plan to match the Commonwealth contribution. It has to be real cash; there can be no cost shifting on this exercise. States cannot be allowed to walk away from their obligation to help address this problem.

The other point I want to make is that the states cannot walk away from their responsibilities in relation to water rights either. There must be a willingness to pay compensation to landowners where the rules change to achieve sustainable natural resource use, such as through clawing back overallocated water rights and entitlements that have been given by successive governments of all political persuasions over many decades. It is very important that we recognise the principle that land-holders’ rights must be recognised in the interests of not only those land-holders but those others in rural communities across the nation that are going to have to cope with the adjustment, which in some cases will be quite severe and painful. The Commonwealth has always acknowledged this principle. It is in fact enshrined in the Constitution. But we have had a bit of a battle to get states like New South Wales to recognise this very important principle. It is a moral and a political responsibility that they have continued to run away from, and New South Wales Premier Carr and his counterparts in other states must back their state rights rhetoric with real action on sustainable natural resource management. They must accept our plan. They must pull their weight and meet their moral responsibility.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have in the gallery this afternoon the Hon. George Strickland, Speaker of the Legislative Assembly in Western Australia. I extend to him and his guests a welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Telstra: Share Ownership

Mr STEPHEN SMITH (2.30 p.m.)—My question is again to the Minister for Finance and Administration. Is the minister aware of comments made by a Telstra instalment receipt holder, Mr Kevin Thorogood, on the ABC ‘s 7.30 Report on Monday, 9 October, who said: I’m concerned that John Fahey, the Minister for Finance, last year was basically standing up and blowing his trumpet and saying how fantastic this offer has been and yet, in the running, paying the final instalment of T2, he’s nowhere to be seen.

Minister, why did you talk up T2 instead of allowing Mr Thorogood and other mum and dad investors to rely on the public offer document? What advice do you have for Mr Thorogood today, and why isn’t he entitled to blame you for his loss?

Mr FAHEY—My recollection of the trumpet-blowing that is described that way by the honourable member for Perth in September of last year is the fact that the government received a sum of money that enabled it to pay off a significant proportion of Labor’s debt, that $70 billion that was chalked up in their last five deficit budgets.

Mr Stephen Smith—You talked the stock up outside the prospectus.

Mr SPEAKER—Order! The member for Perth has asked his question.

Mr FAHEY—I have been meticulously careful, as I am obliged to be under the Corporations Law or otherwise in the role that I play, not to comment on the value of the
shares. I can assure you that in all of the lead-up to the sale of Telstra 2 my words were chosen very carefully in the context of referring all prospective purchasers to what was in the prospectus—to read the prospectus carefully and to seek independent advice if they chose to do so. It was pointed out on a number of occasions by me that shares go up, shares go down and shares stay the same.

The honourable member for Perth wants to draw attention today to the fact that there is a paper figure on the value of Telstra shares that is somewhat less than the price that was paid for them a year or so ago. There are many factors. The market, of course, has a big effect. It may refer to the trading of a particular company. It may refer to the sector that company is in, in this case the technology sector and the communications sector. If one wants to look at the sector, one can say that Telstra shares in terms of price changes in the last 12 months have fared much better than those of comparable, and in many cases larger, telcos around the world. There has been a marked drop in prices for telcos the world round. That is a sector factor. It may depend to some extent on what the market is doing generally. I think most of us would know—obviously the honourable member for Perth does not—that the market has taken a significant downturn in recent months. Many of those factors are in play.

The government made it abundantly clear in the written documents and, I am fairly confident, in everything I said that it is a matter for individual purchasers to make their decision. The market research, the inquiry that was made, indicated quite clearly that most of the investors that went into Telstra did so on the basis of its being a medium- to long-term investment. On that basis, there is no loss until such time as they have to sell, and there is a little bit of time to go before one could describe the 12 months as being anywhere approaching medium-term, let alone long-term, investment.

Economy: Retail Trade Figures

Mr HARDGRAVE (2.34 p.m.)—I have a question for the Treasurer. Would the Treasurer advise the House of the results of the September quarter retail trade figures released this morning by the Australian Bureau of Statistics?

Mr COSTELLO—I am happy to advise the member for Moreton on the outcome of the retail trade figures today. The retail trade figures for the month of September, seasonally adjusted, rose by 0.8 per cent, contrary to expectations that there would be a fall correcting off an extremely high result last month. The 0.8 per cent rise for the month of September came following a rise of 5.7 per cent in the month of August, and through the year to September retail trade has grown by a very healthy 4.7 per cent.

The increase in the month of September was certainly affected by spending associated with the Sydney Olympic Games. The net impact for the month of September was estimated to be $170 million, based on a combination of direct measurement of retail activity within Olympic venues and an estimate of retail activity outside the venues. But clothing and soft goods, other retailing and hospitality services recorded increases in September. Because there was the effect of the Sydney Olympics, as to be expected New South Wales recorded the largest increase in retail trade, while other states also recorded increases.

Given the volatility caused by the introduction of the new tax system, the trend series in current price terms remains suspended from June 2000. But the evident activity in the month of September, coming off such a strong month, I am sure would be welcomed even by the Labor Party.

Mr Crean—Buying less and paying more.

Mr SPEAKER—Order! The Deputy Leader of the Opposition. The Treasurer has the call.

Mr COSTELLO—I am sure it would be welcomed—

Mr Crean—The dog is not biting.

Mr SPEAKER—The Deputy Leader of the Opposition is defying the chair.

Mr COSTELLO—Mr Speaker, he always yells loudest when the news is the worst for the Labor Party and the best for Australia. I have never seen a group of peo-
ple more committed to running their own country down and rejoicing in bad figures. He interjects the loudest as the figures are the best. We do not find any positive contribution or economic thought from the member for Hotham—just the tried and true slogans of the trade union officialdom which he represents.

Retail trade benefited substantially from the September Olympics, as did the international trade position. It is clear that there was a one-off effect from the new tax system which led to a large increase before it came in, then a fall-off and then a recovery. The basis is still abnormally high, and so I would expect it to come off as the market adjusts in future months. But these figures are stronger than expected, consistent with good activity in the economy.

Civil Aviation Safety Authority: Performance

Mr Martin Ferguson (2.37 p.m.)—My question without notice is to the Deputy Prime Minister and Minister for Transport and Regional Services. Minister, do you recall saying on 30 September 1999, ‘I am responsible to parliament for CASA’s performance.’ Isn’t it true that CASA failed to address the Australian Transport Safety Bureau recommendation on air cabin pressure systems until eight people died in the Beechcraft tragedy? Isn’t it also true that CASA failed to address the issue of air quality in BAe 146 aircraft until after serious illness and accidents? Isn’t it also true that CASA failed to address the need for in-cabin exercise on long-haul flights until after the death of a British citizen returning home from the Sydney Olympics? Minister, will it take another aviation disaster before you take action to sort out CASA and restore the public’s faith in aviation safety?

Mr Anderson—I thank the honourable member for his question, but I think it is drawing a very long bow indeed to be concluding that CASA are somehow singularly responsible for the issue of blood clotting on long-distance flights around the world. That is obviously an issue that confronts aviation experts and airline companies right around the world; it is not confined to this country. Since he has raised it, I will approach CASA and see what their view on it happens to be.

Mr Martin Ferguson—Why haven’t you done it already?

Mr Anderson—Dear, oh dear, oh dear! I really think that the most appropriate way to handle this one is simply to refer to the sort of Civil Aviation Safety Authority regime that the ALP ran and to say that in less than seven years they managed four chairmen, four chief executives and six heads of safety regulation during a period when there were eight ministerial changes. In an environment like that, how you were ever supposed to have a stable, consistent regime within which safety regulators were able to develop seriously thought out, properly co-ordinated approaches to aviation safety absolutely beggars description. The reality is that in recent times we have managed to address those issues. I do not say, and I never have said, that there is not more to be done in the area of addressing effective cultural change and what have you in CASA, but we are doing a great deal. A period of calm pre-judges it.

The member for Hotham always knows everything and always manages to look so utterly smug about it! He knows enough: the one honest thing in his GST guide was that he acknowledged, despite what those opposite get up and say in here all the time, that petrol and diesel prices for farmers would come down. It was about the only honest thing in it.

Mr Speaker—the Deputy Prime Minister will know that I am having a great deal of difficulty finding relevance between diesel pricing and aviation safety.

Mr Anderson—And he is being totally relevant, talking about something he knows nothing about! The fact of the matter is that we now have had a considerable period of calm time, when consolidation has been able to be put in place. We have as CEO a tough bloke, a senior pilot and a figure of repute amongst the international industry, with the ability and the knowledge to cut through to the core of an issue. We have replaced a scattergun approach with a measured approach to aviation reform. For exam-
ple, the unaccountable and unmet—I stress ‘unmet’, severely unmet—surveillance target process of the past was replaced with a quality management approach that is now standard in the world’s best and most clearly focused safety organisations.

There have been new entrants into the market under this government’s aviation reform process. It is worth noting that, unlike what happened when Labor was in power, we now have two new entrants in the aviation commercial sector in this country—two new entrants stimulating further market development in aviation in Australia. They were successfully introduced during 1999 and the year 2000 in a way that ensured that we were able to keep surveillance up. CASA are now in the process of taking on additional skilled staff as part of their restructure, and they have been able to maintain their new quality management approach, which has taken the place of the unmet surveillance targets of old.

The other thing that is worth noting is the implementation—after years of struggle when very little was happening, much to the upset of the industry—of a full-scale regulatory reform program. All the regulations, all the processes, are now under active, industry regulated, joint scrutiny. That has now been developed, and the paperwork is with me for final approval. The general spray from the member opposite is without substance. It reflects what I had to say about his performance on regional stuff yesterday: no policies, only carping criticism; never a willingness to acknowledge progress when it is made, only an opportunistic desire to cut down, to be negative, to be inward looking, to be part of the problem rather than part of the solution.

Nuclear Disarmament

Mrs Vale (2.43 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of what Australia is doing to reduce the nuclear threat? Is the minister aware of any alternative approaches?

Mr Downer—I thank the member for Hughes for her question. She does indeed have a nuclear reactor in her electorate—something that the Labor Party used to thing that the Labor Party used to support when they were in government and do not support any more, apparently. Having a nuclear reactor gives us a capacity to understand the nuclear fuel cycle and to contribute very substantially to nuclear arms control and disarmament issues.

Opposition members interjecting—

Mr Downer—Your present party has supported it. Your previous party did not, but your present party does—

Ms Kernot interjecting—

Mr Downer—Did, not does! I am not sure which party you are going into next. How many parties did Billy Hughes belong to?

Mr Howard—Billy Hughes drew the line at something.

Mr Downer—Yes, Billy Hughes drew the line. Over the last month, Australia—

Opposition members interjecting—

Mr Speaker—The member for Dickson! The member for Melbourne! The Manager of Opposition Business!

Mr Downer—The socialists have had a big lunch today, Mr Speaker.

Mr Speaker—Minister!

Mr Downer—Over the last month, Australia has been very active and constructive in the role it has played in the United Nations to promote nuclear disarmament and non-proliferation. I am delighted that the Australian-led resolution in support of the Comprehensive Test Ban Treaty was adopted by a larger majority in the United Nations this year than in 1999. It is appropriate that Australia should move that motion. After all, this government was the government that brought the Comprehensive Test Ban Treaty to the United Nations General Assembly and had it voted on by the General Assembly. It is indeed a great achievement for Australia—not just for this government—that the Comprehensive Test Ban Treaty came into existence. The resolution that was passed through the First Committee of the United Nations General Assembly emphatically confirmed strong international support for the CTBT and it does send a clear message

22032 REPRESENTATIVES Thursday, 2 November 2000
about the norms against nuclear testing and that they are here to stay.

This year we were also pleased to be able to support a resolution tabled by Sweden on behalf of a group of countries known as the ‘New Agenda’ Coalition. We supported the resolution this year—we had abstained in previous years—because this year the ‘New Agenda’ Coalition worked very closely with governments such as ours in order to redraft the resolution, to make it one that could achieve broader support than has been the case in the past. This particular resolution consolidates support for the positive outcomes of this year’s Nuclear Non-Proliferation Treaty Review Conference and, in doing so, supports key Australian disarmament policy priorities, including the early entry into force of the Comprehensive Test Ban Treaty, the commencement of negotiations on a fissile material cut-off treaty and universal adherence to and compliance with the nuclear non-proliferation treaty. This resolution got the support of 146 countries, including the United States, the United Kingdom and China. It demonstrates the centrality of the nuclear non-proliferation treaty in the global nuclear non-proliferation disarmament framework. The government has consistently demonstrated its commitment to practical and realistic steps that can lead to nuclear disarmament, rather than pursuing agendas which, frankly, are unrealistic and will never be achieved.

Civil Aviation Safety Authority: Director

Mr MARTIN FERGUSON (2.49 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. Minister, I remind you of your statement of 30 September 1999 that you are responsible to the parliament for CASA’s performance. Minister, is it true, as reported in yesterday’s Canberra Times, that the Director of Aviation Safety had to be counselled for breaching aviation safety laws after failing to record a defect on a plane he flew in June? Is it also true that this aircraft was flown on two subsequent occasions without being fixed? Do you agree that this incident has caused significant damage to the reputation of our aviation safety regulator? Do you accept responsibility for the performance of CASA’s director and are you willing to express your unqualified confidence in the director?

Mr ANDERSON—I thank the honourable member for his question. Yes, the Director of Aviation Safety was counselled by CASA after he failed to record a defect in the maintenance release of an aircraft that he had hired—that is true. Needless to say, he is pretty humiliated and somewhat chastened by the experience. He will not be doing it again. I am advised that Mr Toller was dealt with in accordance with CASA’s normal compliance and enforcement procedures. I am advised that he was treated in the same way as any other pilot who was privately flying a light aircraft. I emphasise again that, after the performance we have seen in the last couple of years, I regard Mr Toller as a very good Director of Aviation Safety. He has my support. Based on the information that I have at this time, I do not intend to stand him down. Furthermore, I make the comment that those responsible for his employment—the CASA board—yesterday released a short statement in which they expressed their unreserved confidence in Mr Toller.

Wool: Australian Wool Research and Promotion

Mr McARTHUR (2.51 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Is the minister aware of concerns in the wool industry about the delay in the passage of the legislation to privatise the Australian Wool Research and Promotion organisation? Why is an early enactment of this legislation vital?

Mr TRUSS—I thank the member for his question and acknowledge his deep and abiding interest in wool industry affairs. Yesterday, this House passed the Wool Services Privatisation Bill 2000 and it is now ready to go to the Senate to be considered to implement a new era in services for the Australian wool industry. This legislation has the unanimous support of the wool industry and all the industry organisations. The individual growers voted by way of a Wool Poll to support this kind of reform for their industry. Indeed, it is difficult to recall any circumstances in this troubled industry’s
history where there has been such united support for reform and a new era for the industry.

I was somewhat amazed, therefore, to hear that the opposition are going to oppose and seek to delay this bill. There is no logic to their action in this regard. I think the shadow spokesman, the member for Corio, is actually embarrassed about his party’s position on this matter. He knows the right thing to do. He said so several times in his speech to the parliament. I do not like quoting members of the opposition, but in speaking on this bill the member for Corio said:

... the opposition understands and appreciates the industry’s desire to pass this legislation as quickly as possible through the parliament ... Then, a couple of paragraphs further down, he said:

I do note the strong desire expressed to me by wool industry representatives and individual wool growers to forge a new path independent of what they have seen in the past as government interference in their industry ...

So the honourable member for Corio knows what the industry wants. He knows what is good for the industry and yet Labor is going to oppose it—opposition for opposition’s sake, with no sound fundamental reasons. Perhaps there is a bit of Labor’s ideological opposition to the view that industry should take control of their destiny, that farmers should have a say in what services are provided for their industry. There are still a few left on the opposition benches who think that governments know best, that governments, or the ACTU, should make these sorts of decisions and ignore the farmers. It is obvious that the member for Corio, the shadow spokesman, knows what is the right thing to do. Apparently, he got rolled in the caucus by a couple of restless backbench senators who would prefer to play politics than do the right thing.

Farm leaders know that there is not much point any more in talking to the honourable member for Corio if they want to learn anything about Labor Party policy on agricultural affairs. They might get a sensible response from him, but he does not speak for the Labor Party when it comes to agricultural issues, some faceless senator does. Someone else will make the decisions. So we have a Labor Party that knows this legislation is good for the industry, a Labor Party that knows the industry wants it and is anxious to have it passed urgently but a Labor Party that is going to do what it possibly can to delay it. That is the sort of irresponsible behaviour that characterised Labor governments in dealing with the wool industry. They were the ones who created most of the troubles that the wool industry now has to recover from.

It is about time the Labor Party stood up and explained to the industry and to wool growers why it is going to deny them their cherished ambition to have their new structures in place on 1 January next year. Why is the Labor Party holding it up? What is the reason for the Labor Party denying the wool growers’ desire to have this legislation put in place in a hurry? The honourable member for Corio has been humiliated by his own party. Let us hope there is some commonsense soon and that this legislation is passed promptly.

**Civil Aviation Safety Authority: Director**

**Mr MARTIN FERGUSON** (2.56 p.m.)—My question is to the Deputy Prime Minister and Minister for Transport and Regional Services. Minister, are you aware of a memo to all staff issued by the CASA director the day before the *Canberra Times* article revealed his admission that he had breached aviation safety requirements? Minister, I ask whether you are also aware that the advice from the CASA director to his staff in closing that memo was, ‘The moral is simple, watch your back!’ Minister, do you endorse this advice?

**Mr ANDERSON**—I am aware of the memo. I am not aware of the remark about watching your back, but that is something that the ex-president of the ACTU would know a great deal about.

**Mr Martin Ferguson**—Mr Speaker, I seek leave to table two documents: the memo from Mr Toller of 31 October 2000 in which he states, ‘The moral is simple, watch your back!’ and a letter from the Deputy Prime Minister and Minister for Transport of September 1999 in which he clearly accepts re-
sponsibility to parliament for CASA’s performance.

Leave not granted.

Unemployment: Government Policy

Mr PYNE (2.57 p.m.)—My question is addressed to the Minister for Community Services. Would the minister inform the House of the success of the government’s new preparing for work agreements and indicate how they have helped the unemployed get back into the labour force? How does this approach compare with previous policies?

Mr ANTHONY—I thank the member for Sturt for his question. I know he has a very keen interest in generating employment, just as the coalition government does. The preparing for work agreements were an initiative of the Howard-Anderson government which has been extremely successful since it was introduced in October. Since July this year over 200,000 preparing for work agreements have been signed. This means that more people are getting into employment today than they ever did under the stewardship of the Australian Labor Party. Indeed, from the beginning of this year, 80,000 fewer people are claiming Newstart allowance. Why is that? It is because we have generated 800,000 new jobs in the last four years, reducing our unemployment level now to 6.3 per cent, the lowest for many years.

The preparing for work agreement does send a very clear message to Newstart recipients and youth allowance recipients that certain obligations and certain assistance programs are available to help them get into the labour market. We are conveying a very powerful message: that the most important thing is for them to gain access to the Job Network and to get a more personalised program.

I would like to acknowledge the work Centrelink do. Obviously, Centrelink get no bouquets from the member for Lilley for the work they do on the preparing for work agreements. In the lead-up to and during the Sydney Olympics, they ran a number of expos which over 30,000 people attended. Of those, 20 per cent actually got jobs on the day at the expos. Of course, included in further reforms that we are implementing at the moment are three pilot projects: assisting the mature aged; assisting the long-term unemployed—for whom the member for Bradfield has done an enormous amount of work; and assisting those who work with families. Compare that to the Labor Party’s record in government when the Leader of the Opposition was minister for employment, when Australia’s unemployment reached a record level of 11.2 per cent. They allowed people to stagnate. They allowed people to stay on unemployment payments unchecked. Indeed, a lot of social security fraud went unchecked during their stewardship. They did not encourage people to do the right thing and they certainly did not have a preparing for work agreement to outline what was required, particularly to Newstart and Youth Allowance recipients. The biggest lemon of all that they had was Working Nation. What we are on about is providing real jobs and real incentives. Perhaps the member for Dickson could look at getting a few tips on incentives from the AWU or perhaps from her Queensland colleague the member for Lilley. That way, they might be able to boost some more numbers in work rather than trying to boost the Queensland electoral roll.

Education: Special Needs Funding

Mr LEE (3.01 p.m.)—My question without notice is addressed to the Prime Minister. Is the Prime Minister aware of Labor’s amendments to redirect funding increases from the 61 wealthiest category 1 schools to Australia’s 100,000 special education students? Does the Prime Minister recall saying at Melbourne Grammar that his school funding system is:

"...designed to provide more resources in a more accurate way to those communities in the independent sector that are more deserving of assistance."

Prime Minister, whom do you think is more deserving of assistance: Australia’s 61 wealthiest private schools or our nation’s 100,000 special education students?

Mr HOWARD—The answer to the first part of the question is: no, I am not because—

**Opposition members interjecting**
Mr HOWARD—I am not aware of it. The answer to the rest of the question is that the legislation that was passed by the House of Representatives is, in my view, a very fair measure and one that ought to be supported in full by the opposition. If you do not accept my view on that, then perhaps the members of the opposition might support the view of the National Council of Independent Schools Association which has addressed a letter to every senator which, amongst other things, says:

It is therefore important for this bill to be passed quickly, and the undersigned organisations seek assurances from all senators that the bill will pass through the Senate as soon as possible.

That is signed not by John Howard and John Anderson but by Mr Fergus Thompson for the National Council of Independent Schools, the Archbishop of Sydney on behalf of the Anglican Church of Australia, the Association of the Heads of Independent Schools of Australia, the Association of Christian Schools, the Association of Lutheran Schools, the Association of Rudolph Steiner Schools, the Seventh Day Adventist Schools and schools under the jurisdiction of the Uniting Church of Australia.

In addition, that letter encloses statements made on behalf of the National Catholic Education Commission. The Rev. Tom Doyle made it very clear yesterday that the National Council of Independent Schools supports the legislation and endorses the Commonwealth’s application of the principle of need. These are the words of Tom Doyle, the Deputy Chairman of the National Catholic Education Commission, who is not a representative of the government but who represents the Catholic education system, which represents the systemic Catholic schools of Australia which, I understand, comprises about 57 per cent of all independent schools. He is speaking in the name of those systemic schools and he is saying that this is a fair bill. You ought to vote for it without amendment and stop playing games with the education future of a million Australian school children. That is what Labor is doing. This is a fair measure. It goes against the ideology of Labor but it is a fair measure. Do not take our word for it. Take the word of the National Catholic Education Commission, the Anglican Archbishop of Sydney, representatives of the Christian schools and representatives of Lutheran schools. In case the member for Dobell asks a question later about the relative treatment of government schools and non-government schools, let me remind him that in the current—

Mr Lee—Mr Speaker, I rise on a point of order. I was referring to the extra money that should be directed to special education.

Mr SPEAKER—The member for Dobell will resume his seat. The Prime Minister had, I believe, concluded his answer on schools and was anticipating a question, which is somewhat outside the provision of the standing orders.

Job Network

Dr NELSON (3.07 p.m.)—My question is addressed to the Minister for Employment Services. Is the minister aware of recent claims about the integrity of the Job Network tender process? What do these claims reveal about the existence of alternative policies to destroy the Job Network?

Mr ABBOTT—I thank the member for Bradfield for his question and for his strong support for turning workers into owners. Yesterday the Leader of the Opposition recycled a 10-month-old furphy and claimed that the government had somehow rigged the Job Network tender process to damage Employment National. How can we want to destroy Employment National when we are actually spending $56 million to support it? Let us scotch this ‘The government rigged the process’ story once and for all. The independent probity auditor said:

We have not identified any evidence of systematic bias or lack of objectivity which advantaged or disadvantaged any particular bidder.

The secretary of the department of employment said:

Neither the ministers nor cabinet sought to influence let alone change any allocation decision that I made.

Jobs Australia, which represents some hundreds of employment service providers, said in its annual report just released:

Some sections of the media and others pursued conspiracy theories about the demise of Employ-
ment National. Was the tender process fair and above board, they asked, and was the minister able to interfere?

Jobs Australia concludes:

We are confident that the tender process was scrupulously clean. Probity reports and detailed evidence given at Senate estimates hearings have since proved the conspiracy theorists wrong.

They are dead wrong. What is actually going on here is that members opposite do not like choice, they do not like competition, and they do not like the Job Network. If the government does not own it and the government does not run it, Labor does not like it. If the Leader of the Opposition thinks that Employment National has been unfairly robbed of its contracts, he should state which Job Network members were unfairly given contracts. I challenge the Leader of the Opposition to stand up and tell the Salvation Army, tell Mission Australia, tell Centrecare, tell Work Directions and tell the Russo Institute that they should not have their contracts. The Leader of the Opposition will never stand up for anything. He is not prepared to own up to the fact that Labor is trying to destroy the Job Network.

Education: Funding for Non-government Schools

Ms CORCORAN (3.10 p.m.)—My question is directed to the Prime Minister. Prime Minister, is it correct that under your new funding formula, some schools that were classified as, to use your terminology, wealthy under the old index which are not so classified under the new index because the socio-economic mix of their student population justifies a greater level of support, the increase will be greater than it is in relation to those that are already funded at a much higher level. That is a matter of logic. What you really have to do is look at the outcomes and not simply—as you on the other side have relentlessly done, and I think quite wrongly, through the whole of this debate—compare the increases. You do that quite deliberately because it is the only thing that supports your argument. But when you actually look at the outcomes you find it is utterly different. I remind those who sit opposite that when you look at the outcomes under the new formula you will find, as Father Tom Doyle found—who I think knows a little bit more about the needs of independent schools than anybody who sits opposite—that the new—

Ms Macklin interjecting—

Mr HOWARD—Oh, the member for Jagajaga does not think Tom Doyle knows anything about the needs of independent schools. I see. That is very interesting. So Father Tom Doyle does not know anything about—

Mr Beazley interjecting—

Mr HOWARD—And the Leader of the Opposition gets in. He has obviously got me again with this answer; he really has. I remind the member for Isaacs that when you look at the outcome of the new policy—and I think that is what we have to do, we have to look at the outcome—you will find that in the current financial year federal government funding to independent schools means that on average a pupil going to an independent school will be funded at 48 per cent, courtesy of the federal government, of the average cost of educating a child at a government school. Even when the new system which you are so critical of is up and running in 2004, the funding level will be 52.4 per cent of the cost of educating a child at a government school. In other words, for every child that is educated in a private school the federal government on average contributes, un-
under our system, no more than 52.4 per cent. That is the average contribution. What effectively the governments of Australia are doing—principally the federal government but to a small degree the state governments—is supporting the independent sector because the parents of children who go to independent schools make very major contributions to the costs of educating their children.

We are relieving the generality of taxpayers, to the tune of about $2.2 billion a year, of school expenditure. One of the most facile features of this whole campaign, based on prejudice and being mounted by the Australian Labor Party, is that they completely ignore the partnership that exists between governments and the parents who make sacrifices to send their children to independent schools. The parents are not only exercising choice in a uniquely Australian way; they are also making a hefty contribution towards relieving the general body of taxpayers from paying something to the tune of $2.2 billion.

I say one other thing in relation to the performance of state governments. In the current financial year, the Commonwealth government increased its funding to government schools by a greater proportion than many states and territories. For example, in the current financial year the federal government is increasing its support for state schools, for which state governments have the primary responsibility under historic arrangements endorsed by both sides of politics, by 4.3 per cent. By comparison, in Queensland under the Beattie Labor government, the increase from the state government is 0.8 per cent, and in New South Wales under the Carr government it is only 1.9 per cent. In other words, even in the area where the state government has the primary responsibility, the rate of increase from the federal government is greater for government schools than it is at a state level.

Economy: Index of Economic Freedom

Mr ANDREW THOMSON (3.16 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the findings of the 2002 Index of Economic Freedom released yesterday? What conclusions do this and other competitiveness surveys draw about the Australian economy and freedom?

Mr COSTELLO—I thank the honourable member for Wentworth for his question. No doubt he was interested to read, as I was, a statement published today in one of Australia’s tabloids, the Financial Review, from the Heritage Foundation and the Wall Street Journal. It is headed ‘Economic freedom has transformed us’. The article begins:

One country in the Asia-Pacific region has learned from past mistakes and ... has achieved prosperity that would have been unimaginable years ago.

And it is getting recognition for that accomplishment. It goes on:

This is Australia’s second consecutive appearance among the top 10 of this important barometer of worldwide economic freedom.

Interestingly enough, the article makes the point that some of the important reforms to the Australian economy, which occurred on 1 July, were not even taken into account. The article records this:

And Australia’s index score could rise higher next year, assuming no negative policy changes ... The possible increase might occur as a result of two economic reforms enacted on July 1 ...

The first change was an income tax cut that meant 80 per cent of Australian are taxed below 30 per cent or less. The second change was the deregulation of the dairy industry.

On that important measure of the freedom index from the Wall Street Journal and the Heritage Foundation, Australia is getting recognition for market opening reforms which are creating prosperity. We saw the same thing recently in relation to the competitiveness index—published, I believe, by the World Economic Forum—which showed that Australia had been languishing somewhat in the mid-1990s but that, since the important reforms of 1996 and following, Australia has come into the top 10 in the competitiveness index. What were those reforms? They were a proper basis for monetary policy, a fiscal improvement, putting the budget into surplus, paying down Labor Party debt, reforming the taxation system, the privatisation program on Telstra and important industrial relations changes. There is
no basis at all, on these international surveys, for Australia to rest—certainly no basis to say that the hard work of reform is over. These are important measures to show that we are now getting some results from the reforms of the past, and it is the reforms of today which will build the prosperity for Australia tomorrow—something which will improve living standards and give more Australians new jobs.

Mr Howard—Mr Speaker, I ask that further questions be placed on the Notice Paper. 3.20 p.m.

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.

Motion (by Mr Reith) proposed:

That the House take note of the following papers:


Debate (on motion by Mr McMullan) adjourned.

QUESTIONS TO MR SPEAKER

Questions on Notice

Mr DANBY (3.20 p.m.)—Under section 150 of the standing orders, will you write to the Treasurer asking him to answer questions 1633 on the Notice Paper of 19 June and 1795 of 14 August, one of some 40 questions that I understand are unanswered for more than 60 days by the Treasurer.

Mr SPEAKER—I will follow up the matters concerning the questions submitted by him, as the standing orders provide.

MATTERS OF PUBLIC IMPORTANCE

Education: Funding

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

The failure of the government’s new school funding policy to distribute funding on the basis of need.

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 LEE (Dobell) (3.22 p.m.)—Today at question time we threw back at the Prime Minister the comment he made when he was at Melbourne Grammar to open a new facility. When he was asked about his new school funding system, the Prime Minister said that the new school funding system:

... is designed to provide more resources in a more accurate way—

and here is the crucial part—

to those communities in the independent sector that are more deserving of assistance.

That is the Prime Minister’s claim: the extra money goes to those who are more deserving of assistance. Yet what do we see the legislation actually implementing? Despite the Prime Minister’s claim time after time again in question time today that this new funding measure is fair, when you look at the detail of what the government is doing with the legislation it is anything but fair. How can the Prime Minister claim that the new school funding system is fair when the effect of the new school funding system is to deliver the largest increases to the wealthiest schools? If you look at the 61 wealthiest schools in the country, the 61 category 1 schools, 61 out of 61 are better off. The average increase flowing to those 61 category 1 schools is almost a million dollars a year each in 2004 when this is fully operational. Yes, this government is providing some justified increases to the low fee, non-government schools, but the ones that really hit the jackpot are the category 1, wealthy private schools. That has always been our greatest concern and that is what our amendments address.

We announced today in the Senate the opposition’s proposed amendments on this legislation. Previously, in the lead-up to this debate, we said that we would be careful and responsible in the amendments that we intended to move, because this bill sets the funding for every government and non-government school in the country for the
next four years. The first issue we addressed is the unfair and unjust enrolment benchmark adjustment. We have said on many occasions that we believe the unfair and unjust EBA takes money away from the schools that need the most help. Our government schools in many areas, as you understand, Mr Deputy Speaker, have many students from disadvantaged backgrounds, many students who need extra help. Instead of giving government schools and needy non-government schools the extra help they need, this Minister for Education, Training and Youth Affairs, David Kemp, and this Prime Minister, John Howard, have already removed $60 million from public schools through the enrolment benchmark adjustment.

Dr Kemp—What rubbish!

Mr LEE—The minister interjects and says that is rubbish. I challenge the minister: how can he possibly deny that the EBA has taken $60 million away from public schools? I challenge him to try to rebut that because, if he does, he will once again be misleading the parliament. It is a simple matter of fact that your EBA has taken $60 million away from public schools. That $60 million deduction is unfair for two reasons. It is unfair because it works on a percentage shift in how many kids are attending public and private schools. We actually have 26,000 more students in public schools than when the EBA started. Despite the fact that we have more students in government schools, the unfair EBA has taken $60 million from public schools. The second reason it is unfair is that, like Dr Kemp, it only has one-way action. This is an EBA that says it can only take money away from public schools. In a state like Tasmania, which has actually had an increase in students at public schools, they do not get any extra money. The EBA, like Dr Kemp, only works in one direction. We committed at our national conference in Hobart that one of the first acts of a Beazley Labor government will be to repeal the unfair and unjust enrolment benchmark adjustment.

Our announcement today brings forward that commitment. Our announcement today means that the Labor Party senators will be moving for the abolition of the enrolment benchmark adjustment from this legislation. That will reinject an extra $30 million back into public schools across the country. As a simple contrast, last year this government took away about $30 million from public schools through that EBA; in this bill, 12 category 1 private schools get increases of the same amount of money by the year 2004. So 7,000 public schools across the country lose $30 million, and these 12 schools get the same amount. Let me read them out: Trinity Grammar, New South Wales, an extra $3.1 million; Newington, New South Wales, an extra $1.8 million; the King’s School, New South Wales, an extra $1.5 million; Wesley College, Victoria, $3.9 million; Caulfield Grammar, Victoria, $3.6 million; Haileybury, Victoria, $2.9 million; Ivanhoe Grammar, Victoria, $2.4 million; Geelong College, Victoria, $2.3 million; Geelong Grammar, Victoria, $1.7 million; Mentone Grammar, Victoria, $1.6 million; Scotch College, Victoria—which the minister just happens to have attended in his youth—an extra $1 million; and St Peters Collegiate, South Australia, an extra $1.5 million. Those 12 category 1 schools on their own get a total increase of $27.3 million. This is the same amount of money that this minister has deducted from funding for public schools—the 7,000 public schools across the country. He takes from the children at 7,000 schools to give to the 12 wealthiest schools in the country. That is what this minister does through this formula. He takes from the many to give to the few.

Our amendment will abolish that unfair EBA. Our second amendment addresses the worst flaw in the legislation. The worst flaw in this legislation, as I have said, is that the largest increases go to the wealthiest schools, those category 1 schools. The 61 out of 61 are better off, with an average increase of almost a million dollars a year by 2004. If you add up each of the increases to those 61 category 1 schools, it totals $57 million a year. By the year 2004, under this man’s plan, the category 1 schools get increases totalling $57 million a year. Our second amendment will limit the funding to those 61 category 1 schools. It will limit their funding to their current level. Basically, what we are doing to the category 1 schools is saying that they should be treated the same way as 70
per cent of the non-government sector—because all this government is doing for the Catholic systemic schools is letting them stay funding maintained. They get their current level of funding, indexed by AGSRC. There are another 272 funding maintained independent schools that are also in the same position: they keep their current level of funding, indexed by the movement in government school costs.

We argue that that should also apply to the 61 category 1 schools. Let us treat the 61 wealthiest schools in Australia in the same way as 70 per cent of non-government schools in Australia. That is how we can make this bill fairer. If we do that, it will free up about $35 million a year for each of the four years, averaged over the four years. In our third amendment we will work out the best way to redirect those funds.

The first issue raised by almost every one of the non-government peak bodies that have been in to see me is the need for more help in special education. I am sure many of my Labor colleagues have had similar meetings with parents, teachers and principals from non-government schools in their own electorates. Almost everyone has said that it was their highest priority. So we think this is an important issue. They used to think this was an important issue. When this man was the shadow education minister, at the 1996 election, he promised—crossed his heart and hoped to die—to increase Commonwealth government funding by $16 million. Do you remember that one, David? Do you remember the 1996 election when you and the Prime Minister promised to increase funding to non-government schools for special education by $500 per year per student? Minister, do you remember that one? Do you remember your promise of an extra $500 per special ed student at non-government schools?

What we propose to do for the minister for education is implement his promise. Under our amendments we will almost double the funding for special ed students at non-government schools. On top of that $35 million a year we will redirect from category 1 schools, we will increase the funding for special ed students at government schools as well. We will have the money to quadruple the special ed payment for students at government schools. This is the crucial point: we will take the increases that would have flowed to those 61 category 1 schools and redirect them to 100,000 special ed students across the country. The point we make is that, when you look at the way the minister has structured this bill, there is a lot of funding maintenance all through the bill. The Catholic schools have done a deal with the government. Good luck to them; they are funding maintained. The non-government non-Catholic schools that would have been worse off under the minister’s SES formula are funding maintained. The way the new special ed arrangements are made, if there is a non-government school that would have been worse off under the minister’s new flat rate payment, they are funding maintained. The only losers in this bill that is worth billions of dollars are the special ed students at government secondary schools across the country. This fellow is so measly that he could not even afford to find an extra $700,000.

Mrs Gash interjecting—

Mr LEE—Now there are interjections from people like the member for Gilmore. She obviously has not been properly briefed by her own minister. If you look at the funding going to special ed students in government secondary schools, the payment falls from $126 per student to $110.

Mrs Gash interjecting—

Mr DEPUTY SPEAKER (Mr Nehl)—Member for Gilmore. Order!

Mr LEE—I can understand why she is upset, because she does not understand what this man has done to her. But what upsets us even more is what this man has done to the special ed students across the country. That is why we are proposing not just to maintain special ed payments to students at government secondary schools; we will quadruple it with this payment. This is about ensuring that the funding is allocated in a fairer way. We know that the Democrats share our concerns about the worst features of this bill. We are optimistic but we are not certain that we will have Democrats support for the three
amendments I have outlined today. But one thing we do know is that, as each day passes, the pressure from the public, the pressure from the opposition and the pressure from the people who care about education in Australia is going to increase on the minister for education, on the Prime Minister and on people like the member for Gilmore.

Mr Cameron Thompson interjecting—

Mr LEE—And on people like the member for Blair. If our amendments get up in the Senate, they will come back to the House of Representatives. Every government member of this House will be held accountable for how they vote on those amendments, just as all of us should be held accountable for how we vote and whether we are prepared to make this bill fairer. Labor’s amendments seek to keep the Prime Minister’s promise. Remember that statement he made at Melbourne Grammar that this was all about ensuring that the extra money goes to those who are ‘more deserving of assistance’. We say that the best way to determine who is more deserving of assistance is this: by abolishing the EBA we will redirect $30 million back to the public schools across the country. That will make sure they get the funds they deserve. That is the first thing.

The second thing is that if the Prime Minister, the minister for education and all the government backbenchers vote to reject our amendments, they are saying that, as far as they are concerned, those 61 category 1 wealthy schools are more deserving than 100,000 special ed students in government and non-government schools across the country. We say that kids at school with disabilities deserve the money before those 61 category 1 schools. We intend to hold this government accountable for the changes that are implemented in this bill.

We have seen today the publicity about the minister’s threat to withdraw a few million dollars from public education in Victoria unless this minister can open new toilet blocks and changes to fluorescent lights. What we say is that, first of all, it is a tragedy that he is spending his time on these matters rather than focusing on how to improve Australia’s education system. The second thing this reveals is that this man will use any excuse to cut money from government schools.

Mr Bartlett interjecting—

Mr LEE—Why then is he trying to remove $2 million from public schools in Victoria over something like this? The last point to make is that this man has been on a 10-year crusade to undermine public education, to switch as many people as possible from public to private schools. Labor’s amendments will make this measure fairer. Labor is trying to ensure that government and non-government students in schools across the country get a fair deal and get the deal in funding that they deserve.

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (3.37 p.m.)—In the address of the member for Dobell, we have seen why nobody in the non-government sector supports the Labor Party. The Labor Party is utterly shell-shocked at the moment by the fact that all major churches in Australia have come out and said that this legislation is fair. You can see why they support it. It gives fair levels of funding to schools that were not fairly funded under the Labor Party. The Labor Party had 13 years to put into place a needs based system of funding for Australian schools. It utterly failed to do so. It politically manipulated its own funding system so frequently that it totally lost the support of everyone who was subject to it in the non-government sector.

Let us give a few examples of the Labor Party’s needs based funding system. The member for Dobell persists in saying that the 61 schools in Labor’s category 1 are wealthy schools. The only school in that category in Queensland is the Warwick School of Total Education, which was funded by Labor at 14.2 per cent of the cost of educating a child at a government school ‘because it was a wealthy school’. That is what Labor kept saying. The Warwick School of Total Education is a school that desperately needed increased resources. Brisbane Grammar School is not in category 1—not a wealthy school under Labor’s funding system.
What the application of our fair and objective SES measure tells you about the Warwick School of Total Education—one of the member for Dobell’s wealthy schools—is that it is quite a needy school community. Their SES score is 93, below the average SES score of the Catholic parish schools. They will be funded under our system at 60 per cent of AGSRC, which is a fair funding level for a very needy school community in category 1.

The Labor Party complains bitterly about the inequity of our system. It had no hesitation in funding Loreto Kirribilli, a school serving a very wealthy community on the North Shore of Sydney, at 40 per cent of average government school costs, yet it complains bitterly that, under our system, a school like the King’s School—a well-resourced school serving rural and regional communities which have suffered enormous income losses over the last 10 years—is being funded at 31 per cent. So Labor thought it was quite fair to fund a school serving a wealthy community on the North Shore of Sydney at 40 per cent, but it is not fair to fund a school serving regional and rural Australia at 30 per cent. What utter hypocrisy of the Labor Party.

The Labor Party thought it was quite fair to fund the Birchgrove Community School. In fact, it was classified at category 12 under the Labor Party’s system—at 62 per cent of average government school costs—when it was quite clear from every objective measure that this was a community school which serviced quite an upper income community. Under our system, if we applied the SES measure to it, it would be funded at 21 per cent. So it was a school that was grossly overfunded.

The Mount St Benedict College was funded at 53 per cent. The SES shows that it would be funded at 25 per cent. So the system put in place by the Labor Party was a totally corrupt and inadequate funding measure. Everything that the member for Dobell says about category 1 schools should be completely disregarded. The figure that he never mentions when he gives the total funding increments to some of these schools is the per capita funding per student. What is the percentage of average government school costs?

Let us come back to the King’s School example. The King’s School will be funded under our system in 2004 at a per capita rate for secondary students of $2,500—for the parents, 31 per cent of average government school costs. The Labor Party says that is terribly unfair, that it is too much, even though it was prepared to fund schools serving wealthy communities on the North Shore at a much higher level. What does Parramatta High down the road get? Parramatta High down the road gets $8,000 per student. The member for Dobell says that it is very unfair that it gets only $8,000, yet we are paying the King’s parents $2,500. This is grossly inequitable, according to the Labor Party, yet it is okay to fund Loreto Kirribilli at a much higher level. What hypocrisy we see from the Labor Party. As the Prime Minister said in question time, the Labor Party never looks at the outcomes. It hopes that its miserable distortions will delude people out there in the community who do not have the time to look through the detailed fair facts.

What has really shell-shocked the Labor Party is that there is not a single group in the non-government sectors that supports its funding system or supports its criticisms of this legislation.

Mr Wilkie—Absolute rubbish!

Dr Kemp—‘Absolute rubbish!’ I hear from the Labor Party backbench. Let me quote a press release issued by Dr Peter Tanock, Chairman of the National Catholic Education Commission. It said:

The NCEC recommends that the Commonwealth Parliament pass the legislation as soon as possible. It is important to remove the uncertainty about the availability of funding before January, 2001.

The NCEC notes that, under the legislation, additional funding will flow to many small and struggling non-government schools serving needy communities. This is a highly commendable outcome.

That is the judgment of the National Catholic Education Commission. It continues:
We require support from Commonwealth and State governments to achieve adequate resource standards and help close resources gap between Catholic school systems and government school systems. This legislation is an important and positive step in this direction. We support it.

You could not get stronger support than that. We also, of course, have support from the Australian Association of Christian Schools. They recently issued a press release headed ‘Justice: what is the measure?’ Let me just read what they have to say about the injustice and inequity of the Labor Party’s approach. They say:

Under the current ERI system—that is, the Labor Party system of funding—Protestant Christian schools struggled for years. These relatively new schools can be found among working-class communities in both rural and urban Australia. New Christian schools established between 1989 and 1996 were funded at best at category 6, even if their ERI showed that they deserved category 7, 8, 9, 10, 11 or 12. Why? Simply because they were new.

The Christian schools are too polite to say that it is because the Australian Education Union thought that this was the best strategy to protect government schools and to stop low income parents choosing. So it was: put up the fees of these schools or stop them coming into existence at all. As the Association of Christian Schools said:

Where were the cries for justice then? Similarly, new Christian primary schools established at the same time with numbers less than 50 received no Commonwealth funding at all. Why? Simply because they were new. In 1999 there were 789 primary schools in Australia with 36 or less students. 673, or 85 per cent, of these schools were government primary schools. No-one would seriously suggest that these schools should be denied funding because they had less than 50 students. SES funding will deliver justice to Christian schools serving Australia.

The great mistake that Labor has made in this policy—and I am sure that every element of the non-government schools sector will tell it this over the next few days—is to resort once again to political manipulation of school funding for short-term political purposes. Non-government schools are fed up with the Labor Party’s political manipulation of school funding. They want an objective and transparent measure of need. That is what this government is putting in place, and that is why they support this legislation.

Let me also make the point that, under our new funding system, special schools receive 70 per cent of AGSRC for all students—70 per cent of average government costs for all students. Students with disabilities receive 70 per cent, which is a significant increase over what they have received under Labor’s system. So this legislation is much fairer for special schools and much fairer for special needs students. And all that Labor can come up with is another example of its relentless political manipulation of non-government school funding to serve its short-term political interests. It is a disgraceful, sickening approach to funding education in Australia. It has nothing to do with the knowledge nation. It will be rejected utterly by every ele-
ment of the non-government school sector, and I have no doubt that they will let Labor know that over the next few days when they see this atrocious policy that Labor has put out.

Mr Lee—When they get the call.

Dr KEMP—‘When they get the call,’ says the member for Dobell. He implies that somehow or other these people have so little understanding of their own interests that they will do whatever I tell them to do.

Mr Lee interjecting—

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Dobell has had his turn and will now be silent.

Dr KEMP—Let us just focus on it. That the member for Dobell would make a disgraceful comment like that just shows the contempt of the Labor Party for the non-government sector. Let us address the last substantive issue that was raised by the member for Dobell in his speech that somehow or other this government is ripping money out of government schools and giving this money to non-government schools. There is no truth whatsoever in that proposition. In fact, non-government schools received $402 million more this year than they received in the last year of Labor. Even in New South Wales, where non-government schools are suffering badly from the policies of the Carr government—the Carr government’s failure to invest in those schools, the Carr government’s failure to build up the schools’ buildings and facilities, the Carr government’s constant capitulation to the New South Wales Teachers Federation—and where the total number of students in government schools is falling this year, Commonwealth spending is rising, which means increased real funding for every government school student. (Time expired)

Mr WILKIE (Swan) (3.52 p.m.)—I think the Minister for Education, Training and Youth Affairs might be off playing down at the bottom of the garden with the fairies because obviously, given what he has just been talking about, he has not read the opposition’s proposed schools funding legislation amendments, because the amendments refer to category 1 schools. It appears, from what I have read in the paper, that the minister likes to threaten government schools and to demand that he open toilets but, when it actually comes down to doing something for them, he really tends to struggle. I have great pleasure in supporting this vitally important set of initiatives raised by the member for Dobell. These proposals will make the school funding bill fairer.

Sadly, conservatives have always believed in educational class distinction, of which this bill is a prime example. They have marginalised not only the public school system, but have sceptically reduced the options available for Catholic and affordable private education which the majority of Australians can afford. The Kemp-Howard state grants bill realises this accusation by emasculating $59 million over three years from government schools and directing these funds towards elite institutions, therefore reestablishing educational sectarianism. Labor’s amendments are the only viable alternative to this regressive bill, which would transport the Australian education system back to the 1950s, obviously a time in which the Prime Minister and the minister for education would no doubt love to live.

As stated, currently the minister’s bill directs the majority of increases in funding to the nation’s 61 most exclusive schools, categorised as category 1. Labor’s initiative will see that category 1 increase money go to those schools in their recurrent funding, the Carr government’s pathetic record in literacy and the Carr government’s constant capitulation to the New South Wales Teachers Federation—and where the total number of students in government schools is falling this year, Commonwealth spending is rising, which means increased real funding for every government school student. (Time expired)

Mr WILKIE (Swan) (3.52 p.m.)—I think the Minister for Education, Training and Youth Affairs might be off playing down at the bottom of the garden with the fairies because obviously, given what he has just been talking about, he has not read the opposition’s proposed schools funding legislation amendments, because the amendments refer to category 1 schools. It appears, from what I have read in the paper, that the minister likes to threaten government schools and to demand that he open toilets but, when it actually comes down to doing something for them, he really tends to struggle. I have great pleasure in supporting this vitally important set of initiatives raised by the member for Dobell. These proposals will make the school funding bill fairer.

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As stated, currently the minister’s bill directs the majority of increases in funding to the nation’s 61 most exclusive schools, categorised as category 1. Labor’s initiative will see that category 1 increase money go to where it is needed most, to the 100,000 special education students in both government and non-government schools. Importantly for the schools in Western Australia which have contacted my office, their funding increase will remain. Let me put that into perspective. All the schools in my electorate will keep their increases in funding. Why? Because in fact in the entire state of Western Australia there is only one category 1 school.

The government has proposed funding the richest eastern states schools at the expense of other Australian children. Swan, for example, has some magnificent private schools—Aquinas College, Wesley College
and Penhros College, just to name three—but with their wonderful playing fields, swimming pools, performing arts centres and other facilities they do not even qualify for category 1 funding. That is right—they do not qualify for category 1. So which schools do qualify? Let us just have a look at two. Firstly there is Geelong Grammar, who charge $10,860 per year per student and whom the government wants to give an extra $2,039 per year per student or $2 million per year overall. The school can boast on its website, and I am sure Alexander Downer enjoyed these facilities when he went there, that it has:

... two magnificent ovals, an all weather synthetic hockey field, tennis courts, netball and basketball courts, and squash courts. In addition, the new Recreation Centre—features a 25 metre indoor swimming pool—

the City of South Perth took 10 years to get a recreation centre because they could not afford it—

(8 lanes to FINA standards) a separate diving pool, a fully equipped gymnasium with a weights room and an aerobic studio.

Surely this is not a school that should be in the highest category for funding increases. But this is like a saga from a telemarketing commercial because, yes, there is more. Let us look at another category 1 school, King’s School in Parramatta. King’s, who charge fees of up to $11,595 per year for students, will receive an increase of $1,351 per pupil, or $1.4 million per year after four years. King’s advertises the following facilities: 15 cricket fields—

Mr Emerson—How many?

Mr WILKIE—Fifteen—five basketball courts, 12 tennis courts, a 50-metre swimming pool, a gym, two climbing walls, indoor rifle range, 13 rugby fields, three soccer fields, a cross-country course and of course a boathed. But this is the tip of the funding rorts proposed by this government to pork barrel their favourite elite schools, because there are another 59 of these schools and they will be receiving increases of $57 million per year by 2004. In fact the average increase for each of the category 1 schools is $900,000 per year.

Mr Emerson—How many?

Mr WILKIE—None. Let us look at another school, one in my electorate—the Rehoboth Christian School. Because they are not category 1, they will receive a measly increase of $146 per student, or $66,000 a year, not much when you consider an increase of $2 million for Geelong Grammar or $1.4 million for King’s. Labor’s proposal to limit the funding to these 61 category 1 schools to their current funding level is obviously sound and is the only just course of action to take. This will see these schools treated in exactly the same way as the other 272 non-government schools who are ‘funding maintained’ and, in a similar way, the 1,600 Catholic schools who have opted out of the SES system and have had their existing funding maintained.

I believe in a well-funded private system which gives parents the opportunity to send their children to a school of their choice. But this must be balanced with a well-funded and excellent quality public education system. What galls me is that this government has managed over the last three years, through the enrolment benchmark adjustment, to rip more than $60 million of funding out of government schools. I welcome the member for Dobell’s proposal for the abolition of the EBA. By doing so, we will be able to put more than $30 million per year back into government schools.

It must be remembered that 70 per cent of all students are contained in the public school system; that is, 2,240,000 primary, tertiary and secondary students. Kent Street Senior High School, which is a major secondary institution in my electorate of Swan, operates on an annual budget of $1.2 million. That is less than the funding increase to Geelong Grammar or King’s. In fact, while King’s gets $1.4 million a year in total, government schools throughout Australia like Kent Street get an average increase of only $4,000 a year after automatic inflation adjustments.
Our amendments simply abolish the EBA, thereby restoring some equity to the budgetary position of the public education system, giving the 70 per cent who are publicly funded education students more opportunity to advance their prospects instead of feeling like second-class citizens. I also applaud the suggestion that the $57 million saved by not increasing funding to the category 1 schools be redirected to special education. I am informed that funding for special education is a priority of every independent school peak body that has visited the shadow minister, as it was of all those that have spoken to me. By redirecting this increase in funding, we will be able to double the proposed per capita funding for students with disabilities in the non-government schools and quadruple the per capita funding for special education students in government schools.

In conclusion, once again Prime Minister Howard and Minister Kemp have shown disdain for average Australians by their attempts to gut the $16 billion education budget. Our amendments endeavour to once again enshrine some equity by, firstly, abolishing the EBA and restoring $30 million of funding to government schools; secondly, capping category 1 expenses at current funding maintenance levels rather than the inequitable profligacy of massively increasing funding for the already flush elite schools; and, thirdly, increasing expenditure for both government and non-government students with special needs. Hopefully, those amendments will prevent the minister for education from realising his ambition, as described in a cartoon from the Australian:

'We’ll get the young kiddies of Australia back up the chimneys where they belong!'

Mr BARTLETT (Macquarie) (4.01 p.m.)—The contributions, if we can call them that, from the two speakers opposite on this MPI on education are both wrong and dishonest. The fundamental error in the speeches of those opposite is that they assume that the old formula, the ERI, is correct. Everything they have said about the so-called 61 wealthiest schools is based on the fallacious assumption that the ERI accurately measures means. This is a laughable and invalid assumption. For years, non-government schools have been complaining about the inequity, the inaccuracy and the unfairness of the old ERI system. Yet the whole of the argument of the opposition is based on an erroneous assumption that that outdated, antiquated, inequitable, inaccurate, unfair system somehow still works. The ERI is based on class ideology, it is based on an inaccurate measurement of means, it penalises parents for paying extra fees to try and give their kids a chance, it penalises schools that undertake extra fundraising to try and give their schools a chance and it incorrectly assumes that the physical resources of a school matter more in the education of the kids than the amount of money going into teachers’ salaries and the quality of the teachers.

The whole basis of the argument from the opposition is totally wrong. It is totally wrong in terms of the examples that it throws up. We have heard of the example of Loretto Kirribilli, a school that under the SES system is one of the wealthiest schools, one of the schools where parents have the most means, yet Labor wanted to fund them at category 8 level, at over 40 per cent of the cost of funding children in the government schools. Not only is the ERI inaccurate but Labor knows it is inaccurate. Labor knows its whole basis is wrong. We have just heard that even their own Senate amendments, which we have just had trotted out here, make no provision at all to keep the ERI. In fact, they know that the ERI is wrong. They make no provision to try and keep it. They know it is wrong, yet their whole argument is based on an assumption that they know to be inaccurate and wrong. It is hypocritical, dishonest, misleading and inaccurate.

The second point that needs to be made is that Labor are totally out of step with the whole non-government school system in this. Arrogantly and naively, Labor think that they know more about school funding than those at the coalface. They assume that they know more than the whole of the non-government school sector. We have had a number of representations from representatives of the non-government school sector, from the National Council of Independent Schools Association, the peak body representing the whole of the non-government school sector, representing
the Anglican Church of Australia, the Association of Heads of Independent Schools of Australia, the Australian Association of Christian Schools, the National Lutheran schools, the Rudolf Steiner schools, the Seventh Day Adventist schools and the Uniting Church of Australia. It is the peak body representing all of these school organisations, which the member for Dobell ignores totally. He assumes arrogantly that he knows more about education in non-government schools than all of these non-government school bodies. What do they say? This is from the National Council of Independent Schools Association:

The new SES model makes education funding fairer and more equitable for parents who pay school fees from after-tax income.

Yet the member for Dobell and those opposite arrogantly ignore all of this. From the National Catholic Education Commission we had this in a letter from the deputy chairperson:

The bill has the support of the National Catholic Education Commission and the state and territory Catholic education commissions, as it recognises that the allocation of funds is based upon need.

It is fairer and it is based upon need, yet you would reject something that is fairer and based upon need. I just received a letter today from the Australian Parents Council, again representing non-government school parents right across Australia. It says:

We write on behalf of non-government school parents to request your support for the immediate passage of the State Grants legislation without amendment.

They go on to say this:

The SES mechanism appears to be fairer than the ERI. Complaints about the SES mechanism have emphasised perceived increases in funding to a number of so-called wealthy non-government schools, but little has been said about the justifiable increases afforded to the bulk of non-government school students under this scheme.

What does the member for Dobell say about those ‘justifiable increases’ for the lower income families? The changes to this system are totally fair. The wealthier families, those families that can more afford it, will only draw from taxpayer money 13.7 per cent of the AGSRC, the average government school recurrent costs. Those families that can least afford it will receive a maximum of 70 per cent of the cost of funding a student in a government school. What could be fairer than that? Families who cannot afford it get the most; families who can afford it get the least. That is totally transparent, totally objective and totally fair, yet totally out of step with what the opposition wants to do.

I should also point out that in this legislation there has actually been an increase in funding for non-government school students: for primary students at the poorest level, up from 56 per cent of AGSRC to 70 per cent; for secondary students, up from 62.4 per cent to 70 per cent. The point is this: the Labor Party is hypocritical, dishonest and just plain wrong on this. The other important point that needs to be made in this whole debate is Labor’s total dishonesty in linking this schools funding legislation to claims that we are cutting funding from public schools. The member for Dobell knows that he is being dishonest. I do not know how he can live with himself on this. He is totally dishonest in saying that we are cutting funding. He has turned his back on the public schools because he knows that his argument is not sustainable.

Mr Lee—Mr Deputy Speaker, I rise on a point of order. I have given the honourable member for Macquarie a bit of latitude, but I think he has now crossed over the line and is using unparliamentary language. I ask him to withdraw those remarks.

Mr BARTLETT—Mr Deputy Speaker, let me relay the facts and you can see if the evidence stacks up. The member for—

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! On the point of order, I would caution that, on occasion, words that are not seen to be unparliamentary in certain contexts can be seen to be unparliamentary in others. I caution the honourable member for Macquarie as to the rest of his speech without asking him to withdraw.

Mr BARTLETT—Thank you, Mr Deputy Speaker. I make this point: in the last four years, the federal government has increased direct government funding for public schools by some 25 per cent. Direct funding
for public schools in New South Wales from this federal government has increased by 23 per cent, up from $528 million a year to $648 million a year. Even the member for Dobell must admit that if you raise funding by $121 million it is an increase not a decrease. But it is not only an increase; it is a substantial increase—an increase of 23 per cent. The other point that needs to be made is that this substantial increase is far greater than the paltry increase given by the state Labor government, which has the prime responsibility for public schools in New South Wales. Look at this year alone: this year the Labor government in New South Wales raised funding for public schools in New South Wales by a miserable 1.9 per cent. By contrast, the federal government has raised direct funding for public schools in New South Wales by almost 4½ per cent. The Labor government in New South Wales is not even matching, in one of its areas of prime responsibility, the increases of the government.

In addition, and just as importantly, it is not matching the amount of extra money it is getting from the federal government in financial assistance grants. This year, the New South Wales government received an extra 6.5 per cent in financial assistance grants from the federal government. What did it do with them? It certainly did not put them into education. There was an extra 6.5 per cent in funding, but only a miserable 1.9 per cent went to its public schools. It is not even maintaining a constant proportion of financial assistance grants in what it is giving to its own schools. What is the result? The result is that in New South Wales in the last three years there has been a decline from 26 per cent of total revenue of the New South Wales budget going to schools to less than 23 per cent—a decline in three years of over 3 per cent. The state Labor government, the ABC triumvirate—Aquilina, Boston and Carr—shows no commitment to public schools in New South Wales. The ABC triumvirate deserves a ‘D’ for its failure to adequately fund public schools in New South Wales. The state Labor government stands condemned for its total inadequacy, and it is dishonest and disingenuous for the opposition to try to shift the blame. (Time expired)

PERSONAL EXPLANATIONS
Mr Lee (Dobell) (4.11 a.m.)—Mr Speaker, I wish to make a personal explanation.

Mr Deputy Speaker (Mr Jenkins)—Does the honourable member claim to have been misrepresented?

Mr Lee—Yes, grievously.

Mr Deputy Speaker—Please proceed.

Mr Lee—The honourable member for Macquarie outrageously suggested that I have been totally dishonest in the comments I have made about the cuts that this government has made in funding for government schools. In fact, when you discount for automatic cost indexation, there have been minimal increases in funding for public schools.

Mr Ronaldson—Mr Deputy Speaker, I rise on a point of order. The honourable member knows that he is not allowed to debate the matter. He has said where he thinks he has been misrepresented.

Mr Deputy Speaker—The honourable member’s point of order is true. The honourable member acknowledges that he has finished his personal explanation, and I indicate that the discussion has concluded.

FINANCIAL SECTOR LEGISLATION AMENDMENT BILL (No. 1) 2000
Consideration of Senate Message
Bill returned from the Senate with amendments.
Ordered that the amendments be taken into consideration at the next sitting.

INDIGENOUS EDUCATION (TARGETED ASSISTANCE) BILL 2000
Consideration of Senate Message
Bill returned from the Senate with amendments.
Ordered that the amendments be taken into consideration at the next sitting.

TOBACCO ADVERTISING PROHIBITION AMENDMENT BILL 2000
Consideration of Senate Message
Message received from the Senate returning the Tobacco Advertising Prohibition
Amendment Bill 2000 and acquainting the House that the Senate does not insist upon its amendment No. 1 disagreed to by the House.

COMMITTEES

Public Accounts and Audit Committee

Report

Mr CHARLES (La Trobe) (4.14 p.m.) — On behalf of the Joint Committee of Public Accounts and Audit, I present report No. 379 entitled Contract management in the Australian Public Service.

Ordered that the report be printed.

Mr CHARLES — by leave — On behalf of the Joint Committee of Public Accounts and Audit, I have pleasure in presenting this report. The search for excellence in contract management is one of the most pressing challenges for the APS. With the move to greater outsourcing of programs and services, public sector agencies must equip themselves with a range of skills, knowledge and experience to ensure that contract management is effective and efficient. The following figures help to give some context to the scale of contract management in the APS. In 1998-99, there were just over 111,000 purchasing transactions of goods and services of value greater than $2,000 reported by Commonwealth government agencies, totalling $7.9 billion, and over 30,000 suppliers are awarded contracts of value greater than $2,000 by the Commonwealth annually.

In view of the public moneys allocated to purchasing goods and services and the complexities of managing government contracts, it is essential that this aspect of public administration be given sufficient and ongoing scrutiny. The committee, therefore, examined the following issues: firstly, the adequacy of the accountability framework; secondly, major contracting fundamentals including contract specifications and performance monitoring; and, thirdly, the key challenges for contract management personnel.

The key issue that has arisen as part of this and other inquiries is the growing extent to which executive government is applying commercial-in-confidence status to all or part of government contracts. The committee, after reviewing a range of accountability options, recommended an accountability framework that would, if implemented, be effective and practical. The framework includes the following key principles: that all contract management staff must have the highest regard for public and parliamentary accountability and accept, in the first instance, that all government contracts will be subject to full public scrutiny; and, if it can be shown that public access to a government contract is not in the Commonwealth’s best interest, then a claim can be made to exclude certain clauses of a contract from public access but not the entire contract.

If Commonwealth agencies maintain that part of a contract must be confidential, then they must give reasons to the parliament. The committee, therefore, recommended that under the FMA Act all CEOs should, whenever claiming commercial-in-confidence, issue a certificate stating why and which parts of a contract are to be withheld. Each agency is expected to respond to this recommendation. Those agencies that reject the recommendation will need to state this and give reasons to the committee. In addition to this measure, the committee proposed that all agencies must establish and maintain an effective contract register. They must indicate in their annual reports if they have exempted any contracts exceeding $2,000 in value from notification in the Purchasing and Disposals Gazette. The Auditor-General should conduct a review of agency performance in complying with the reporting requirements of the Gazette Publishing System, and the Ombudsman Act 1976 should be amended to extend the jurisdiction of the Ombudsman to include all government contractors.

The committee again reviewed the access powers of the Auditor-General and reaffirmed recommendation 5 in report No. 368, which stated that the Auditor-General must have access to contractors’ premises for the purpose of inspecting and copying documentation and records directly related to a Commonwealth contract and to inspect any Commonwealth assets held on the premises.
of the contractor. This power is an essential part of the accountability process and will be another tool in protecting the Commonwealth’s interests. The overwhelming evidence to this inquiry from both industry and government agencies is that Auditor-General access to contractors’ premises is accepted by contractors and has not led to them raising their prices. In addition, the equivalent of the Auditor-General in the United States, the Comptroller General, does have the power to access contractor premises.

I now turn to the committee’s examination of key contracting fundamentals. Drafting appropriate and effective contract specifications is considered to be the key element from which all other contracting responsibilities are tied. The committee noted the support for the use of functional performance based specifications over process specifications. Functional specifications help to develop innovative approaches in achieving outcomes. The committee’s examination revealed one case of excessive monitoring which, based on the evidence, the contractor could not fulfil. Busy Inc. has a contract with the Department of Employment, Training and Youth Affairs to provide entry level training support services. One of the key performance specifications of this contract requires Busy Inc. to visit every employer every six to 10 weeks to ensure adequate service provision. Visits must be personal. The problem is that Busy Inc. has 20,000 ‘files’ which relate to clients at various progress stages. The committee suggests that, if this performance requirement is correct, then Busy Inc. would not be able to complete the task using email, let alone by personal visits. The committee draws this example to the attention of not only DETYA but all agencies as a constant reminder to appropriately specify monitoring exercises that are cost and time effective yet produce adequate decision making information.

In relation to performance monitoring, the committee noted that the Auditor-General has revealed several weaknesses with agency contract performance management. These include not specifying adequate performance information, not using the information to adequately monitor performance, and not undertaking regular consultation with the service provider. In view of this, the committee concluded that all agencies should, as part of their internal audit program, review the adequacy and effectiveness of their contract key performance measures and monitoring frameworks.

In relation to risk management, the Auditor-General found that there was minimal consideration of the contract management risks associated with the final two phases of the contract life cycle, namely contract administration and performance monitoring and contract succession. Therefore, the committee concluded that the Department of Finance and Administration, in its next edition of Competitive Tendering and Contracting Guidance for Managers, should ensure that advice and guidance on risk management addresses all phases of the contract lifecycle.

One of the major issues examined under risk management is the allocation of risk between contractors and the Commonwealth. The Commonwealth’s approach to risk allocation is that risk should be managed by the party most capable of controlling that risk. The committee notes concerns by industry organisations that government agencies often sought to transfer as much risk as possible from the Commonwealth to the contractor. While the committee supports the position that risk should be managed by the party best able to control it, agencies should take note of industry concerns. Risk allocation, however, must remain a negotiation issue between the government agency contracting out and the service provider.

Finally, I turn to the committee’s examination of contract management personnel. Legal aspects of contract management are critical. It is essential that all contract managers have legal awareness. Apart from day-to-day management, this legal awareness will ensure that a contract manager, who must have a broad range of skills, will know when to seek legal advice. Agency CEOs must provide the training communities for contract staff to acquire critical skills and knowledge such as legal awareness. The
committee noted that the corporate memory is a vital part of effective corporate management. While agencies understand this, there was little information on strategies for retraining and retaining and strengthening corporate knowledge. Therefore, the committee concluded that CEOs should undertake an internal audit of contracting staff focusing on skills, expertise, and separation patterns.

The committee is pleased to note that more agencies are reporting that they have centralised purchasing units which provide a source of procurement in contract management expertise which other staff can use for guidance and advice. This trend follows a finding made by the committee in report 369, *Australian government procurement*.

In conclusion, I would like to express the committee’s appreciation to those people who contributed to the inquiry by preparing submissions and giving evidence at public hearings. I would like to thank the members of the sectional committee for their time and dedication in conducting the inquiry. I also thank the secretariat staff who were involved in the inquiry, the secretary of the committee Margot Kerley, sectional committee secretary Stephen Boyd, research officer Ms Paola Cerrato-D’Amico and administration officer Tiana Gray. I commend the report to the House.

Mr TANNER (Melbourne) (4.24 p.m.)—by leave—The report *Contract management in the Australian Public Service* is a unanimous report of the Joint Committee of Public Accounts and Audit. I commend the report and I endorse the comments that have been made by the honourable member for La Trobe. I wish to deal with one aspect of the report, probably the most substantial component of the report and its recommendations, which is the question of access to government contracts and the use of commercial-in-confidence as a reason for denying parliamentary and public access to contractual provisions.

This is an increasingly serious problem in Australia, both at the federal and state level. It is something which I am pleased to see the committee has addressed in a balanced and reasonable way. We have seen, for example, in recent reports from the Senate Finance and Public Administration References Committee illustrations of instances where access has been denied to contract details on the grounds of commercial-in-confidence. These include the details of the volume of uranium sales to France on an annual basis, royalties and licence fees paid to the Defence Science and Technology Organisation, and the contingent liability for Telstra with respect to the JORN radar commitment.

Most recently, in April this year, we have witnessed some more extreme examples of the misuse of commercial-in-confidence. When you, Mr Deputy Speaker Nehl, asked a question on notice of the Minister for Employment Services about the number of clients being serviced by the Job Network in the eastern Melbourne region for a particular period, the answer given by the minister was that this information was commercial-in-confidence. Very recently, only about a week or so ago, and finally on the list of examples, was the report in the *Sydney Morning Herald* about the contract to construct the Lucas Heights nuclear reactor that the government has entered into with an Argentinian company, most of which, it now appears, will never see the light of day.

As the report of the Joint Committee of Public Accounts and Audit points out, the Department of Employment, Workplace Relations and Small Business stated to the committee that all that parliament needs to be able to know about Job Network contracts is the overall price and some information about the outcomes from the contracts. Hence the refusal to provide you with such basic information as the number of people being assisted by the Job Network providers.

The committee notes that, as a result of this approach and as a result of the mutual confidentiality clauses contained within the Job Network contracts, the decision about what level of parliamentary scrutiny is going to occur with regard to Job Network contracts is being made by the government and by the individual Job Network providers who signed the contracts. So, in other words, the parliament basically forgoes its capacity to exercise any sort of scrutiny at all over these contracts. It is important to remember that these contracts are for the provision of serv-
ices which previously were being provided directly by government and which, therefore, could be scrutinised by the parliament in the normal fashion.

These issues are often seen as relatively arcane and complicated issues that do not excite a great deal of interest in many parts of the media. But the recent events in the ACT government illustrate just how important these issues are and how fundamental they are to the Westminster system and to a functioning democracy. Without the capacity of parliament to scrutinise expenditure of the executive and to thoroughly check all aspects of expenditure, the risk of corruption, the risk of mismanagement and the risk of waste and inefficiency are unacceptably high. In the case of the recent ACT government matter, the Bruce stadium contract was originally not tabled on the grounds that it was commercial-in-confidence. It was only subsequently extracted from the ACT government. It was eventually discovered that certain actions had been taken by the government which were in breach of the law and which ultimately led to the political demise of the Chief Minister. So this is a very recent and very good illustration of just how serious these issues are and how important they are to the functioning of our parliamentary democracy.

In conclusion, I want to set out Labor’s position on these issues and the position we will take on a set of criteria for ourselves in government. First, we will require that all contracts be put on a register in each government agency so that every agency has an up-to-date register of all extant contracts. Second, we will revamp the government gazette system and ensure that the web site is up to date so that details of contracts are properly available. Third, we will ensure that, where a contract is secret in entirety, the agency will be obliged to record the fact in its annual report. Fourth, where there is a section, provision or part of a contract which is kept secret, the CEO of the relevant agency will be required to issue a certificate specifying that fact and to provide the details of this to the Department of Finance and Administration, which in turn will be required to notify the Joint Committee of Public Accounts and Audit on a monthly basis of all such notifications and to report to the parliament on a six-monthly basis of such notifications.

This is our version of the reversal of onus principle, which was endorsed with some reservations, I might add, by the committee, so that rather than any government, be it the current government or a government that we may form in future, being able to randomly use the commercial-in-confidence excuse whenever it does not wish to disclose a particular contract, this will require the government, at the time of the contract being made, to specify that a particular provision should be deemed to be commercial-in-confidence and then to have to provide notification of that and some justification as to why that provision should remain secret. In a situation where a parliamentary committee seeks access to a contract where part of the contract is commercial-in-confidence, under that system the committee will be able to seek access to the confidential sections on an in camera hearing basis and, where that access is denied, the committee will then be able to request that the Auditor-General examine the contract and, of course, the Auditor-General has powers enabling him to do so.

In line with suggestions in the committee’s report, a Labor government will extend the powers of the Auditor-General to ensure that his powers of search and entry and access to documents apply the same with respect to government contractors as they do to government agencies currently. Finally, in line with changes that occurred in Queensland, a Labor government will extend the jurisdiction of the ombudsman in a similar vein to cover government contractors that are essentially delivering government services, as in the case of the Job Network. I join with the honourable member for La Trobe in thanking the staff of the secretariat and, of course, the members of the committee and the people who contributed to the inquiry. I think in this instance the committee has made a valuable contribution to an increasingly important issue. I would sincerely hope that the government will take some notice of the committee’s recommendations and introduce some improvements in this area, as I
note the Bracks Labor government has done to its credit only very recently in Victoria.

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.

TAXATION LAWS AMENDMENT BILL (No. 8) 2000
Second Reading

Debate resumed.

Mr MURPHY (Lowe) (4.33 p.m.)—Prior to the interruption of the debate before question time, I was saying that some countries are still pursuing policies in favour of predatory and greedy capitalism. We see many Australian companies also engaged in these practices. We certainly know who they are and we know their look. We had a wake-up call when US President Bill Clinton with his team of Alan Greenspan, Robert Rubin and Lawrence Summers undertook to arrest the collapse of South Korea’s economy in 1997, saved much of the global market from the Russian collapse in 1998 and prevented Brazil’s meltdown in 1999. At this moment the US is buying euros. Some of these moves have had a positive outcome for Australia’s economy, but the challenge of more equitably redistributing Australia’s wealth seems to elude this current Liberal-National government.

Australians are a gregarious lot and in their convivial moods oftentimes question the level of tax they pay in relation to others. The education debate is a case in point. In addition, while Australian taxpayers do not shirk their responsibilities, they certainly treat governments with contempt when they discover that some pay far less tax than others do, especially when they cannot afford a decent holiday or a fine weekend with their families, which ought to be a good way to assess how well government is doing. This raises the vexed question of equity for all taxpayers and creates the complicated twin dilemmas of the value of one-vote democracy and the level of taxation.

We have had this debate in education, health, aged care and so on. The question of equity always comes up—freedom versus equity—and still only the top 25 per cent gain more positively at the expense of the majority. Why does the answer always seem to fall somewhere between those who own the means of production and exchange and those who only have their labour to sell? This is the ongoing question, and I suspect the answer lies in the beginning. For all of us elected representatives who serve in this place, the question of mutual obligation and the government granting benefits to corporations in the form of corporate welfare and often in secret tips the balance of advantage away from ordinary hardworking Australians. This creates a distortion that I believe oscillates in favour of those who claim the biggest voice over government. The rest of the stakeholders will just have to wait and see, but this also serves to remind us just how fickle governments can be, especially when they entertain international capital to exploit resources, both natural and labour.

Whilst we are assured by presidents of global corporations that they intend to be good, democratic, corporate citizens, we, as representatives in this parliament, are elected to protect the Commonwealth of all Australians. But even in Western Australia some citizens have recently lost all their life savings, won through hard work no doubt. These concerns have come about because governments have made themselves somehow impotent. By embracing the market economy, citizens who previously looked to government for almost everything are told by their elected representatives that they cannot do a great deal. The attitude of banks is a case in point. Read journalist Frank Walker’s interview about the attitude of Dick Smith, the revolutionary millionaire, in the Sun-Herald on 17 September 2000:

I have sympathy for the protesters in Melbourne. I have no sympathy for the violence but just about every Australian is concerned with what they are talking about. Globalisation has gone wrong, as it has no rules. Multinationals are almost above the law. They are so huge they are bigger than government.

Then he uttered the heresy which would shock every aspiring Bill Gates: Marx was right; capitalism is doomed. Of course Dick Smith is not alone, and his namesake, Adam
Smith, in *The Wealth of Nations*, had plenty to say about secret deals between private monopolies and personal stakes in government. For instance, in “The price of commodities”, chapter 7, he says:

A monopoly granted either to an individual or to a trading company has the same effect as a secret in trade or manufactures. The monopolists, by keeping the market constantly understocked, by never fully supplying the effectual demand, sell their commodities much above the natural price, and raise emoluments, whether they consist in wages or profit, greatly above their natural rate.

It is worth remembering the Thatcher years when industries belonging to the Crown on behalf of British taxpayers were privatised. As we experienced in Australia, British taxpayers have lost the revenues their corporations would have earned. Moreover, the sale of many publicly owned assets does not seem to have substantially broadened the pattern of share ownership. Many individuals who initially bought British Telecom shares, for instance, have sold them to large institutional investors. Most important, many of the privatised firms such as British Telecom, British Gas, the British Airports Authority and the Thames Water Authority hold natural monopolies over critical areas of the economic infrastructure, and there is a danger that their monopoly position may be exploited unduly for private gain. In these circumstances the British taxpayer is paying a heavy price for the necessities of life. It is worth remembering the history of their value added tax regime.

In Australia, it is not clear that regulation is any more efficient in these areas than Commonwealth public ownership. The banking experience is a case in point. I suspect that, in the area of natural monopoly, privatisation will redistribute income from public ownership to shareholders who, over time, will be a private minority with enormous control. In all these circumstances the sale price of these utilities, whilst pulling down debt, will over a decade or so be dissipated. This will leave future generations exposed to monopoly. As governments continue to sell off publicly owned enterprises, relaxing the regulatory framework will greatly benefit individuals fortunate enough to maintain controlling interests and the huge profits they realise, if not in Australia then in some tax haven around the world. With the tightening of social security and work laws, the reduction of real income over time, including the further relaxation of gathering important public statistical material, will add to the government’s inability to regulate fairly in the interests of all Australians. However, this has not stopped the Howard government marketing their mutual obligation rule to try to overwhelm the public with saving their taxes by stopping so-called dole bludgers in favour of some corporate bludgers. It is a typical Thatcherite approach, and many have fallen for the ploy. It is a way of keeping ordinary people down. It maintains a compliant population and reduces wages to provide incentives in favour of monopoly interests, those who own the commodities, the means of production and exchange. By keeping the cost of labour to capital at a minimum, those who engage in arbitrage will enjoy large profits and huge emoluments.

I believe that the Prime Minister has failed the Australian people, especially in education, health and aged care, transport—including a second airport for Sydney—defence, employment, housing, science research, development and social security. I believe the government’s tax policies will be entirely determined by its record on spending, but these determinants will be affected by the supply of money that is much harder to control than anyone originally thought. Currency changes will, over the longer term, play a most significant part in taxation policy; suffice to argue that for the time being tax policy will be ameliorated with the regressive GST.

Don Harding and Matt Hamill in their report *Monitoring the GST*, University of Melbourne, dated 4 September 2000, conducted a survey of 1,200 households on 6 to 9 April, 11 to 14 May, 11 to 14 June and 6 to 9 July 2000. They stated in their overview:

Uncertainty remains about effects of tax package...

And—

Respondents in higher income groups were more likely to report a full understanding of the tax changes than those in low to middle income groups. Also those retired, unemployed and trades
persons were the occupations most likely to have no understanding of the tax changes for either personal circumstances or the economy as a whole.

The survey seems to confirm that most ordinary Australians will take some time to fully understand what a regressive 10 per cent GST is. However, retirees are learning very quickly as many over 60 years of age are still waiting for Prime Minister Howard’s promise:

You get a $1,000 savings bonus for all people over the age of 60.

In fact, Keith Hooper, associate professor in accountancy at the University of Waikato and co-author of a book entitled *Tax Policy and Principles: A New Zealand Perspective*, writes, and I quote from page 20:

Taxpayers were lulled into acquiescence, by the promise of a fair deal: less income tax for more indirect tax. Personal income tax rates were reduced from a top marginal rate of 66% in 1986 to 33% in 1989. The Government persuaded the public of their good fortune by a massive advertising campaign, which depicted workers reaping the benefits from extra work. The real beneficiaries of the shift to indirect taxation were the top 25% of income earners. Those below the average wage were possibly made worse off, as the personal income tax rate rose by 1% for the poorest fifth of the population during the 1980s, but fell 18% for the richest fifth.

That is from ‘Tax and incomes’, 1990.

Furthermore, GST was increased by 25% to 12.5% from July 1989, which did nothing to remedy the tax inequity. The result is that the poorest fifth of wage and salary earners sustained an income fall of 0.8% between 1988 and 1990, while the richest fifth in New Zealand enjoyed an income rise of 6.9%.

And that source is ‘Distributing incomes’, 1990.

Broadly based indirect taxes are regressive, because the poor spend all their incomes and cannot avoid the tax, whereas the rich, who invest some of their incomes, pay proportionately less.

Australian voters are unsettled about the Howard government’s tax policy. They are beginning to see themselves exploited, worker being turned against worker, to gain subtle compliance on behalf of those who control huge international capital. Australians are working longer hours for less wages in real terms. More people work in part-time work and exist on poverty wages, whilst the top management are making incomes which, if they were valued more equitably, would alleviate poverty existing in families all over this nation.

I have always believed that unemployment benefits and social wages should be designed as insurance of last resort. These payments ought to represent a real living income for all those Australians entitled to it because they are unable to participate in mainstream commercial activities. Poverty is man-made. It starts at the top when governments fail to make good laws to control the evil excesses of sloth and waste through monopoly control. We have all experienced the disdain the Howard government and Minister Reith have demonstrated towards ordinary Australians who only have their labour to sell. Their zealot-like approach in passing inequitable labour laws makes life tougher for those who only have their labour to sell, whilst corporate mates are bailed out of trouble and questionable boardroom decisions expose a loss of jobs by thousands of Australians. This is bad policy by a perverse government. Only the real workers work longer and harder to pay more tax for smaller pay packets. In the words of Ross Perot:

After the election people like us have to go back to work. We have to go back to work because we’ve got to work for five months just to pay our taxes.

(Time expired)

Mr ALBANESE (Grayndler) (4.44 p.m.)—I rise to speak on Taxation Laws Amendment Bill (No. 8) 2000. This is yet another bill designed to clear up the mess made by the implementation of the regressive GST. Even after the endless amendments made before 30 June, the holes keep appearing. This also illustrates just how unfair this new tax system is. The list of adjustments and changes seems endless. We hear continual debate from those opposite, suggesting that they are opposed to rollback; but that is exactly what this bill is: rollback bill No. 8 by this government. What caught my eye with this particular bill was tucked away in schedule 6, which makes various amendments to the GST Act, the
GST Transition Act, the LCT Act, the WET Act, the LCT Transition Act and the ITAA of 1997. Tucked away is an amendment to extend the concessional treatment of long-term accommodation provided at marinas. This is one of the 188 amendments to the GST in this bill. It is one of the 1,650 amendments which have been made so far—1,650 and still counting!

Mr Slipper—Finetuning.

Mr ALBANESE—The parliamentary secretary opposite says ‘finetuning’! They have wrecked the car, not tuned it up. They know that continually there are regressive holes in this legislation. They change some of it, but they will not introduce equity in other areas. Whilst the Labor Party welcomes the fact that people living in marinas, often in very basic circumstances, are being recognised as being in the same circumstances as residents of caravan parks, manufactured home parks and boarding houses, the fact is that this changes the legislation so that, instead of being hit by 10 per cent GST, they will be hit by a concessional GST, which adds up to 5.5 per cent. Only under the Howard government could half of 10 equal 5.5: before they apply the 50 per cent concession, they add on the 10 per cent GST and then halve it, so that half of 10 becomes 5.5.

It says a lot about the mean-spirited nature of this government that they are prepared to squeeze every last cent out of battling Australians. We are not talking about people living on luxury yachts that line the fringes of the north shore of Sydney Harbour in the electorates that the spivs opposite represent. What we are talking about, largely, are people in old houseboats and yachts that are permanently moored as cheap overflow accommodation, often in areas where there are housing shortages. This bill equalises their treatment with Australians living in caravan parks or in boarding houses across the country.

But the government still just do not get it: in spite of the fact that we have here another section of the community that they had forgotten, they introduce a change which leaves in the discrimination. This is a government that made very clear promises prior to the last election that rent would be GST free—that was very clear. But what we see is that often the most vulnerable people in our community are having to pay an up-front GST on their site fees, their rent or their mooring fees. Not everyone lives in private luxury accommodation in the Eastern Suburbs or the North Shore of Sydney or in Toorak in Melbourne—or, dare I say it, in luxury public accommodation such as Kirribilli House overlooking Sydney Harbour. The fact is that there are many battling Australians who, due to economic circumstances and lifestyle choices, live in different forms of accommodation. Indeed, the 1996 census shows that some 161,000 Australians permanently live in caravan parks and over 50,000 Australians permanently live in boarding houses across the country.

Labor believes a very simple principle: whether you live in a caravan park in Mullumbimby or on the Sunshine Coast or in Kalgoorlie, or whether you live in a luxury house overlooking Sydney Harbour, you should be treated the same. But what we have from this government is that the battlers are the people who are being singled out for discrimination. And who are these people? The government’s own National Homeless Strategy, which it released on 25 May of this year, identified a number of people who were at high risk of homelessness. It said:

The Commonwealth identifies some of the high risk groups as being:
• families living in caravans and hotels; and
• people living in boarding houses.

So, instead of addressing this issue, the government has made it even more unaffordable for these Australians who simply are not in a position to afford the extra dollars that this has added on to their weekly budget. I am not just talking about single adults: many of these people are families, often with young children.

A report released a few weeks ago by the Australian Institute of Health and Welfare has estimated that between 45,000 and 55,000 children access the Supported Accommodation Assistance Program every year. The homelessness numbers in Australia are on the rise. But the government has done nothing to assist these people. In fact, they
are just being slugged. This bill was an opportunity: instead of having amendments numbering 1650, why isn’t it that this bill does not have amendment No. 1651 to remove this discrimination? That would be social justice, and that is why this government shies away from it. The much lauded Democrat deal, done just days before the implementation of the GST, was supposed to compensate these Australians. It was a dud deal. It increased the maximum rate of rent assistance from seven per cent to 10 per cent. It provided an extra $33 million in additional rent assistance to low income earners, a welcome thing, but this was supposed to fix the problem of those residents in caravan parks who had been singled out. The $33 million does not go very far. For a single social security recipient with no children, it was worth an extra 16c a day or $1.12 a week. For a single person with no children sharing the rent, it is worth 11c a day or 77c a week. In fact, it is only social security recipients receiving the maximum rate of rent assistance that will receive any increase whatsoever. But even the limited increase was certainly not enough to compensate for the 5.5 per cent GST on their rents. We asked questions about this when this so-called rescue package came up. We asked: how many of the 161,000 residents would benefit? The response we got was interesting: we found that, of those receiving any increase in rent assistance, only 3,955 people were living in caravan parks. Only 3,955 of the 161,000 residents received a single cent, even though the government and the Democrats went out there and said, ‘We’ve fixed the problem.’ What they did was add on a few cents for less than three per cent of the target group, and 97 per cent got not a red cent out of this so-called rescue package. Now they are even angrier, because not only do they know they have been discriminated against and not only do they know the government lied to them but they know that the government said it fixed it and it has not done any such thing.

We know that information because, even though we asked for it through the Department of the Parliamentary Library, it was provided by the office of the Minister for Community Services, Larry Anthony, on his letterhead. He replied for the Department of the Parliamentary Library. No wonder that minister went to the extraordinary lengths of censoring the information being requested from the Parliamentary Library. There is no precedent for it in Australia or internationally, but this minister was so scared of information coming out about what is going on in Centrelink and his mishandling of it that he directed the Parliamentary Library that all requests for information regarding Centrelink should go through his ministerial office. He held the line for months about this. Fortunately, people with greater integrity, the Speaker of the House of Representatives and the President of the Senate, took up this issue on the Library Committee. They wrote to the minister. The Speaker, in a letter on 25 September, almost four months after it had first been raised in this House, wrote to the minister in the following terms:

Dear Minister

As you will recall, on 7 September 2000 I advised the House of the outcome of my consideration of matters related to the Parliamentary Library which have been raised in the House by the Member for Grayndler. In my statement I indicated that the Library Committee had discussed these matters and that as a consequence the President of the Senate and I would be taking certain action. The Library Committee’s concerns at recent events were shared across party lines. As Chairman of the Committee, I would be grateful for the opportunity to convey these concerns to you. The President of the Senate has also been asked by the committee to do this.

What an extraordinary step—the Speaker of the House having to write to a minister to inform him of his obligations to the parliament! The minister finally caved in the day after and wrote back saying:

My office no longer needs to be involved in such processes.

An absolutely extraordinary step by a minister of adding one step in the process of getting information. But it is not surprising that he tried to censor it, because this is a minister who runs away from giving appropriate information. It is not just to parliamentarians but to members of his own electorate—and it is not surprising, because he has more than 6,000 permanent residents of caravan parks in his electorate. Some of the people in his electorate include Joan and Ron Armstrong.
of Tweed Broadwater Village. Joan is the president of the residents association at that village in the electorate of Richmond. Joan has sent me a copy of the letter that she sent to the member for Richmond—an extraordinary letter, in which she wrote in the following terms:

Dear Mr Anthony,

It was a nice surprise to receive an increase in our pension in September. However, upon receiving a copy of the September/October 2000 Age Pension News … I was disappointed to learn that the threshold on Rent Assistance had also increased. This means that couples who receive Rent Assistance are being penalised. Enclosed is an example of the effect this increase has on the residents of this village.

The letter goes on to outline an example of the real impact that the change in threshold from $120.20 per fortnight to $122.20 per fortnight has, which is a reduction in rent assistance of $1.50 per fortnight. Rent assistance is calculated at 75 per cent of the rent, less the threshold when it is applied. So these people, these battlers in the electorate of Richmond, residents in the electorate of the minister who is responsible for this legislation, are not only paying the GST on their site fees but also getting less rent assistance than before. This from a government that said, ‘$33 million rescue package.’ What a farce from this government. It is not surprising that Mr and Mrs Armstrong are known to Mr Anthony, because they are certainly not associates of the Labor Party. They are people who met with the Leader of the National Party during the National Party conference to explain their concerns. The member for Richmond tried to get handpicked people to make up a delegation to raise their concerns, and still they were ignored. So now they know they are paying the GST on their rent and they know that millionaires in Kirribilli and Toorak are not paying a cent on their rent. They know that the government promised to increase their rent assistance and they know they are not getting a cent. They now know that, because of the changes in the threshold in rent assistance, they are actually worse off as a result of that change. These people are waiting for the next federal election. I conclude my comments with this quote from the letter of Joan Armstrong, a resident in the electorate of Richmond:

I realise that as Shadow Government you are not at this time in the position to help us but all such issues will not be forgotten at the next FEDERAL ELECTION. We will represent you. We will speak up for you if the member for Richmond will not. We will continue to campaign on this issue.
in the lead-up to the next federal election. I ask for leave to table the correspondence between Mr and Mrs Armstrong and the Minister for Community Services. *(Time expired)*

Leave not granted.

Mr Albanese—You didn’t let it be tabled. I am surprised.

Mr DEPUTY SPEAKER (Mr Nehl)—Resume your seat.

Mr Snowdon (Northern Territory) *(5.04 p.m.)*—I was certain that the Parliamentary Secretary to the Minister for Finance and Administration opposite nodded—not shook—his head, although at times you would not know the difference. I am pleased to participate in this debate on the Taxation Laws Amendment Bill (No. 8) 2000 for a number of reasons, not the least of which is to expose yet again, as others have done so far, the contradictions in the position being adopted by the government. I have been a member of this parliament for a while; I was first elected in 1987. I have seen and heard ministers, prime ministers, leaders of the opposition, as you have, Mr Deputy Speaker. Before the last election—indeed, after 1996—we heard the Prime Minister and the Treasurer saying how they wanted to raise the integrity of the parliament. I am pleased to participate in this debate on the Taxation Laws Amendment Bill (No. 8) 2000 for a number of reasons, not the least of which is to expose yet again, as others have done so far, the contradictions in the position being adopted by the government. I have been a member of this parliament for a while; I was first elected in 1987. I have seen and heard ministers, prime ministers, leaders of the opposition, as you have, Mr Deputy Speaker. Before the last election—indeed, after 1996—we heard the Prime Minister and the Treasurer saying how they wanted to raise the integrity of the parliament. One would have thought that they also meant the integrity of government.

Prior to the last election, promises were made by the Prime Minister and the Treasurer in relation to fuel prices, and I will come to those a little later on. Then there was a period when we were harangued—and continually so—by the Treasurer and other frontbench members, including the Prime Minister, about the GST and how it would impact on Australians. I was reminded this afternoon that, in the context of being aware of the GST’s impact on Australians generally, it is very hard to understand how the Treasurer could have any understanding of the way in which the GST has impacted on regional Australia because, to my knowledge, he has not visited there.

Mr Martin Ferguson—Maroochydore.

Mr Snowdon—Maroochydore, I guess, but I suspect that the furthest he gets out of Melbourne is St Kilda beach. I will come back to the issue of fuel a little later in my contribution. I note that members of the National Party, including you, Mr Deputy Speaker—

Mr DEPUTY SPEAKER (Mr Nehl)—Order! I again remind members that the chair has no party.

Mr Snowdon—acquiesce to the domination of government policy by the Treasurer. Whilst members of the National Party—and indeed the Northern Territory CLP representative who sits with the National Party in this place—parade around here about how they want to represent the interests of regional Australia, it is very clear now that they have no impact upon the policy considerations of this government, particularly in relation to issues to do with the GST.

It is also worth pointing out that the Treasurer ruminates on how this is such a progressive tax and that it will not require much amendment. Recall that this was supposed to be a simple tax. I am sure you recall those words, Mr Deputy Speaker—I certainly do—yet now we know that, prior to today, there were 654 amendments to the legislation. As a result of today’s little exercise, if this legislation passes through the parliament, we will have another 188. You do not have to be Einstein to work that out. We have a plethora of amendments that roll back the GST, yet the Treasurer, the Prime Minister and the Leader of the House come in here regularly—if not daily, certainly weekly—saying that somehow or other the Labor Party is not committed to roll-back. The Labor Party is committed to roll-back—to making this tax fairer and simpler. What we are seeing here is the government’s admission that this tax needs to be made fairer and simpler and that it needs to be rolled back. We have the evidence of 188 new amendments to this legislation which are designed to roll back its impact.

We also hear a lot said by the Treasurer, the Leader of the House and the Prime Minister—particularly the Leader of the House because he supposedly deals with small business—about the impact of the GST on small business and about what small busi—
ness thinks of the GST. I am not sure whom they talk to in small business. I am damn certain that they have not been communicating with small businesses in remote and regional Australia because, if they had, they would have got the same message that I am getting from my electorate.

It is worth while pointing out a number of comments from conversations I have had with members of the business community in the Northern Territory. These are the sorts of comments that have been made about the business activity statement. We know by the amendments in this legislation that the government accepts that dealing with the BAS is a very complex and time consuming exercise. There is an admission of that, because under the supposedly simpler new system, taxpayers have been granted a three-week extension to lodge their first BAS. It remains to be seen whether this is adequate. In relation to the BAS, one businessman said to me:

We are living in a dictatorship, and its main weapon is the business activity statement.

Another said:

I didn’t go into business to become a tax collector for the federal government.

I recall, as I am sure people who represent regional Australia also recall, that prior to the GST being implemented the government said this would be a very simple exercise. Recently I visited two very small businesses, one that employs three people and another that employs two people. Both of these businesses said to me that the impact of the administration of this tax was likely to put them out of business. Another said:

The GST was supposed to be simple, but I’ve yet to talk to another business person who says it is easy.

I have also spoken to people who are involved in the Confederation of Industry, the Chamber of Commerce and the industry body in the Northern Territory. They have expressed grave concern about the ability of their members to deal with the requirements of the GST and the administration of the tax. They are concerned about their ability to comprehend the requirements of the business activity statements. There are real concerns that businesses may not survive even this first requirement of the business activity statements, let alone subsequent ones. Another has said:

The GST has me tearing my hair out, and it prevents me from doing what I am in business to do.’

Another made the very astute observation, given the stance taken in previous parliaments, particularly by the Leader of the House:

It is the Australia card hooked into every single cent you operate with.

Not a bad observation. Another said:

Trying to find out real information is like using the help function on a computer—there’s no way of asking the questions you want to ask, so you can never get the information you need.

Not a bad illustration of the contempt people are feeling for this particular tax. Another said:

The so-called information campaign on the business activity statement actually reflects how hard people are finding it, but the answers do not lie in the seminars they are advertising. My experience, attending the seminar three nights in a row, was contradictory information from different presenters.

Another said:

You won’t believe how much time GST and the BAS have cost me: I’m sick to death of working weekends and nights to keep up with the demands of the Australian Tax Office.

Finally, another said:

The only incentive the GST is giving me is an incentive not to vote for John Howard ever again.

I suspect that people who live in regional areas who are close to their communities are getting the same feeling. One business acquaintance of mine asked the CLP senator for the Northern Territory to help him on a GST related issue three months ago. He has still had no response. If government members cannot help sort out queries about their own tax system, what is business supposed to do? I am told—and I met with the businessman who gave me this information—that some software packages that are supposed to help businesses calculate their GST are actually helping the government gain a tax windfall. They go to three decimal places in calculating amounts of money when our monetary system has only two decimal places. These packages then often round up to the
next cent. Of course, if they round up on every unit instead of every item on an invoice—and there is an anomaly in the way the law is written that would allow this to happen—then you can get a cascading effect of round-ups. One invoice I saw showed a discrepancy of 12c—in other words, a 12c bonus to the government—where it charged $79.10 instead of $78.98.

Twelve cents is not a lot of money, but a series of 12c or greater bonuses from every business and every transaction means businesses are forking out a substantial amount of money they should not have to be paying. The way prices are recorded and rounded up in these software packages means, firstly, cents being rounded up per unit instead of on the final amount for cash transactions, which is what the tax ruling says, so the business pays more; secondly, the government gets more tax than it deserves every three months; and, thirdly, suppliers may or may not gain benefit. The businessman who pointed this anomaly out to me has been trying to get some joy out of the Australian Taxation Office—some answers, maybe even a ruling. The Australian Competition and Consumer Commission agreed that there was a problem but its Darwin office said it could not help. The businessman has now given up and is paying the rounded-up amounts instead of spending time scrutinising each invoice to calculate the actual amount he should be paying.

Another area I have spoken about before in this place, which has been of grave concern in my own electorate, is the attempt by the government to make small businesspeople out of Aboriginal artists. The Australian Taxation Office was originally insistent that all Aboriginal artists everywhere register for an Australian business number. I have repeatedly pointed out in this place the folly of this. I have also noted repeatedly that the Australian Taxation Office has no understanding of real life in remote areas—particularly on such issues as the fact that many of these artists are not English speakers and, therefore, cannot understand complicated forms (they are not literate) and the real income levels of most artists and the contribution this makes to extended family income—and that the Australian Taxation Office has failed to take any responsibility for informing Aboriginal artists of their obligations. That remains true.

Following lobbying by Aboriginal arts advocacy organisations, the Australian Taxation Office came up with a supposed deal. This involved offering a 12-month exemption to those artists who live within special tax zone A—that is, 250 kilometres from the nearest town with a population of greater than 2,200 people—while the Taxation Office negotiated with the advocacy groups and while it mounted an information campaign. At a meeting yesterday with representatives of advocacy groups and nine community arts centres, the Australian Taxation Office proposed two options for the future. The first was that the artists themselves take sole responsibility for their tax obligations. The second was that the community arts centres take this responsibility. Option 1 amplifies the existing problems and fails to recognise fundamental reality. It exposes the Taxation Office for being absolutely ignorant of its client base and shows again what I have been saying for some time that the Australian Taxation Office and, least of all, the Treasurer, the Prime Minister and his government have absolutely no idea at all of the implications this new tax regime has for many Australians. The second option presents problems for the arts centres, and they are unhappy about it.

With respect to both options, the arts centres feel this is a social justice issue—and it is. They have a duty of care to their artists and they want to prevent disaster befalling them. But they do not want to enter this new kind of relationship with the artists. They have not been set up to be tax collectors, which would involve detailed inquiry into artists’ other sources of income and calculations of withholding tax. Their duties already involve mentoring, supply of materials, advocacy and marketing and are part of their personal relationships with artists. The job the Australian Taxation Office wants them to do would also involve the physical act of withholding large amounts of cash that artists feel they are entitled to take in direct exchange for the paintings. The arts centres are
very concerned because the options reveal that the Australian Taxation Office apparently expects Aboriginal artists to go from zero compliance with the tax system to 100 per cent within a 12-month moratorium period. At the same time, the negotiations are not finalised and the information campaign is getting only to the tip of the iceberg. So talking options at this stage is certainly very premature. The other factor to consider is that the Australian Taxation Office says that it will help the arts centres, but this help will not involve cash or equipment. The most conservative estimate of how much this will add to the arts centres' administrative costs is 25 per cent. Much of this could have been avoided if the Taxation Office and the government had recognised what I have been arguing all along: the simple fact that one size does not fit all.

The other issue I want to talk about is fuel prices. Earlier in my contribution I said that the Prime Minister and the Treasurer made undertakings to the Australian community prior to the last election and, indeed, subsequently. In his contribution my friend the member for Rankin quoted verbatim those undertakings. Before the election the Prime Minister said that fuel prices would not increase as a result of the GST and the Treasurer said that the new tax system would not lead to any increase in the price of petrol. What would they now say to the people in my electorate? At the Ti Tree service station, the price of fuel is $1.29, and I have calculated that the GST component on that is almost 8c.

I have heard members of the National Party in this place and, outside of this place, members of the Liberal Party say that they are concerned about the impact of fuel prices on regional Australia. We are giving those people an opportunity, through the amendment being moved by the opposition, to show their concern by voting for that amendment in this place. Let us understand the ramifications of what is going on out there, despite the protestations of the Liberal Party and what is being said by the Treasurer, who comes in here and, using vitriol and personal attack, tries to deride those people with concerns about fuel prices. This is a bloke who has not visited regional Australia. How would he understand the impact of fuel prices on the people in my electorate, let alone those in the electorates of other people in this place, even those of his own coalition colleagues? How would he understand that in places in my electorate the price of fuel is as high as $1.87 a litre? The people who are being required to pay this price for fuel are the poorest Australians.

I have been concerned about this for some time. I have raised it in this place on a continuing basis. I have been kicked out of this parliament, out of this House, for objecting to a response by the Prime Minister, who again told an untruth, misled this place, about the impact of the GST on fuel prices. Despite the fact that I protested, I was kicked out of the parliament. The next day the truth was there for all to see in banner headlines in the Northern Territory, ‘We pay the highest GST on fuel in Australia,’ and we do. Despite the so-called undertakings and promises that were given by this government prior to the last election and subsequently, we have seen the tax take from fuel increase. My friend the member for Rankin explained in exemplary detail the way in which this works in combination with the fuel excise.

It is about time we had a bit of honesty from the government. It is about time we had a bit of honesty from the Treasurer. It is about time they said to the Australian people that they lied to us before the last election and subsequently when they said that fuel prices would not rise as a result of the GST. Every Australian consumer knows that is a lie. Every person in my electorate who fills up his or her car knows it is a lie. Then we go to the question of its impact on diesel fuel, let alone petrol. We know what the impact of this is. We were told by the government before the last election that freight rates would not go up. What a joke! Ask any person who lives in a remote part of a region of Australia what the impact of the increase in diesel fuel prices has been on the cost of transport. Ask them what it has meant
for the cost of freight. Then you will know; that will expose the lies that the government has been telling since prior to the last election.  

(Time expired)

Mr WILKIE (Swan) (5.24 p.m.)—The Taxation Laws Amendment Bill (No. 8) 2000 deals with GST roll-back and GST administration. I want to discuss a few administration issues in my remarks. The first area I would like to address is the question of private rulings provided to businesses under the GST. All members know that the situation facing GST taxpayers who know what their liability is is bad enough. They are wrestling with their first quarterly business activity statement. But we should also spare a thought for the taxpayers who still do not know what their GST liability is. The government has a service called Reply in 5, which is supposed to provide written rulings within five working days to taxpayers, to provide certainty in the application of the new tax system. This is how the tax commissioner announced the service back on 31 January:

Businesses who write to the Tax Office with specific queries about the new tax system can expect a detailed, personalised written reply within five working days ... The Reply in 5 initiative will ensure that all taxpayers have timely and accurate answers to their detailed queries on the new tax system.

All members of this House would agree that such a service would be helpful for taxpayers dealing with the new tax system. Unfortunately, all members would also have had the experience of their constituents having their inquiries not dealt with within the five-day timetable. Indeed, CPA Australia’s Senior Tax Counsel, Paul Drum, has described the Reply in 5 service as follows in the 29 September edition of Tax E-news, the fortnightly tax news publication of CPA Australia:

The reply-in-five service was set up to provide private rulings on GST issues for taxpayers on relatively straightforward transactions. It was supposed to provide responses within five days, but people are lucky to get responses within five weeks, let alone five days as promised.

So, more than a year after the original GST legislation was passed, taxpayers still cannot get answers from this supposedly simple system. The opposition took a call this week from a particularly frustrated taxpayer who has been waiting for a reply from the Reply in 5 service for more than three months. This business would have been happy if the delay had only been five weeks! The information on which the ruling was sought was apparently faxed to the ATO on 23 July. As of this morning, there has still been no written reply. The taxpayer, Absolute Homecare, supply private nursing care to frail and aged persons in their own home. They advise that they have been told four times orally by the ATO that their services are GST free. They simply want that advice in writing. They have spoken to the problem resolution unit; the problem has not been resolved. In their desperation, they have contacted the Ombudsman to try to get the ruling they were promised three months ago. This lack of certainty is now starting to have an economic impact on this business. This is unacceptable. Taxpayers should be able to get some certainty about their affairs. This ruling is not a few days late; it is a few months late, and it is impacting on that particular business. I ask the government to address this issue as a matter of priority, not only for this firm but for others in the home care industry.

I would like to move on to the impact that the GST is having on the building and construction industry. Prior to the GST, the building industry warned of the dire consequences that would occur. These were dismissed by the government—‘They will not happen.’ However, as with so many other broken tax promises of the government, the housing industry has been hit hard by the GST. Figures released by the Australian Bureau of Statistics this week continue to demonstrate a serious decline in housing building approvals since the introduction of the goods and services tax. The figures prove that the government is doing nothing as a critical industry sector goes south under the impact of this unfair tax. These figures are a good indication of the true impact of the goods and services tax on industry, small business and employment.

Debate interrupted.

ADJOURNMENT

Mr SPEAKER—Order! It being 5.30 p.m., I propose the question:
That the House do now adjourn.

Charlton Electorate: Commonwealth Recognition Awards for Senior Australians

Ms HOARE (Charlton) (5.30 p.m.)—Last Friday afternoon I had the pleasure of presenting Commonwealth recognition awards to 12 outstanding senior Australians in my electorate of Charlton. The award recipients were Mr Keith Bennett of Wangi, Mrs Colleen Bisson of Charlestown, Mrs Stella Bunter of Speers Point, Mr Donald Callender of West Wallsend, Mr Ken Cooper of Wallsend, Mrs Elaine Cox of Morisset, Mrs Priscilla Edgeworth of Cooranbong, Mrs Noeleen Goudie of Rathmines, Mr Gordon Triplett of Booragul and Mr Norm Ward of Speers Point. All these people have given an ongoing commitment to our community, and Friday’s ceremony provided a great opportunity for me, along with nearly 100 of their family and friends, to pay tribute to them. The recipients of these awards were nominated by people in the community as senior Australians who are actively involved in organising community events, participate in volunteer activities or contribute to the health and wellbeing of other members of our community. These 12 people epitomise all of these attributes, and it is important that we continue to honour senior Australians who contribute so much to other people’s lives, often with no recognition. All of these people are volunteers, and between them they have given hundreds of years of service to their communities.

I am pleased to acknowledge that, on the recommendation of the Economic and Social Council in resolution 1997/44, the UN General Assembly on 20 November 1997 proclaimed 2001 the International Year of Volunteers. The council felt that a year designed to enhance the recognition, facilitation, networking and promotion of volunteer service would help to increase awareness of its achievements and potential, to encourage service from an expanded number of individuals and to channel resources to such service. The focal point for the year is the United Nations Volunteers program. Volunteers make a vital contribution not only in providing services and support in a wide range of areas but also in furthering the aims and ideals of the community. Without volunteers, much of the assistance available to people in need would be lost and our communities would be poorer places in which to live. Australia could not manage without the variety of volunteers who dedicate their time and their effort to making life a little better for others. Volunteers are the cornerstone of our society, and the International Year of the Volunteer gives us opportunities to recognise how important volunteers are to our community.

I will mention some of the areas where the award recipients in my electorate have been working. One gentleman has been working in sport right throughout his life, giving young disadvantaged children an opportunity to be able to play sport and excel in the sport of their choice. We have a volunteer who raises money for the children’s section at the John Hunter Hospital in Newcastle. Another award recipient has been a member of pensioners’ associations for a long time and as a singer has provided hundreds of hours of entertainment for nursing homes, hospitals and hostels. Another one has worked for many years in transporting people with disabilities. Ken Cooper is the president of the Wallsend Hospital Guardians and has spent most of his retired life, along with his departed wife Vi, trying to reopen the Wallsend Hospital for public use. Another one has been with the carers in Meals on Wheels for many years. This is just a small number of people who have been recognised in my electorate, but they received their awards on behalf of many other volunteers who work tirelessly in our communities for those people who may not be able to help themselves. (Time expired)

St George and Sutherland Area: Exports

Mr BAIRD (Cook) (5.35 p.m.)—I rise tonight to speak about the launch of the project for growing exports in the St George and Sutherland area that took place last Thursday, 26 October. I did this on behalf of the minister, Tony Abbott, and it was a very successful launch. The project basically represents $115,000 allocated from the govern-
The project has three parts. The first part is enabling local manufacturers and business people to see the potential of exports. Many of them who manufacture simply for the domestic market do not recognise the great opportunities that exist in many markets overseas. So the first part is lifting recognition of export markets and the potential for companies to enter that market.

Secondly, there is a diagnostic technique they use to assess whether the companies have got the potential to get into the market. Obviously, that is a significant aspect. Many companies that have gone overseas and tried to establish themselves in the market should never have gone past Kingsford Smith. It has been a problem in the past, but now that Austrade is a much more professional organisation the days of the ugh boot exporters are over, as are the days of the opal producers that go out to Lightning Ridge, get a bag of opals and head off in the plane to sell their wares. Austrade is much more professional, and the way in which it carries out its business is much more professional. So the diagnostic technique is important. The third part of it is to provide selected businesses with assistance to get export ready or to plan and maximise their current export business.

So the first part is about promoting exports, the second is about providing diagnostic techniques and the third is showing them how to get into the market and what is required: drawing up the overall management plan and the corporate plan with which to enter the markets, knowing which countries have the best potential and what the tariff requirements in those countries are, knowing whether to appoint agents and how to identify the appropriate way to get into the market, and knowing whether to be represented by distributors or to go directly into the market. Australian Business Ltd have a number of people with specific export knowledge and techniques which they are bringing into the market.

Recent studies have shown that exporting firms are generally superior to non-exporters on many criteria. They generally have a higher proportion of full-time jobs, offer greater job security, use advanced business practices and technology and are likely to be more innovative and profitable than non-exporters. This is particularly important. We encourage those companies in the St George and Sutherland shire area to get into the market. The Sutherland shire is the fourth-largest local government area in Australia, with an estimated population of approximately 210,000. It has over 9,000 businesses, but only 10 of those have over 300 employees. I congratulate the minister in taking this initiative, particularly as it is one so well received in the St George and Sutherland shire area. It is strongly supported by the local councils and is well received by local businesses. It will create many more jobs in the Sutherland-St George area and, in the long term, will add to an improved balance of payments situation.

**Palestine: Conflict**

**Mrs IRWIN (Fowler) (5.39 p.m.)—**As many people will have found after visiting a foreign country, when you return home and see television pictures from that place, the images seem far more real. You recognise the landmarks and you can recall the sounds and feeling of the places. The pictures are not from a Hollywood studio; they are real places and the people are real people. The television pictures make you feel as if you are back there. In January this year, along with other members of the Parliamentary Friends of Palestine group, I visited parts of Palestine, including Gaza, Hebron, Bethlehem, Jerusalem, Ramallah and Jericho. So,
as I have watched the television news in recent weeks, the images from Palestine have seemed so much clearer, so much more real to me, than if I had not been there a few months ago.

The images in those news reports have horrified me. When you see pitched battles taking place in streets where you stood just a few months ago, when you see the faces of young people hurling stones against army tanks, when you see the faces of grieving mothers, then you remember the beautiful faces of the people you met and talked to so recently, and you remember the sadness of Palestine. When we arrived in Gaza, we were told that this was called ‘the land of the sad oranges’—and that says so much about Palestine. At a school in the Jabalaya refugee camp, we spoke to children whose grandparents were born in that same camp. Everywhere you travel you are in the shadow of barbed wire, guard towers and submachine guns. For Palestinians, even getting to work each day means hours waiting at check points and strip searches.

Near Bethlehem you see a family living in a tent next to their bulldozed home, while on the surrounding hilltops construction proceeds on the new Israeli settlements. In East Jerusalem an old woman stops selling and rushes to pick up her homemade cheeses before Israeli police confiscate them. The markets of old Jerusalem have the sterile feel of a Western shopping mall rather than the atmosphere of an Eastern bazaar. In the streets, teenage Israelis carrying submachine guns look at every passing Palestinian with a ‘go ahead, make my day’ look in their eyes. In Hebron the city centre is blockaded to protect 40 Israeli settlers. What seems like a battalion of Israeli troops stands guard and searches all Palestinians entering the mosque.

In this sad country, only one thing is surprising: that these people can exist at all. You could not be at all surprised when Palestinians rise up in protest at the conditions which they are forced to live under. I am sure not one member of this parliament would put up with those conditions. For two generations, Palestinians have lived under an army of occupation. They have no human rights as we know them; the only thing they have left is the hope that one day they will be free to live in their own country, free to live in an independent Palestine. Why do these people stay there? Why don’t they pack up and leave, as other refugees have done? That was a suggestion put to the group by a member of the Knesset—a member who arrived in Israel from Russia 10 years ago. But when you speak to a Bedouin about his love for his land, you realise that for Palestinians their homeland is more than just an address. You realise too that the so-called peace process cannot be about trading land for peace. Peace is not about making a deal—certainly not when the two parties are not equal.

When people live under the conditions I have described, you do not have to incite them to protest. You can feel the level of frustration in the Palestinian people when you walk down any street in Gaza or Hebron. Their greatest fear is not that the violence will continue but that the peace process will sell them out. They fear that they will not be free citizens of an independent Palestine but that they will be second-class citizens in a puppet state. The peace process that began with the Oslo accords will continue to fail as long as it does not recognise the true aspirations of the Palestinian people.

Employment: Mature Age Workers

Mr BILLSON (Dunkley) (5.45 p.m.)—I rise tonight to advise the parliament of a very important event that is taking place in Melbourne tomorrow morning. I and the minister at the table, the Hon. Tony Abbott, will be participating in another stage of a program which I think has the potential to change the very nature of our workplaces for the better. What we are involved with is the Age Balance Workforce. Some of you would be aware—I have spoken about it previously in this place—of the Australian Employers Convention, an organisation I have been associated with since its establishment in 1999 by the Commonwealth government sponsored Area Consultative Committee for Melbourne’s East, Jobs East. The member for Deakin, Phil Barressi, has been a very active contributor to this campaign. Tomorrow morning marks another important signpost in the work of the Age Balance Workforce ini-
What is involved is that some of our leading corporations are sharing with other corporations and employers in our country their experience with older people in the workplace so that they can share the lessons and learn from what they have achieved and discuss the positive benefits of a work force balanced in age.

Why is this important? We are moving into the first time in our nation's history when the next generation of people entering the work force is smaller than the generation preceding it. Right throughout history, successive generations have been larger in size, so there has been a constant pool of additional young, vibrant people coming into the work force to help drive our economy. With the changes in the age structure of our nation, that is no longer the case. The generation now entering the work force is smaller than the generation which preceded it. If we are to continue to grow our economy and provide wealth and opportunities in this nation, we need to learn to make better use of the capacities of all our citizens.

Mr Tim Fischer interjecting—

Mr BILLSON—That is right, and invest in projects like the Scoresby transport corridor—thank you, member for Farrer. One of the things I have spoken about in this place is that there are many undeserved stereotypes held about mature age people. This Australian Employers Convention initiative is about dispelling those stereotypes and sharing with employers and decision makers the benefits of having a balance of ages throughout their work force. Tomorrow in Melbourne we will be looking at two leading companies which have put their hands up to act as case studies. Australia Post, Coles Myer Logistics, Don Mathieson and Staff Glass, and the RACV Club are the organisations which have been involved to date. Tomorrow morning we will be looking at the progress of Coles Myer Logistics and DM and Staff Glass. These two organisations have more than half of their work force over the age of 45. They actually look to that age mix as being a source of strength that supports their younger workers, improves the quality of their work and adds to the profitability of their companies. Some of the case study lessons that we will be sharing tomorrow go to the importance of managing people's knowledge, the intelligence that is within the company, and how mature age people are very successful in learning from their experience and passing that on to young workers in the work force. We will also be learning about how the relevance of skills is something that people often worry about when it comes to mature age workers. In these case studies the lessons are clear that, given the opportunity, mature age people benefit from training and continue to have very relevant skills and knowledge. Occupational health and safety, that culture that is so important to a business if it wants to provide safe workplaces, is another benefit of a mature age work force. I hope Minister Abbott and others will enjoy tomorrow morning. There will be some guideposts to what is the future in mature age employment and this is an important initiative.
Ms LIVERMORE (Capricornia) (5.50 p.m.)—It has been another week and another attack by this government on rural and regional Queensland, and another failure by the National Party to do anything to protect the interests of people living in rural and regional areas like those in Central Queensland. I am talking about the threat to ABC news and current affairs contained in the managing director’s announcement that the board of the ABC has cut the budget for news and current affairs by $3.7 million. Let us not forget where that proposed cut comes from. It comes from years of this government ripping money out of the ABC with the support of the National Party and the latest refusal by the government to assist with funding for the transition to digital.

So the cut to ABC news and current affairs is coming and the government is doing nothing to stop it. The National Party is certainly doing nothing to stop it. ABC board member Michael Kroger dobbed the Nationals in badly on Radio National’s Media Report this morning when he told listeners that the National Party were there through all the decisions on ABC funding cuts and did nothing. We know in Central Queensland what that means. We know from our experience of this government where the cuts inevitably cut the deepest. It is in regional and rural Australia and they hit directly at the level of service that we can expect.

The ABC plays an essential role in providing information, news and current affairs in Central Queensland and central western Queensland through its Rockhampton and Longreach stations. Those stations are locally based and locally focused and cover local issues in the kind of detail that would be impossible from Brisbane or Sydney. Any cut in funding to the news and current affairs division and the radio division puts that level of service and the relevance of ABC radio in our region at risk. This is what the ABC in Rockhampton covered on its local news bulletin this morning. There was the local angle on the industrial dispute by rail workers, with the station talking to the local union organiser. There was also a story about the drop in value of the Indonesian and Filipino currencies and the effect that that is having on live cattle exports and on our local producers. Longreach provides other examples. The Longreach news this morning had a spot about the Tambo buy local scheme, the Charleville arts festival and the local cattle and wool market reports. I do not think that the news desks in Brisbane or Sydney are going to replicate that kind of vital local information.

The ironic thing is that Mr Shier talks about cuts as if there was something left to be cut from the ABC in Central Queensland. The Leader of the National Party says the ABC should do more with less. If he saw how hard the ABC teams in Rockhampton and Longreach work to produce their current output, he would realise just how ridiculous that statement is. In Longreach there are just five staff for a station that collects news from, and broadcasts to, two-thirds of Queensland. Over the last 10 years the staff at the ABC in Rockhampton has been halved, from 23 down to 11. There is no technical capacity at all, where once there were four technicians. There is one camera operator who doubles as the editor and sound person. There are no support staff at all. You just could not get a leaner operation than the one in Rocky.

Yesterday when he met with the ALP rural and regional committee, Jonathan Shier told us an amusing anecdote about the station at Mildura—or he saw it as an amusing anecdote. One woman produced the morning show, then answered the phones all day and then prepared the evening program. To me that was not a charming anecdote—that was reality for the stations in Central Queensland.

The five staff in Longreach produce four local news bulletins, a half-hour rural report, a local breakfast program and a local morning show each day. In Rockhampton, three staff produce the state-wide current affairs program to be fed to stations throughout the state as well as the 2½-hour local morning show every weekday. The local breakfast show presenter also has to find time after his program to prepare the three-hour Queensland Sunday program which is fed from Rockhampton each week.
When you have staff working at that capacity already, how can you honestly tell them to do more with less? The reality is that taking $3.7 million out of news and current affairs on top of expected cuts to the radio division overall will directly threaten the continued production of news at a local level in Central Queensland. We will lose a local news service which is absolutely essential to our sense of community and which ensures that the issues that are important to us are able to be discussed and kept on the public agenda.

Like cuts to other services in regional centres, any cut to staff and resources in our local ABC stations will have a very big ripple effect in our local community. The ABC takes an incredibly active and proactive role in the Central Queensland community. The local ABC both supports and initiates local events like the Beef 2000 Expo, the Multicultural Fair—which is an annual event and now the biggest in Central Queensland—and Arts in the Park. All involve significant amounts of after-hours work by the ABC staff, which they do out of dedication to the local community and pride in their organisation.

The ABC in Central Queensland is already doing an incredible amount with not very much. I know how tight the ABC operations are in Central Queensland. There is nothing to cut unless you reduce the number of staff there or the local output of those stations. The government will not be taken seriously on any claims to support regional Australia if we lose our local staff and the locally produced ABC radio news and programming that our Central Queensland communities value so highly.

**Schools: Funding**

**Culburra Beach Association**

**Mrs GASH** (Gilmore) (5.55 p.m.)—Last night I was speaking to the parliament about government versus non-government funding. I did not have the time to finish my speech, so I would like to take up from where I left off. Why is the New South Wales government not matching the increase in federal funding of state government schools, given the savings it is making? It would almost be worth encouraging students to leave, would it not, if you are still going to get the money? No-one is asking why students are leaving the state government school system. I did, and the answer is always the same—discipline, choice, the quality of education.

No-one is blaming the teachers, but I do blame the state minister and the Labor state government for taking away the autonomy of teachers and the schools. Bob Carr has failed to recognise the professionalism of teachers and he has failed to support them. To make this point, only last week I opened some new facilities funded by the federal and state governments at Sanctuary Point Public School. As part of the ceremony, over 30 students—the largest number ever—received certificates of Credit, Distinction and High Distinction in the University of New South Wales English, Maths and Science competitions. This is not an isolated incident. Yet the state government, instead of talking positively about schools, has taken the coward’s way of belittling the state system and continuing to say how bad things are. Naturally, this gives the public the perception that state students are missing out on basic learning.

How many times did parents have to find other care for their children because the union had called everyone out on strike again, and yet again? Where were you, Minister Aquilina and Mr Carr? What did you do to stop this call for help from the teachers? Where was the Labor state member in my electorate? He ran away and hid somewhere so they could not find him. I ask the question: if the media and campaign material from the teachers union sent home with your children each week were your main source of information, why would you send your kids to a state government school? Yet the reality is so often very different.

Let me finish by saying just how much federal government funding for capital upgrading of state schools has gone into my Gilmore electorate: Callala Bay Public School, $2.1 million; Ulladulla Public School, $2.15 million; North Nowra Public School and Havenlee School for Specific Purposes, just over $4 million; Sanctuary Point Public School, $188,000; Kiama Public School, $2.65 million; West Nowra Univer-
sity campus, $6 million; and West Nowra TAFE campus, $5 million. That totals $22.1 million. This is $22.1 million funded by the federal government for public facilities.

In the same period we spent $350,000 in capital funding for private schools in Gilmore, or a ratio of over 63:1—not bad for a federal government that supposedly does not care about and supposedly is ripping off state government schools. I think it is high time this ‘them and us’ situation stopped. Parents have no reason to feel guilty, regardless of where their children are sent to school. Australia is—thank God—a country that promotes, without intimidation, freedom of choice and freedom of speech.

Whilst I am on my feet, could I also congratulate the Culburra Beach Association for raising in the last 10 years over $1.5 million of community funds. With that $1.5 million, they built a total retirement village. Just recently they built an ambulance station and a health centre, at a total cost of $500,000. They recognised the need for an ambulance service in the Culburra Beach area and the state government did not provide the funding after it said it would in the last state election. So the town community took it upon themselves. Led by Mr Morris Bruce, the chemist, and Mr Derek Buckley, they raised the community funding themselves. Last week they opened that ambulance station with three ambulances in it. I would like to take the time to congratulate publicly the Culburra Beach Association on the work that they have done in recognising the needs of their community and funding those needs to the tune of $1.5 million in the last 10 years.

Middle East: Peace Process

Mr DANBY (Melbourne Ports) (5.59 p.m.)—During the adjournment debate we have heard things said about the peace process in the Middle East which I think need to be commented on. Those of us in Western society who look at the tragic events in the Middle East need to contribute to the peace process, not by making inflammatory statements and focusing on emotional pictures and one-sided versions of events but by focusing on the tragedy of the two peoples who live in one part of the world and the kinds of things that might bring them together.

At the recent Camp David peace talks it was identified that Mr Barak, the Israeli Labour Prime Minister, had offered the creation of a Palestinian state in 95 per cent of the West Bank, broad civil administrative control for Palestinians in the old city of Jerusalem and in Arab East Jerusalem, Israeli acknowledgment of the suffering of the refugees and the absorption of tens of thousands of Palestinians. Those who are opposed to the peace process ought to ask: what do they want?

Mr SPEAKER—Order! It being 6 p.m., the debate is interrupted.

House adjourned at 6.00 p.m.

NOTICES

The following notice was given:

Mr St Clair—to move:

That this House:

(1) recognises the importance of an efficient and well networked rail system to the Australian economy;
(2) urges private and government capital investment to ensure more freight is carried by rail to reduce the extent of road transport as an issue of public road safety; and
(3) applauds the initiative of the Government in the abolition of diesel fuel excise for rail use as a significant element in the reduction of rail freight cost thereby encouraging greater use of rail.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Shipping: Foreign Vessels

Aged Care: Accommodation Places

Ms O’BYRNE (Bass) (9.40 a.m.)—The protection of our coastlines is a responsibility for all of us, but it is particularly a responsibility for the Minister for Transport and Regional Services. The ships that work our coast must be safe. The Australian shipping industry has a high record of safety which is not shared by all in the international shipping community. The minister has failed to identify a pathway for the Australian shipping industry and has embarked on a program of increasing the numbers of foreign vessels in our waters—foreign vessels near our precious coastlines and our marine life.

Recently, Four Corners broadcast a program focusing on the sinking of the Erika, a 37,000-tonne, quarter-of-a-century-old vessel that broke up off the coast of Brittany. Tom Mangold explained the environmental reality of this disaster:

Slowly at first, some above and some below the water, a great black blanket of oil drew its tidal cover toward the coast ... a poisonous veil moving remorselessly towards one of Europe’s most fertile fishing, shellfish, marine wildlife and tourist environments.

The effect on birdlife was heartbreaking:

They die very slowly, their elegant plumage caked in toxic filth. Death is a long slow choking nightmare followed by drowning as the birds natural waterproofing is eaten away—at the end a lifeless oily rag.

It is by good fortune only that Australian coasts have not faced the environmental damage that France faced with the sinking of the Erika—an experience they are facing again with this week’s sinking of the Ievoli Sun. In 1991, the Greek tanker Kirke fell apart off the West Australian coast. If we continue to allow foreign vessels on our coasts, it will only be a matter of time before it is our fishing, our shellfish, our marine wildlife and our tourist environments that are destroyed. The minister must pay attention to the shipping part of his portfolio before it is too late. He must act to protect our coastlines.

In the time remaining to me, I want to refer briefly to the issue of aged care beds in Tasmania and, in particular, in the northern planning region. It is no secret that the demand for aged care beds has far outstripped supply. I am constantly hearing complaints from constituents who wait for inordinately long periods of time to access aged care facilities. It is not just my interpretation of the situation; the department’s own report identifies shortfalls in the number of beds in the northern Tasmanian planning region. The national target for bed numbers is 90 beds per 1,000 people over the age of 70. Fifty of these beds must be low care or hostel beds. According to the department’s June figures, we have instead 34.4 low-care beds per 1,000 people over the age of 70 in the northern planning region. So if you want to assess this government by its own benchmarks in terms of provision of hostel beds, it is failing.

Unfortunately, this will come as no surprise to those families who are waiting for horrendously long periods of time to access an aged care placement. If the Minister for Aged Care is going to set these targets, then the Minister for Aged Care needs to actually meet them. It is unacceptable that the most vulnerable in our community are neglected by this government. Tasmanian facilities provide a very high standard of aged care, but we have to
make sure that all of those people who need to access this care can do so, and can do so in a timely manner.

**Parramatta Electorate: Cancer Research**

**Mr ROSS CAMERON** (Parramatta) (9.43 a.m.)—Today, during this week of science meeting parliament and a focus on the knowledge nation, higher learning and research, I want to mention to the chamber two outstanding women from the electorate of Parramatta and two outstanding organisations. Judith Hyam was the wife of Lord Mayor Allan Hyam before her untimely death from cancer on 21 August 1990. She was a woman who gave of herself incredibly generously to the City of Parramatta, as a councillor in her own right and as patron of numerous local organisations.

Such was her influence as salt and light in the community that a group of her close friends decided to establish the Judith Hyam Memorial Trust for Cancer Research following her death. Over the past nine years, that group, where many start but do not finish the race, has continued enthusiastically to raise funds for the benefit of cancer research. In particular, I want to acknowledge the chairman, Des Kennedy; John Ball, the vice-president; Diana Mahony, the secretary; and Roger Ralston, the treasurer. They represent five blokes and 32 ladies who had no previous experience in fundraising, but who, every week, faithfully go out, raising about $70,000 a year for cancer research.

The critical thing they did was not dispense it year by year but put it into a trust fund, and it has continued to grow each year. That trust fund has now accumulated over $500,000, which brings me to the second outstanding woman in my electorate. Claire Flasching is a woman who is a PhD student, and she works at the Children’s Medical Research Institute of Westmead. That institute is carrying out the most inspirational work. Claire Flasching, in particular, is looking at the first stages of cell division, when the chromosomes are broken down into telomeres. Those telomeres shorten at the point of cell reproduction. In cancerous cells, they shorten too much to the point where the cell becomes dysfunctional, and those cells are retained and they continue to accumulate as a dysfunctional, dead part of the cell. Claire is examining what it is about these telomeres that causes them to shorten in this way, and the exciting part of her research is that there is a mechanism which is only present in cancerous cells. She is looking at developing a treatment for cancer which will only affect cancerous cells instead of all of the other healthy cells in the human body. That work is being carried out in the memory of Judith Hyam only because of this inspirational commitment by these 37 men and women of Parramatta. So I want to applaud Claire Flasching, I want to congratulate the Children’s Medical Research Institute and I want to commend the Judith Hyam Memorial Trust Fund for Cancer Research. (Time expired)

**Telstra: Service Standards**

**Paralympians**

**Mr RIPOLL** (Oxley) (9.46 a.m.)—On the day that Telstra faces its judgment with Telstra 2 share instalments due, we witness more evidence of the decline in service that Australians have been complaining about since the government decided to float the telco. The decision by Pacific Access, a division of Telstra, to not include the Ipswich *White Pages* with the Ipswich *Yellow Pages* has outraged the community of Ipswich and regional centres around Australia. The separate *White Pages* and *Yellow Pages* for Ipswich have always been well used and patronised by locals and business. The decision to just simply bundle Ipswich City in with Brisbane is an insult to our region. Ipswich is distinct and separate from Brisbane and should not be treated with such disregard from corporations such as Telstra or the division of Pacific Access.
Ipswich businesses that booked advertisements in the Yellow Pages directory were not warned or informed of the changes at the time and are now concerned that they have been shortchanged and misled about the advertisements. People have always made good use of the combined White Pages and Yellow Pages for Ipswich and used this resource as a good tool in finding local products. Having these books combined, specifically for Ipswich, has always made finding phone numbers for our city more convenient. We will now simply have to wade through two books of the White Pages, which are several inches thick—an inconvenience many will not welcome.

Telstra and this government have betrayed and lost sight of regional Australia and are slowly eroding the identity of rural sections of the community. Our identity is being hijacked by organisations that have no sense of history or community and are only concerned about the cost-cutting and shareholder profits. The recent downturn in Telstra 2 shares has left a poor taste in the mouths of ordinary mum and dad investors that have trusted the government and Telstra to deliver good on their promise of share value. Instead, they have seen the value of their investment go down. The further sale of Telstra, if the government had their way, would result in further decline of the service standards already criticised by the Besley report.

Telstra should concentrate on its real markets in regional and rural Australia and on people who rely on the White Pages and Yellow Pages for their region, instead of playing speculator with companies like Pacific Century CyberWorks and Solution 6. The decision to treat Ipswich in this shoddy manner is something that the local community will not forget and does very little for the goodwill towards the flagging giant. If this is the road to privatisation, then it sounds a very loud warning to regional Australia about the effectiveness that this company would have in a fully privatised market.

I do want to say congratulations, though, to Telstra for supporting our Paralympic athletes and supporting the games. Congratulations to all our athletes for beating the rest of the world. It is a most incredible result that we saw from our paralympians, and I would like to thank all of them. In particular, I would like to thank Greg Ball, who won a gold medal in the cycling sprint. He is a wonderful athlete, a champion athlete and a member of my community. I certainly congratulate him and his family for their pursuits in the sport and congratulate all other paralympian athletes. They really are champions who are at the top of their field. I think all Australians were served very proudly by their efforts. We will remember them as they have certainly made their mark in history.

Telecommunications: Mobile Telephones

Mr NEVILLE (Hinkler) (9.49 a.m.)—Last night I attended a very interesting briefing by Telstra and the ACA, led by Max Jennings and David Higginbottom from Telstra and Francis Wood from the ACA. The CDMA network was rolled out in 15 months—quite a remarkable effort. CDMA was inevitable, given the situation we were put in by the previous government, which turned off the analog mobile phone system on 31 December last year. In the subsequent year of extension, Telstra met its deadlines three months ahead of schedule.

It is interesting that analog covered 93.8 per cent of people in their homes and seven per cent of the land mass of Australia; digital GSM, 95.4 per cent of people in their homes and 6.5 per cent of the land mass; but, interestingly, CDMA, 97 per cent of people in their homes and 12.5 per cent of the land mass. It now covers 960,000 kilometres, as against 540,000 square kilometres with the analog technology. Soon it will also roll out along a number of highways: Highway 1 has largely been covered from Port Douglas through to Adelaide, and soon it will go out along the Sturt, Hume, Princes, Cunningham, Western and New England highways. It is hoped that then, if there is money still left after that from the $25 million fund to roll that out, some highways such as the Burnett highway, in my area, will also be covered.
Last night was interesting, but a lot of people still do not understand that analog gave fortuitous coverage in difficult areas because of the technology, whereas GSM and CDMA are edge of the cliff technology—when you get to the edge of the signal it stops. This can be overcome by a thing called a patch cord, which is a small aerial fixed to a metal surface to boost the receiving capacity of the handset. There needs to be a lot more education about that. Although this coverage is 12½ per cent, as against seven per cent with analog, it is no good if you are in an area getting the signal before and you are not getting the signal now. I call on Telstra and the ACA to make sure there is an education program in that.

The other thing I would like to say is that I do not believe that we have reasonable equivalence in some areas. I call on the government to look at some program, perhaps a black spots program, so that we can fill some of those gaps. If we do that, this new technology will work very well for the whole of Australia.

Isaacs Electorate: Car Insurance Policies

Ms CORCORAN (Isaacs) (9.52 a.m.)—I want to talk about a practice in the motor vehicle insurance industry which is causing concern for a number of my constituents and which appears to be most unfair. The practice is one where the insurance company has a legal right to retain all of an insurance premium where a car is written off after an accident, regardless of how long the policy would otherwise have run.

A family in my electorate brought this practice to my attention. The person concerned, a woman who happens to be an invalid pensioner, was left out of pocket to the tune of around $1,000 following a car accident in which she was involved. This is despite the fact that the accident was not her fault and despite the fact that she held comprehensive insurance. The bulk of this $1,000 was the cost of a new insurance policy.

Early this year my constituent renewed her comprehensive insurance policy on her car, paying a premium of almost $750. One month later she was involved in an accident and the insurance company deemed her car a write-off. As I said before, this accident was not her fault—the other driver admitted fault. In due course the other driver’s insurance company paid up and my constituent purchased another car, again with a loan. At this stage my constituent set about taking out insurance on this replacement car. She contacted her insurance company, expecting that, as she had renewed her policy only one month before the accident, she would be entitled to a refund of the unused portion of her premium. She wanted to use this refund, or credit, to put towards the cost of insuring her replacement car. The insurance company said no, this would not be done. The policy she had taken out stipulated that no refund of any part of her premium would be made in the event of a car being written off. My constituent was forced to find another $750 to insure her replacement car. She has now had to pay $750 twice in a few months.

Approaches to the insurance company and the Insurance Council of Australia have not shed any light on why this practice is in place. This incident was highlighted on radio recently and the Insurance Council of Australia was asked to explain why the practice is in place. The council advised that the policy is commonplace, but would not or could not offer any explanation.

There is no question about whether or not this practice is legal. The question is: is this practice fair? It seems to me that this practice is most unfair. It is unfair that a policyholder should be asked to fork out two lots of insurance premiums within a short space of time. In this particular case, it hurts a person who is not well off and who is doing her best to support herself and get off the pension. Since this matter was raised publicly, I have been told of a number of similar incidents. It is obvious that this is not an isolated case and that there are some variations on the theme. It is obvious that these policyholders are forced into playing a game with their insurance company. The game is: heads, you win; tails, I lose.
I have written to the Insurance Council of Australia, asking them to explain the practice. I have also asked the particular insurance company concerned to make an exception in this woman’s case and to play fair: to reimburse her for the unused balance of her premium. I have written to the Treasurer for his advice about the fairness of this practice, and I am looking forward with interest to the response from all of these people.

Hume Electorate: Woodlawn Mine

Mr SCHULTZ (Hume) (9.55 a.m.)—I rise on behalf of the small community of Tarago and, more specifically, the former Woodlawn mine workers who are waiting patiently for the entitlements that they should be getting. One hundred and sixty Woodlawn mineworkers were retrenched in March 1998. Under a unique scheme of arrangement with the administrator, PricewaterhouseCoopers, the $6.5 million of unpaid entitlements can be paid to those 160 workers. The arrangement sees the workers’ payments coming ahead of other creditors’ entitlements. This is the first time this type of arrangement has been contemplated. The deal is subject to the New South Wales government approving the proposed Woodlawn waste management facility. The approval process has been long and politically manipulated to avoid criticism by Sydney Greens—notably, the Total Environment Centre—who are opposed to the approval of the Woodlawn waste management facility on ideological grounds.

So far, a detailed environmental impact statement was prepared and displayed in February 1999, and a commission of inquiry was held in September 1999. This reported to Minister Refshauge in January 2000, concluding that the project could be approved. It is a modern, environmentally friendly waste facility which will use bioreactor technology to generate green power for northern Sydney putrescible waste.

The minister then said that he would wait for the findings of the Wright inquiry into alternative waste management technologies and practices before deciding on Woodlawn. The Wright inquiry report was released in early June 2000 and was favourable to a Woodlawn approval. The minister is still sitting on that report. The minister then called for a further inquiry into Sydney landfill capacity and needs, again to be conducted by Mr Tony Wright. The minister received a final report from Mr Wright but is yet to release it publicly.

In the absence of a definitive decision on the project from Minister Refshauge, the payout arrangement is in jeopardy. There are no merit issues preventing the approval of the project. Time is running out for the Woodlawn mineworkers. It is ironic that, with the New South Wales government failing to support the Reith entitlements scheme, they are still blocking an entirely private sector initiative to pay out the Woodlawn mineworkers. That, of course, has been the subject of a public statement by the New South Wales branch state secretary of the TWU, Mr Tony Sheldon, who said in the Goulburn Post not long ago:

There has now been a series of inquiries and reports into the redevelopment of the Woodlawn mine site and all of them have indicated the proposals endorsing our plan to see all of the Woodlawn mine workers repaid.

He went on to say:

Now that Minister Refshauge has received this independent report from Tony Wright, there is absolutely nothing to prevent him from authorising the Woodlawn redevelopment proposal which will immediately release the worker’s outstanding legal entitlements ... To date we had the scrutiny of a detailed Environmental Impact Statement prepared and displayed ...

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time for members’ statements has concluded.
Mr IAN MACFARLANE (Groom) (9.58 a.m.)—Firstly, I congratulate the House of Representatives Standing Committee on Primary Industries and Regional Services on what is an unemotional and very informative report on where we should go with the introduction of GMOs into Australia. GMOs are a product which, of course, has created a great deal of debate, perhaps even fear—GMOs have been labelled Frankenstein foods. All sorts of emotive and emotional statements have been made, most of which are misleading, and to have the committee take the opportunity to prepare a report which sifted the wheat from the straw, so to speak, and put in place a report that is a great reference document on this issue is certainly beneficial.

I congratulate the chair of the committee, the member for McEwen, and the deputy chair, the member for Lyons, on their work and guidance on this report. I also congratulate the secretariat of the committee. I pause there, however, to say how disgusted and disappointed I was with the independent report from the member for Calare. The member for Calare has made a statement that has denigrated one of the members of the committee by making the assertion that that committee member put his commercial interests before those of the committee and parliament. It is a statement that I challenge the member for Calare to make outside this House. If he is so sure that that is the case, that would be the honourable thing to do. To suggest that this was a lay committee of the Commonwealth parliament supplemented by one member with specialist GMO understanding but, ‘worryingly, with strong GMO commercial interests’ is a slur on the committee, on this report and, worst of all, on the member for Moore. It is a slur that I will take time to put straight right now.

At no stage did the member for Calare raise that issue in the committee, at no stage did the member for Calare ask the member for Moore whether or not his commercial interests presented a conflict of interest and at no stage was this issue raised until we read it in the report. Those comments are typical of the populist rhetoric that not only come on regular occasions from the member for Calare but run right through his dissenting report. If the member for Calare wants to politicise an issue to the detriment of this parliament and Australia, he should at least have the courage to go outside this House to make that statement and face the full consequences of what he says. At no stage did I or any member—and I am sure the member for Braddon will back me in this—see any indication that the member for Moore was doing anything except his duty to the parliament. In fact, I saw that on the occasions when the member for Moore had any commercial interests in GMOs, decisions were taken to the detriment of those interests and were supported by the member for Moore.

The member for Moore brought to that committee an intellectual capacity second to none. His understanding of GMOs and his ability to judge the sort of information we were being provided was of great benefit to the committee. He had expertise that we did not have. I must also commend the member for Bruce, who came to the committee with specialist expertise. Such people give up their time to assist committees like ours to produce reports which have credibility. And this report has credibility.

The report makes a fundamental recommendation: that we continue with the introduction of GMOs and GMO technology to Australia, but with stringent regulation, constant and cautious monitoring and public reporting. The committee recommends that the Commonwealth government increase funding for research into the potential benefits and
risks, including the environmental, health, social, economic and ethical risks presented by genetically modified organisms, and that it ensures that funding for research into improving agricultural productivity and sustainability is allocated equitably across all areas of research.

GMOs offer all production industries great benefits, but agriculture probably has the most to gain. Of course, the medical profession has already taken full advantage of GMOs, and I will come back to that. With the introduction of GMOs to agriculture there is also a great opportunity to do something about some of the environmental issues which our government, supported by the opposition, are trying to deal with at the moment—salinity, for one. The opportunity to use genetic modification to produce plants that are able to reduce salinity is just one example.

Genetic modification first occurred, to the best of our knowledge, in the grain industry about three and a half thousand years ago. Man, from the time he sought better varieties, has manipulated the genes of plants, has crossbred plants, has crossbred animals—to produce the mule, for example. There is nothing new about genetic manipulation. What is new with this more scientific approach—through singling out genes and taking them from one variety to another—is the accuracy of the result, which is now so good that it is predictable. Before you would run trial plots of thousands and thousands of crosses, and at times you would throw all of them away but most of the time you would throw all but two or three away. Those times are almost behind us.

As to the advances that we have had to plough through in producing better varieties of grain, better performing livestock and better performing fruit and vegetables, those tedious, expensive and slow processes can be put behind us with gene technology. The result is a product which is more consumer friendly, cheaper to produce and safer on the environment. In the end it will advance mankind’s ability to feed itself as it faces the challenges of an exploding population. I note that the current census in China is predicting that its population is now 1.3 billion. These people will have to be fed.

If we continue to place greater and greater pressure using traditional means of agriculture and traditional varieties on our soils and our environment, we will get ourselves into an unsustainable process which cannot support life as we know it. GMOs offer us the opportunity to break out of that cycle and to produce varieties which will ensure that these burgeoning populations are fed.

I have a great deal of difficulty in handling some of the hysteria that surrounds GMOs for the simple reason that, as I said, GMOs, in terms of being taken or ingested by people, are not new; in fact, medical science has been using GMO technology for decades. Insulin and inoculations like hep B vaccines have all been genetically modified. I am at a complete loss to understand why representatives of organisations like Greenpeace—most of whom, I would hope, have had some sorts of vaccinations—are happy to use GMOs in a medical sense—they are directly injected into your body—but are making this extraordinarily huge fuss about foods that are produced as a result of GMOs. That is just populism. Greenpeace are trying to create an issue which gives them a profile, not an issue which shows leadership and has the best interests of mankind at heart.

We saw this sort of hysteria at the turn of the century when cars were first introduced. If you drove a car, you had to have someone walking in front of you, waving a red flag and ringing a bell. We know that cars are dangerous, that they kill people, yet we have dispensed with all of that hoo-ha. We know that GMOs are safe. There is not one skerrick of scientific evidence that indicates that they are in any way a danger to health, yet we are allowing the progress of this technology to be tied down by emotional claptrap. We need to have a rational approach to ensure that the consumers’ interests are taken into account and that the buyer of
the product sees the benefit to him or her. In the same way that the buyer has seen the benefit of the automobile, they will see the benefit of the GMO.

That will take time and I accept that, in this debate, as the report says, we need to take the time, we need to take the expense, to explain to consumers the benefits of GMOs. We need to explain to them that, unlike other new substances which science is continually inventing, when you change the product genetically you actually have something to compare it with. If you produce a new substance, you have nothing to compare it with. But if you produce a genetically modified orange or tomato, you can compare it analytically and chemically with a non-GMO tomato. If the answer is that they are both the same, they possess the same properties and neither contains toxins, then I have some difficulty understanding what the argument is. That ability to compare apples with apples is something that I think has been overlooked in the GMO argument.

In the few minutes that I have left I would also like to talk briefly about two other important areas. The committee’s recommendations on the Office of the Gene Technology Regulator are ones I have a great deal of support for. The office is going to be at arm’s length from government but will report regularly to government. It is important that it is free of political interference, that it is free to do the job it has to do, which is to monitor and regulate GMOs and ensure that the rules and regulations relating to GMOs are abided by. It does not need any political interference in that, but it does need to report back to us.

The issue of labelling, however, is a more contentious issue with me: I see little sense, in today’s litigious society, in insisting that all products containing GMOs be labelled. If I were a shopkeeper, and I knew that I would be held liable if I were to sell a product that contained GMOs that the manufacturer had not labelled, my way of avoiding that would be to label all my products in my shop with, ‘May contain GMOs’. That way I would be protected from any court case. It would have made far more sense to me for those companies which want to market GMO-free food to be the ones that label their product. By doing that, they could make a statement which not only was a selling point but also they were obviously prepared to defend in a court of law. And there will be court cases over products that, for some reason or other, are alleged to contain GMOs. To tie the food industry down with overly onerous labelling legislation to no avail and with no information to the consumer—because, as I say, what we will see is a proliferation of labels which say, ‘This product may contain GMOs’—seems completely unproductive and non-beneficial.

If we are committed—and I am committed—to giving the consumer information that a product possibly contains GMOs, a far simpler way would be to mark the product as not containing GMOs. That would then give the consumer a great opportunity to decide whether he or she wanted to try that product—take it for a test drive—to see if it came up to their expectations and buy it again or not buy it again. That is the solution in this debate on GMOs. It is a case of monitoring them tightly and getting the information out there where the consumers can judge for themselves because, in the end, if the consumer does not want them we will not produce them. (Time expired)

Mr SIDEBOTTOM (Braddon) (10.14 a.m.)—It gives me great pleasure to speak on the report Work in progress: proceed with caution—primary producer access to gene technology. I was happy to be a member of the House of Representatives Standing Committee on Primary Industries and Regional Services that produced the report; in fact, it is the second report of a rather hard-working committee, other members of which are now present. It was very interesting for me from the point of view of being very much a layperson in terms of primary industries.

I must say right from the outset that I concur with the previous speaker, the member for Groom. I was surprised by the comments recorded in the dissenting report which implied
some type of conflict of interest on the part of the member for Moore, whom I personally get on very well with. Two things came through in having his expertise on that committee: his tremendous professionalism and his ability to offer information which, I believe, was totally balanced. I was very surprised to read those comments and I cannot understand why that implication is there in the first place. I, too, take exception to that.

I also take exception to the fact that, as a member of the committee, I never saw anything in this dissenting report come out before I read it. I was privy to a lot of the discussions that took place, both prior to and during the composition of this report, and I certainly do not remember the member for Calare offering his views in terms of dissenting on or debating a number of these issues in any substance at all. So I was very surprised to see it—and I am sure other members of the committee will have their own comments on this—and I would have thought that, in terms of open and frank dialogue on the terms of reference of this committee, we would have had that. But to imply any type of conflict of interest on the part of the member for Moore is, I think, totally unfair and unjustified and I am sure that it is truly a slip of the pen rather than anything else.

On the work itself, the title—because I think there is something in the title of any report—Work in progress: proceed with caution was very much the summation of what the committee was about. It does say in recommendation No. 1—if I may enlighten you with that so you know exactly what I am saying here—that the committee recommends the continued use of gene technology. I appreciate that, for some people, that is very much like a tick. In my home state, when they got hold of this report, they were jumping up and down and saying how disappointed they were that we had given a tick for gene technology, as if we just let it pass without any consideration for caution. But I think the title of the report says it all.

Recommendation No. 1 then goes on to say ‘but only with stringent regulation, constant and cautious monitoring and public reporting’. If we debated anything at great length, it was the whole question of caution. I have never been part of a committee, both prior to and during this parliament, that spent so much time considering the importance of making sure that, if we have particular systems in place, they are highly regulated and that we do this for the purposes of public health and the environment, rather than from just the industry point of view. The fact that we agreed that the authority for this be held in the portfolio of health rather than in the industry itself is very important.

We were at great pains to ensure that the regulation was right. In actual fact, looking at the Gene Technology Bill 2000 and the members who spoke to it, again, the major area of disappointment for most of the people on the committee was that it was not as stringent as we recommended in this report. I commend the committee for its caution and I also commend the report to anybody who is looking at this issue. The first few chapters of it are an excellent summation of the so-called pros and cons in this debate, because it is certainly not an easy subject.

In my home state of Tasmania, this question is not the emotional claptrap that the previous speaker referred to. In Tasmania, it is taken very seriously and it is not just full of emotion; so much so that the Tasmanian government has placed a moratorium on the release of GMOs in the Tasmanian community and the testing thereof. That moratorium is in place until Tasmania has had its own parliamentary investigation into this issue and has also created a panel of experts to look at this question and report in the middle of next year.

It is interesting that the terms of reference for the Tasmanian parliamentary inquiry, whilst duplicating some of the terms of reference for our own inquiry, are more wide ranging, and I would like to share some of those with you. First and foremost, the terms of reference involve the economic costs and benefits for Tasmania and individual industry sectors in relation to genetic modification in primary industries. That, of course, would be regarded as very much a
precautionary approach to this issue. As well, they involve market opportunities and associated strategies for Tasmania as a producer of genetically modified and non-genetically modified products. I must say that this report, Work in progress: proceed with caution, is keen to ensure that, in any educative and research programs, the Commonwealth supports equally the promotion of, or the investigation and research into, GMOs and the risk and benefit analysis, as it does with non-GMOs. I think that was lost in some of the very quick reactions to this report.

Another term of reference relates to the environmental risks and effects of the use of genetically modified organisms in Tasmanian primary industries. One of the points is that, although you may have a national regulatory body and conditions set out in terms of risk assessment, each environment is different. You would have to conclude that the Tasmanian environment is very different from the Australian mainland, and it is very important that that risk analysis takes place in the context of the Tasmanian environment. The next term of reference involves social and ethical issues surrounding the use of gene technologies. There is no doubt that that is very important. Indeed, a lot of emotion is involved as well, and I would agree with the former speaker that it is very important that we try to have a rational, balanced debate on these issues.

Another term of reference refers to assessment processes for genetically modified food, the application of genetically modified techniques on non-food crops, and the risks and benefits of the use or avoidance of genetic modification in non-food primary industries in Tasmania. Again, a specific targeting of the regulations and the risk analysis which has blanket coverage nationally. The next term of reference relates to an assessment of proper strategies for primary industries research and development in Tasmania. That is at the heart of the parliamentary investigation into GMOs, and the appointment of a complementary experts group to give input to both that parliamentary inquiry and to the government so that it may come to some conclusion in terms of its policy.

We did not actually investigate the prospects of opting in and out of the regulatory regime, although it was raised. It was felt that the legislation itself might take care of that. The Tasmanian government, in its submission to the Senate inquiry which reported yesterday—and unfortunately I have not had much time to review that, but other speakers here may well be able to comment on it—dealt at length with the possibility of opting out. I know that the Tasmanian government is now in discussions with the Commonwealth, trying to look at the discrete situation that exists in Tasmania and its desire to ensure that it can market itself as it sees fit in terms of the provision of agricultural product, et cetera.

One of the major recommendations in this report is that an important, open, clear educative process takes place in terms of public education. There was concern that Biotechnology Australia would become a statutory authority. The purpose behind that was to try to keep it at arms length from the industry, where it was seen, as part of its charter, to be promoting biotechnology and, some would argue, in particular GMOs. I know Biotechnology Australia is moving around the country providing forums on genetically modified organisms. Unfortunately, they did not make it down to Tasmania when we thought they might—there was some suggestion that perhaps the climate was not right for that—but I am assured that they will be there early in the new year and that it was a question of clashing with the Olympics and other events in Tasmania.

The important thing is that people are educated in it. It is all right to say, ‘This is the new technology, this is the new world, this is the new wave, and we will go ahead because for heaven’s sake the average punter is pretty ignorant.’ If the average punter is ignorant, there is a reason for it. Why are they ignorant? We have this technology moving at a much faster rate than people are willing to accept straight off. There is a suggestion of scepticism towards
science, particularly big company science, and the provision of goods and services that they tell us are best for us. So we need to heed that call very seriously. This report clearly indicates that the educative process must be independent, it needs to be comprehensive, and we need to ensure that it is very much Australia-wide.

For that purpose, my Senate colleagues, Senator Denman and Senator Sherry, and I, issued a ‘Food for thought’ survey in my electorate of Braddon in the north-west of Tasmania. I commend such a survey to anyone in their electorate. We truly tried to make it as objective as we could. We set out what the Gene Technology Bill 2000 set out to do and we asked people a certain number of questions. I would like to share some of those results with you because I think it is relatively enlightening, and certainly in line with the purpose of trying to find out how people feel in order to target those things.

We asked, ‘Do you think genetically modified crops should be grown in Tasmania?’ We had a response of 3,000 to this, and in my electorate that is a sizeable sample. I accept that maybe those people were very interested and that is why they returned their answers. However, in their answers to that question 13.3 per cent said yes and 75.9 per cent said no. We asked, ‘Do you support the Tasmanian government’s one year ban on growing genetically modified crops in the open?’ to which 79.7 per cent said yes and 16.5 per cent said no. We asked, ‘Do you think there should be a total ban on growing genetically modified crops in Tasmania?’ to which 71.9 per cent said yes and 18.4 per cent said no. We asked, ‘Do you support labelling of genetically modified food products?’ to which 95.5 per cent said yes. We asked, ‘Do you think there has been enough public debate about growing genetically modified crops in Tasmania?’ to which 9.7 per cent said yes and a whopping 82.4 per cent said no.

I know that is a state specific issue. I’ll bet you 1,000 quid that could be replicated throughout Australia. The question is not so much whether we should have GMOs and do people support that, the question is whether people are educated enough, do they know enough, to be able to say confidently, ‘I have had my fourpence worth, I think I understand it and I am prepared to support that.’ This report clearly indicated that we were concerned that people did not feel part of the process, did not feel ownership of it, and I think it is very important that as a community we do that. It is not the same as taking insulin and having that administered for health purposes. When we talk about food we are talking about something very important. (Time expired)

Mr SECKER (Barker) (10.29 a.m.)—It has been a pleasure being a member of the House of Representatives Standing Committee on Primary Industries and Regional Services inquiry into primary producer access to gene technology, even though there were quite a number of hours spent listening to submissions and to the different viewpoints on this matter. It certainly was a very positive committee that worked very well together. Too often the public accuse politicians of knee-jerk reactions and of not having the vision to look ahead at the problems that face Australia.

This committee can certainly be congratulated for being ahead of public opinion in coming up with suggestions for inquiries. The first inquiry was into infrastructure in rural areas, and that was started well before it became a huge public issue. And we started the inquiry on gene technology 18 months ago, which was well before a lot of the public disquiet was happening, so we were ahead of the times. The fact that we have come up with 37 very reasonable recommendations and that the report is titled Work in progress: proceed with caution gives a very strong view of what the committee thought. It believed that it should go ahead, but that
we need to be cautious, which is very understandable because there is still some disquiet out there. That was mentioned quite interestingly by the member for Braddon with his survey. A lot of this relates to the fact that not enough people know enough about the issue or understand it, and so, as with anything else that is new to them, they are still a bit scared of it. That is an understandable reaction.

I thank you, Mr Deputy Speaker Causley, for the opportunity to speak on this matter because it is of great importance. My prediction is that, in one way or another, it will affect every person living in the world, now and in the future. It is about a very important part of our history, concerning genetically modified organisms, otherwise known as GMOs.

During the Industrial Revolution, it was often said that ‘it wouldn’t last’ and that we would never find jobs for those who lost their jobs to machines. That not only proved to be wrong but failed to see that economies would grow as a result of machines and would provide more jobs in other areas. When the motor car arrived on the scene, many said that only the rich would be able to afford this new toy. Of course, Henry Ford proved them all wrong with his new way of manufacturing on the production line, which has since been refined even more. Plane travel was seen as unnatural and something that, again, would only be used by the rich. Again, they were proved wrong, with air travel almost a commonplace occurrence for nearly all people in Australia and many people all around the world. It is interesting to note the comments from the past and, with the wisdom of hindsight—which we would all like to have—note how people can be wrong. Some decades ago the head of the famous computer company IBM said that he thought there would be fewer than 100 computers worldwide and that we would never see computers in the home. How wrong he was, and he was meant to be an expert.

We have had the Industrial Revolution, the motor car, the aeroplane and the computer age, but many people are failing to recognise the next revolution of biotechnology, which encompasses genetically modified organisms, known as GMOs. There is a lot of misinformation surrounding this issue, with a lot of hype in the media—with such misleading terms as Frankenstein foods and so on. It has disturbed me to see such shallow reporting on this issue, but not surprised me. I am sure the Deputy Speaker would also not be surprised by the reporting.

The use of gene technology has, I believe, a huge potential to benefit the primary producers and the consumers in the electorate of Barker and elsewhere in Australia, and I will refer to that later. I think the production of agricultural products will certainly benefit from the fact that we can use fewer chemicals and can do it more economically and efficiently. It will certainly help us, globally, in the problems of feeding the world and developing those countries which presently cannot feed their own.

Firstly, I want to rebut the scaremongering from some of those groups who continue to keep their heads in the sand and refuse to look at this subject logically. As a committee, it was not so much that we were forced to but it was part of our duty to look at this with an open mind and, hopefully, with some logic, and rationally. But there are people who continue to oppose this genetic technique that is not only more precise than traditional methods of plant and animal production, but, because of that preciseness, safer because of the greater predictability.

For example, if we were trying to introduce a frost resistant gene to a wheat variety by traditional methods—and that would be very important for my electorate, which has suffered quite badly from frosts in the last couple of weeks—we would be trying to cross about 30,000 different genes. This would lead to greater unpredictability and slower progress. By the use of gene manipulation, biotechnology, genetic modification—whatever you want to call it—we
can insert that one frost resistant gene instead of trying to cross 30,000 genes, and thus get more preciseness and predictability.

There are also the scaremongers who will say that the process of inserting a fish gene into a wheat species is somehow unnatural and we should not think about doing anything like that. This mantra fails to recognise that all living matter is made up of DNA building blocks, whether it be fish, wheat or humans. It is readily acknowledged that humans and apes have 98 per cent of the same genes and those DNA building blocks. Even though we look quite different, we are 98 per cent alike. The people who oppose this new technology because of the suggestion that it is unnatural do not take into account the fact that diabetics have been using insulin that has been genetically engineered for at least 16 years in Australia. The long-term effects of that have proven to be quite safe. We certainly do not hear diabetics complaining about genetically engineered insulin. There is no doubt there is good reason for that.

I refer to the dissenting report by the member for Calare. Like the previous speaker, the member for Braddon, I found it quite strange that in the 18 months of this inquiry not once did we hear him debate these issues. Not once did we hear the sorts of things that are in his report. By his own admission, he suggested that we should be looking more at the spiritual rather than the scientific reasoning behind this. That might be fine for someone like Senator Harradine but I thought it was a new direction for the member for Calare to be suggesting we should be looking at the spiritual side of things. I found it quite bizarre. I have also had a quick look at the report of the Community Affairs References Committee on the Gene Technology Bill 2000 tabled in the Senate yesterday, which I found to be not only bizarre but also loopy and totally misinformed.

Mr Sidebottom—Except for the opt-out.

Mr SECKER—Except for the opt-out. The member for Calare also said that, while there are obvious benefits from the application of biotechnology—he sees benefits in the health sector—the jury is well and truly out in the agricultural and food sectors. I frankly fail to see the difference between organisms that are injected or ingested for health reasons and those we eat. The same thing happens: it is absorbed into our system, whether it is through injections, tablets or whatever. I fail to see that that rationale can be used. He says that the committee is of the opinion that applying gene technology to agriculture can benefit farmers, consumers and the Australian environment and economy. He goes on to say that he could not agree with the evidence. I and the rest of the committee certainly found that the evidence was absolutely overwhelmingly in favour of that conclusion. While he may disagree with it, I find it very hard to see how he has come to that conclusion.

He suggested that arguments that it would be unethical not to develop GMOs if they will contribute to alleviating world hunger or to resisting natural catastrophes are really a form of moral blackmail. I find it very strange reasoning to say that, if we argue that it is good that we are doing this because we are trying to help to feed the world, it is moral blackmail. I find that again a most bizarre conclusion for him to come to. Then he supports the Organic Federation of Australia Inc. where it suggested in its evidence to the committee that drought resistant and salt tolerant plants may lead to weeds moving into areas where they have not previously been able to become established.

The problem and weakness in that argument is that apparently it is okay to have drought resistant or salt tolerant plants by traditional breeding methods, but not genetically engineered. So they are saying that they are attacking the process with an outcome that is achievable by both types of breeding. There is no logic whatsoever in that argument.

I will refer to some of the other recommendations and points that were made in the committee report. Paragraph 2.20 states that no less an authority than the CSIRO—I think there is no better-respected scientific group in the Australian environment—has said:
There are already domestic and international indications of environmental benefits from less pesticide use (as in the case of Bt cotton) and replacement of rather potent herbicides with more benign herbicides for herbicide tolerant crops …

To counter that, the loonies in this world say that genetic engineering will cause us to drench our crops with chemicals. They go completely against the evidence. They try to tell us that we are going to drench chemicals all over our crops as a result of using GE, whereas the evidence showed completely the opposite. As a member of Australian society, I get a bit concerned when people accept such ridiculous statements. This report recommended the continued use of gene technology, but only with stringent regulation, constant and cautious monitoring and public reporting. As the member for Braddon said, some people might say that is giving you a tick, but in actual fact it is saying, ‘We are proceeding with caution. We have just got to make sure that we have the proper regulations in place to ensure that the consumers and the population of Australia are not only brought along with it but also feel safer in the fact that there is a regulatory body out there trying to ensure that we get it right.’

The report recommended also that we increase funding for research into the potential benefits and risk presented by GMOs. Again this committee supported that very strongly, and it is very important that we did. The report said later, in 3.15:

Medical applications are regarded as the most acceptable use of gene technology because individuals can see a direct benefit to themselves. I think that will be the crux of the question in the future. In the end, consumers will have to want to purchase those products and feel safe about doing that. Until they do that, it is not going to happen. That is why we have to have strict regulations.

It is important that we also recommended very strong public education campaigns funded by the Commonwealth government to recognise and address environmental, cultural, ethical and social concerns about GMOs. Recommendation No. 9 states that we should give equal prominence to information about the risks and benefits of GMOs. That shows that we are not just gung-ho on one side or the other. We are saying that to bring everyone through we have to be up front, we have to be out there promoting or knocking, showing both sides of the argument so that people can make up their own minds. I am very pleased to be associated with this report, and I support it totally.

Mr MURPHY (Lowe) (10.44 a.m.)—I rise to support elements of the report by the House of Representatives Standing Committee on Primary Industries and Regional Services titled Work in progress: proceed with caution—primary producer access to gene technology.

Mr Sidebottom—A very good title, too.

Mr MURPHY—Yes. It is a report which looks at current issues facing primary producers and Australians in general with regard to genetically modified organisms. In particular, I congratulate the chair of the committee, the member for McEwen, who is present this morning, for the great job she did in leading this committee, and I also congratulate other members of the committee. I refer in particular to my friend the member for Barker, Patrick Secker. Whilst I do not agree with everything he just said a moment ago—

Mr Sidebottom—He called you loopy.

Mr MURPHY—He referred to ‘loony’, I think.

Mr Secker—He is a nice loony.

Mr MURPHY—It is nice to know that I am a nice loony, anyhow. It reminds me of watching Loony Tunes as a child growing up in the country. I refer also to my other friend and colleague who is sitting beside me, who gave a very erudite speech, the member for Braddon, Sid Sidebottom.
Fran Bailey—Don’t get too carried away.

Mr Murphy—No, I do not want to get too carried away, but he is a great representative of his electorate and I am sure the constituents of Braddon are getting pretty good service from Sid Sidebottom. However, I do have some concerns about the report, and they have been outlined in the dissenting report by the member for Calare, Mr Andren. I will discuss these issues later in my contribution to this debate.

From the outset, I support the comments made by the member for Barker, the member for Braddon and others when they condemned the member for Calare, not for making an observation in his dissenting report that casts a slur on a committee member, but for never raising his concern when the committee’s terms of reference were outlined or during the inquiry. The member for Calare, for whom I have some regard, ought to give an account of why he chose, when the time came to table the report, to raise such an issue. From all the information that has been provided to me in respect of the committee member to whom he referred, his concerns, observations and opinions are completely unfounded. I hope that, when the member for Calare makes his contribution to the debate on this report, he redresses the matter, because I do not believe that it is in the public interest to leave the matter as it stands in his dissenting report. But as I said, there are elements of his dissenting report with which I agree. I spoke in the House on 10 August 1999 about my concerns regarding genetically modified food and where we are going with it in this country. It is against that background that I am making this further contribution to the debate today.

What is gene technology? Gene technology includes a range of methods that control, modify or delete characteristics of a plant or animal or transfer desirable traits from one species to another. According to the Work in progress: proceed with caution report, particular benefits of utilising gene technology include the possibility to breed crop and animal varieties which (1) are better suited to specific environments—for instance, may be able to make a crop resistant to drought; (2) are more disease and pest resistant as well as being able to withstand herbicides; (3) will be able to keep for a longer period of time; and (4) will be more productive with lower chemical, labour and energy input costs. I will argue later that these benefits may be spurious.

It has been argued that there could be some environmental benefits from fewer pesticides and herbicides—reducing the health risk to farming communities from being overexposed to such chemicals. However, there are a number of risks and negative impacts of gene technology that may affect the environment, give rise to health issues, have an enormous effect on social and economic conditions and give rise to ethical considerations. I would like to discuss some of these implications.

With respect to environmental risks, firstly, gene technology may cause ecosystem disruption and species extinction through cross-pollination of GM crops with non-GM crops. Secondly, gene technology may cause further chemical pollution of the environment. Thirdly, weed species may develop resistance to herbicides being used on GM crops and become ‘superweeds’ only able to be controlled by potentially harmful herbicides. There is already some evidence of this occurring in other countries. Fourthly, pests may develop resistance to particular genes and may therefore not be controlled as they are at present. Fifthly, the evolutionary fate of inserted genes into organisms is unknown, meaning scientists are not able to foreshadow or predict the full impact of genetic engineering on our environment.

The health impacts of consuming GM foods include: firstly, allergies to foods could increase, and this has happened in the United Kingdom since the introduction of GM soy beans; and, secondly, GM foods should be tested to see if they are safe to consume and to work out any lasting health consequences, and this may not be occurring at present to the extent necessary.
The social and economic impacts on primary producers and rural communities include the fact that the high yields promised by using GM crops may not occur. They are likely to impact on farm incomes in rural communities, as it is feared that the use of GM organisms may exacerbate current trends which have seen a fall in the price of agricultural products. They may also affect farmers who wish to have non-GM crops or organically grown crops in the case of cross-pollination. They may also suffer serious problems if pest resistance increases.

Finally, there are the ethical considerations. The first is that there are grave concerns about transferring genes between species that do not normally interbreed, particularly when human genes are involved. The second ethical concern is whether the development of genetically engineered crops and animals offends the religious and moral sensibilities of Australians. This is a debate which really has not occurred in the community.

I would like to congratulate the committee again, particularly in relation to recommendation 2 that the Commonwealth government increase funding for research into the potential benefits and risks presented by GM organisms. This government must not decide to allow the use of such genetically engineered products unless it is scientifically proven that it is safe for consumers to use these products. To allow otherwise is contrary to the public interest.

I endorse recommendation 11 as I believe that, while there is a need for greater involvement from the private sector in gene technology research, the Commonwealth government must continue to fund gene technology research in agriculture, fisheries and forestry. I also support recommendation 4 that all public education campaigns funded by the Commonwealth government recognise and address the environmental, economic, cultural, ethical and social concerns of the consumer. Such a campaign would need to be impartial and weigh the benefits and risks equally.

I would like to also give the member for Braddon another plug. I thought that the survey of his electorate which he mentioned was a pretty good initiative. I happen to hold the belief—and my wife Adriana does too—that the best food actually comes out of Tasmania in terms of quality and purity.

Fran Bailey—Some of it comes from Victoria.

Mr Murphy—Yes, and I am sure it also comes from the electorates of the member for McEwen and the member for Barker. Some of the best food and wine comes out of Coonawarra in his electorate. You are quite right, but I have a soft spot in my heart for Tasmania and the people of Tasmania. I do not think the quality of the food that I have enjoyed there is surpassed anywhere else. I do take the point that a lot of good stuff comes out of Victoria and also South Australia. This is a great survey. It is interesting. I am sure it reflects the concerns of most people because I have had concerns coming into my office about the need for genetically modified food. I know things get a bit hysterical when people talk about three-winged or three-legged chooks. It is little wonder that this concerns people. The member for Braddon sent out a survey. He asked his electorate:

Do you think genetically modified crops should be grown in Tasmania?
In reply, 13 per cent said yes, 75 per cent said no and 10 per cent did not know. I am just rounding these figures. If you are going to do the arithmetic it might not quite add up to 100. He also asked:

Do you support the Tasmanian Government’s one year ban on growing genetically modified crops in the open?
In reply, 79 per cent said yes, 16 per cent said no and nearly four per cent did not know. He asked:

Do you think there should be a total ban on growing genetically modified crops in Tasmania?
In reply, 71.9 per cent said yes, 18.4 per cent said no and 9.7 per cent did not know. He asked:
Do you support labelling of genetically modified food products?
This was the subject of the contribution I made on the adjournment debate in the House on 10 August 1999. In reply to that question, 95.5 per cent said yes. Irrespective of where we end up in this country with genetically modified food, obviously labelling is critical for the people that we represent because in that survey only 2.8 per cent said no—and you would have to wonder about them—and 1.7 per cent do not know. The member for Braddon then asked:
Would you buy genetically modified food if it was cheaper?
In reply, 11.3 per cent said yes. That is interesting, isn’t it, when we know that most people are driven by the hip-pocket nerve?

Mr Sidebottom—That is why it was put in.

Mr MURPHY—Yes, the bottom line is the dollar. In reply, 75 per cent said no, and 13.6 per cent did not know. He also asked this question:
Do you think you have enough information on genetically modified organisms?
Only 12.9 per cent said yes, 83.7 per cent said no and 3.4 per cent did not know. He asked:
Do you think there has been enough public debate about growing genetically modified crops in Tasmania?
In reply, 9.7 per cent said yes, 82.4 per cent said no and 7.9 per cent did not know. I think the member for Braddon, who is sitting here, said he sent out 3,000 of these surveys.

Mr Sidebottom—No, there were 3,000 who replied.

Mr MURPHY—So 3,000 replied. That is a significant response to a survey. Would that be about five per cent of your electorate approximately?

Mr Sidebottom—I have about 30,000 houses in my electorate.

Mr MURPHY—That is quite an indication, and I would think that reflects the concerns of a lot of people, including those in my electorate. There has been a rapid uptake of GM crops such as canola, cotton and corn over the last few years—particularly in the USA, Argentina and Canada. In Australia, people who support genetic engineering of organisms have brought the debate into the public eye. However, thus far it has been somewhat partisan and the Australian community as a whole has not had the opportunity to really form views, particularly in regard to moral and ethical standards on this issue. It is extremely important to ensure that all public education takes place so that consumers are aware of all the benefits and risks of ingesting such products.

I will now say something about the honourable member for Calare and particularly about the spurious benefits to farmers, consumers, the Australian environment and the economy of using GM organisms. The member for Calare wrote this in his dissenting report:
Introducing genetic technology in Australia if done at all, should only be done with the ‘utmost caution’.

I will support him there. Further, I agree with the member for Calare that the ethical considerations must be further explored. The example that it would be ‘unethical not to develop GM organisms if they will contribute to alleviating world hunger or to help resist natural catastrophes’ is a fallacy. This is because economic, social and other considerations come into play. A classic example was given by the General Manager of the Environment Protection Authority in Ethiopia. He said:
There are still hungry people in Ethiopia, but they are hungry because they have no money, no longer because there is no food to buy.
So the member for Calare, I think, has got it right there. Finally, the member for Calare—in relation to the trend against consuming GM products in Europe, Japan and other places—has suggested that traditionally and organically grown crops are still enjoying a growing demand. In fact, in January 1999, the largest shipment of canola ever was exported from Australia because we were the only country that could guarantee non-GM canola. That is great. Surely it is in Australia’s economic and health interests to ensure our produce remains traditional or organically grown to give consumers a choice. As the member for Calare said in his conclusion, the moral and ethical aspects of this genetic engineering have not been properly debated within the wider community. He said:

Australia risks surrendering its unique ‘clean’ agricultural status in a too hasty marriage to an unproven technology. Australia should be ultra-cautious in facilitating any genetic pollution of its agriculture and not give ground as it has in quarantine protection.

I finish where I begin by congratulating the member for McEwen and all the members of the committee who did a great job in providing more information. Quite obviously, recommendations 2, 4 and 11 are very dear to my heart and must be pursued by the government, because that is what people are saying. It is quite plainly reflected in the member for Braddon’s survey results, and I want to give him very special credit once again for the great job he did in providing that information to the parliament.

Mr Griffin (Bruce) (11.00 a.m.)—It is a pleasure to be here today to talk further about Work in progress: proceed with caution, the report of the House of Representatives Standing Committee on Primary Industries and Regional Services into primary producer access to gene technology. As a supplementary member of that committee for the purpose of this inquiry, I had my first experience of this committee. Firstly, I would like to congratulate the chair and all members of the committee for working together in a constructive manner about an issue—which is really a series of issues—that has a large interest in the future of primary production and also in other areas of gene technology, which is widely recognised as being one of the major industries of the century we have just commenced. I would also like to congratulate and thank the secretariat of the committee for their work. There is no doubt that this is a complex subject that required a lot of us to get up to speed very quickly about matters that we did not know an awful lot about. That is not unusual for a parliamentary committee; that is what parliamentary committees do. But I think that all those involved can be congratulated on producing a very useful report.

No-one should see a report like this as being definitive; no-one should see it as being the be-all and end-all. It is another part of the debate which needs to occur in Australian society about what we do with respect to the implementation, regulation and development of this technology. It is certainly a subject very worthy of parliamentary scrutiny. Yesterday in the Senate the Senate Community Affairs References Committee also delivered a report on the proposed legislation that the government now has before the Senate with respect to the setting up of the gene technology regulator. That report was called A cautionary tale: fish don’t lay tomatoes. Looking at that report and our report, it is interesting to see that there are quite a few similarities, although not so much between the recommendations, since that report examined a particular piece of legislation whereas this report went through a wider ranging set of issues. But, in terms of the debate, the witnesses that were seen and the issues that were raised, there was a great similarity. Today I would like to focus on some of those things.

The House of Representatives Standing Committee on Primary Industries and Regional Services, the Senate committee and, from what I can tell, the major parties, and even the minor parties, agree on a few things in this field. We agree that there is a need for regulation in this industry, because we all see that this is an area where there is not only significant opportunity but also a degree of risk and that caution is required for the development of this
technology into the future. We also agree that there is a need to better educate the public about what is occurring in this field. That goes not only to the question of general information but also to ensuring that the good stories as well as the bad stories get out into the community so that there is a much better understanding of what can in fact occur with this type of technology. There is also concern that the regulation is regulation that ensures guarantees and certainty for all of those involved in the production process and that the regulator ensures that whatever is done is being done with an understanding of what is being achieved. I think that is something we are all in favour of.

We have just been joined by the member for Calare. I will not comment on what was said earlier; I actually did not catch that. I will make a couple of comments briefly about his dissenting report, which I referred to earlier. This is a lay committee; there is no doubt about that. Parliamentary committees are. There are very few things about which a parliamentary committee can claim significant expertise with respect to a particular inquiry. That is not what parliamentary committees do. Parliamentary committees are about gathering information, making recommendations and being part of the debate but not the end of the debate. Certainly, this report should be seen in that light.

There are a few points I would like to emphasise on the need for information out in the community. It is clear that a lot of people do not have much knowledge of genetic engineering or genetic technology. It is also certain that it is moving ahead at a tremendous rate. Earlier, the member for Lowe referred to the member for Braddon’s survey of his electorate. That survey is informative to a degree about the fact that there is a need to improve information sources for people as to what they will be doing.

One area of the legislation that has had significant debate in recent times is the issue of Tasmania and the concerns of the Tasmanian government. I am hopeful that Tasmania’s concerns can in fact be resolved with the Commonwealth and that that will occur in the next little while, in order to ensure that we do have a strong, tight national regulatory regime. There are still some issues to be resolved; but from talking to some of the people involved I am hopeful that that can be taken care of. There are regional differences within this country which need to be taken into account, and there are circumstances where particular regions could capitalise on aspects of being seen to be clearly non-GM. That is something that any country ought to be conscious of, with respect to developing a diverse and productive agricultural sector.

The point which has to be maintained with the legislation is that it needs to have that flexibility and it needs to be approached with goodwill on all sides. That is actually occurring. Certainly, the Senate committee report yesterday made a range of practical recommendations as to what might be done to adjust the legislation in a way which will be more in keeping with those sorts of concerns. Although the ranking government senator on that committee basically went totally feral last night with respect to that particular report, the fact of the matter is that at the end of the day a range of the concerns that she had will not be found to be accurate or a concern to others, even within her own party. I am confident that a lot of the concerns that have been raised about that legislation will be resolved.

It also highlights that, in the same way that there are disinformation campaigns occurring publicly regarding gene technology at the same time that there is ignorance in the community with respect to gene technology, there is also the situation where some involved in the science have approached this area with a certain arrogance and an unwillingness to even feel the need to explain, or an inability to be able to do so. That has not helped the debate, either.

Industry has to look to the question of how it behaves with respect to this field. In the same way that some of the companies involved are doing some very important research and are developing some very important products, they also have to be very conscious that they in
themselves are very much on trial with this technology. If they do not do the job properly, farmers will have a lack of confidence in what occurs in relation to themselves, the community—and by this I mean consumers—will also have a lack of confidence in the technology in terms of what is produced and therefore consumed, and all of that will then lead to the way forward for this type of technology being a lot rockier than it needs to be.

I am confident that reports like this—which do go through a lot of the issues that are involved and do provide a range of recommendations that government can and ought to take up—do provide a part of that ongoing public process. I believe the Senate Community Affairs References Committee report yesterday will play another part of that role. There will be ongoing debate in the community and parliament as the bill is further considered in the Senate. If the Senate amends the bill again—as I suspect it may do—that will lead us to more debate in the House, and that can only be a healthy thing.

At the end of it, I am hopeful that we will get what this report calls for and needs: a situation where we have a regulator that is trusted and there is confidence in what it does; where there is greater public exposure of the issues with respect to this technology; and where consumers as well as industry can feel some confidence. That in itself will be a good thing. The one thing that is clear is that this technology is going to be a major part of the way forward over this next century. We have to be able to take into account and benefit from the advantages that it will bring, while at the same time being aware of and alive to the fact that there are risks that have to be very carefully managed. I commend the report to the House.

Mr ANDREN (Calare) (11.10 a.m.)—I did not intend to contribute to this debate, having said most of what I wanted to during the debate on the Gene Technology Bill 2000 in the House, but I have heard some comments made this morning about my dissenting report. The member for Groom, if I understood him correctly, seemed to insinuate that in questioning the supplementation of the parliamentary committee by the member for Moore—who has commercial interests in the area of gene technology—I was in some way casting a smear on his character. I certainly was not and I withdraw any inference, if that is the interpretation. The member for Braddon also referred to my minority report and suggested any mention of the member for Moore’s membership of the Standing Committee on Primary Industries and Regional Services was perhaps unintended and a ‘slip of the pen’ I think he said.

Let me put on record here again what I did say. In the introduction to my dissenting report I said:

Throughout the inquiry it was apparent to me that a lay committee of the Commonwealth Parliament (supplemented by one member with specialist GMO understanding, but worryingly with strong GM commercial interests) was ill-equipped to reach conclusions and recommendations on: “the future value and importance of genetically modified varieties” as required in the first term of reference.

I stand by those remarks. I said that I had no dispute with the good faith of those committee members who reached the conclusions and recommendations they did. I certainly did not wish to cast aspersions on the character of the member for Moore. I was simply stating my concern that a member retaining a strong commercial interest in an area under study by a committee of this parliament should be part of that study—whatever the expertise they may bring to it. The same might apply to any member who retains a commercial interest in any area—whatever the background—and is then required to be objective about an issue under inquiry or debate. For instance, we have an inquiry of the parliament under way into regional radio and, no doubt, television. If I held shares in a country radio station or, indeed, in Prime Television—which I do not—and it was under study by a committee of this parliament, even given that it was one thing only and it was a declared interest, I would certainly question my ability to take part in such an inquiry. There is no way, I believe, that the perception of independence can be maintained if those sorts of situations arise. It was only in relation to that sort of area that I
used one word to describe my worry that such an involvement was there, given the enormous commercial push in this industry, which is an area the general public has so much lack of understanding of and evidence about.

The member for Braddon seems surprised that I wrote a dissenting report. I think it was reasonably understood through my questions during the inquiry that I was less than convinced by some of the arguments—as, indeed, were some of the other members—presented during the inquiry. I decided to write a dissenting report—which seems to have captured the imagination of several speakers here this morning—because I believed the debate needed to be maintained. To some degree that is exactly what has happened. That is what the report has done, what the dissenting report also has done and, indeed, what the Senate Community Affairs References Committee’s report has done, although I have not had a great deal of time to examine that. But that is the sort of dissemination of information that still needs to be done—I think in a major way—and that is why one of the recommendations of mine and others was that there be a moratorium of some substantial period until a lot of these issues are resolved.

Rather than the dissenting report coming out of the blue, as was suggested by one speaker, I indicated to the chair and the committee secretariat that I was seriously considering writing a dissenting report as the inquiry was about to wrap up. I do not know where the member for Lowe was—he certainly was not on the committee. I do not know where he gets his information from, but I told several people that I was going away with the evidence and that most likely I was going to write a dissenting report. The deputy chair was well aware of my intentions.

The member for Barker took exception to some of the concerns I raised in my report. He seems to have an understanding of the benefits of gene technology that I certainly do not and that a vast number of people out there in the community do not. That is why they are concerned. I admire his insight and understanding, if indeed he does have that special knowledge. If my minority report generates more debate, that is healthy, because there is no way that I can totally sign off on the benefits of gene technology—and I do not think that any member of this parliament can, certainly not without the sort of forensic examination and detail that needs to be put into the way this bill, in particular, will be administered.

The member for Braddon spoke of a survey in his electorate showing something like a 79 per cent opposition to the introduction of GM products at this point. The Tasmanian government introduced its own moratorium. The Western Australian government is or was considering likewise on certain products. Was I really out of step? Given the level of opposition, doubt and—yes—cynicism about the commercial interests driving this technology, wasn’t it my duty to not sign off on a unanimous report in this highly complex area? I was trying to tease out the concerns of particularly non-GM producers and organic producers, and some of the arguments about the international impacts on emerging economies and the downside of this in terms of traditional agriculture that I do not believe had been—albeit inadvertently—properly teased out in the inquiry.

I tried to contribute to that. I have upset a few people along the way, no doubt, in attempting to tease out the whole story on this incredibly complex issue. During my contribution to the debate on the Gene Technology Bill 2000, I expressed concerns about the independence of the proposed regulator, especially given the imperative that he or she be self-funding after mid-2001. I am pleased that the Senate committee report on the bill recommended that the regulator be established as a statutory authority, consisting of a board of three people who will take ultimate responsibility for decision making.

I was proud to be part of the Standing Committee on Primary Industries and Regional Services inquiry and I certainly admire everyone who was on it. I thought it was an
excellently run inquiry. It came out with a heap of stuff that I was very supportive of. However, I certainly did not write the minority report just to be perverse. I wanted to tease out some of those other arguments, because I think this is an area that requires far more debate than it has had so far. The medical associations of both Australia and Britain say that health and environmental consequences are yet to be assessed. That haunted me through this whole process. Here were experts in this area asking that there be far more examination of these issues. So I was not prepared to sign off on the unanimous set of recommendations, although I thought—and I still believe—that many of those recommendations were very sound. On that note, with any slur on the member for Moore totally unintended, I stand by my dissenting report.

FRAN BAILEY (McEwen) (11.18 a.m.)—by leave—With the very limited time that is available to all committee reports when they are tabled in the House—and I acknowledge that I spoke to the report of the Standing Committee on Primary Industries and Regional Services Work in progress: proceed with caution—primary producer access to gene technology when I tabled it in the House—I wish to now spend a couple of minutes on it. I will not take up a lot of the time of the Main Committee.

I would firstly like to thank the member for Calare for coming in to the Main Committee and addressing some of the concerns that were raised by other members of the Standing Committee on Primary Industries and Regional Services. I thank him as a valued member of the committee for clarifying his remarks in regard to the member for Moore who, during the entire committee process when we were working on this particular inquiry, was a very valuable member of the committee, and we certainly valued his expertise.

While the member for Calare is still in this chamber, let me say that the fact that he wrote a dissenting report is fine; everyone has a right to do that. This report is not a definitive report. We are a group of individual members of parliament who came together on a committee and who used all of our own expertise and abilities to question issues, to tease out a number of those issues and to make the recommendations. In the introduction to his dissenting report, the member for Calare said:

From the outset I was uncomfortable with the terms of reference for this inquiry.

As chair of this committee, I pass on to the member for Calare that, if he has any concerns about any particular terms of reference, he should go directly to either the chair or the secretariat and make those concerns known, because during the 15 months of the inquiry the member for Calare did not make those concerns known to me. But I do thank him for coming into the Main Committee this morning and clarifying some of those points and for being a contributing member of the committee.

I will wrap up just a few points in the few moments that I have. I think that each of the members of the committee, in speaking to this debate, have really summed up the underlying principle that the committee came to, and it is reflected in the title of our report Work in progress: proceed with caution. I have already said previously that I believe we have had three great revolutions in our society. We have had the Industrial Revolution, and there was no stopping that; we have had the information technology revolution, and there was no stopping that; and we certainly have the biotechnology revolution, and I would say that there is no stopping the development of the science. But the second part of the title of the committee’s report—‘proceed with caution’—underlies all of the recommendations that the committee made on this topic. That has been reflected not just in the contribution to this debate by committee members but also by other members of parliament who have an interest in this issue.

Some of the key issues that members have raised in this debate have been about the need for regulation—for it to be open, transparent and accountable—and I think that the legislation...
which was introduced into the House following this report has certainly picked up on a lot of the issues that we raised in this report.

Another matter was evident from the member for Braddon’s survey that he referred to this morning. I would think that if I were to conduct a similar survey in my electorate, I would probably not get very dissimilar results. The results of that survey showed that there is a great need for information. People simply do not have sufficient information about the whole issue of gene technology.

The issue of labelling was raised. We have addressed this in the committee’s report and we stress the importance of labelling for genetically modified products. I will take a minute of the Main Committee’s time to add to the question of labelling for genetically modified products the whole question of country of origin labelling, which I guess has been a hobbyhorse of mine for a number of years. A simple regulation P90 needs to be changed, and I would think that if ANZFA can tackle this whole question of labelling of genetically modified products, it surely could address country of origin labelling.

As chair of the committee responsible for this report, I would hope that this report is stimulating debate and that is going to generate more discussion in the community and provide information. I have already had a number of organisations and individuals contact me to say, ‘Thank you for providing so much information in this report.’ If this report generates more discussion, if it provides recommendations and suggestions to government which we believe are critical and if it provides information to the general public, then the committee has done an excellent job in producing this report. I appreciate the time I have taken up, Mr Deputy Speaker. I seek leave to continue my remarks on this topic at a later time.

Leave granted; debate adjourned.

**ADJOURNMENT**

Motion (by Fran Bailey) proposed.

That the Main Committee do now adjourn.

**Goods and Services Tax: Petrol Prices**

Mr GIBBONS (Bendigo) (11.26 a.m.)—I rise to express my anger at the contempt this government is showing to motorists, especially to country motorists, with the rip-off of GST on fuel prices. Australians, on average, use 50.6 million litres of leaded and unleaded petrol per day. They use 36.3 million litres of diesel and 5.2 million litres of autogas per day. Is it any wonder that fuel prices and the GST are of major concern to motorists not only in my electorate but all over Australia.

I have done some basic calculations using those figures and estimate that motorists in my electorate of Bendigo are paying the federal government around $60,000 a day in GST on their fuel purchases. On current prices of fuel in the Bendigo electorate, the GST slug on motorists adds up to a colossal figure of around $20 million a year—a $20 million a year rip-off. That is how much GST people in Bendigo are paying, and they get nothing for it. The government refuses to honour its commitment to fund the duplication of the Calder Highway in spite of Bendigo motorists paying an extra $20 million a year.

I quote figures which show that, at the moment, unleaded petrol is selling at 98c a litre in Bendigo; $1, or 100c, a litre in Castlemaine and Heathcote; 99c a litre in Maryborough; 101.9c a litre in Wedderburn; and $1.01 per litre in Inglewood. In coalition territory it is selling at 105.4c a litre in Mildura; $1 a litre in Swan Hill and $1 in Elmore. These are staggering prices, yet the federal government not only does nothing about them but actually profits from them. Is it any wonder there is a massive upsurge in public hostility against this government?
Before the last election, the government solemnly promised that the price of petrol would not be increased by the GST. But after the election was over, the language shifted to saying that the price ‘need not’ rise because of the GST. What is happening is that the government is cashing in on the increases in oil prices that have been inflicted on Australian motorists.

Originally, the government promised to fully offset the effect of the GST on fuel prices by making appropriate reductions in excise. It has broken that promise. We have had all sorts of pretexts from the government, but it has actually done nothing. Firstly, it claimed falsely that pensions and welfare payments depended on the revenue from fuel taxes and the GST. Now we are told that the whole budget surplus depends on the huge fuel tax rake-off and that interest rates will rise if this is touched. We are even being told that the government miscalculated over the cost of rebates on private health insurance and compensation to older people for the effect of the GST on their savings.

Now we have the Prime Minister laying down the law to the premiers and outlawing any debate on fuel prices, taxes and the GST at tomorrow’s meeting of the Council of Australian Governments. Everyone knows that the present level of excise and GST on fuel is the responsibility of the Howard government, yet the Prime Minister wants to shift the onus for relief onto the shoulders of the states by demanding that they cut prices. This is the federal government that says that it makes ‘all’ the tough decisions. What rubbish!

The breach of promise over the GST on fuel is a rerun of the broken promise over liquor. Again, the coalition promised that the price of liquor would not rise, and we had the breweries and the hotel industry running publicity campaigns against the government’s deceit—just as we are seeing the RACV and the AAA running their campaigns right now. Country people are hit hardest by the GST rip-off. Country people use public transport less than city people, and they travel longer distances. They have to pay freight for goods in and out of the country, and they pay more for fuel. On top of all of that, like all other motorists they have double taxation—a tax on a tax.

This is nothing short of bushrangery. Poor old Ned Kelly was hung, yet this government gets away with highway robbery while National Party members sit in this parliament and do nothing about it. They beat their chests out in their electorates, pretending to represent the interests of country people, but they do nothing about it when they come into this parliament. They are really just Liberals in gumboots. Time and time again we see them stand up in their electorates, appearing to be in touch with their people, but they are not. I am reminded of that wonderful old Kenny Rogers song called *The Coward of the County*. Well, National Party members will undoubtedly go down in history as ‘The cowards of the country’.

**James Cook University**

Mr **LINDSAY** (Herbert) (11.30 a.m.)—I would like to inform the Main Committee about James Cook University, Australia’s tropical university. When we came into government there were some very great difficulties for James Cook University, particularly in relation to problems that the former administration had caused with debt. The current administration inherited some $30 million worth of debt and it was a very difficult problem for the university. But there have been some great initiatives over the last four years and I would like to point to those.

The first was the establishment of the medical school at James Cook University. This was Australia’s first new medical school in 25 years. Really, it has been a magnificent result for the university in establishing the medical school. James Cook University is considered now to be the next sandstone university in the country. It has got that kind of status due to the establishment of the medical school. The building is almost finished; it is due to be finished by the end of the year. The facilities are just first class. In fact, the purpose-built facilities will be the envy of every other medical school in the country. It is also interesting to note the way...
the students were chosen. It was terrific. For the 60 places at JCU there were nearly 900 applications. Of course, they were very careful to select students on the basis of those who would make good doctors, not those who were the best academics.

Following the establishment of the medical school, James Cook University was the only university in this country that was referred to in the federal budget. I am pretty proud of that, because I was able to deliver 450 new growth places for that university which, as those who are aware of the finances of the university will understand, was warmly welcomed by the management of the university. We were the only university in the country to get new growth places. They have been applied to the best benefit of the university and its community, and that has been a great result.

The next initiative that I was pleased to be associated with was the very recent solution to the bandwidth problem. I was able to fix the bandwidth problems that the university was suffering and at the same time fix the bandwidth problems of every other regional university in the country. I really appreciate Professor Bill Lavery’s assistance in that project. That brought JCU in line with the technology that is available to the capital city universities when previously James Cook University was somewhat disadvantaged. That is now fixed.

We are not resting there—we are proceeding to send James Cook University further ahead. There are some pretty interesting partnerships that are being established, and some very good possibilities. The first one I refer to is the reef CRC. There are three CRCs at James Cook University. The reef CRC is putting a lot of effort into establishing a tropical marine science institute which will be a world leader. That builds on the marine science at James Cook; the ancillary marine science evolved from the Australian Institute of Marine Science in Townsville and also the Great Barrier Reef Marine Park Authority. The prospect of a tropical marine science centre of excellence in Townsville is something that is very exciting and something that I am strongly supporting.

Another proposal relates to a possible partnership with CSIRO. Currently, CSIRO has a facility very close to James Cook, but I think there is every prospect of moving CSIRO onto the James Cook campus. We are not talking about bringing the two organisations together but about co-location. That will allow James Cook University scientists and CSIRO scientists to rub shoulders, to swap ideas, to work for the benefit of science in general and their organisations in particular. I believe there is a great opportunity there for that co-location to bring big benefits to the north, and particularly to James Cook University.

**Sydney (Kingsford Smith) Airport: Air Traffic Control**

*Mr ALBANESE (Grayndler) (11.35 a.m.)*—I rise in the Main Committee to put on record my concern—indeed, very real fear—both for people who are travelling on planes into and out of Sydney airport and for the people in electorates such as mine around the airport. In spite of the government’s rhetoric on 1 April 1998 in what can only be seen as an April Fool’s joke, when the then Minister for Transport and Regional Development put out a press release headed ‘Resolution of Badgerys Creek issue within site’—what a farce—some 2½ years later we still have no decision. We have prevarication from this government, and we have the document which I released here on 11 February, the briefing that was given to country mayors, state members and federal members, which suggested that the transforming of Bankstown to the airport of choice for regional New South Wales is the reality in terms of the plan that this government has for Sydney airport.

Also, we have seen six breaches of the movements cap at Sydney airport, a legislated cap that means nothing: on 22 June, 81 movements; 23 June, 87 movements; 26 July, 83 movements; 22 August, 81 movements; 1 September, 82 movements; and 19 September, 81 movements. What response do we get from the department about the breaches of this cap of 80 movements? We have a letter which says:
When this occurs there will be an offsetting reduction in actual runway movements for other periods of the day.

What a joke! But it is more serious than that. Yesterday we saw an accident at Sydney airport to China Eastern Airlines flight MU-561. There are more and more near misses at Sydney airport as the airport runs above safe capacity.

Now we have an extraordinary plan by Airservices Australia, which is undertaking a project to investigate the feasibility of closing the remote terminal control unit at Sydney airport so that the airspace around Sydney—and Perth, Adelaide and Cairns, which are also part of this plan—would be controlled from either Melbourne or Brisbane. This would leave the control of this airspace over the Sydney basin in the hands of controllers located at an interstate centre. If this were to occur, there would be no local management structure left in place to deal with the many issues that affect Sydney airport—safety, the implementation of the long-term operating plan, the cap of 80 movements an hour at the airport, the curfew. This is a disaster.

Residents around Sydney airport will simply not cop the shutting down, effectively, of air traffic control facilities around that airport and its being controlled from Melbourne or Brisbane, which would have no concern for the residents around the airport. I have been written to and contacted by air traffic controllers at the airport who are scared about this proposal, not just for themselves and their jobs, but because of the implications for safety around Sydney airport. We saw yesterday the reality of the danger.

If the airspace over Sydney and affecting Sydney airport were controlled from Melbourne, no-one in Melbourne would have the slightest interest in the noise issues affecting Sydney. The minister must intervene. He must stop this feasibility study and he must say that this plan is simply not on. Once again there has been no consultation with the Sydney Airport Community Forum, chaired by Dr Brendan Nelson and appointed by this government. It is ignored on all the big picture issues related to Sydney airport. We, the residents in the community around Sydney airport, have given notice that the time for dialogue is pretty close to being up. We have been responsible and there has been cooperation over the management of the airport—for example, during the Olympics—but this proposal is dangerous. It is unsafe. It is secret—none of the public or the community know about it. After this speech they will know and they will rise up against this plan. I call upon the Minister for Transport and Regional Services to actually make a decision on something: to make a decision about Sydney’s second airport but also to make decisions relating to how that airport operates, in the interests of not just those who fly into and out of Sydney but those residents who live around the airport. *(Time expired).*

**South America: Visit**

Ms GAMBARO *(Petrie)* *(11.40 a.m.)*—I was very glad to hear the previous speaker, the member for Grayndler, speak about airports because I will touch on airport policy in just one moment. I want to speak today on a recent visit to Brazil and Argentina when I was very proud to be a member of the Joint Standing Committee on Foreign Affairs, Defence and Trade that travelled to enhance trade and export opportunities. The visit resulted from a report that was provided to the parliament by the committee. Basically, the report dealt with our relationship with South America and with increasing our export opportunities. I found that it was an increasing area of opportunity generally and with both Argentina and Brazil.

When you look at countries such as Brazil, which has 170 million people, and Argentina, which has close to 40 million people, and at towns such as Sao Paulo, in Brazil, with 20 million people residing in it, you see the enormous scope and opportunities there to enhance our trade opportunities. At the moment, with both countries, Australia receives about 0.5 per cent of trade. It has been a historical situation that we have tended to look to the north, with
Australia particularly looking to Asian countries to expand our trade opportunities, when we should look at countries like those in South America as well.

One of the many things we did on the very extensive 10-day visit was to visit mining companies, agricultural companies and industry to look at opportunities to increase our trade. A number of areas emerged, including agriculture, medical technology, IT and tourism, and also students and business activity. But one of the things that is greatly hampering us in areas of Brazil is a lack of an air agreement. I want to touch on that because one of the big problems relates to the activities of the previous government in this area.

In the mid-1990s the Brazilian authorities visited Australia with a view to conducting an air agreement between both our countries. They were treated very shabbily and very poorly. There was a breakdown in relationships. What happened was that a delegation arrived, they were met by a low ranking official of the department and they were further repudiated by two aviation minister at the time, Mr Laurie Brereton. The relationship between Australia and Brazil in terms of aviation has deteriorated ever since. I visited Air Brigadier Grossi, along with our Ambassador, Garry Conroy, and it was very clear that it was going to be a very tough call indeed. We went through all the trade opportunities that exist between both our countries and the fact that visitor visas out of Brazil have increased from 7,000 to 10,000, which makes it is a very lucrative market. At the moment you cannot fly into Brazil, you have to go Buenos Aires. Qantas flies into Buenos Aires twice a week. There is no possibility of going on to Brazil with any Brazilian airline carriers.

We spoke to Brigadier Grossi about the possibility of a code share arrangement with Qantas and one of the Brazilian airways. I have been in sales for 22 years and I do not think I have ever had such a tough call, because, despite his hospitable demeanour, he picked up a letter that related to the previous government and their shabby treatment of him, threw the letter down to us and basically implied that we had some way to go. That type of shabby behaviour by the previous government puts us back so many years in terms of trade and export opportunities. I did the very best that I could, but clearly the Brazilian authorities felt affronted, they felt that they were abused and not treated properly, so it was really the highest diplomatic snub that they could have been given.

I hope that my visit helped to allay their fears. We do want to do business with South America. We do want to increase our export opportunities and have mutual benefits for both countries. We were very keen to promote our relationship. We have much in common in terms of climate and multiculturalism which we can further expand on and explore. I hope that Brigadier Grossi will look upon the visit favourably and that we will get closer to ensuring that we can establish the enormous amount of trade with Brazil which is just waiting to be opened up. I hope he will forgive the previous government, that he will proceed with greater enthusiasm to open up relations and that we will have a bilateral agreement.

Members of Parliament: Entitlements

Mr LATHAM (Werriwa) (11.45 a.m.)—I wish to address the issue of trust in our public institutions. World wide, there is a trend whereby people are losing faith and trust in public institutions. This does not just apply in the area of politics; it seems to be happening across the board. In particular, this parliament is suffering. We are now working in an environment of distrust and cynicism. I think it is very hard to do our job effectively if MPs have two challenges: first, to try to get the trust of the public; and, secondly, to try to persuade them to our point of view. So it is a difficult environment and, in many ways, democracy has entered a crisis.

This has been provoked recently, of course, by the shameful telecard scandal. This reflects very badly on the current government. Most of these entitlement scandals have come from Howard government ministers. More generally, though, I think there is an issue for those on
both sides of the House. We need to address the overall problem. I believe in the public administration rule that bad behaviour is a product of bad culture and bad culture is a product of bad systems. So to fix the bad behaviour, what we as parliamentarians need to do is fix the bad systems.

There used to be something of a Mexican stand-off in this parliament regarding entitlements. That ended the night Senator Ray stood up in the Senate and quite rightly ripped into Mal Colston. It could not go on any more. Since then the system has, bit by bit, melted down. Travel allowances, travel entitlements, telecards, mobile phones, self-drive cars and even petrol cards have come into the public eye and increasingly under public scrutiny.

The system is bad. It has three fundamental flaws. Firstly, it blurs public and private use. I pointed out in the *Daily Telegraph* last Friday that, to pay for a private call, I need to find a telephone box—MPs have that many telephones and telephone entitlements. Secondly, these entitlements are open ended. I do not know of any other part of the public sector where open-ended entitlements sit cheek by jowl with capped entitlements. It should be under the one budget. Thirdly, the system does not encourage accountability or responsibility. There is no effective system of cost control. If, five years ago, the member for Flinders had been responsible for the cost of running his office, there is no way in the world that telecard would have got out of his sight and then out of control.

I argue very strongly to fix the system. Fix the system and thereby fix the culture and the behaviour. There are three steps to be taken in fixing our system and restoring public trust in parliamentary institutions. The first is to aggregate and cap our various entitlements. The salary should be kept separate but there should be a global budget for MPs in running our electorate offices. I believe this would be good for our constituents. In my electorate of Werriwa, we have a very heavy workload, particularly with migration and social security constituency work. I would love to be able to save in some expenditure areas and employ a fourth staff person to give vital service to our constituents. I would love to have that control. But there is something of a paradox. I have been elected here, with other members, in theory, to run the country, but we do not even have the power to run our own offices and office budgets. It would be good for us, and good for our constituents, to have a system which aggregates and caps the entitlements and passes on responsibility to the MP himself or herself.

The second reform is strong auditing. I support the initiative of Senator Faulkner—an initiative that this government should support—to introduce an independent auditing system. If we had a capped global budget, that independent auditor would obviously run us through a very rigorous process every 12 months. Any problems would quickly come to light and the member would need to be directly accountable for those particular issues.

The third reform is to normalise our superannuation arrangements. Parliamentary superannuation as a generous entitlement made sense when we alone in the community faced job insecurity. But now, in the new economy, job insecurity is all over the place. There is hardly an Australian who feels secure in their workplace. For that reason, why should parliamentarians have a different set of superannuation rules from the general community? I would like to see the system normalised to move towards the 55 years preservation arrangement, first and foremost, and then, over time, to normalise the other details of the scheme. Of course, it cannot be made retrospective. This could easily apply to new members of parliament from the next election and, over time, parliamentary superannuation would be brought into line with that available to the rest of the community.

That measure, along with the others I have mentioned, would rebuild trust in our democratic system. Let us get to the bottom line: trust is the glue between elected representatives and the public which makes democracy work. Democracy is not working. We
are all diminished by this. I would like to see all parliamentarians join in a healthy debate about how we can fix the system and, ultimately, fix the problem.

Member for McEwen: Webpage

FRAN BAILEY (McEwen) (11.50 a.m.)—I am very pleased to have the opportunity to speak in this debate today. I want to take the opportunity to announce that the magnificent electorate of McEwen has actually finally joined the information technology age. Last Friday we launched in Seymour, up in the Central Highlands section of the electorate of McEwen, our webpage. The address of that webpage is www.franbaileymp.com. We have tried with this webpage to be perhaps a little different from many members of parliament; we have tried to make the webpage an extension of the office. One of the difficulties for any member of parliament having a very large and diverse electorate like ours in McEwen is to be able to get around. It does not matter how accessible you make yourself. I have a fantastic staff and a mobile office, and I seem to spend more time in my car than anywhere else, like a lot of other members with very large electorates. How can we provide information on a 24-hour basis? The only way is to do it electronically. So in McEwen we are now doing that.

We are doing things a little differently in that each month we are featuring a small business from the electorate. New small businesses starting up take a risk. Usually they have done all their homework but it is still a risk setting up a small business. What can I, as the local federal MP, do to assist? I can provide information right across the electorate about the business and the sort of service that people can expect from that business. It is, if you like, giving that business a bit of a kick-start.

We are also featuring personalities from the electorate. These are going to be persons I would usually describe as the quiet achievers in the electorate. They do not normally receive any accolades for their work. They do not receive awards and recognition from local or state governments or, indeed, from the federal government. They tend to be people quietly working away in their communities. In fact, they are the people who keep the rural communities especially ticking over.

In this initial month of our launch of the webpage we are featuring Mr Vinny Long. Vinny is a pensioner who lives up in Mansfield. In the last couple of years since he retired Vinny has been collecting parts to bicycles. He rebuilds bikes. He gives them away to kids whose mums and dads cannot afford to buy them a bike. So far, Vinny has given away more than 2,000 bikes. I have actually warned his wife that by giving Vinny this profile and this access on the webpage they are likely to be inundated with bike parts. This could be a bit of a problem because the garage at the back of Vinny’s home is pretty well full to capacity with bike parts at the moment. However, that is what he loves to do and so this, I think, is an important feature of being in touch with people working at the very grassroots of our electorates.

One of the other features of the webpage—apart from providing an up-to-date account of what I have been doing around the electorate and what different community groups have been doing, and providing links to a number of government pages, local government and community organisations—is a community notice board where people can advertise events in their electorates. There is also a feedback section where people can contact me and let me know what their concerns and issues are. In fact, there is a hot issues page—and certainly in my electorate petrol is a hot issue. It also describes some of the hot issues that we have been able to sort out, like the traffic lights in Kilmore, that affect the day-to-day life of people and are important. It is just another arm of the office, an extension of its accessibility. (Time expired)
Great Southern Railway

Mr SAWFORD (Port Adelaide) (11.55 a.m.)—On my way to Melbourne on Monday, 23 October, instead of catching a plane, as I normally would, I decided to catch the Great Southern Railway and go overland. It was interesting. Most of the people were retired people and there were some tourists, but there were about half-a-dozen businessmen on the train as well. It took 10½ hours, which is two hours off the previous time. But there were plenty of times during that journey when the train was very slow, and in fact it stopped on a number of occasions. If you could not get another 2½ hours off—

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The time allowed for debate has expired.

Main Committee adjourned at 11.56 a.m.
QUESTIONs on Notice

The following answers to questions were circulated:

Taxation: Rebates and Grants Schemes
(Question No. 1284)

Mr Latham asked the Treasurer, upon notice, on 3 April 2000:
Does the Government currently differentiate between geographic areas in the application of (a) tax rebates and (b) grants schemes relating to tax compensation; if so, what are the details.

Mr Costello—The answer to the honourable member’s question is as follows:
(a) For information on zone rebates, I refer the honourable member to section 79A of the Income Tax Assessment Act 1936.

(b) For information on the Diesel and Alternative Fuels Grants Scheme, I refer the honourable member to the Diesel and Alternative Fuels Grants Scheme Act 1999. For information on the Fuel Sales Grants Scheme, I refer the honourable member to the Fuel Sales Grants Act 2000.

Health: Emphysema
(Question No. 1501)

Mr Laurie Ferguson—asked the Minister for Health and Aged Care, upon notice, on 9 May 2000:
1. What is the estimated incidence of emphysema in the Australian community and how many deaths each year are attributable to the condition.
2. Is the incidence of emphysema linked to particular demographic characteristics; if so, what groups are at increased risk of contracting the disease.
3. For the latest year for which data is available, what level of Commonwealth funding is provided for research relating to emphysema.
4. Which institutions received funding for emphysema-related research in the period 1998-2000 and how many grants were obtained by each institution.
5. Is emphysema designated as a priority under the Government’s National Health Priority Areas: if not, why not.

Dr Wooldridge—The answers to the honourable member’s questions are as follows:
1. The latest ABS National Health Survey (1995) provides prevalence (number of people who have a disease at a point in time) rather than incidence (number of new cases) of certain medical conditions. The prevalence of bronchitis and emphysema are collected in a single category. The Survey found that 777,835 (4.3 per cent) of all Australians reported that they either suffer from long term or current bronchitis and/or emphysema. The ABS (1998) reported 575 male and 287 female deaths caused by emphysema.
2. There is no available Australian evidence to suggest whether the incidence of emphysema is linked to particular demographic characteristics and therefore particular groups that are at increased risk cannot be established.
3. The following amounts have been provided by the National Health and Medical Research Council (NHMRC) for research relating to emphysema in the following years:
   1998-$335,000
   1999-$165,000
   2000-$474,000
4. The following institutions received funding from the NHMRC for emphysema-related research in the period 1998-2000:
   1998
   Repatriation General Hospital - 1 Grant
The concept of the National Health Priority Areas (NHPAs) is to focus on those conditions that contribute to the greatest levels of disease burden in Australia. The six NHPAs account for 70 per cent of the total burden of disease and injury in Australia, comprising 81 per cent of the years of life lost due to premature mortality (YLL) and 57 per cent of life lost due to disability (YLD).

Although the antecedent factors for emphysema are similar to asthma it was considered that extending the concept of the NPHAs to be more inclusive would put at risk efforts to improve the burden of disease for the majority.

Australian Taxation Office: Salaries
(Question No. 1647)

Mr Kelvin Thomson asked the Assistant Treasurer, upon notice, on 20 June 2000:

How many Australian Taxation Office First Assistant Commissioners are being paid within the SES Band 1 pay scale.

Mr Costello—The Assistant Treasurer has provided the following answer to the honourable member’s question:

Although there have been instances where the Australian Taxation Office has paid First Assistant Commissioners at the SES Band 1 pay level there are none at this time.

Health: Lower Back Pain Research
(Question No. 1664)

Ms Macklin asked the Minister for Health and Aged Care, upon notice, on 22 June 2000:

What funding was provided by the National Health and Medical Research Council in 1998 and 1999 for research into lower back pain.

Dr Wooldridge—The answer to the honourable member’s question is as follows:

The National Health & Medical Research Council (NHMRC) provided research funding of $51,941 in 1998 and $163,561 in 1999 into lower back pain.

In addition, the NHMRC provided funding of $154,062 in 1998 and $89,710 in 1999 for research into back pain and pain associated with disc damage and disc disease.

The NHMRC also provided funding of $155,130 in 1998 and $205,497 in 1999 for research into pain and pain relief, covering both acute pain such as during and after surgery or trauma, and chronic pain such as that resulting from back injury or cancer.

The NHMRC has also funded research into other conditions such as osteoporosis which can result in back pain but this funding has not been included in the answer to the honourable member’s question.
Disability Discrimination Act: Federal Court Applications

(Question No. 1753)

Mr McClelland asked the Attorney-General, upon notice, on 14 August 2000:

(1) In the Federal Court in (a) 1997-98, (b) 1998-99 and (c) 1999-2000 how many applications concerned disability discrimination under the Disability Discrimination Act.

(2) How many applications referred to in part (1) resulted in an award of costs against the (a) applicant and (b) respondent.

(3) Has his attention been drawn to research which identifies the extent to which the prospects of costs being awarded against applicants in disability discrimination matters deters potential applicants from commencing proceedings in the Federal Court; if so, how does the Government propose to address this barrier to disabled Australians achieving access to justice.

(4) Has his Department conducted any evaluation of the impact of the legislative changes in the Human Right Amendment Bill 1988 on disabled Australians; if not, is an evaluation planned.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) The legislative provisions which allow for applications to the Federal Court concerning the Disability Discrimination Act 1992 were amended from 13 April 2000. Applications under the relevant legislative provisions before and after that date need to be considered.

Until 13 April 2000, the Federal Court usually only dealt with matters alleging unlawful discrimination under the Disability Discrimination Act 1992 if an application to the Federal Court was made under the Administrative Decisions (Judicial Review) Act 1977 for judicial review of the Human Rights and Equal Opportunity Commission’s original determination in the matter. Between 1 July 1997 and 30 June 2000, a total of 19 applications were made to the Federal Court under the Administrative Decisions (Judicial Review) Act 1977 concerning allegations of unlawful discrimination under the Disability Discrimination Act 1992.


Three other applications were made to the Federal Court under the Disability Discrimination Act 1992 between 1997-98 and 1999-2000. Two were dismissed on the basis that the Federal Court had no jurisdiction to deal with them.


The following table contains information about applications to the Federal Court concerning the Disability Discrimination Act 1992.

<table>
<thead>
<tr>
<th>Year</th>
<th>Applications concerning Disability Discrimination Act 1992 (Includes finalised and pending matters)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998</td>
<td>10</td>
</tr>
<tr>
<td>1998-1999</td>
<td>2</td>
</tr>
<tr>
<td>1999-2000</td>
<td>7</td>
</tr>
</tbody>
</table>
Thursday, 2 November 2000 REPRESENTATIVES 22105

Year

Applications concerning Disability Discrimination Act 1992 (Includes finalised and pending matters)

Made under the Administrative Decisions (Judicial Review) Act 1977
Made under the Disability Discrimination Act 1992
Made under the Human Rights and Equal Opportunity Commission Act 1986 (from 13/4/00)
Total

Total

19
4
48
71

(2) Of the 19 applications which have been made to the Federal Court under the Administrative Decisions (Judicial Review) Act 1977 concerning allegations of unlawful discrimination under the Disability Discrimination Act 1992 between 1 July 1997 and 30 June 2000, costs orders were made by the Federal Court in two matters. As applications under the Administrative Decisions (Judicial Review) Act 1977 for judicial review of the original Human Rights and Equal Opportunity Commission determination can be made by either party, the applicant in the Federal Court proceedings may have been the respondent to the complaint before the Human Rights and Equal Opportunity Commission.

The only application made to the Federal Court under Division 3A of the Disability Discrimination Act 1992 between 28 June 1995 and 30 June 2000 was discontinued without costs orders being made.

Of the three other applications made to the Federal Court under the Disability Discrimination Act 1992 between 1997-98 and 1999-2000, costs orders were made against the applicant in two matters.

No costs orders were made in respect of applications under section 46PO of the Human Rights and Equal Opportunity Commission Act, alleging unlawful discrimination under the Disability Discrimination Act 1992, in 1999/2000 as no matters were determined by the Federal Court in that period.


<table>
<thead>
<tr>
<th>Year</th>
<th>Costs orders in finalised matters</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Against the applicant in the particular proceedings</td>
</tr>
<tr>
<td>1997-98</td>
<td>1</td>
</tr>
<tr>
<td>1998-99</td>
<td>1</td>
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<tr>
<td>1999-2000</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
</tr>
</tbody>
</table>

(3) I am aware of research on the possibility that the prospects of costs being awarded against applicants (including applicants in disability discrimination matters) may deter potential applicants from commencing proceedings in the Federal Court. Such research has been identified in several investigations and reports, including: J Cabassi, “Out of Reach - Barriers to access and effective use of anti-discrimination remedies for people living with HIV and HCV,” HIV/AIDS Legal Link, Vol 10 No 2, June/July 1999; the Senate Legal and Constitutional Legislation Committee inquiry into the Human Rights Legislation Amendment Bill 1996; the Access to Justice Advisory Committee report “Access to Justice: an action plan”; P Williams et al, “Report of the review of scales of legal professional fees in federal jurisdictions”; the Standing Committee on Legal and Constitutional Affairs Report “The costs of justice”; and the Australian Law Reform Commission Reports “Cost shifting: who pays for litigation”, “Litigation cost rules” and “Managing Justice: a review of the federal civil justice system.”

Issues relating to the possible deterrent effect of costs on potential applicants in disability discrimination proceedings were raised during consideration by Parliament of the Human Rights Legislation Amendment Bill (No 1) 1999 (as it then was). The Government noted the Federal Court’s wide discretion with regard to making an award of costs and considered that the standard regime should apply to unlawful discrimination matters in the Federal Court and the Federal Magistrates Service after amendments made by the Human Rights Legislation Amendment Act (No 1)1999 commenced operation on 13 April 2000. The Government also decided to review the operation of the costs regime
on unlawful discrimination proceedings within three years of the operation of amendments made by the Human Rights Legislation Amendment Act (No 1) 1999.

Initiatives contained in the Human Rights Legislation Amendment Act (No 1) 1999 will assist in reducing costs for litigants in unlawful discrimination proceedings. These measures include: providing that the Federal Court and the Federal Magistrates Service are not bound by technicalities or legal forms; and introducing a special arrangement whereby complainants suffering financial hardship can apply to me for assistance to pursue unlawful discrimination complaints. Additionally, the Federal Court of Australia Regulations 1978 and the Federal Magistrates Regulations 2000 have been amended to ensure that the only court fee which will apply in unlawful discrimination matters is a nominal filing fee of $50.

(4) My Department will review the operation of the Federal Court’s costs regime on human rights proceedings under the Human Rights and Equal Opportunity Commission Act 1986 within three years of the operation of the amendments made by the Human Rights Legislation Amendment Act (No 1) 1999.

Goods and Services Tax: Defence Portfolio Compliance
(Question No. 1772)

Mr Hatton asked the Minister for Defence, upon notice, on 14 August 2000:

(1) Is the Minister’s Department and agencies within the Minister’s portfolio compliant in respect of the Goods and Service Tax.

(2) What action did the Minister’s Department and agencies within the Minister’s portfolio take to ensure that they were GST ready by 1 July 2000.

(3) Is the Minister able to guarantee that no agency within the Minister’s portfolio will suffer negative impacts on its budget or services due to the GST; if not, or if the guarantee was subsequently proved incorrect, would the Minister be prepared to resign.

Mr Moore—The answer to the honourable member’s question is as follows:

(1) Yes.

(2) The Department of Defence put in place a Tax Project Office to review relevant departmental policies, business processes, systems, services and contracts and to oversee implementation of The New Tax System.

(3) Overall, the Defence Budget should realise a positive outcome from the introduction of the New Tax System. There has been no negative impact on services.

Goods and Services Tax: Health and Aged Care Portfolio Compliance
(Question No. 1773)

Mr Hatton asked the Minister for Health and Aged Care, upon notice, on 14 August 2000:

(1) Is the Minister’s Department and agencies within the Minister’s portfolio compliant in respect of the Goods and Services Tax.

(2) What action did the Minister’s Department and agencies within the Minister’s portfolio take to ensure that they were GST ready by 1 July 2000.

(3) Is the Minister able to guarantee that no agency within the Minister’s portfolio will suffer negative impacts on its budget or services due to the GST; if not, or if the guarantee was subsequently proved incorrect, would the Minister be prepared to resign.

Dr Wooldridge—The answer to the honourable member’s question is as follows:

(1) In June 2000, the chief executives of all agencies within my portfolio were asked to provide me with written confirmation that they would be able to comply with The New Tax System from 1 July 2000. I received such assurances from each agency.

(2) Within the Department, a GST Advisory Committee was established in 1999 to ensure high level involvement across the Department in the implementation of the GST. The Committee:
assumed a responsibility for the whole implementation across the Department;
• had responsibility for overseeing work to be done in organisational units on the GST;
• provided advice to organisational units about GST implementation issues and work requirements;
• raised implementation issues and questions with the GST Implementation Team; and
• advised the Secretary and the Department’s Management Committee on progress against the GST.

The Advisory Committee was continually provided with updates of the Department’s GST project plan and associated risk management strategy. This ensured that identified milestones were continually being met and that any variance against the project plan was appropriately identified.

In relation to agencies, the Department of Finance and Administration (DOFA) GST Implementation Unit forwarded during 1999-2000 a series of comprehensive monitoring surveys to all agencies to monitor their progress in relation to financial, taxation and business issues associated with The New Tax System. A summary of the results of these questionnaires was forwarded to the Department to ensure that each agency was on target to meet all requirements.

(3) The implementation and ongoing management of tax reforms by agencies is the responsibility of their respective chief executive officers or boards of management (as applicable). While the Government will continue to monitor the impact of the implementation of The New Tax System, the reforms are not expected to reduce the level of funding of agencies in this portfolio in real terms.

University of Melbourne: Student Accommodation Funding
(Question No. 1783)

Mr Tanner asked the Minister for Education, Training and Youth Affairs, upon notice, on 14 August 2000:

(1) What funding did the Government grant to the University of Melbourne for the purpose of providing student accommodation in (a) 1973-74, (b) 1974-75, (c) 1975-76, (d) 1976-1977 and (e) 1977-78.

(2) Is the Government aware of the University of Melbourne’s plans to sell houses purchased for the purpose of providing student accommodation; if so, is the Government aware of what the University intends to do with the proceeds of those sales.

(3) Has he, his advisers or his Department discussed the sale of these houses with the University of Melbourne; if so, what are the details.

(4) What alternative strategies is the Government putting in place to ensure the adequate provision of affordable student accommodation for University of Melbourne students.

Dr Kemp—The answer to the honourable member’s question is as follows:

(1) The States Grants (Universities) Amendment Act 1976 indicates that the Commonwealth agreed to refund the State Government dollar for dollar, if it contributed between $34,722 (non-indexed) and $416,666 (non-indexed) to the University of Melbourne for non-collegiate student housing (i.e. accommodation which does not include colleges or halls of residence), over 1973 to 1975. The States Grants (Universities) Acts for 1996, 1997, and 1998 do not mention the availability of Commonwealth funding to the University for the purposes of non-collegiate student housing. The University’s records show that between 1973 and 1978 it received a $500,000 grant from the Australian Universities Commission for the provision of non-collegiate student housing. This grant was supplemented by an escalation grant of $40,000. The University contributed further amounts towards the provision of student housing from non-government sources. This amount is slightly lower, possibly due to indexation.

(2) The sale of the houses will help generate the income necessary to fund a Student Housing Bursary scheme available to all eligible students, not just the small number who rented university owned houses or apartments.

(3) Not beyond confirming the accuracy of the reply to (2) above.

(4) The University of Melbourne advises that its Student Housing Bursary Scheme actually increases the number of students who can receive assistance. Students on Youth Allowance who have to live
away from home to study may also be eligible for Commonwealth rent assistance. In addition, the Commonwealth provides institutions with a block operating grant which includes a capital component. The capital component for the University of Melbourne this year is $15.6 million. Universities have the discretion in using the funds to meet the needs of students through allocation of capital funds to student accommodation.

Legal Aid: Victoria
(Question No. 1790)

Mr McClelland asked the Attorney-General, upon notice, on 14 August 2000:
(1) In determining the 2001 budget for Victorian Legal Aid, were the views of the Victoria Legal Aid Community Consultative Committee taken into account.

(2) Did the budget process acknowledge the committee’s concerns about the increase in unrepresented litigants, the extra burden on legal aid partners, for example private solicitors, community legal centres and other community organisations and, what the committee perceives as denial of access to justice to disadvantaged Victorians.

(3) If the budget process did address the committee’s concerns as described or in any other way, how were they addressed.

(4) If the budget process did not address the committee’s concerns as outlined or in any other way, why not.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) I am not aware of any representations made by the Victoria Legal Aid Community Consultative Committee to the Government prior to the Budget. However, in determining the 2000-01 budget for Victoria Legal Aid, the Commonwealth took account of the conclusions of the Legal Assistance Needs Project. Phase Two of the project looked broadly at legal aid needs and in doing so, the consultants conducted interviews with key stakeholders which included a range of appropriate groups such as legal aid commissions, National Legal Aid, private law firms involved in the provision of legal aid, the National Association of Community Legal Centres and a large number of community legal centres. Whilst the Victoria Legal Aid Community Consultative Committee was not specifically consulted, similar concerns to those expressed by the committee were raised by other stakeholders and this qualitative research was included in the report on Phase Two of the study.

(2) As mentioned above, in determining the 2000-01 budget for Victorian Legal Aid, the Commonwealth took account of the conclusions of the Legal Assistance Needs Project. That project addressed key stakeholders’ concerns by, amongst other things, highlighting the areas of demand for legal aid, the problems in accessing the legal aid system and issues surrounding unrepresented litigants.

(3) Key stakeholders’ concerns were addressed by the Government in its recent announcement of a funding boost for legal aid commissions of $63million over four years. The additional funding is being distributed according to the planning model developed as part of the Needs Study. The study concluded that Victoria had been receiving a disproportionate level of funding compared to other jurisdictions. The study’s findings are supported by the fact that Victoria had accumulated excess reserves of more than $5million out of its Commonwealth funding.

(4) As stated before, account was taken of the key stakeholders’ concerns. The Commonwealth is unable to justify the continuation of legal aid funding arrangements that are based on historical distributions and levels of funding. Those arrangements did not take account of the need for equity across the states and territories and did not provide a justifiable basis for future distribution of legal aid funding.

Atomic Test Participants Cancer Incidence and Mortality Study
(Question No. 1793)

Mr Laurie Ferguson asked the Minister Assisting the Minister for Defence, upon notice, on 14 August 2000:
(1) What is the agreed timetable for the completion of the Atomic Test Participants Cancer Incidence and Mortality Study.

(2) Is there an independent Steering Committee for the study; if so, who are the members of the Committee.

(3) What sum, if any, did Defence spend on the study in 1999-2000.

(4) What is the estimated funding allocation for the study for (a) 2000-01 and (b) subsequent years.

(5) Through which Budget appropriation item is the study being funded.

Mr Bruce Scott—The answer to the honourable member’s question is as follows:

(1) A timetable has not been agreed. Before the study can begin a nominal roll of participants must be compiled. That requires access to historical data, which was protected by the Epidemiological Studies (Confidentiality) Act 198 1. A Regulation made under that Act on 10 August 2000 will enable release of the relevant data to the Department of Veterans’ Affairs which will be coordinating the study. Arrangements are now being made for the transfer of this data to the Department of Veterans’ Affairs

(2) An independent scientific advisory committee will be appointed shortly.

(3) Nil.

(4) Estimates of the funding allocations have not been finalised. However, it is likely to involve at lest several hundred thousand dollars in the current financial year, and in the subsequent financial year.

(5) The Department of Defence will contribute to the study through the Defence Department Appropriation.

Judiciary: Overseas Service
(Question No. 1796)

Mr McClelland asked the Attorney-General, upon notice, on 15 August 2000:

(1) Which Australian judges and former judges have served as judges in overseas countries.

(2) In what country and for what period has each judge served.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) (i) I am advised by the High Court as follows:

At the time of his swearing-in as a Justice of the High Court on 6 February 1996, Justice Michael Kirby was President of the Court of Appeal of the Solomon Islands. However, he did not sit as a member of the Solomon Islands Court of Appeal after being sworn-in as a Justice of the High Court and he resigned the appointment a few months later.

The following former Chief Justices and Justices of the High Court were members of the Privy Council:

<table>
<thead>
<tr>
<th>Chief Justices</th>
<th>Term of Office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Harry Gibbs</td>
<td>1981-87</td>
</tr>
<tr>
<td>Sir Garfield Barwick</td>
<td>1964-81</td>
</tr>
<tr>
<td>Sir Owen Dixon</td>
<td>1952-64</td>
</tr>
<tr>
<td>Sir John Latham</td>
<td>1935-52</td>
</tr>
<tr>
<td>Sir Frank Gavan Duffy</td>
<td>1931-35</td>
</tr>
<tr>
<td>Sir Isaac Isaacs</td>
<td>1930-31</td>
</tr>
<tr>
<td>Sir Adrian Knox</td>
<td>1919-30</td>
</tr>
<tr>
<td>Sir Samuel Griffith</td>
<td>1903-19</td>
</tr>
<tr>
<td>Justices</td>
<td>Term of Office</td>
</tr>
<tr>
<td>Sir Ninian Stephen</td>
<td>1972-82</td>
</tr>
<tr>
<td>Sir Harry Gibbs</td>
<td>1970-81</td>
</tr>
<tr>
<td>Sir Cyril Walsh</td>
<td>1969-73</td>
</tr>
<tr>
<td>Sir William Owen</td>
<td>1961-72</td>
</tr>
</tbody>
</table>
Chief Justices Term of Office
Sir William Windeyer 1958-72
Sir Douglas Menzies 1958-74
Sir Alan Taylor 1952-69
Sir Frank Kitto 1950-70
Sir Edward McTiernan 1930-76
Justice Herbert Evatt 1930-40
Sir Owen Dixon 1929-52
Sir George Rich 1913-50
Sir Frank Gavan Duffy 1913-31
Sir Isaac Isaacs 1906-30
Sir Edmund Barton 1903-20

Sir Garfield Barwick was also a Judge *ad hoc* with the International Court of Justice between 1973-74.

Sir William Webb, a former Justice, was President of the International Military Tribunal for the Far East between 1946-48.

I am also advised that several former Justices of the High Court have been appointed to overseas courts following their retirement from the Court. For example, Sir Anthony Mason, Sir Gerard Brennan and Sir Daryl Dawson were appointed to the Hong Kong Court of Final Appeal; Sir Harry Gibbs was appointed to the Court of Appeal of Kiribati and Sir Anthony Mason, Sir Gerard Brennan and the Honourable John Toohey were appointed to the Court of Appeal in Fiji. In addition, Sir Ninian Stephen was appointed to the War Crimes Tribunal in The Hague. However, as records are not maintained of appointments held by retired judges after they retire, the foregoing information may not be complete.

(ii) I am advised by the Federal Court that the following judges and former judges of the Federal Court hold, or held, commissions on overseas courts:

**Judges**
The Hon Justice Bryan Beaumont
The Hon Justice Marcus Einfeld
The Hon Justice John von Doussa
The Hon Justice Peter Heerey

**Former Judges**
The Hon Robert St John
The Hon Trevor Morling
The Hon Justice James Burchett

(iii) The Chief Justice of the Family Court has advised that he is of the belief that there have been no judges of the Family Court who have served as judges in overseas countries in the period since his appointment to the Court in 1988.

(2) (i) I am advised by the High Court that:

Justices of the High Court who were Members of the Privy Council sat in London.
Sir William Webb sat in Tokyo as President of the International Military Tribunal for the Far East.
Court records do not disclose when the members of the Privy Council sat in London nor when, or where, Sir Garfield Barwick sat as a Judge *ad hoc* of the International Court of Justice.

(ii) I am advised that the following judges and former judges of the Federal Court, while judges of that Court, served as judges in the overseas countries and for such periods as indicated:
### Judges

<table>
<thead>
<tr>
<th>Name</th>
<th>App’t</th>
<th>Court</th>
<th>Country</th>
<th>Sitting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Hon Justice Bryan Beaumont</td>
<td>1997-1997</td>
<td>Judge, Court of Appeal, Privy Councillor</td>
<td>Tonga</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>1993-</td>
<td>Acting Judge, Supreme Court</td>
<td>Vanuatu</td>
<td>6 wks</td>
</tr>
<tr>
<td>The Hon Justice Marcus Einfeld</td>
<td>1996-1996</td>
<td>Judge, Supreme Court</td>
<td>Eastern Caribbean, Dominica</td>
<td>N/A</td>
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<td></td>
<td>1996-1996</td>
<td>Judge, High Court of Justice</td>
<td>Dominica</td>
<td>N/A</td>
</tr>
<tr>
<td>The Hon Justice John von Dousssa</td>
<td>1998-1997-1993</td>
<td>Acting Judge, Supreme Court</td>
<td>Vanuatu</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>1998-1997-1993</td>
<td>Acting Judge, Supreme Court</td>
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### Former Judges

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<td>Member, Court of Appeal</td>
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<td>The Hon Trevor Morling</td>
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<td>The Hon Justice Robert St John</td>
<td>1980-1982</td>
<td>Chief Justice, Supreme Court</td>
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### Roads: West Shepparton Bypass (Question No. 1805)

**Mr Martin Ferguson** asked the Minister for Transport and Regional Services, upon notice, on 15 August 2000:

Has the Government undertaken work on the cost of a West Shepparton by-pass or alternative road; if so, what is the nature of the work undertaken and the associated costings of the road work.

**Mr Anderson**—The answer to the honourable member’s question is as follows:

The Federal Government’s planning contribution to date totals $4.9 million. The Victorian Government undertook a full and complete bypass study of Shepparton, which identified three possible alignments, the central, western and eastern route options.

The Victorian Government is undertaking further planning work on the western route option. The Federal Government is waiting for details as to why this is necessary.
Project costing of the revised planning work being undertaken by the Victorian Government is not known at this time.

**Defence: Bulimba Base**

(Question No. 1814)

Mr Bevis asked the Minister Assisting the Minister for Defence, upon notice, on 15 August 2000:

1. Are contractors and their employees permitted to obtain meals from the Army personnel canteen at the Bulimba base in Brisbane.
2. Were the costs for these meals previously the same to all permitted to purchase there.
3. Who made the recent decision that meals charged to Army personnel and public servants at the Bulimba base in Brisbane would cost $3.40, while those charged to other workers at the base would cost $7.40.
4. When and why was the decision made.
5. Is it a nationwide decision or peculiar to the Bulimba base.
6. How are prices determined.

Mr Bruce Scott—The answer to the honourable member’s question is as follows:

1. Yes. Defence contractors (meaning their employees) are permitted to purchase meals from Service Messes at Bulimba base.
2. No. Prior to 3 July 2000 there were different rates for Australian Defence Force personnel, civilians and contractors.
3. The Department of Defence. The rate of $3.40 applies to dinner at an Other Ranks mess. The equivalent rate for non-Defence personnel is $13.75.
4. The decision to extend the subsidised meal rates to civilian employees was made in the context of negotiations for the new certified agreement covering civilian employees of the Department of Defence. The agreement was certified by the Australian Industrial Relations Commission on 3 July 2000, and the new rates for civilian employees took effect from that date. Civilian contractors’ employees continue to be charged the full cost of all meals.
5. Yes. The practice is nationwide.
6. The casual meal rates for Australian Defence Force members were set in 1977 at 85 per cent of the daily rations and quarters charge for other ranks, with an increased rate where steward service is provided for senior non-commissioned officers and officers. The meal rates have been adjusted periodically in line with movement in the food component of Consumer Price Index. The non-Defence rates are based on the actual cost of providing meals in messes. The non-Defence rates include labour, utility and other overhead costs in addition to the ration costs. Both sets of rates have been adjusted for the abolition of Wholesales Sales Tax and the introduction of the Goods and Services Tax.

**Health: Cervical Cancer**

(Question No. 1816)

Mr Murphy asked the Minister for Health and Aged Care, upon notice, on 15 August 2000:

1. What are the methods available to detect cervical cancer.
2. Is there a method available which is 100% accurate in detecting cervical cancer; if so, what is the method; if not, what is the most accurate method for detecting cervical cancer and what percentage accuracy does the method have.
3. Has his attention been drawn to a pamphlet distributed by the Pap Smear Register which says pap smears are no longer the most effective method of detecting cervical cancer.
4. Has his attention been drawn to an adjunctive test known as ThinPrep Pap Test.
5. Is ThinPrep Pap Test listed on the Medicare Benefits Schedule; if not, why not.
Dr Wooldridge—The answer to the honourable member’s question is as follows:

(1) Australia’s cervical cancer prevention strategy is based on screening using the Papanicolaou (Pap) smear test to detect precancerous abnormalities and allow treatment before any malignant changes occur. Over recent years, a number of new automated and semi-automated devices have been introduced. There is currently no sound evidence to suggest replacement of the Pap smear test by any other test. The national screening policy has been agreed by all Australian Health Ministers. The policy is kept under review and there is a National Advisory Committee, comprising representatives of all States and Territories and professional experts to advise the Government on policy issues.

(2) No. The Pap smear test is a screening test, not a diagnostic test. All screening tests have inherent false positive and false negative rates. Definitive diagnosis of a lesion must be made by histological examination of tissue from the cervix obtained by biopsy.

The Government’s strategy for screening of cervical cancer is aimed at encouraging two-yearly Pap smear testing, and increasing participation in the screening program. This approach has reduced the incidence of mortality from cervical cancer by around 40% over the last decade and it is anticipated that mortality rates will continue to decrease. Currently, it is estimated that regular two-yearly Pap smear screening detects approximately 90 per cent of squamous cell cancers of the cervix in the screened population.

(3) No such pamphlet has been distributed through the New South Wales Pap Smear Register although the Department of Health and Aged Care is aware of a promotional pamphlet endorsing the ThinPrep test, in addition to a Pap smear test. This pamphlet has been distributed by a private pathology practice in New South Wales to clients scheduled for a repeat Pap smear test. The promotional material is also available to the public on request.

(4) Yes.

(5) No. The manufacturers of ThinPrep have not applied for Medicare funding. The ThinPrep test is also not endorsed under the National Cervical Screening protocol. This decision is based on advice from the Australian Health Technology Advisory Committee (AHTAC) that the conventional Pap smear test remains the most cost effective screening test for preventing cervical cancer by the detection of its precursors.

Medical organisations or companies marketing diagnostic tests must apply to the Commonwealth Government for listing of such tests on the Medicare Benefits Schedule (MBS). This is done through the Medicare Services Advisory Committee (MSAC), which provides advice to the Minister for Health and Aged Care on the strength of the evidence relating to safety, effectiveness and cost effectiveness of new and existing medical procedures and technologies, and under what circumstances public funding should be supported.

To date MSAC has not received an application for ThinPrep listing.

**Department of Health and Aged Care: Salary and Staffing Levels**

*(Question No. 1832)*

Mr Tanner asked the Minister for Health and Aged Care, 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 levels (average number of employees) for each band.

Dr Wooldridge—The answer to the honourable member’s question is as follows:

In 1999–2000 the average salary paid in each Australian Public Service salary band and the average staffing level for each band for the Department of Health and Aged Care was:

<table>
<thead>
<tr>
<th>Band</th>
<th>Average Salary by ASL by Band</th>
<th>Average ASL 1999 – 2000</th>
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<tbody>
<tr>
<td>APS Group 1</td>
<td>25,257.13</td>
<td>36.2</td>
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<td>APS Group 2</td>
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<td>APS Group 3</td>
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<td>Band</td>
<td>Average Salary by Band</td>
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<tr>
<td>-------------------</td>
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<tr>
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<td>APS Group 9 - 11</td>
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Notes:
1. Data from NOMAD system using total salary for 1999-2000 by band averaged across equivalent full time officers. Only paid staff is included.
2. Bands are the Approved Classification groupings specified in the Public Service Classification Rules 1999. Classifications are grouped according to Schedule 1.
3. Salary includes Higher Duties Allowances
4. Casual staff excluded
5. Average salary for APS Group 3 is lowered by inclusion of Trainees and Cadets.

Attorney-General’s Department: Salary and Staffing Levels
(Question No. 1836)

Mr Tanner asked the Attorney-General, 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 Williams—The answer to the honourable member’s question is as follows:
My Department has provided the table below which contains the requested information.

ATTORNEY-GENERAL’S DEPARTMENT

<table>
<thead>
<tr>
<th>Australian Public Service Classification</th>
<th>Average salary</th>
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Goods and Services Tax: Health Care
(Question No. 1840)

Mr Danby asked the Treasurer, upon notice, on 16 August 2000:
(1) Did the Government promise that health would be essentially GST-free.
(2) Has an added administrative burden been placed on general practitioners and other health care professionals; if so, does this extra administrative burden result in health professionals paying the Government GST and then claiming it back and actually delivering zero revenue to the Treasury.
(3) Did the Government promise to make small business operations easier; if so, will it heed the Australian Medical Association’s repeated calls to make the GST compliance administration simpler for health care professionals; if not, why not.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) In line with the Government’s policy outlined in A New Tax System, most health services are GST-free.

(2) No.

(3) Tax reform has provided a range of benefits to small business including lower business costs and simpler reporting and payment arrangements.

Making taxable services provided by medical practitioners to other registered businesses GST-free would not significantly reduce the compliance costs of medical practitioners, but would increase the compliance costs of hospitals and other medical centres that contract medical practitioners to provide services to their patients. This is because these entities would be required to differentiate between their GST-free acquisitions (from medical practitioners) and taxable acquisitions when preparing their GST return.

Human Rights: Former Heads of State

(Question No. 1841)

Dr Theophanous asked the Attorney-General, upon notice, on 16 August 2000:

(1) Is he able to say what are the implications of the House of Lords’ decision in relation to the former Chilean dictator Augusto Pinochet, with respect to the international pursuit of those who have indulged in political murder, torture and gross violation of human rights.

(2) Is he able to say whether a precedent has been set which can be applied to other leaders who abuse their powers in the way Mr Pinochet is alleged to have done.

(3) Is he also able to say whether Governments and human rights organisations around the world will be able to pursue leaders who abuse their power in the future.

(4) What are the implications of the decision for alleged war criminals other than those in leadership positions such as Mr Konrad Kalejs.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) The decision of the House of Lords in the matter of Spain’s request for the extradition of Senator Augusto Pinochet (see [1999] 2 W.L.R 827) is a significant development in the jurisprudence of national courts on the immunity of former Heads of State covering official acts undertaken while a serving Head of State. This is a jurisdictional immunity which is a bar to proceedings before the courts of other States in relation to such acts.

The House of Lords was called on, in dealing with the issue of double criminality for the purposes of Spain’s extradition request, to address the question of whether Senator Pinochet had immunity from the criminal jurisdiction of the courts of the United Kingdom in relation to acts of torture for which he was alleged to have had responsibility while serving as Chile’s Head of State. As the crimes allegedly committed by Senator Pinochet came within the scope of the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (to which Chile, Spain and the United Kingdom were parties), the House of Lords analysed the Convention to establish whether it affected the immunity which he enjoyed as a former Head of State. As the Convention dealt with torture committed with the involvement of “public officials”, the majority came to the view that the negotiating States could not have intended that officials could plead immunity in relation to official acts as a bar to being tried by the courts of States Parties. This would have frustrated the implementation of the Convention, which relied on prosecutions in the courts of States Parties. Accordingly, the House of Lords found Senator Pinochet could not have recourse to immunity as to official acts and was liable to the criminal jurisdiction of the courts of the United Kingdom in relation to the crime of torture.
The implications of the decision of the House of Lords for other States will emerge over time. While the decision is not binding on the courts of other States, the standing of the House of Lords will ensure it is a persuasive authority.

(2) As noted in the answer to (1), the decision of the House of Lords does not create a precedent which is binding on the courts of other States.

(3) The capacity of the international community to deal with persons who commit international crimes, whatever position they occupy, will be greatly enhanced by the International Criminal Court. The establishment of the Court has been a major multilateral and human rights objective of the Government. The Court will have jurisdiction in relation to genocide, crimes against humanity, war crimes (committed in international or internal armed conflicts) and aggression. The Court will only have jurisdiction over crimes which are committed after the entry into force of its Statute.

The Statute makes clear that the Court is intended to be complementary to national criminal jurisdictions. It will operate where a national jurisdiction is unwilling or unable genuinely to carry out the investigation or prosecution of persons alleged to have committed crimes. Critically, it will be the Court which determines whether a national jurisdiction is unwilling or unable to deal genuinely with alleged crimes by way of investigation or prosecution.

Article 27(1) of the Statute provides that the Statute applies “equally to all persons without any distinction based on official capacity”. Article 27(2) further provides that:

“Immunities or special procedural rules which may attach to the official capacity of a person, whether under national or international law, shall not bar the Court from exercising its jurisdiction over such a person.”

Article 27 reflects the long-settled position that an international tribunal may deal with a person whatever their official capacity who is alleged to have committed international crimes.

(4) The decision has no implications for alleged war criminals other than those in leadership positions.

**Family Court: Tasmania**

*(Question No. 1853)*

Ms O’Byrne asked the Attorney-General, upon notice, on 17 August 2000:

(1) How many family law court matters are (a) waiting to be listed for prehearing conferences, (b) listed for prehearing conferences and (c) listed for trial in (i) northern and (ii) southern Tasmania.

(2) When will the appointment of a Federal Magistrate in Launceston be made.

(3) What proportion of the Launceston magistracy program will be exclusively allocated to family law matters.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) I am advised by the Family Court that the following family law matters are (a) waiting to be listed for prehearing conferences, (b) listed for prehearing conferences and (c) listed for trial in (i) northern and (ii) southern Tasmania, as at 31 August 2000:

(a)(i) 97
(ii) 74
(b)(i) 5
(ii) 5
(c)(i) 24
(ii) 32

(2) The appointment of a Federal Magistrate in Launceston is expected to be announced shortly.

(3) The Federal Magistrate who is to be located in Launceston will exercise all of the jurisdiction of the Federal Magistrates Court. No restriction on the proportion of time that the Magistrate can spend on particular types of matters is planned. The proportion of time spent on different kinds of matters will
depend on the type of matters filed with the Service. However, it is anticipated that a significant proportion of the Launceston Magistrate’s time will be spent on family law matters.

**Iraqi Kurdistan: Human Rights**

(Question No. 1886)

**Mr Laurie Ferguson** asked the Minister for Foreign Affairs, upon notice, on 30 August 2000:

1. Has the Australian Government’s attention been drawn to (a) gender discriminatory provisions of Iraqi family law and of the civil code still operative in Iraqi Kurdistan, (b) the forced closure of the Independent Women’s Organisation Office and Shelter in Suleimania on 21 October, (c) the murder of an estimated 500 women in the area controlled by the Patriotic Union of Kurdistan, due to concepts of honour killings on behalf of family and males, and (d) the murder of Nasrin Aziz Rashid by male relatives after she was deprived of the Shelter’s support; if not will his department investigate these matters.

2. What measures does Australia undertake to ensure that a degree of UN assistance is conveyed to non-Government organisations in Iraqi Kurdistan, particularly those facilitating women’s rights.

3. Will Australia intervene to seek assurances as to the protection of Kazhal Kider, Surma Rasool Mina, Layla Ismail, Niyaa Ali Ahmad, Asmer Abdulla, Shoghan Salih, Bayan, Chimam, Zamman, Badria Rasool, Basos Abdulla and their children as attested, since they are now deprived of the Shelter’s valued protection.

**Mr Downer**—The answer to the honourable member’s question is as follows:

1. (a) The Government is aware that there are gender discriminatory provisions in the laws covering the Iraqi Kurdistan region. However, a law was passed earlier this year by the Patriotic Union of Kurdistan (PUK) outlawing honour killings. In particular, the law suspended the article of the criminal code which allowed for lesser penalties in respect of honour killings. Previously, “extenuating circumstances” could lead to a significant reduction in the sentence of someone found guilty of an honour killing. It remains to be seen whether this law will be enforceable. The Kurdistan Democratic Party (KDP) which controls the non-PUK autonomous region has not passed a similar decree.

   (b) The Government is aware that the Shelter run by the Independent Women’s Organisation (IWO) was closed down by the PUK on 21 July. There are conflicting reports concerning the circumstances surrounding the closure and it has been impossible to confirm details beyond the closure itself.

   (c) The Government is also aware of and strongly condemns the practice of honour killings but cannot confirm reports that as many as 500 women have been murdered in this way.

   (d) The Government is aware there have been reports of the murder of Nasrin Aziz Rashid but to date these reports remain unconfirmed.

2. While the UN is involved in Iraqi Kurdistan to the extent that it provides humanitarian assistance and administers the oil-for-food program, the area is not under UN supervision.

3. Despite making extensive inquiries the Government has been unable to find out any information about these women and children. The absence of a single controlling body in the region and of an Australian mission poses significant challenges in terms of verifying these reports.

**Family Law: Federal Magistrates Service**

(Question No. 1888)

**Mr Andren** asked the Attorney-General, upon notice, on 30 August 2000:

1. Given that the Government’s stated desire to provide a faster, more efficient and cheaper family law service to litigants, why was it considered preferable to create a completely new court, the Federal Magistrates Service, rather than expand the role of local courts in each State by appointing specialist magistrates and increasing delegated powers.

2. Did the Government consider this option; if not, why not.
(3) Will the Government continue diverting funds from the Family Court of Australia to the Federal Magistrates Service, even if this jeopardises the existence of Family Court sub-registries in regional areas.

(4) Will the Government ensure that where Family Court sub-registries are closed in regional areas, those communities will not be left without a service; if so, how will this be achieved.

(5) What guarantee can the Government give that there will be no reduction in family law services available to people in regional Australia during the transition of service provision responsibilities from the Family Court to the Federal Magistrates Service.

(6) Is it the Government’s intention to abolish the Family Court of Australia, eventually shifting all family law responsibilities to the Federal Magistrates Service; if so, what is the proposed time frame; if not, what are the Government’s long term plans for the Court.

(7) Is the Government aware that funding cuts to the Family Court have already led to substantial reductions in counselling and mediation services available in some regional areas; if not, what is the Government’s assessment of the current availability of Primary Dispute Resolution Services in regional areas such as the Central West of NSW.

(8) Is the intention of the Government to outsource the Family Court Counselling Service to community agencies; if so, (a) what is the expected time frame for the outsourcing, (b) what are the expected savings to the Government if the Family Court Counselling Service is outsourced and how has this figure been determined, and (c) what will be the criteria for accrediting community agencies to carry out the work previously done by the Family Court Counselling Service.

(9) If the Counselling Service is outsourced, (a) how will the Government ensure the services it currently provides are maintained and (b) is it the Government’s intention to ensure that the ‘best interests of the child principle’ remains a priority for community agencies following outsourcing; if so, how will this commitment be achieved.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) The Government considered and rejected the alternative of expanding the family law jurisdiction of State magistrates. The Government believed that giving additional jurisdiction to existing State magistrates would be a more expensive option than establishing the Federal Magistrates Service, with complex agreements needed with each State and Territory and additional costs involved in training State magistrates who would not necessarily have been appointed on the basis of their experience with federal law.

Although the Federal Magistrates Service has been established as a separate court, as far as possible it is using existing infrastructure in administration, personnel services, building and other non-judicial resources. So there has been no need to establish independent facilities and infrastructure where administrative support and other services can be provided by existing courts or other agencies.

(2) See response to question (1).

(3) It was always intended that some resources would be moved from both the Family Court and the Federal Court to the Federal Magistrates Service as the Service will be doing work that would otherwise be undertaken by the existing courts.

The amount transferred from the Family Court includes some resources associated with Registrars appointed by the Family Court as an interim measure, pending establishment of Federal Magistrates Service. While some of the funding for those positions has been transferred to the Federal Magistrates Service, the Family Court has retained some positions.

The Court has advised that it will maintain existing services wherever possible, particularly in rural and regional areas.

(4) Both the Family Court and the Federal Magistrates Service are self-administering agencies and decisions about the provision of services are for those agencies, not the Government. In making such decisions the Family Court and the Federal Magistrates Service will be guided by their knowledge of the workload needs in regional areas. Subject to workload considerations, the Chief Federal Magistrate
may consider it appropriate for a magistrate to perform his or her duties at a regional location on a temporary basis or may consider it appropriate to assign a magistrate to a particular location. As mentioned in (3) the Family Court has advised that it will maintain services in rural and regional areas wherever possible.

The Government understands that the Family Court and the Federal Magistrates Service is liaising closely to ensure that the services provided by each of them cover the needs of regional communities in family law matters.

(5) As referred to in the response to question (4), the Federal Magistrates Service and the Family Court have been consulting as to the best method of providing services to regional areas to ensure that the services provided by each of them cover regional needs.

(6) The Government is not considering any proposal to abolish the Family Court and shift all family law responsibilities to the Federal Magistrates Service. The Government believes that the Federal Magistrates Service will provide a cheaper and more efficient service for less complex family law matters freeing up Family Court judges to deal with more complex matters. This will not only ease delays in the Family Court, it will be a more effective use of judges in the Family Court.

(7) The reduction in the Family Court’s resources reflects funds transferred to the Federal Magistrates Service and savings from the abolition of the wholesale sales tax. The Family Court is a self-administering agency where decisions about the management of financial administration and the provision of services rest with the Court, not the Government. How the Family Court reduces its spending is a matter for the Court.

In its ‘Future Directions’ Report July 2000, the Court states that in the 1999/2000 financial year it adopted a Resource Planning Model as the basis for allocating resources throughout the Court. It re-examined the potential for providing services in partnership with community organisations, particularly in the area of voluntary counselling and mediation services. As mentioned in (3) the Family Court has advised that it will maintain services in rural and regional areas wherever possible.

The Dubbo sub-registry of the Family Court in the central west of NSW has two full time counselling positions. There are no plans to reduce these counselling positions. Counsellors from Dubbo currently provide visiting services to the Local Court at Orange and Parkes as well as a limited service to Bourke, Brewarrina and Lightning Ridge. The Court proposes some changes to the current circuit arrangements but they will not be finalised until the Court has consulted with residents and community agencies. These consultations are scheduled to take place during October. Primary dispute resolution services in family law are also currently available from: Family Life Movement at Orange and Dubbo; NSW Legal Aid Commission office at Orange; Community Legal Service at Dubbo; and the NSW Department of Community Services has an office at Orange.

(8) The Government’s objective is to improve and increase access to Primary Dispute Resolution services across the community. It provides some direct funding to community organisations through the Family Relationships Services Program. The Family Court has decided to reduce its provision of counselling services in consultation with community organisations. The Government will continue to work with the Family Court and community agencies to develop a comprehensive approach to provision of primary dispute resolution services.

(9)(a) The Government currently provides funding for community organisations to provide Primary Dispute Resolution services through the Family Relationships Services Program. The Government’s commitment to facilitating the use of Primary Dispute Resolution as a viable alternative to litigation will be maintained, whatever the outcome of the changes to the Family Court Counselling Service in the longer term.

(b) The 1996 amendments to the Family Law Act 1975 were made to ensure that the best interests of children were adequately addressed in Family Law. This means that, under the Family Law Act, children must be taken into account in decisions about parents’ relationship difficulties, relationship breakdown and divorce. The amendments to the Act attempt to ensure that children receive adequate and proper parenting to help them achieve their full potential, and to ensure that parents fulfill their duties and meet their responsibilities concerning the care, welfare and development of their children.
These principles are upheld by the Act, and will continue to be upheld by the Government. Family and child counsellors and family and child mediators, funded through the Family Relationships Services Program, are approved under the Act, and are required to comply with the intentions of the Act.

The Government has commissioned research to identify strategies that would promote the best interests of children during their parents’ relationship difficulties, separation or divorce, and to consider the 1996 amendments to the Act. In 1998 a report entitled “Child Inclusive Practice in Family and Child Counselling and Family and Child Mediation” was released, which recommended that a training strategy in child-inclusive practice be developed and made available to the wider field of service providers. The Government has funded drafting and circulation of an information package to all Family Relationship Services Program organisations, and the conduct of 5 good practice forums for representatives of counselling, mediation, contact services and adolescent mediation and family therapy services. These forums aimed to enhance awareness and understanding of child-inclusive practice approaches in the sector, and expand networks and enable organisations to identify people with expertise and skills in this area. The forums will be used to promote continuous improvement in child-inclusive practice within the sector.

**Australian Defence Force: Personnel Re-Enlistment**

(Question No. 1896)

Mr Laurie Ferguson asked the Minister Assisting the Minister for Defence, upon notice, on 31 August 2000:

How many personnel who first enlisted in the Australian Defence Force (ADF) prior to May 1985 are estimated to have re-enlisted in the ADF since August 1991.

Mr Bruce Scott—The answer to the honourable member’s question is as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Navy</td>
<td>184</td>
</tr>
<tr>
<td>Air Force</td>
<td>193</td>
</tr>
<tr>
<td>Army</td>
<td>162</td>
</tr>
<tr>
<td>Total</td>
<td>539</td>
</tr>
</tbody>
</table>

**Aboriginals and Torres Strait Islanders: Welfare Dependency**

(Question No. 1902)

Mr Latham asked the Minister representing the Minister for Aboriginal and Torres Strait Islander Affairs, upon notice, on 31 August 2000:

What support is the Federal Government giving to the Cape York partnerships Project initiated by Mr Noel Pearson and supported by the Queensland Government.

Mr Ruddock—The Minister for Aboriginal and Torres Strait Islander Affairs has provided the following information to the honourable member’s question:

Since we came to office, this government has been concerned about the negative aspects of welfare dependency within both the indigenous and non-indigenous communities.

Indigenous community leaders, particularly Mr Pearson, are openly acknowledging the problem of welfare dependency and the associated problems of alcohol abuse and family violence. Indigenous people themselves have stressed that they can and want to find solutions and want to take action with the active support of government.

The Department of Family and Community Services (DFaCS) has been talking directly with Mr Pearson about his proposals. Following a recent meeting in Canberra between Mr Pearson and a range of Commonwealth agencies, Mr Pearson presented DFaCS with a proposal for community capacity building initiatives, including family income management trials. DFaCS are currently in the process of gauging the extent of community support for Mr Pearson’s proposals within Cape York.

The Prime Minister has asked Senator Newman and me to convene a roundtable that will bring together senior indigenous community leaders and representatives from church, government and industry groups to discuss how government can better support indigenous communities and families.
The roundtable will consider a range of approaches, including Mr Pearson’s proposals. The roundtable will create an opportunity to consider a national perspective on issues affecting indigenous people (including welfare dependency) and will draw from new and innovative approaches being discussed around the country.

**Education: British Education Action Zones**

*Question No. 1917*

Mr Latham asked the Minister for Education, Training and Youth Affairs, upon notice, on 4 September 2000:

Is he aware of evaluation reports concerning the performance of Education Action Zones in Britain; if so, what do these reports show, particularly regarding the impact on school grades.

Dr Kemp—The answer to the honourable member’s question is as follows:

I am aware of the establishment on Education Action Zones (EAZs) in Britain and of recent reports and press releases.

One of new Labour’s favourite think-tanks, the Institute of Public Policy Research, has criticised EAZs as little more than test beds for the latest ideas from central government. Researchers have said that, rather than successful experimentation in zones leading to a widening of the principle of local autonomy and variation, the concern is it will simply provide new ammunition for ‘tyranny of best practice’ with successful strategies being imposed on all sectors.

**Private Health Insurance: Rebate**

*Question No. 1924*

Mr Latham asked the Minister for Health and Aged Care, upon notice, on 4 September 2000:

(1) Has his attention been drawn to research findings from the health economics unit at Monash University showing that (a) the cost of the 30% private health rebate has blown out to $2.8 billion per annum and (b) the rebate will yield savings to public hospitals of no more than $1.4 billion per annum.

(2) Has his Department undertaken a similar analysis; if so, what are the details.

(3) Is a 2:1 cost/benefit outcome seen as a satisfactory use of health outlays.

Dr Wooldridge—The answer to the honourable member’s question is as follows:

(1) Yes, I am aware of the matter to which Mr Latham refers.

(2) The cost of the 30% Rebate for 2000-01 as estimated in the Budget papers was $1.88 billion. Obviously, given the overwhelming success of Lifetime Health Cover, we will need to increase this estimate somewhat in the Mid-Year Economic and Fiscal Outlook at the end of the year.

(3) Claims that the Rebate spends $2 to save $1 from the public hospital system represent a gross misrepresentation. These figures ignore the savings the Rebate creates for the public hospital system. The Rebate means that there will be a sustainable private hospital system, which will provide choice and high quality health care.

**Colston, Former Senator: Criminal Proceedings**

*Question No. 1925*

Mr Murphy asked the Attorney-General, upon notice, on 4 September 2000:

(1) In relation to the Commonwealth Acting Director of Public Prosecutions’ (DPP) decision to decline to proceed with charges of defrauding the Commonwealth pursuant to section 29D of the Crimes Act 1914 (Cth) against the former Senator, Mr Malcolm Arthur Colston, was this a matter in which the Acting Director had declined to proceed ‘after commitment’ for the purposes of the Prosecution Policy.

(2) In reference to the DPP Media Statement dated 5 July 1999 titled ‘Prosecution of Mr Malcolm Colston’, what weight did the DPP put upon the following factors in declining to proceed; (a) ‘health of the alleged offender’ and (b) ‘seriousness of the alleged offences’.
(3) Was the DPP asserting that irrespective of Mr Colston’s health the matter is insufficiently serious to warrant the continuation of proceedings.

(4) Is he able to say which of the following consideration(s) under the Prosecution Policy were considered by the DPP when making the decision not to proceed with the prosecution: (a) the ‘interests of the suspected offender’ (paragraph 2.2), (b) the ‘interests of the community at large’ (paragraph 2.2), (c) ‘fairness and consistency’ (paragraph 2.3), (d) the ‘sufficiency of evidence’ (paragraph 2.5), (e) the ‘presupposition of the impartiality of the jury’, particularly as it relates to Mr Colston’s illness and (f) that there was ‘no reasonable prospect of a conviction being secured’ (paragraph 2.5).

(5) What public interest criteria were satisfied in commencing proceedings against Mr Colston.

(6) What public interest criteria under the Prosecution Policy (paragraph 2.10) were satisfied in declining to proceed with prosecution.

(7) To what extent was the ‘necesssity to maintain public confidence in such basic institutions as the Parliament and the courts’ (Prosecution Policy subparagraph 2.10(t) a paramount consideration in declining to proceed with prosecution.

(8) Are there any alternative enforcement mechanisms available to the DPP in respect to possible action against Mr Colston; if so, what are they.

(9) Are there any alternative enforcement mechanisms which could be considered in substitution to criminal proceedings against Mr Colston; if so, when will these alternative enforcement mechanisms be applied.

(10) Would the DPP consider obtaining a further medical examination in order to ascertain Mr Colston’s current fitness to stand trial.

(11) Will the DPP or another relevant agency consider new evidence (Prosecution Policy paragraph 5.22) as to the health of Mr Colston.

(12) Was the decision not to proceed with prosecution made under the DPP’s power pursuant to subsection 9(4) of the Director of Public Prosecutions Act (Cth); if not, then under what power was the decision made.

(13) When did (a) Mr Colston raise the issue of his health in respect of the proceedings against him, (b) the DPP commence investigations into the case of Mr Colston, (c) the DPP file and serve summon(es) on Mr Colston, (d) Mr Colston’s committal proceedings commence, (e) Mr Colston’s legal counsel file evidence of his medical condition, (f) Mr Colston’s hearing take place and (g) the DPP decline to take further proceedings.

(14) In relation to the Commonwealth Law Enforcement Board’s Best Practice for Fraud Control – Fraud Control Policy of the Commonwealth, is it in the public interest to establish the current state of health of Mr Colston.

Mr Williams—The answer to the honourable member’s question is as follows:

(1) Yes.

(2) The DPP considered (a) and (b). The determining factor was the independent medical assessment that Mr Colston was unfit to stand trial and that there was no prospect that he would be fit to stand trial in the future.

(3) No.

(4) With reference to the Prosecution Policy of the Commonwealth, the DPP considered that there was a prima facie case with reasonable prospects of conviction and that, apart from the medical assessments and fitness to stand trial, it would have been in the public interest for the matter to proceed.

(5) See 4.

(6) See 4.

(7) It was of major importance.

(8) No,
(9) No.

(10) The DPP’s decision was based on independent expert medical advice that Mr Colston was not fit to stand trial and there was no prospect that he would be fit to stand trial in the future. If there was evidence contrary to that advice it would be considered.

(11) See 10.

(12) Yes.

(13) (a) 3 November 1997.

(b) The DPP does not investigate criminal offences. This is the responsibility of the AFP.

(c) The AFP informant commenced the prosecution on 14 July 1997.

(d) 18 May 1998.

(e) The DPP was provided with medical reports by Mr Colston’s solicitors on 3 and 12 November 1997 and on 7 April 1999.

(f) See (d).

(g) 5 July 1999.

(14) The Fraud Control Policy of the Commonwealth provides that prosecution and related decisions are a matter for the DPP to determine in accordance with the Prosecution Policy of the Commonwealth. The Fraud Control Policy does not provide any additional public interest grounds for decisions made by agencies, including the DPP, on matters relating to fraud prosecutions.

Education: Funding for Non-government Schools

(Question No. 1955)

Mr Latham asked the Minister for Education, Training and Youth Affairs, upon notice, on 7 September 2000:

How much Federal Government funding is allocated to each Catholic school in the electoral division of Werriwa.

Dr Kemp—The answer to the honourable member’s question is as follows:

The Commonwealth currently provides $2,428 per primary student and $3,544 per secondary student to the New South Wales Catholic Education Commission. While the grants are paid to the Commission on a per capita basis, the Commission allocates funds between schools on the basis of relative need as assessed by the Commission.

Based on final 2000 enrolments and current per student grant levels, it is estimated that the Commonwealth will pay over $545 million to the NSW Catholic Education Commission under the General Recurrent Grants Programme in 2000.

Funding tables for individual Catholic schools in the Werriwa Electorate are attached.

Attachment A

<table>
<thead>
<tr>
<th>Electorate of Werriwa</th>
<th>Summary of Identifiable Commonwealth Grants for the period 1997-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Recurrent Grants</td>
<td>$</td>
</tr>
<tr>
<td>General Recurrent Basic per Capita Grants</td>
<td>10,308,204</td>
</tr>
<tr>
<td>Capital Grants</td>
<td>General Element - BGA Projects</td>
</tr>
</tbody>
</table>
Total Commonwealth funding for Catholic Schools in Werriwa

<table>
<thead>
<tr>
<th>School Name</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good Shepherd Primary School, Hoxton Park</td>
<td>1,000,000</td>
<td>301,533</td>
<td>400,000</td>
<td>748,482</td>
<td>2,450,015</td>
</tr>
<tr>
<td>St Catherine of Siena Primary School, Prestons</td>
<td></td>
<td></td>
<td>1,159,899</td>
<td>46,173</td>
<td>1,206,072</td>
</tr>
<tr>
<td>St Francis Xavier’s School, Lurnea</td>
<td>400,000</td>
<td></td>
<td></td>
<td></td>
<td>400,000</td>
</tr>
</tbody>
</table>

Total Capital Funding: 4,056,087

Attachment B

Commonwealth General Recurrent Funding to Catholic Schools

<table>
<thead>
<tr>
<th>School Name</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Saints Catholic Senior College, Casula</td>
<td>1,484,621</td>
<td>1,697,790</td>
<td>1,793,473</td>
<td>* 1,832,248</td>
<td>* 6,808,132</td>
</tr>
<tr>
<td>Good Shepherd Primary School, Hoxton Park</td>
<td>203,718</td>
<td>369,610</td>
<td>633,080</td>
<td>* 645,848</td>
<td>* 1,852,256</td>
</tr>
<tr>
<td>Holy Family Primary School, Ingleburn</td>
<td>804,109</td>
<td>874,508</td>
<td>999,600</td>
<td>* 1,019,760</td>
<td>* 3,697,977</td>
</tr>
<tr>
<td>Mount Carmel High School, Varroville</td>
<td>2,407,843</td>
<td>2,698,763</td>
<td>3,352,789</td>
<td>* 3,425,276</td>
<td>* 11,884.67</td>
</tr>
<tr>
<td>St Catherine of Siena Primary School, Prestons</td>
<td></td>
<td></td>
<td>133,280</td>
<td>* 135,968</td>
<td>* 269,248</td>
</tr>
<tr>
<td>St Francis Xavier’s School, Lurnea</td>
<td>790,027</td>
<td>895,785</td>
<td>1,104,320</td>
<td>* 1,126,592</td>
<td>* 3,916,724</td>
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<tr>
<td>St Gregory’s College, Campbelltown</td>
<td>2,810,610</td>
<td>2,989,583</td>
<td>3,284,350</td>
<td>3,344,755</td>
<td>* 12,429.29</td>
</tr>
<tr>
<td>St John the Evangelist</td>
<td>1,069,395</td>
<td>1,198,042</td>
<td>1,351,840</td>
<td>* 1,379,104</td>
<td>* 4,998,381</td>
</tr>
</tbody>
</table>
Mr Martin Ferguson asked the Minister for Health and Aged Care, upon notice, on 9 August 1999:

For each year since 1995-96, how many doctors bulk billed (a) Australia wide, (b) in each State and Territory, and (c) in the electoral Division of Batman.

Dr Wooldridge—The answer to the honourable member’s question is as follows:

Details of the number of doctors who bulk billed (a) Australia wide, (b) in each State and Territory, and (c) in the electoral Division of Batman in 1996-97, 1997-98 and 1998-99 are as follows:

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>New South Wales</td>
<td>11,536</td>
<td>11,659</td>
<td>12,641</td>
</tr>
<tr>
<td>Victoria</td>
<td>8,452</td>
<td>8,453</td>
<td>9,134</td>
</tr>
<tr>
<td>Queensland</td>
<td>5,572</td>
<td>5,695</td>
<td>6,339</td>
</tr>
<tr>
<td>South Australia</td>
<td>2,893</td>
<td>2,878</td>
<td>3,078</td>
</tr>
<tr>
<td>Western Australia</td>
<td>2,868</td>
<td>2,842</td>
<td>3,057</td>
</tr>
<tr>
<td>Tasmania</td>
<td>768</td>
<td>774</td>
<td>841</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>274</td>
<td>276</td>
<td>310</td>
</tr>
<tr>
<td>Australian Capital Territory</td>
<td>550</td>
<td>553</td>
<td>603</td>
</tr>
<tr>
<td>Total</td>
<td>32,913</td>
<td>33,130</td>
<td>36,003</td>
</tr>
<tr>
<td>Batman</td>
<td>246</td>
<td>218</td>
<td>220</td>
</tr>
</tbody>
</table>

The above statistics relate to medical practitioners who rendered at least one bulk billed service in the period in question.

To the extent that some practitioners have more than one active provider number, there will be some multiple counting of practitioners.

In compiling the statistics, each practitioner was assigned to his/her principal practice postcode in the respective periods, having regard to service volumes. Since some postcodes overlap federal electoral division boundaries, in compiling statistics for the federal electoral division of Batman, the requested data by major postcode of practitioner were mapped to electorate using data from the Census of Population and Housing showing the proportion of the population in each postcode in each federal electoral division.

Caution needs to be exercised in interpreting bulk billing statistics by State and Territory and by federal electoral division. Since the data relate to providers of at least one bulk billed service for which Medicare benefits were paid, and there are a large number of relatively low activity providers under
Medicare, some of whom move between active and inactive etc each year, significant variations in numbers of practitioners bulk billing can occur from year to year.