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

FUEL EXCISE
Suspension of Standing and Sessional Orders

Mr Beazley (Brand—Leader of the Opposition) (9.31 a.m.)—I move:
That so much of the standing and sessional orders be suspended as would prevent:
(1) notices Nos 20 and 21 on the Notice Paper in the name of the Leader of the Opposition, for the introduction of bills to provide relief for the 1 February excise rate increase for petroleum and the related customs rate increase, being called on forthwith; and
(2) the bills being passed through all stages without delay.

This represents policy cowardice not conviction, but pass these bills and you will save the Australian motorist $1 million a day.

Motion (by Mr Anthony) put:
That the member be not further heard.

The House divided. [9.36 a.m.]

Ayes............. 73
Noes............. 61
Majority.......... 12

AYES
Abbott, A.J.
Andrews, K.J.
Bailey, F.E.
Barresi, P.A.
Billson, B.F.
Bishop, J.I.
Cadman, A.G.
Causley, I.R.
Costello, P.H.
Draper, P.
Entsch, W.G.
Forrest, J.A *
Gamboro, T.
Georgiou, P.
Hardgrave, G.D.
Hockey, J.B.
Jull, D.F.
Kelly, D.M.
Kennedy, L.
Lieberman, L.S.
Lloyd, J.E.
May, M.A.
McGauran, P.J.
Nehl, G.B.
Neville, P.C.
Prosser, G.D.
Reith, P.K.
Ruddock, P.M.
Scott, B.C.
Slipper, P.N.
Southcott, A.J.
Stone, S.N.
Thomson, A.P.
Vaile, M.A.J.
Wakelin, B.H.
Williams, D.R.
Worth, P.M.

NOES
Adams, D.G.H.
Beazley, K.C.
Bereton, L.J.
Byrne, A.M.
Cox, D.A.
Crosio, J.A.
Edward, G.J.
Emerson, C.A.
Ferguson, L.D.T.
Fitzgibbon, J.A.
Gibbons, S.W.
Griffin, A.P.
Hatton, M.J.
Hollis, C.
Irwin, J.
Kernot, C.
Latham, M.W.
Livermore, K.F.
McClendon, R.B.
McLeay, L.B.
Melham, D.
Mossfield, F.W.
O’Connor, G.M.
Price, L.R.S.
Ripoll, B.F.
Sawford, R.W *
Sercombe, R.C.G *
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Zahra, C.J.

PAIRS
Fahey, J.J.

O’Byrne, M.A.
Mr McMULLAN (Fraser) (9.40 a.m.)—A million dollars a day—that is what the failure to act on this bill is costing Australian motorists.

Motion (by Mr Anthony) put:
That the member be not further heard.

The House divided. 

AYES

Abbott, A.J. 
Andrews, K.J. 
Bailey, F.E. 
Barresi, P.A. 
Billson, B.F. 
Bishop, J.I. 
Cadman, A.G. 
Causley, I.R. 
Costello, P.H. 
Draper, P. 
Entsch, W.G. 
Forrest, J.A. 
Gambaro, T. 
Georgiou, P. 
Hardgrave, G.D. 
Hockey, J.B. 
Jull, D.F. 
Kelly, D.M. 
Kemp, D.A. 
Lieberman, L.S. 
Lloyd, J.E. 
May, M.A. 
McGauran, P.J. 
Nehl, G. B. 
Neville, P.C. 
Prosper, G.D. 
Reith, P.K. 
Ruddock, P.M. 
Scott, B.C. 
Sliper, P.N. 
Southcott, A.J. 
Stone, S.N. 
Thomson, A.P. 
Vaile, M.A.J. 
Wakelin, B.H. 

Williams, D.R. 
Worth, P.M. 
Worth, D.R. 
Williams, M.R.L. 

NOES

Adams, D.G.H. 
Beazley, K.C. 
Berretson, L.J. 
Byrne, A.M. 
Cox, D.A. 
Crosio, J.A. 
Edwards, G.J. 
Emerson, C.A. 
Ferguson, L.D.T. 
Fitzgibbon, J.A. 
Gibbons, S.W. 
Griffin, A.P. 
Hatton, M.J. 
Holliis, C. 
Irwin, J. 
Kerr, C. 
Latham, M.W. 
Livermore, K.F. 
McClelland, R.B. 
McLeay, L.B. 
Melham, D. 
Mossfield, F.W. 
O’Connor, G.M. 
Price, L.R.S. 
Ripoll, B.F. 
Sawford, R.W. 
Sercombe, R.C.G. 
Smith, S.F. 
Swan, W.M. 
Theophanous, A.C. 
Wilkie, K. 

FAHEY, J.J. 
O’Byrne, M.A. 
Moylan, J. E. 
Rudd, K.M. 

* denotes teller

Question so resolved in the affirmative.

Original question put:
That the motion (Mr Beazley’s) be agreed to:
That so much of the standing and sessional orders be suspended as would prevent:

(1) notices Nos 1 and 2 on the Notice Paper in the name of the Leader of the Opposition, for the introduction of bills to provide relief for the 1 February excise rate increase for petroleum and the related customs rate increase, being called on forthwith; and

(2) the bills being passed through all stages without delay.
The House divided. [9.45 a.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes ............ 62
Noes ............ 73
Majority ........ 11

AYES

NOES

PAIRS
Fahey, J.J. O’Byrne, M.A. Moylan, J.E. Rudd, K.M. * denotes teller

Question so resolved in the negative.

In division—

Mr Reith—I raise a point of order, Mr Speaker. The motion before the chair suggests a notice of motion in respect of excise, but in fact the notices of motion which are referred to as 20 and 21 are a notice of motion by Mrs Kelly on renewable energy and a notice of motion by Mr Sercombe on telecommunications. There seems to be an error in the motion put forward by the Leader of the Opposition. We would more than happily allow him to correct it, but the fact is that they cannot even get their notices of motion right.

Mr Crean—You know what we’re talking about, you goose.

Mr Reith—Well, you certainly don’t seem to.

Mr Speaker—The Leader of the House and the Deputy Leader of the Opposition! At least be aware that a question was
asked of the chair, not of the Deputy Leader of the Opposition. I would presume that the Leader of the House makes a valid point of order. I will check the Hansard record and see what reference the Leader of the Opposition made. I believe that every member of the House knows the issue on which they have currently been voting. I will check the Hansard record.

COPYRIGHT AMENDMENT (PARALLEL IMPORTATION) BILL 2001

First Reading

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

Second Reading

Mr WILLIAMS (Tangney—Attorney-General) (9.52 a.m.)—I move:

That the bill be now read a second time.

The Copyright Amendment (Parallel Importation) Bill 2001 is another demonstration of the coalition government’s willingness to act in the best interests of consumers, the education sector and business.

In 1998 the Copyright Act was amended to allow the lawful parallel importation and sale of sound recordings (CDs). There has been strong consumer support for this move as it has resulted in lower prices, particularly for top 40 CDs.

This bill will extend the application of that policy to key sectors of the information economy, and will enhance competition in price, availability and choice.

Australia is a net importer of copyright material.

It is therefore in Australia’s interest that printed material and software products are widely available on a competitive basis.

The term ‘parallel importation’ refers to the importation for commercial purposes of copyright material lawfully produced overseas, without the authority of the Australian rights holder. Local rights holders currently have the ability under the Copyright Act to limit access to the Australian market for commercial distribution of software products, books, periodical publications and printed music.

The price and availability of much of this material is therefore not subject to open and genuine competition.

And unlike some other products, there is not necessarily a natural substitute for these goods.

The central aim of the bill is to improve access to a wide range of software products, books, periodical publications and printed music on a fair, competitive basis.

The bill does this by allowing the importation for commercial purposes of non-pirate copyright goods without the permission of the Australian rights holder.

The bill offers the prospect of cheaper prices and increased availability of products for all Australians, but especially for small businesses, parents and the education sector.

Retailers, particularly large retailers, are likely to support the reforms due to the beneficial impact the changes will have for them in competing and potentially extracting better terms of trade.

Small businesses will benefit from increased access to popular applications for word processing, database management, accounting, desktop publishing and graphical analysis.

The government has carefully assessed the impact of parallel importation provisions in the Copyright Act by examining each affected industry separately.

The introduction of this bill follows a rigorous assessment of the potential impacts of parallel importation on the Australian book publishing and printing industry, and on the local software industry.

Despite claims to the contrary from the Labor Party and large multinational publishing and software interests, only the com-
plete removal of copyright importation restrictions for printed material and software products will enable competitive access to these products, provide consumer benefit and promote the overall effective functioning of the economy.

Unlike the Labor Party’s ‘use it or lose it’ policy, the government’s policy is not about benefiting foreign rights holders by reimposing restrictions on CDs, and maintaining import restrictions and monopoly distributions on books, software and computer games at the expense of Australian businesses and consumers.

As with the CD reforms, no doubt we will see spirited resistance to this bill from opponents of liberalisation.

This time around, however, we have the benefit of experience to date, as well as developments in foreign markets, such as New Zealand, to address many of the concerns and debunk many of the claims.

Many argued in 1998 that the relaxation of parallel importation restrictions for sound recordings would devastate the Australian music industry.

Dire predictions made during the CD debate that 50,000 jobs would be lost and that the Australian record industry would have to close up shop have proved groundless.

The industry is in good shape and no evidence of job losses has materialised.

Indeed the recording industry has grown since the 1998 reforms, with recent reports of around 2.9 per cent growth in 1999 alone.

In the Australian Record Industry Association end of year charts in 1997, prior to the government’s reforms, there were 23 Australian albums in the top 100 albums sold; in 2000, by contrast, there were 28 Australian albums in the end of year top 100.

The ARIA singles charts tell a similar story: in 1997, there were 14 Australian singles in the end of year top 100; by 2000, that number had climbed to 19.

These figures hardly paint a picture of an industry in decline, where the production of local talent has been stymied or destroyed.

In fact, the Australian music industry appears to be in better shape now than prior to parallel importation.

The parallel importation restrictions in the Copyright Act are of course not the only factors that affect the retail price of products.

Nevertheless, in 1998, prior to parallel importation of music, CD prices were around $31.00 for new releases and rising.

In January this year, Big W and Target were selling top 30 CDs for around $21.43.

Clearly it is now possible for consumers to access top selling CDs that are over 30 per cent cheaper than prior to parallel importation.

And this is despite the impact of the GST and unfavourable exchange rates relative to the US, a major source of popular music.

Claims were also made that piracy rates would soar as a result of the CD reforms, and no doubt similar claims will be made in relation to books and particularly software. Whilst copyright piracy is a serious and real problem in many countries, it is primarily a problem in countries where the enforcement of intellectual property laws is weak, and there are large informal retail sectors. By contrast, Australia provides a strong intellectual property regime backed by an effective court and general legal system, and has a very strong formal retail sector comprising large retailers, chains and independent outlets. The Australian Institute of Criminology recently reported that since the 1998 amendments there is ‘little or no evidence of the increase in CD piracy predicted by opponents of liberalisation’. Australia is also recognised by the International Intellectual Property Alliance as having one of the lowest piracy rates in the world.

Evidence on the impact of the CD reforms proves the government’s position that this is
not an attack on copyright as an appropriate means of compensating, rewarding and encouraging creators and owners. Copyright owners will continue to be remunerated through their contractual arrangements regardless of where their product is published or manufactured, or how it is imported.

**Books**

Turning specifically to the reforms as they apply to books, a 1999 review by the Australian Competition and Consumer Commission found that for best selling paperback fiction, the price difference with the USA had exceeded 30 per cent on average over the previous four years.

Five reports to the government have dealt with the book industry: those by the Copyright Law Review Committee (CLRC), the Prices Surveillance Authority, the Industry Commission (now the Productivity Commission), the ACCC and, most recently, the Intellectual Property and Competition Review Committee, or Ergas Committee.

The earliest report, by the CLRC, recommended a relaxation of some of the importation controls exercisable by copyright owners in relation to books. All subsequent reports have recommended the complete removal of copyright owners’ control over book importation on the basis that current restrictions are inappropriate and their removal would deliver lower prices and a more efficient industry. Importantly, the majority in the Ergas Committee concluded that the removal of importation restrictions in the publishing industry was unlikely to lead to any wider losses in the Australian economy.

To enable maximum community access to competitively priced products, the bill provides that parallel importation is to encompass all major forms of printed material.

In accordance with the June 2000 recommendation of a majority of the Ergas Committee, the implementation of the printed material provisions in schedule 2 to the bill will be delayed for 12 months to allow for contractual adjustments. This recognises the fact that the book industry is more reliant on contract than other copyright based industries. The government is confident that the extra time will allow the industry to adjust effectively and positively to the changes.

The government is well aware of concerns, particularly in the printing industry, that a change from the current law, to remove the so-called 30-day rule, might reduce growth in the printing industry in areas such as Maryborough in Victoria and Netley in South Australia. Under the 30-day rule the right to control importation of books is lost if the book is not published in Australia within 30 days of publication anywhere.

However, such concerns are misplaced and largely unsubstantiated.

The Ergas Committee noted that it had not been provided with any evidence to substantiate claims in relation to the beneficial effects of keeping the 30/90-day rule restrictions. The committee queried whether changes in the level of printing activity in Australia in recent years were due to the 30-day rule or to changes in competitiveness, including as a result of exchange rate movements.

Further, the removal of restrictions should be seen within the context of special Commonwealth adjustment assistance through the Book Industry Assistance Plan (BIAP). This program, which also provides assistance for indirect tax reform, will provide up to $240 million over four years, including up to $48 million specifically for the printing industry.

**Software products**

In January 1999 the Australian Consumers’ Association published the results of a survey of current retail prices of a range of overseas manufactured packaged software products across six countries.

It found that while Australian household consumers and businesses were paying competitive prices for home/office crossover software like Microsoft Windows 98 and Word 97, this was not the case for cutting edge products, such as publishing products QuarkXPress and Adobe PageMill 3.0.

A report to government by the ACCC showed that over the past 10 years, Australian businesses have had to pay an average of
27 per cent more for packaged business software than their US counterparts.

The Ergas Committee recognised that the benefits from these higher prices flow primarily to foreign rightsholders while the corresponding costs are borne in Australia, by Australian consumers and by industries—such as the domestic software industry—that use protected imports as inputs.

Of the top selling computer games analysed, Australian purchasers of popular PC computer games paid on average 33 per cent more during 1998 than those in the United States.

Other reports to government dealing with the software industry have been made by the same bodies that considered the issue of book importation, namely, the Copyright Law Review Committee, the Prices Surveillance Authority, and the Ergas Committee.

To enable maximum community access to competitively priced products, all types of software products are included within the coverage of the bill, whether used in business, education or the home, or in home computer games or pay-per-play video arcade machines.

Removing parallel importation restrictions will enable local distributors to choose suppliers on the basis of price, availability, service and reliability and to pass these benefits on to consumers.

The parallel importation of software will not interfere with the rights of copyright owners to be compensated according to their contracts. As the Ergas Committee indicated, ‘supporters of retaining restrictions assert that prices in Australia are as low as they are elsewhere, so there is no basis for opposing a change which will make it clearer and more certain that market forces are at work.’ The removal of these parallel importation restrictions is expected to reduce some prices and remove the potential for price discrimination against Australian consumers.

Coverage

Technology convergence allows different types of works and subject matter to be included on the same article. Multimedia CD-ROMs are one example. By their very nature such products contain a mixture of copyright materials, and each may have a different status in relation to parallel importation. In many cases, such materials are secondary to the product. However, some Australian rightsholders have attempted to prevent parallel importation of sound recordings by relying on the copyright in material used to ‘enhance’ CDs.

Provisions in this bill will close this loophole resulting from the CD reforms by allowing the parallel importation of these ‘secondary’ materials which will be defined as ‘accessories’. An accessory, in this limited context, includes any copyright work or subject matter other than ‘feature’ films irrespective of how it is incorporated into the product.

The government has not fully assessed the impacts of allowing the full parallel importation of ‘cinematograph film’ on the Australian film and television industry. For this reason, feature films, as defined in the bill, are excluded from this extended operation. The government considers that it would not be appropriate to alter the arrangements for imported film products without a cost-benefit analysis specific to the industry, along with careful analysis of the likely effects on consumers.

The bill therefore does not lift restrictions on the importation of that class of film that is the industry’s most economically significant product, namely, entire movies intended for cinema release, film intended for broadcast on television in commercial half-hour format or longer (for the mass market including free-to-air or pay television). Importation of the main products derived from these types of film, such as DVDs, will also remain restricted.

Enforcement Provisions

Allowing parallel importation does not mean that it will be legal to import pirate product.

On the contrary, this bill gives very substantial procedural assistance to copyright owners in civil actions by shifting to the de-
fendant the onus of establishing that a parallel imported copy is not an infringing copy.

In addition, where a criminal action is brought for copyright piracy, the penalties for infringement of copyright are severe: the maximum liability for importation and sale of pirate goods is $60,500 and/or imprisonment of five years for each offence, while the maximum liability for a corporation is $302,500.

Any infringing articles are also subject to forfeiture and destruction.

**Conclusion**

This bill will remove an impediment to accessing competitively priced non-pirate printed material and software products.

It will open up new business opportunities, in particular for consumers, small businesses, the education sector, parents, professional associations and community groups satisfying their specialist needs.

It will also enable Australian retailers and distributors to enter new markets and better compete with overseas-based e-tailers in the emerging Internet market for directly downloaded software, including e-books.

Copyright owners will continue to be fairly remunerated, but in the context of a global marketplace.

Australian consumers and businesses will be able to get the best deal on legitimate copyright material.

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

Debate (on motion by Mr Horne) adjourned.

**FAMILY AND COMMUNITY SERVICES LEGISLATION AMENDMENT (NEW ZEALAND CITIZENS) BILL 2001**

**First Reading**

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

**Second Reading**

Mr Anthony (Richmond—Minister for Community Services) (10.10 a.m.)—I move: That the bill be now read a second time.

The purpose of the bill is to amend the definition of ‘Australian resident’ in relation to the social security law so that access to social security payments for New Zealand citizens moving to Australia is restricted to those New Zealand citizens who meet normal migration selection criteria or are covered by a social security international agreement.

On 26 February 2001, the Prime Minister announced these changes indicating at that time that these changes to the social security law were necessary to provide a fair and mutually beneficial approach to the cost of supporting people in need while preserving the common labour market and free movement of people currently available through the trans-Tasman travel arrangements.

The bill provides that the changes will not apply to New Zealand citizens who were resident in Australia on 26 February 2001, or who are temporarily absent from Australia and who have been in Australia for a period, or periods, of 12 months in the previous two years immediately before 26 February 2001.

For those New Zealand citizens who are intending to reside in Australia, a three-month period of grace will apply from 26 February 2001. A six-month period of grace will apply to those New Zealand citizens temporarily absent from Australia on 26 February 2001 and who are in receipt of a social security payment under the portability arrangements that apply under the social security law. A longer 12-month period of grace will apply to those New Zealand citizens, resident in Australia but temporarily absent, who are unable to return to Australia in the three-month period and are not in receipt of a social security payment.

The bill also ensures that the changes do not apply to any child-related payments under the social security law and the family assistance law. Likewise, the bill ensures that the changes do not affect access to concessions under the social security law and the Health Insurance Act 1973. I present the explanatory memorandum to this bill.
Debate (on motion by Mr Horne) adjourned.

TARIFF PROPOSALS
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.13 a.m.)—I move:

Customs Tariff Proposal No. 1 (2001) which I have just tabled contains alterations to the Customs Tariff Act 1995. Alterations in schedules 1 and 2 of the proposal were previously gazetted on 20 December 2000 and are now tabled in the House in accordance with section 273EA of the Customs Act 1901.

Revised assistance arrangements for the motor vehicle manufacturing industry were legislated in the Automotive Competitiveness and Investment Scheme (ACIS) Administration Act 1999. Complementary amendments to the Customs Tariff Act were passed cognitively with that act.

The alterations contained in this proposal amend the Customs Tariff Act to reflect the cessation of the ‘Administrative Arrangements to the year 2000 for the Automotive Industry’ on 31 December 2000 and the commencement of ACIS on 1 January 2001.

Items 41A, 41B and 41C of schedule 4 to the tariff act provided concessional entry for certain automotive products under the administrative arrangements. The alteration to item 41A introduces a closure date of 31 December 2001 for the utilisation of export credits earned under the export facilitation scheme, a part of the administrative arrangements. This alteration allows for the efficient and equitable termination of the administrative arrangements. It permits the industry a reasonable period of time to utilise duty credits it has earned from export activity conducted up until 31 December 2000.

The alterations to item 41B introduce a closure date of 31 December 2000 for the operation of the passenger motor vehicle producer 15 per cent entitlement to duty-free importation.

Item 41C, which provided concessional entry for goods used for testing and evaluation of motor vehicles and components under the administrative arrangements, will also be closed from 31 December 2000. New item 41G will provide equivalent provisions, under ACIS, to allow for the duty-free importation of certain goods for use in the testing, quality control, manufacturing evaluation and engineering development of motor vehicles and original equipment components, from 1 January 2001.

New item 41F will allow for the duty-free importation of certain goods for inclusion in the production of heavy commercial vehicles. This concession is presently provided through item 41B.

These alterations ensure that the concessions contained in the original items 41B and 41C are maintained in light of the new assistance arrangements for the automotive industry, from 1 January 2001.

In respect of the product stewardship (waste oil) legislation, which commenced on 1 January 2001, schedule 2 of the proposal provides an amendment to the table in subsection 19(1) of the Customs Tariff Act. Section 19 permits the adjustment of customs rates of duty in line with movements in the excise rate of duty caused by increases in the consumer price index. The amendment ensures that changes contained in the waste oil legislation and other legislated changes are incorporated in the section 19 table.

In addition, this tariff proposal will create a new item in schedule 4 to the Customs Tariff Act, relating to the textiles, clothing and footwear import credit scheme.

The new item—item 68—will allow for certain textiles, clothing and footwear to be imported duty free under the SPARTECA (TCF provisions) scheme.

Under the South Pacific Regional Trade and Economic Co-operation Agreement, or SPARTECA, Australia permits certain goods from forum island countries to be imported duty free. Those goods need to have a minimum local area content of 50 per cent.
The SPARTECA (TCF Provisions) scheme allows certain textiles, clothing and footwear that are manufactured in a forum island country, but that do not meet the local area content requirement of SPARTECA, to be imported duty free.

Under the new scheme, manufacturers in forum island countries that produce certain goods with a high level of local area content will be able to generate points that can be used to allow goods with a local area content below 50 per cent to enter Australia duty free.

The new scheme sets out minimum levels of content at which points can be generated and used, as well as the level of points required for goods to qualify for duty-free entry.

Steps have been taken to ensure that the new scheme does not compromise Australia’s textiles, clothing and footwear industries.

Registration, review and audit provisions set out in the scheme should assist in maintaining its effectiveness and integrity.

The new scheme will assist forum island countries to adjust to the closure last year of the textiles, clothing and footwear import credit scheme.

That scheme allowed Australian firms to earn credits when they exported textiles and those textiles were used in the production of goods for export to Australia.

The import credit scheme combined with SPARTECA unexpectedly led to the development of substantial textiles, clothing and footwear industries in forum island countries, particularly Fiji. Today, these industries in Fiji employ a quarter of the country’s workforce.

The withdrawal of the import credit scheme had the potential to cause significant disruption to these newly developed industries.

As a result of implementing the new scheme, exports of textiles, clothing and footwear from forum island countries to Australia will not fall to the extent that would have occurred without this initiative.

The continuation of the new scheme is conditional upon Fiji’s speedy return to democratic and constitutional rule.

A summary of alterations contained in this proposal is being circulated for the information of honourable members.

I commend the proposal to the House.

Debate (on motion by Mr Horne) adjourned.

APPROPRIATION BILL (No. 3) 2000-2001

Cognate bills:

APPROPRIATION BILL (No. 4) 2000-2001

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 2000-2001

Second Reading

Debate resumed from 27 February, on motion by Mr Fahey.

That the bill be now read a second time.

upon which Mr Tanner moved by way of amendment:

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

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

(1) failure to address the significant investment needs in the areas of education and health and the provision of social and employment services since coming to Government;

(2) blowout in the cost of the Pharmaceutical Benefits Scheme and the threat this presents to the sustainability of Australia’s subsidised medicines scheme;

(3) belated and inadequate attempts to remedy the chronic underfunding of research and innovation;

(4) mismanagement of the Defence Budget;

(5) refusal to remove the effects of the sale of the rest of Telstra from the Budget aggregates consistent with the resolution of the Senate of 16 March 2000, the findings of the Besley report and the wishes of the leader of the National Party;

(6) mishandling of the move to accrual accounting by providing complex, confusing and uninformative budget documents;
(7) wasteful and profligate spending on poor quality programs to buy Democrat support for its unfair GST;
(8) failure to identify in the Budget papers the full cost of GST collection and implementation;
(9) failure to put in place arrangements that deliver its guarantee that no Australian will be worse off as a result of the GST package; and
(10) bungling of the Business Activity Statement which has sent many small businesses to the wall".

Mr Cox (Kingston) (10.21 a.m.)—I want to return to a subject I was talking about last night, and that is Shell’s bid for Woodside. I met with the chairman and CEO of Shell this morning. They advised me that one of the issues they are addressing is the need for a new and independent company to market North West Shelf gas. It is proposed that Shell, through Woodside, would have only a 20 per cent interest in that entity. I believe this is recognition of Shell’s competing interests in the Asia-Pacific LNG market that could conflict with the interests of the North West Shelf, and therefore our national interest. What concerns me, however, is that Shell advised me that the entity will not be in place before the deadline of 22 April for the government to deal with the current foreign investment application. Shell has no intention of even commencing negotiation of the arrangements to be put in place for this entity until after its takeover of Woodside is successful. That means that, if the Treasurer is contemplating making those independent marketing arrangements a condition of any approval, he is being asked to do so without those arrangements being in place. The Treasurer is being asked to agree to arrangements when he cannot do other than guess at their effectiveness because they have not been negotiated. That represents a major enforcement risk for any foreign investment approval.

I will now return to the subject of the budget that I was discussing last night—the $2 billion additional spending in this year and the out years that was revealed in the midyear review. This continues what has been an ongoing process of government decisions undermining the budget bottom line that began immediately after the 1997 budget. It is worth going over the history of Peter Costello’s performance on fiscal policy. The total effect of the government’s policy decisions in 1996 on the 1996-97 financial year was a tightening of $2.9 billion rising to $7.6 billion in the third out year. That third out year was the 1999-2000 financial year. The 1997 budget brought down in May contained significant savings measures, although these were partially offset by new spending and tax cuts. However, by the time of the midyear review in 1997, the brakes had come off and the government was fiscally freewheeling. New policy commitments totalling almost $400 million had been made, but by 1999-2000 those decisions would cost almost $1.5 billion. This was the turning point for fiscal policy under the Howard government. In every year since, the net effect of policy decisions has unwound the Treasurer’s initial fiscal gains. After only a little more than a year, the Treasurer contracted a bad case of fiscal fatigue. The 1998 budget was an election budget containing spending initiatives and tax cuts costing $1.4 billion, offset by some small savings and revenue measures. The effect of those decisions on the 1999-2000 financial year was a loosening of the fiscal position by $2.2 billion. The period between the budget and the election saw another $1 billion added to that figure. I think that we are likely to see a repetition of that sort of behaviour this year, after the budget.

Normally, you expect government spending to be driven by the electoral cycle, with the reins being tightened after the poll. That was not the case with the Howard government. In 1999 they just went on spending; in fact, a further $2.5 billion. As a consequence, by Christmas 1999 the Treasurer had spent $6 billion of the $7.6 billion of savings he had made in 1996. That did not take into account the fiscal loosening associated with the introduction of the GST. At the time of the midyear review in 1999, the cost of all policy decisions taken since the end of the 1996 calendar year had weakened the budget bottom line for the 2000-01 financial year by $10.6 billion. That is more than a total wipe-
out of the $8 billion in savings the Treasurer had made.

In this year’s budget and in the period up to the midyear review, the pattern has continued with a further fiscal loosening, taking the net cost of policy initiatives since the end of calendar year 1996 to $13.1 billion. The Treasurer has gone from saver to big spender. To defend his last budget against these charges of fiscal looseness, the Treasurer has relied on the claim that he has reduced Commonwealth debt by $50 billion. However, the extent of his dependence on asset sales to achieve that debt reduction should raise further concerns about his poor financial management. To be exact, the budget estimates show Commonwealth general government net debt falling from $95.8 billion on 30 June 1996 to an estimated $47.4 billion on 30 June 2001—a reduction of $48.4 billion. What the Treasurer failed to tell the public was that, at the time that estimate was made, all of that reduction in net debt was attributable to asset sales. In fact, $50.3 billion of asset sales were expected over that period. What has changed as a result of the midyear review is that, with parameter changes and, in particular, the anticipated high revenue growth this year, the reduction in net debt is now expected to be $52.2 billion over the period. The amount of fiscal consolidation over the five years Peter Costello has been Treasurer that is not attributable to asset sales is $1.9 billion. If you assume that the government has obtained full value for the assets it has sold—a generous assumption in the case of this government—that amounts to an average improvement in the budget bottom line of less than $400 million a year net of asset sales.

It is worth raising some concerns about the parameter changes that were contained in the midyear review because we are continuing to get economic data which reflects on those. There are three that I would like to mention. There is a possibility of lower income tax receipts if employment growth continues to slow. It needs to be recognised that we have had a decrease in full-time jobs of 87,300 in the last four months. If unemployment is, in fact, higher than the 6.25 per cent level forecast in the midyear review, then expenditure on social security payments is likely to increase. There is also some concern about lower company tax receipts in the out years if company profits are below the forecast. Yesterday’s company profits figure shows that the September quarter figures were revised down to show the biggest decline in a decade, while the December quarter figures, when adjusted for abnormalities, fell a record 7.7 per cent in the ABS’s new experimental series which tries to adjust the data to approximate the national accounts GOS measure. The only thing that is going to change the revenue situation from that is if there is additional GST revenue reflected in this year’s budget.

The other thing that we are seeing at the moment is a government falling to pieces, and with it we are seeing a decline in fiscal discipline. We are seeing spending in a range of areas. We have had an innovation statement, which is $2.9 billion over five years; we have had roads funding of $1.6 billion over four years, which the Prime Minister claimed at the time was mutually exclusive with the petrol tax relief that he foreshadowed yesterday; and we have seen a Defence budget fiddle exposed, which involves the transfer of $350 million from capital in Defence to personnel costs—and that is going to be reflected in budget pressures down the track. Yesterday, most regrettable, we had the Treasurer’s spectacular backdown on trusts, which is going to cost the budget $1 billion. Whatever the Treasurer says about picking up that revenue in future years, tax collection delayed is tax forgone.

Mr BILLSON (Dunkley) (10.30 a.m.)—It is my pleasure to speak in support of the Appropriation Bill (No. 3) 2000-2001. It was interesting listening to the previous speaker deriding some of the very forward looking and thoughtful initiatives that the Howard government has introduced because of its solid economic management credentials. It is easy to forget, and it seems those opposite are all too ready to forget, that you cannot make sound, forward looking investments in the capacity of our country if you cannot pay for them. The days of living off the Visa
card, a practice turned into an art form by the previous Labor government, are, thankfully, behind us, because most people recognise the link between living within your means and the affordability of interest rates, opportunities for investment, job creation and their standard of living.

It is interesting to hear those from the Labor Party criticising the Howard government for some very forward looking initiatives involving substantial amounts of funds that have been made possible because there has been sound economic management and a very thoughtful look towards our future financial position as a nation so that our kids—my kids, your kids, the kids of Australians—are not paying into the future for reckless decisions made today. I would have thought that that was an account of a positive, forward looking government but, as I mentioned, I was surprised to hear those opposite complaining and, in fact, ridiculing some of those forward looking measures.

Today I want to talk about the plight of the outer metropolitan communities. My electorate of Dunkley is on the outskirts of that great city, Melbourne, that you, Mr Deputy Speaker Jenkins, would know well. In fact, let me use our two electorates as an example. I think it is about an hour and three quarters drive from my electorate in the outer south and south-eastern suburbs of Melbourne to your electorate in the northern suburbs of Melbourne—a great, large, substantial cosmopolitan city. What so often gets missed is that people talk about our nation and describe it as comprising city folk and rural folk but, as simple as that may be for the purposes of analysis, the communities that we represent do not fit into either one of those categories.

The outer metropolitan communities, those interface communities between the city centre and the rural communities, where the vast majority of Australians live, have some characteristics that are neatly described as neither city nor as rural. I think that area of our community is where we are facing some of the greatest challenges and where the forward looking policies of the Howard government, like the ones derided by the previous Labor speaker, are going to make the biggest difference into the future. The outer metropolitan communities are characterised by people trying to establish themselves. They are trying to accumulate assets, improve their standard of living and set themselves up for the future. These often are people who have mortgages so interest rates are a big deal to them, and they are part of a community that appreciates the government’s efforts to keep the costs of mortgages down so that home affordability is as good as it has been in previous generations. They are people with young families looking to get into the work force in the near future. Employment growth matters to the communities that we both represent, Mr Deputy Speaker, but it is not often that you hear them spoken about. I often refer to it as a suburban toil.

When you live an hour or an hour and a half away from where you work, the price of fuel matters because it is a substantial cost when you are eking out your living. That is why I have been quite supportive of what the Prime Minister announced yesterday during question time. The government is looking at what it can do to provide some fuel price relief to our motorists. In our outer suburban areas, cars are so crucial to our way of life. There are many households with two and sometimes three cars. Many people have to drive their kids to school. Many people have to drive to get to their recreational pursuits, to see their friends and, as I used in my opening example, many of them have to commute substantial distances to get to work.

With all of those examples of motor vehicle use, and the fuel that is consumed, you are not able to get access to the assistance that is being provided by the government in terms of fuel. You are not driving a heavy transport vehicle so you cannot get the 24c a litre reduction in diesel that is available for the heavy transport community—although, you may get some derivative benefit on the cost of delivering that fuel to your local service stations. You are not able to claim that sort of travel as an input to your business so you cannot get the GST input credit back
and we are not far enough out of town to qualify for the half billion dollars that the government makes available to subsidise the freight of petrol to communities outside of the metropolitan population centres.

Those three very positive initiatives are designed to relieve pressure on fuel prices for the rural and regional communities but outer metropolitan communities, highly dependent on their cars, cannot get a piece of the action. That is why I am very encouraged by what the Prime Minister said; again I emphasise the point that we need to do what is affordable. Again, picking up on the criticisms from the previous Labor Party speaker, being able to do something is only made possible because of sound economic management. Providing relief on the price of petrol cannot be at the cost of increases in interest rates because, in the household budgets that I am talking about, if you are going to save $10 or $15 a week on your fuel bill, you do not want to pay $10 or $15 more a week or a month on your mortgage, because you end up with a zero gain. That is why fuel matters and that is why I am encouraged by what the Prime Minister said, and I am very enthusiastic about his heartfelt understanding of the concerns that motorists face.

It also goes some way to explain why I have been an almost evangelical advocate of the Scoresby transport corridor. Our community is a great community, a vibrant community with a lot of highly skilled people, but we are a long way from areas of economic activity, excluding our own city. Our city I will come to in a minute. So the Scoresby transport corridor is crucial, and that is why that $1 billion investment is something I have been working for since I was elected. There is a capacity to connect the south-eastern and eastern suburbs into a freeway network that is already in place servicing constituencies like yours, Mr Deputy Speaker Jenkins, and the western suburbs. We have seen the economic dividends and improved quality of life that communities in the western and northern suburbs enjoy from half the ring road that goes around Melbourne. You can see why we need to finish the job. Our community is a residence of choice area. You have heard stories about Tom and Nicole before their split coming down our way to buy a home. That is a testament to the lifestyle opportunities that are there but it also reflects the fact that we are very much a dormitory community. People choose to spend their time there when their time is their own, but we also know that a lot of our citizens need to travel elsewhere to participate in the more vibrant economy and healthy labour market that the Howard government has been able to produce. So the Scoresby transport corridor matters. Three-quarters of all the industrial and commercial land in the Frankston city area is undeveloped. Why? Because the transport infrastructure is not there. Three-quarters of those people from Melbourne who come down and enjoy the delicious delights of the Mornington Peninsula come out of the catchment of the Scoresby transport corridor. You have got urban regional centres supporting the Melbourne CBD at Ringwood, Knox, Dandenong and Frankston—key areas of economic activity that need to interact but which at the moment go through choking transport corridors to do so.

This is a crucial project and I have been very happy to be in the lead, with my colleagues the member for Deakin and the member for Aston, highlighting the importance of this project to our community. We have had to put up with the bunkum from Minister Batchelor, the Victorian transport minister, saying, ‘Well, the Victorian government is open for business.’ Despite campaigning in the state election against the project, they have had this road to Damascus conversion and have fallen off the donkey and hit their head on the asphalt that is servicing the western suburbs and thought, ‘Gee, this would be okay in the eastern suburbs too.’ So they have now said they are interested in the project. But what we have had to put up with for more than a year and a half is Minister Batchelor and the Victorian government saying they have done all they can and they have let the Commonwealth government know about this project. They have done next to nothing. They have forwarded to the Commonwealth government, the Dep-
uty Prime Minister in particular, transport minister John Anderson, a copy of an environment effects study report and said, ‘There you go, that is what we want to do.’ But that report actually raised some questions that needed to be answered by a government that wanted to actually implement the project. They have not talked about timing, they have not talked about how they are going to stage the project, they have not come up with resolutions to issues the environment effects study highlighted and they certainly have not put one zack on the table.

My federal Liberal colleagues Phillip Barresi and Peter Nugent and I, who have been agitating for this project for nearly four years now, have had to work with nothing from the Victorian government. That was revealed when the Victorian transport minister met with the federal transport minister in Sydney early in the new year. Do you know what the outcome of that meeting was? To form a working group to actually develop a proposal. The Victorian government have so failed motorists in our great city that they had not got out of first gear—they had not even got out of neutral—on this project while they were making all these statements in the media that they are open for business and pushing this project. Minister Batchelor has been revealed as the bunkum merchant of the Scoresby transport corridor. We will make sure that motorists do not forget why this project has not commenced yet, and that is because Minister Batchelor and the Bracks Victorian government have not got the project on the table. Things are starting to happen now, and I am optimistic we can rescue the situation created by the inactivity of Minister Batchelor and get on with this project, because it matters to me and the community I represent. It is a very important infrastructure project and an example of how outer metropolitan communities need the investment that is more often referred to out in rural and regional Australia.

The other issue that relates to that is that, rather than actually get on with the project, Minister Batchelor chose to throw around the most fictitious press releases criticising me, Phillip Barresi and Peter Nugent on a totally bunkum story, so that even the Public Transport Users Association, not known to be big defenders of people advocating freeways, actually came out through their spokesman, Mr Mees, and defended us, saying, ‘Minister Batchelor has gone from the sublime to the ridiculous here.’ It is an example of what we are having to work with to get this crucial project done. It is part of our future.

The southern section of the community of Dunkley is in the Mornington Peninsula shire area. To the Mornington Peninsula shire’s great credit, they are looking forward to the destiny of that part of the Mornington Peninsula, that terrific area of Mount Eliza and Mornington South down to Portsea and around the Westernport side—a fantastic part of the world. They are thinking about sustainability. Why? Because that matters to that community and it separates it from other areas around the country. That is why people go there: to enjoy that. The Mornington Peninsula shire is thinking about supporting a biosphere for the area, recognising that the balance of human existence, economic activity and the environment is crucial to the long-term viability of that area. That is to be encouraged, and I support that work and am available to assist in any way I can there.

Contrast this vividly with the dilemma we are facing in Frankston city. Frankston city has been thrashing around for a while since it got a Labor dominated council which seems more preoccupied with personal career aspirations than the wellbeing of our city. Where is the vision? Where is the need to diversify the central business district? It is a vibrant retail area now, but surely we have got an opportunity to reinforce Frankston as a regional centre where people from the south-east of Melbourne know that, if they are looking for services, looking for government agencies, looking to consult with financial advisers or anything, they can come to our city and get support. Where are the ideas that I keep pushing, like setting up Frankston as the renewal destination for 3½ million Melburnians? We work pretty hard in our city and there are a lot of people working too hard. When the weekend comes, they need to recharge their batteries. Why isn’t Frankston
the place they go to to recharge their batteries? We have got accommodation, we have got terrific infrastructure in terms of entertainment, cultural activities, restaurants and those sorts of things and we are on the doorstep of the terrific Mornington Peninsula. There is an idea. There is a vision for our city. There is an opportunity for the council to do something constructive. Instead, they thrash around and make sensational headlines over things that really are not that significant in the eyes of many people, while the city’s destiny is left to wallow. It is about time the council in Frankston city started looking after the city’s interests and did not spend so much time contemplating their own navels.

An example is in small business, an area of crucial significance to our city. Yet we have the Bracks government implementing employment laws which are spooking small employers, we have WorkCover increases in some cases up to 300 per cent, to implement an election policy, and people wonder why small business is doing it tough. While that is going on, this government and the minister at the table, the Minister for Employment, Workplace Relations and Small Business, are rightfully pursuing opportunities for small business to be exempt from the unfair dismissal laws so that businesses which are not big enough to have a human resource management department, if they are wavering on whether or not to put on an extra person and are not certain about the success of that pathway, can move forward with confidence. Those half opportunities for employment growth in our country will become better than half opportunities; they will become a reality for our city. That is why the unfair dismissal laws matter.

I have proposed an idea to try to get this measure through the Senate. There is an argument that some people in small business may not be the nicest employers around—there is good and bad in every section of our community. I understand that point. There is concern that some ruthless small businesses might abuse the measure that the government is rightly pursuing. My solution is: let us recognise the national interest in securing those extra employment opportunities but let us understand that some individuals may feel they have not been treated well under that measure and would like some comfort. Why not accelerate access to income support for those people who are eligible who are displaced because of that unfair dismissal exemption for small business? Why not say to them, ‘Yes, we are trying to open up employment opportunities but, on the off-chance that it does not work out, this initiative is so important to employment growth and the vitality in our small business community that the government will be there for people who become unemployed under that measure to have accelerated access to income support so that they know they are not going to be left out in the cold’? That would be a useful and constructive way forward: balancing the national interest of employment growth, opportunities for unemployed people to gain employment, at the same time recognising that some of our small business community are brilliantly gifted at what they do but perhaps are not the ant’s pants when it comes to human resource management. I think that is a balanced proposal, and I am hopeful that the government will look at it carefully.

In our city, there are often discussions about intravenous drug use. Occasionally, there are some unfortunate and unwelcome episodes surrounding that issue. In some cases, syringes are discarded quite recklessly, presenting a risk to the public. Needle supply programs are sensible because they reduce the risk to the intravenous drug user, but reducing the risk should extend to the general public. The public should not have to be terrified about visiting a park or a beach and getting pricked by a needle. Thankfully, nobody in our country has yet contracted HIV or AIDS via a needle-stick prick of that kind. Let us recognise this genuine concern and let us not allow the benefits of needle supply programs to be undermined by the community being anxious about the reckless disposal of needles. I have spoken before about retractable syringe technology which is now available so that, once the substance has been injected, automatically the needle is
sucked back into the cylinder. So, even if the syringe is recklessly discarded, the general public is not at risk. We have managed to get support in Queensland, Victoria, New South Wales and South Australia for this technology. Why can we not get something happening? It cannot be that hard.

Mrs Crosio—It needs federal direction.

Mr BILLSON—I accept that interjection that federal direction will help. That is why I am flapping my gums about it right now. This matters and we can do something constructive about it. I call on all governments around the country to have a serious look at at least a trial of retractable syringes to make sure that the benefits of the needle supply program are not undermined by the public’s concern about needle-stick injury from recklessly discarded syringes. The flip side is that people say, ‘What about all the supplies of needles which we already have?’ Give them to diabetics, please. In Queensland and New South Wales, with the assistance of federal funding for these types of community health programs, we have managed to make syringes freely available for diabetics, but not in Victoria. People keep saying that it is too hard. How is it too hard south of the Murray, yet north of it we can manage it? It is time the Bracks government invested some of that biblically huge surplus which they inherited from the Kennett government and follow the lead of Queensland and New South Wales, making syringes freely available for diabetics. There can be no concern that shifting to retractable syringes would see some lost use of conventional syringe technology. The Commonwealth already subsidises the availability of syringes for diabetics and in Queensland and New South Wales, making syringes freely available for diabetics. This government have been responsible for the introduction of the GST, which has created a great impost on small business, and they cannot deny it. This government claimed the GST would cut red tape for small business. However, they could not be more wrong. The GST has now increased red tape not only for small business but also for our self-funded retirees, who have had to grapple with filling out a quarterly return on the income of their investments. Recently, in the aftermath of the hiding the coalition got from the voters of Queensland and Western Australia, the government moved—quite reluctantly, I might add—to relieve small businesses of their burden of the business activity statement. But it seems that it is too late.

This government have been responsible for the introduction of the GST, which has created a great impost on small business, and they cannot deny it. This government claimed the GST would cut red tape for small business. However, they could not be more wrong. The GST has now increased red tape not only for small business but also for our self-funded retirees, who have had to grapple with filling out a quarterly return on the income of their investments. Recently, in the aftermath of the hiding the coalition got from the voters of Queensland and Western Australia, the government moved—quite reluctantly, I might add—to relieve small businesses of their burden of the business activity statement. But it seems that it is too late.

A recent Morgan and Banks survey showed that 93 per cent of businesses said
that they were worse off now after the GST and that their profitability has suffered as a result of the GST. It is disingenuous of this government to claim to be assisting small business when in fact this government has been the main culprit in generating one of the major problems the business community confronts today—the GST. Many would say that I am being rather harsh. Well, I refer the members opposite to the statement made by the Australian Chamber of Commerce and Industry on 6 February in the Survey of Small Business. They are not necessarily friends of Labor but they were being very frank and honest when talking about small businesses around Australia. They said:

The Small Business Barometer, which combines data on general business conditions, employment and investment, has now declined markedly for three consecutive quarters, indicating that activity remains significantly weaker than during the same period last year.

They went on to say, on the front page of that particular survey:

Expectations on profitability, employment growth and investment are pessimistic, providing further evidence that the weakness in activity will continue in the period ahead.

It is not just small business operators who are facing the brunt of the GST; it is also people right across this country who have had to pay extremely high petrol prices, again due to the GST. This government now collects more than 46c a litre in tax on fuel and this is a massive cash cow for the federal government, but it has so far refused to budge and give motorists any relief from the higher prices that they now pay at the petrol bowser. No matter how hard it gets for the Australian people, this government just refuses to listen.

A recent Commonwealth Auditor’s report stated that approximately $3 billion of taxpayers’ money over six years has been channelled into consolidated revenue rather than into the portfolio of Transport and Regional Services, as required by law. I find this revelation to be a disgraceful act of deceit and a gross betrayal of the people of Australia, who elected their leaders in good faith to govern within the proper confines of the law. In my electorate of Prospect the people have been screaming out for years for the government to build the Western Sydney orbital. I know the Prime Minister is at times a little hard of hearing, but for five years now the coalition have been in government and only now have they decided to act. The announcement of the building of the Western Sydney orbital marks the end of the campaign and the end of a strong fight from my constituents to have that missing link in Sydney’s highway system built at last. These people have had to put up with traffic congestion, noise and pollution from the already congested roads such as the Cumberland Highway.

The Cumberland Highway, which runs through my electorate, has been used for many years by both interstate trucks and passenger cars as the national arterial road which links the Hume Highway with the Pacific Highway. Thousands of people use this road daily to commute to and from work, but the people of Western Sydney have now had enough. The federal government, I believe, has been dragged kicking and screaming into announcing funding for the Western Sydney orbital. But the question remains: why did it take so long? Since the Auditor’s report has come out, we all know why it took so long. The government has been collecting the money in petrol taxes but has neglected its responsibility under law to ensure that a percentage of fuel taxes be paid into road funding. The government, I repeat, is required by law to spend 4.95c of the 46c per litre it collects in petrol tax back on roads, unless it tells the parliament it will spend more or less.

The Auditor’s report found that this government had been spending only 3c a litre on roads while the rest was channelled into consolidated revenue. The Minister for Transport and Regional Services, however, has failed to inform the parliament. The result is that this government has duded Australian motorists out of almost $3 billion in road funding. This certainly takes the shine off the government’s announcement earlier this year that $1.6 billion will be spent on roads over the next four years. This neglect of the min-
ister’s responsibility under law makes an absolute mockery of road funding announcements from this government. The Auditor’s report estimated that, during the entire term of this government, national road funding had been underspent by more than $2.9 billion.

The government has announced that that $1.6 billion will be spent on roads over the next four years. However, this is only slightly more than half the amount which should have been allocated to road funding. What about the remaining money which should have been spent on our roads? Where has that money gone? Perhaps it has gone into the millions of dollars allocated for advertising of the GST or Lifetime Health Cover. Further proof that this government has lost touch is the way the Minister for Transport and Regional Services dealt with the matter by not accepting blame for his own failure to report the funding shortfall but instead blaming his department or his staff for the breach of the law. The minister in fact sacked two of his staff members in what was a classic case of shooting the messenger.

Minister, you have to accept the blame; you have to take responsibility for your own mistakes. This is a serious breach of the law and a breach of parliamentary rules. As a result, the motorists of Australia have had to put up with shabby and poorly maintained roads, and they know who is to blame. It is not the few advisers to the minister for transport; it is the minister himself. I remind the minister that he is the Deputy Prime Minister of this nation; he is the person who should be held accountable to this parliament.

Let us just equate this monumental stuff-up by the Minister for Transport and Regional Services to Western Sydney and the transport issues that are currently facing the people in my electorate. The announcement of $350 million by the federal government for the building of the Western Sydney orbital is an absolute pittance when you consider Australian motorists have been dudged out of almost $3 billion of road funding by their government. The people of Western Sydney have been seriously short-changed by this government’s poor economic management of the orbital. The people also, not only in my electorate but right across Western Sydney, will have to pay one of the highest tolls in Sydney to use the orbital when it is built. The question remains: why do we have to pay a toll on a national highway? The Western Sydney orbital, when completed, will be the only national highway in Australia with a toll. When will this government be up-front and honest with the people of Australia and offer some relief from high petrol prices and the GST? And when will this government be honest about the distribution of the petrol taxes?

The people of Australia have had enough of not being listened to and of being told what is best for them and where their tax dollars should be spent. The government did not get the message after the New South Wales and Victorian elections. They did not get the message after the Western Australian election, and they still have not got the message, which was rammed home the other weekend in Queensland.

While we are on the topic of transport, I want to put on the record that this government has constantly failed to deliver an adequate national infrastructure program which will deliver benefits to the people in my electorate and in the region I represent. On almost every area of transport policy, the Howard government has consistently betrayed the people in my electorate and in south-western Sydney. Let us look at its latest slapdash decision to relieve the inner city residents of aircraft noise by expanding Bankstown Airport. The expansion of Bankstown Airport is no solution to Sydney’s airport woes. This government’s transport policies range from the sublime to the ridiculous, and the decision to expand Bankstown airport is one of the latter. It is ridiculous.

The frontbench walked around patting themselves on the back after the decision to expand the privately operated Bankstown Airport was made. But this decision has paved the way for residents of Western Sydney to be continually bombarded with noise coming from passenger jet aircraft using the airport. Despite this decision, the residents of
Western Sydney and people in my electorate cannot rest, because the government has not ruled out the possibility of still building an airport at Badgerys Creek. The rather grim situation which some people have now predicted—that this government will have Kingsford Smith, Bankstown and Badgerys Creek airports all servicing Sydney's air traffic—is now one step closer as the Howard government has announced its plans for the expansion of Bankstown, has still not ruled out Badgerys Creek completely and has also announced an upgrade of Kingsford Smith airport.

This decision has been made on the run without any regard for the community's interest. No environmental impact statement was completed before the announcement of the proposal. There has been no talk of a legislative curfew on the traffic coming in and out of Bankstown Airport if it gets built or expanded. There has been no consultation with the community about flight paths. There has been no disclosure from the government of the number of expected daily aircraft movements to and from Bankstown. The government have created no clear strategy or financial commitment to assessing the capabilities and limitations of Bankstown Airport. They have blindly pulled this idea out of thin air, with little consideration of the important issues which are of grave concern to the people I represent in my electorate of Prospect.

The Howard government must come clean with the Australian people and with the people in my electorate and tell them what their long-term transport plan is for Sydney and for south-western Sydney or they will face a very severe backlash in some of the seats that they hold dear in Western Sydney. As I look across the chamber, particularly during question time, I see that the coalition members are starting to look very nervous in their seats. Those opposite seem to be bickering and arguing about preference deals and deals with One Nation and wondering why the Australian voter has changed their way of voting. So when they inevitably lose this next election they will blame it on everything from One Nation preferences to minor party deals, and the real reason will be staring them right in their faces. What is that real reason? Is it because they have lost touch with the electorate and with ordinary Australians? It is. There is no other reason. The government have lost touch with the electorates around Australia and with ordinary Australians.

This is a government which is hopelessly out of touch with south-western Sydney and with the real needs and concerns of the wider Australian electorate. There can be no reasonable argument to support the Howard government's latest decision on Bankstown Airport. The government has already agreed to sell off Bankstown Airport at the best possible price, and the result will be a fully operational, around-the-clock airport with a very busy future. How long will it be before the private operators of Bankstown Airport demand a further expansion to accommodate larger jets from airlines other than the regional airlines which are to use the airport? History has shown that we cannot rely on the Howard government to make any decision which is in the public interest. The people in my electorate will be detrimentally affected by this decision, I agree. They will now have to suffer the pollution consequences of having a major airport on their doorstep. Consultants from the Bankstown City Council have indicated that Fairfield will be directly under the circulating flight path of many of the 737 jets.

As someone who has stood in this chamber since I was elected the member for Prospect vehemently opposing the Badgerys Creek airport, I have the same concerns for Bankstown that I had for Badgerys Creek, and I represent the constituents in this regard. They have told me that they want clean air. They do not want aircraft noise. They do not want the risk of pollution. All of these are things that an airport built close by will threaten them with. The people in my electorate know what it is all about, and I can tell you that they certainly do not want an expansion of Bankstown.

In the time that I have left, I want to make mention of the fact that, despite this govern-
ment running around in recent weeks blowing its own trumpet about reducing unemployment in this country—and I am glad that the Minister for Employment, Workplace Relations and Small Business is sitting at the table—the unemployment rate in my electorate has dramatically increased. This is something that the recently appointed minister for employment might like to take notice of—that is, the statistical region of Fairfield-Liverpool still has the highest unemployment rate in the Sydney metropolitan area at 12.3 per cent for the month of January and 10 per cent for the December quarter. This represents a jump in unemployment in the Fairfield area, and it is certainly very worrying that we have to start another year with an increased number of unemployed and still with one of the highest unemployment rates in the country.

What the job seekers in the area of Fairfield and Liverpool are now experiencing is the full effects of the Howard government’s savage cutting of over $1.8 billion from job assistance programs since 1996. As a result of these cuts, it is now much harder for job seekers to acquire the new skills and the training they need for today’s labour market. This statistic clearly shows that the Howard government has failed to provide any serious employment prospects for the people in Sydney’s south-west. I believe that this figure also proves that the Howard government’s decision to allocate only two—I repeat, two—new Job Network sites in the electorate of Prospect has been a disaster for the thousands of local job seekers. Double-figure unemployment in any area of Sydney is unacceptable from a government which talks up the prospects of economic growth and employment but which has consistently failed to deliver stability to the people I represent.

It is about time that the Howard government realised that job seekers in the Fairfield-Liverpool area need practical solutions to their employment woes rather than just empty promises. This government needs to wake up and start listening to the people of Australia, who are fed up. They are fed up with the poor handling of real issues such as infrastructure, roads, petrol, GST and jobs. They are also fed up—and it is something I will be discussing later today when we have the adjournment debate—with flooding in the area that I represent. In 1996, when this government took office, we saw them cut out the Urban Flood Mitigation Program. Recently, we experienced flooding in Fairfield after all that rain. Two schools had to close down and send their students home because the creeks were breaking their banks. We saw the whole shopping centre of Fairfield flooded, and yet we saw very little action from this government.

The state government is still contributing on a two to one basis to a program that was originally put in place to help urban areas across Australia in flood mitigation programs. In an area that I represent, Fairfield Council, for example, required anything up to $30 million to continue the flood mitigation program that they are doing at the moment at a city level. The government has got to take more notice of the concerns of metropolitan areas that do suffer from flooding when their areas are bounded by creeks and drains and river systems. We have not experienced flooding over the last couple of years like we had recently, but we are declared to be in a one in 100 years flooding zone in a lot of my metropolitan area where residents reside and where the creeks do come up very quickly. It was a very poor cut when this government decided no longer to do funding for urban flood mitigation.

I know there have been recent disasters in Lismore and in the rural areas. I sympathise, understand and appreciate the concerns of a lot of the country electorates, but I do say to them that, for every $1 million spent there that can build a levy bank or save a farm, $1 million spent in the urban areas on flood mitigation can probably save 200 houses, and it takes a lot of activity to get 200 houses back together again. It is a very costly exercise, whereas up-front money would prevent the problem that is being experienced on a continual basis. It is nothing new. It is nothing that has just come to the surface and we can say we must investigate or call for re-
ports on this. It has been happening since European settlement.

But, more importantly, solutions have now been found where with the cooperation of the federal, state and local councils the activity of building drains and building massive works in metropolitan Sydney, in particular, which I know more about than other states, can be achieved. We have not seen that since 1996, and what we are now seeing, with the little bit of rain in our areas, are the results of this government’s inactivity. People are saying, ‘Why us?’ People are saying, ‘Why isn’t this government listening.’ People are saying, both through their council representatives and the state government, who have continued to fund the program, ‘Why has the federal government walked away from its responsibility?’ After all, we are all part of Australia. We are all taxpayers who contribute to the overall revenue which this government raises. But, more particularly, we are part of the spending that is needed and required and which has not been utilised at present by this government.

I appeal to the government, as I have done continually since they have cut this program out, to reassess the decision they have made and as they are preparing their budget papers for May to start reintroducing flood mitigation programs at a federal level. I know this budget is going to be a great panacea for many woes and that the government feel they can go back to the electorate and sell themselves with it—or, as we call it, it is a ‘pork barrelling’ budget. If it is going to be a pork barrelling budget then I say make sure some of the pork in that barrel is the flood mitigation program, so that metropolitan Sydney and metropolitan areas across Australia will have the ability to continue the programs where work is being done, schemes have been put into place, environmental impact statements have been achieved. It is an ongoing program that can commence any time the federal government starts contributing those dollars that they have omitted over the last five years. This is not a political decision; it is a human relief decision. (Time expired)

Mrs GASH (Gilmore) (11.10 a.m.)—It is timely that I rise to speak on Appropriation Bill (No. 3) 2000-2001, Appropriation Bill (No. 4) 2000-2001 and Appropriation (Parliamentary Departments) Bill (No. 2) 2000-2001. It is worth while pausing for a moment in our fast-moving lives to take stock of what has been achieved and what has yet to come. It is satisfying to tick off those jobs completed and to count up just how much has been achieved for our electorate of Gilmore. However, it is also time to focus on the tasks at hand. And, of course, we must also look into the future and, with our constituents, work out the next list of jobs to get done.

But let us begin at the beginning. In my maiden speech in 1996 I listed several objectives that the people in Gilmore had asked their federal representative to work towards. Gilmore is a marginal seat, with an area of some 6,500 square kilometres and a population of 120,000 people, including three local government areas. It is a fact that the previous government totally ignored the basic infrastructure of regional development, particularly in Gilmore, dividing families and creating a sense of dependency on government, rather than opening the doors to allow Australians to become competitive, generating needed investment and providing much needed employment.

In the election of 1996 the people entrusted me with the job of making Gilmore a better place to do business in and to live in and creating those much needed jobs and educational opportunities. It also has provided enormous challenges to expand our tourist industry, our manufacturing, agricultural and commercial base, not to forget one of our largest industries and employment bases and what our electorate is based on, that being defence—HMAS Albatross. Today Gilmore really is on the move, and we—the government, the community and the Shoalhaven City Council—have certainly been getting the job done. It has always been understood that in order to help ourselves we need the government to provide the infrastructure.
In my maiden speech I gave notice to the then Minister for Transport and Regional Development that Gilmore urgently needed to have its road links in place, particularly the Princes Highway and Main Road 92. This has now been done, and work has already commenced on the Princes Highway Kiama bypass, and Main Road 92, the Shoalhaven highway, is already starting to be commenced, thanks to this government making both of those sections roads of national importance. In 1996 I told the Speaker that we, the people of Gilmore, especially the 11,200 small businesses of Shoalhaven, Kiama and the Southern Highlands, were delighted that this government had once again opened the door to regional development and infrastructure.

However, it is still my belief that the greatest potential for Gilmore lies in the development of marine based industries. Back then I said that our location is ideal for aquaculture, marine transport, ship building and fish farming, as well as forestry plantations, effective effluent dispersal and ethanol production. Guess what? Five years down the track we have Solar Sailor, our first wind and solar driven boat, designed and built in Gilmore and currently cruising on Sydney Harbour, attracting worldwide interest and negotiating major contracts for further constructions.

We also have the REM scheme, an effluent reuse and management scheme that is second to none, keeping our beautiful environment in pristine condition while providing new and increased business opportunities in agriculture and providing our farmers with much-needed water through effluent reuse. We also have the Manildra Group expanding its ethanol plant and pioneering new design strategies and technologies to better commercialise their product through efficiency and innovation, with financial support from this government.

In 1996, I suggested that opportunities such as these signalled the need for urgent commencement of a Shoalhaven university campus as proposed by the Wollongong University. This campus was to provide training, study and research programs, making it a leader in utilising the new age technology required by students to enter these commercially viable industries. Today, not only do we have a Shoalhaven combined campus of Wollongong University and TAFE, fully funded by the federal government, but also we have a second campus proposed for Moss Vale, as this area is also in need of a university facility to work in conjunction with TAFE and it has the full support of the local council and the community.

Gilmore is fortunate that HMAS Albatross is one of the largest employers and contributors to our economy. In 1996, I said that the proposed expansion of the base would allow for much needed growth and opportunities for our many skilled and unskilled workers. Today we are almost at the end of stage 1, and moving into stage 2, of a $140 million upgrade of facilities at HMAS Albatross. On top of that, we have completed a $38 million defence rehousing project. We have encouraged the NALMS groups and part of the helicopter school onto the base and we have attracted new aviation and defence related businesses in the Gilmore electorate, servicing contracts worth over $800 million. Apart from anything else, this means lots of extra pay packets being spent in Gilmore. Also, a significant proportion of the new positions and contracts are being filled by local people. I believe it is the role of this government to provide those opportunities—not handouts.

In my maiden speech I also gave notice to the then Minister for Primary Industries and Energy to expect a deputation from our fishing industry. The previous government’s unrealistic and insensitive stand on fishing quotas has reduced a once proud and thriving industry to a mere handful of fishermen who no longer have the finances and strength to compete with increasing worldwide competition and bureaucratic red tape. Today, after spending some $6 million on quota buy-outs from this government to assist individual fishermen, we have strong links with the fishing industry which will benefit long-term from good fisheries research and management. In the short term, our fishing industry
is greatly advantaged by the position this government is taking on the non-entry of overseas fishing boats into Australian waters, as well as the stand taken in international courts with regard to enforcing international fishing agreements.

In 1996, I bemoaned the fact that much had been said, but little had been done, about our forests. I saw the need in Gilmore for forest plantations and management of existing resources, but only with the support, assistance and cooperation of government and our private land owners could this be done. I even said that my role as local member would be in facilitating this process. The Southern Regional Forest Agreement has taken an extraordinary amount of time to negotiate, but it has now been signed by all parties. Financial assistance is now flowing to help businesses in the industry to refocus and value-add their operations. Another first, funded by this government, was the tea-tree trials. So successful was this project in both job generation and on a commercial level that the local Shoalhaven City Council is now owning and managing that operation.

Again in my maiden speech I suggested using the opportunities provided by our environmental policy to establish the Green Corps scheme for the unemployed. Gilmore had the highest percentage—over 30 per cent—of youth unemployment in New South Wales when we took office in 1996. Even the general unemployment rate was 22.3 per cent. I also said in 1996 that more thought needed to be given to the 33- to 45-year-old age groups who had lost their jobs through no fault of their own. Since that time Gilmore has benefited from 14 Green Corps projects, numerous Work for the Dole programs and other Natural Heritage Trust projects, all with a high success rate in terms of project and long-term outcomes. We are now entering negotiations to assist with the green army concept for mature workers. It was this electorate, Gilmore, that designed and launched the Shoalhaven earning a living—SEAL—project that the government used as a basis for the Work for the Dole scheme. Unemployment is now down to 6.7 per cent—that is a drop of about 14 per cent—with a similar sized drop in youth unemployment, although I do view it as still being too high.

In 1996, I also mentioned our significant aged population that had been neglected and ignored. Today Gilmore is generally well served with aged care infrastructure, with many millions of dollars being funded by this government to facilitate upgrading of infrastructure and new bed licences. Our veterans have good links with government and have received numerous grants for assistance under the Their Service Our Heritage scheme. Whilst I am still intent on realising the future needs of Gilmore, I am also acutely aware of having to protect the lifestyle of those who chose to live in this unique environment. It is still true that this can only be achieved by acceptable compromise and working closely with local, state and federal governments.

May I now acquaint this House with the richness of Gilmore and its community groups. Never in all my travels have I seen such loyalty and unity within these organisations to protect and help those less fortunate. Many run on a shoestring budget, yet all are strong in voice and action. There has been a revival in Christian principles, as families were forced to rethink their values during the recession that we were told we had to have. Our church leaders are now making a positive stand on political issues that they see as affecting the welfare of Gilmore. I have been very honoured to have been accepted by so many people of different beliefs. We regularly hold meetings to discuss their concerns and I take their policy suggestions to parliament.

In our electorate there were many committees that had been set up under the previous government with a political emphasis instead of addressing community or business based needs. I supported a move where these committees were reviewed, weeding out the waste and allowing those with genuine intent to become stronger and more productive. An example of the success of this action is the Shoalhaven area consultative committee—a committee with representation from business, community, unions and the public sec-
The ACC is intent on getting the job done and can be credited with a number of successful projects in the area, which include coffee plantations, Aboriginal employment, fostering defence industry clusters, tourism initiatives to support and grow significant events, and an Aboriginal land management skills audit.

There are many aspects I would like to see changed in this House, in particular the restoration of community belief in politics, without fear or favour, especially amongst the young. It is time, as Justice Kirby said in 1996, that politicians returned to what they were elected for—seeing that the business of politics is that of leading the community, not twisting in the wind to transient public opinion. It is easy to be politically popular. It is a lot harder to do what is best for the country as a whole, whilst bringing the wishes of your electorate to the attention of the government of the day.

However, we are not into buying votes. Politics and issues deserve to be fought with passion, and even desperation, but nothing is to be gained by the politics of personal attack. The consequence of many decisions made is that there will be winners and losers. It is rare to gain a true win-win situation. As I said in my maiden speech, and I say it again, it is my hope that we can grow to respect each other and have debate resolved on the merits of issues and not on the strings of one’s emotion or the loudness of one’s voice. It takes courage to make a decision. It could mean the loss of friends and office. I also acknowledge that the media have an enormous responsibility in communicating to the people of Australia our policy strengths and weaknesses. I applaud their continued professionalism.

I am totally committed to the people of Gilmore and the Australian parliament. Australia belongs to the people, and I understand and respect that we as politicians are merely its temporary custodians. Early in 1999, I rose to speak on the vision for our Gilmore electorate. It was the second time that I had clearly outlined my vision for Gilmore. This is because I believe that politicians ought to be accountable to their electorates and I try to practise what I preach. I posed the question ‘Where will we be by late in the year 2001?’ at the end of my second term as the federal member for Gilmore. I then boldly listed the objectives formulated with the people of Gilmore. I want to quote those.

Item 1 was that Main Road 92, the Shoalhaven Highway, would be 70 per cent completed to Nerriga, with construction of the Shoalhaven Highway starting in 1999. We all know what happened to that one. Politics got in the way with the state government. However, better late than never, and it is now in the process of being done. Last month, after two years of politics, the New South Wales roads minister, Mr Scully, finally saw the light and agreed to fund this major link. But we have lost the opportunity to share costs and road reserve by aligning the Shoalhaven Highway’s construction with that of the eastern gas pipeline.

In relation to item 2, the eastern gas pipeline, I said that gas would be flowing to major industries by September 2000. This has been done, in conjunction with tax benefits by this government. Through that, the local community is now being progressively changed over from bottled to natural gas.

Item 3 was that the Wollongong University Shoalhaven campus at West Nowra would accept its second intake in the year 2001. This has been done, and the campus is going from strength to strength. Item 3 also included that the Wollongong Moss Vale university campus would be under construction. The feasibility study is complete; the site has been identified; planning is in progress. It is not under construction as yet, but, as I said, the planning is in progress and we are reliant on final funding from this government.

Item 4 was that work would be done with the Kiama council and the state MP to establish the Princes Highway as a road of national importance. That is partly done—the North Kiama bypass is now a road of national importance—and I will make the Princes Highway my continued priority for further RONI status.
Item 5 was that funding for a centre for research, possibly in the environmental management area, would be pursued and won. The feasibility study has been completed, the specialisation has been chosen, a research fellowship has been established, a site has been identified, initial plans have been drawn up, and negotiations for funding are continuing.

Item 6 was that in the year 2001 the three tiers of government would be working together to attract capital grants to extend the campus at the Shoalhaven site. Planning is well under way for extensions to the Shoalhaven campus by the Wollongong University, including opportunities for accommodation on the campus, which is much needed at this point of time.

In item 7, I said that stage 1 of the HMAS Albatross upgrade would be completed. This has been done. I said that stage 2 would be approved and, hopefully, under way. This has been completed, and stage 3 is now being developed to design stage.

Item 8 was that the year 2001 would see me lobbying for more naval units to be moved to HMAS Albatross, as other bases are wound back. I said then that negotiations should be under way by the year 2001. The result has been that the Naval Aviation Logistics Management Service, comprising some 200 positions, is in the process of moving to HMAS Albatross, as is the Navy component for the helicopter school.

Item 9 was that the Shoalhaven’s regional effluent dispersal system, the largest and most innovative effluent reuse system of recent times, would be pumping treated and previously wasted water many kilometres to farms, forests and pine and tea-tree plantations throughout the region. That is almost done. The major construction work is under way, including piping to individual farms and other users. Some are already connected. I must give credit here to the state government, with whose assistance this scheme is certainly being extended even further.

Item 10 was that a major departmental call centre would be located in Gilmore at one of the three sites already identified. Unfortunately, this has not been achieved, as there is a major hold-up in getting access to top quality broadband telecommunications infrastructure. However, work is still in progress.

Item 11 was that rail infrastructure— electrification of the railway to Kiama—would be in place. This is under way now, with all rail services to Bomaderry to be cut for six to eight weeks soon and replaced by buses while relevant works are being carried out. To enhance further industry viability south of my electorate, I will be pushing for a spur line of the VFT and commencement of the construction of a tunnel through the escarpment from Thirroul to Waterfall, because 22 kilometres of tunnel would reduce the current travel time from Bomaderry to Sydney by over one hour. We have all heard of the demise of the Sydney to Melbourne VFT. However, that is no reason to give up hopes for this tunnel and the time it would save thousands of commuters every week. I am on record as supporting the maglev proposal that would, hopefully, include both Wollongong and Nowra.

I could go on; there are many, many more lists. However, one of the most interesting results from all this was that there are now a number of recognised Aboriginal programs for Aboriginal people in my area. The local council has certainly participated in providing people who have no skills with traineeships and apprenticeships. They have been funded and established so that the council can take on several interested and talented Aboriginal school leavers. We had 67 Aboriginal school leavers this year, as opposed to 12 last year, doing their HSC. In the medium to long term, this means that we will have Aboriginal people owning land; appropriately managing the land in terms of government requirements; and, hopefully, representing our community at all levels of government and in statutory agencies.

I will be pushing very strongly for the funds from the GST that are going to the states to be contributed to our electorate of Gilmore. We need to have more state government funding and to recognise the responsibilities to ensure that unacceptably
long waiting lists are reduced and recognise responsibilities to dental health, which is now a state government responsibility.

The unfair dismissal legislation will also be addressed. Again, I emphasise that the Labor Party has continuously refused to pass this legislation. That is to the detriment of the small businesses in my area. In Gilmore, we have brought youth unemployment down from 37 per cent in 1996 to 22 per cent now. But, as I said, this is still far too high, and I and my government will continue to work on this. The federal government has also put in place legislation to protect subcontractors from the domino effect of project management companies or major contractors going under. Unfortunately, the New South Wales government has not seen fit to contribute to the scheme, resulting in our subcontractors and employees receiving only 50 per cent instead of 90 per cent of the moneys owing to them.

In closing, I acknowledge that there is a risk in outlining my goals and my vision with clarity as I could be leaving myself wide open for easy picking if the goals, most of which depend on the cooperation of other governments, are not realised. However, it is also a challenge—a challenge to succeed and a challenge to other members of all levels of government to clearly list their goals for all in our community. I will continue in getting the job done for the people of Gilmore. (Time expired)

Mr LEO McLEAY—Of course, there is always the list of things that I am going to blame someone else for, because I wanted to get all those things done but, unfortunately, either it rained or the state government would not help or the council would not help or my own government would not help. The one thing we do not hear from the government members in this debate, among all these lists, is the list of broken promises that we have had from John Howard and the current government.

I want to say one thing to the member for Gilmore while the Minister for Employment, Workplace Relations and Small Business is here. She says how terrible it is that the Labor Party have held up the government’s unfair dismissal laws in the Senate. Well, I can tell you that we will continue to hold them up because we are not interested in seeing people becoming involved in slave labour—and that is the sort of thing that the current government’s unfair dismissal laws are about. They are about giving people the right to sack people without any compensation and without any relation to their position in life.

I would like to mention a couple of things that the government does not want to mention in this debate. Firstly, I would like to mention the GST. I note in Appropriation Bill (No. 3) 2000-2001 that $202 million is destined for the Australian Taxation Office. According to the Treasurer’s second reading speech, $183 million is for the increased cost of administering the GST, while $20 million is for the implementation of the new business tax. I have to say that the Australian Taxation Office must be the only growth area in the Public Service under this government. I would be interested to learn just how many employees in the tax office are in GST-related jobs. I would imagine quite a few, including a range of people such as telephone inquiry staff and senior officers grappling with the complicated GST policy questions.

Of course, after we get the government to agree with us on roll-back in the next few days, there will probably be even more people required in the tax office to undo some of
the mess that this government has got us into.

The administration of the GST has not proved to be a simple exercise for anyone. I recall my misgivings about the GST prior to its introduction, when we were debating the appropriation bills in June last year. We had all heard the government’s propaganda extolling the virtues of the GST. We had also heard the questions that people were raising—people engaged in small business especially were very worried—on talk-back radio, in particular, and in other areas of the media. I recall some of the concerns that I had about the GST that I did not have the opportunity to raise in my speech in June. Unfortunately for people in Australia, those concerns are still valid. What were they? I will give the member for Gilmore my list of some of the failures of this government. These failures all arose from the government’s tax funded political propaganda campaign in which they told us, among other things, that we would all be better off under the GST. Did the government mean that they would actually bring in a system under which everyone would pay less tax; that state and Commonwealth revenue combined would be less than it was before the introduction of the GST? Would anyone believe this? And whose pockets has the new tax rifled? Not high income earners—they are doing all right; they benefit most from the tax cuts. Not business—they got a tax cut too, and on top of that they get back as much of the GST as they pay. So who is left? You have guessed it—ordinary people: the low income people, the workers whom the member for Gilmore does not want to save from being sacked, the aged, the deprived, the ordinary person in the street. We have found that these ordinary people have realised that they are being rorted for the benefits of others—and the recent state election results provide ample proof that they have woken up to that. We have seen in the last couple of days in this House that not only are the government taking money out of people’s pockets with the GST but they are expecting that pensioners will now take a two per cent reduction in their pension rise that they got after the GST.

The government also said that 11 taxes would be replaced by one. That is no doubt technically correct, but it is not the way that the ordinary taxpayer sees it. The ordinary taxpayer sees it as one tax, income tax, being replaced by two taxes—income tax and the GST. The government told us that the burden of provisional tax was going to be lifted. Tell that to the person who is now under the pay-as-you-go scheme. They still pay the tax, but, instead of it being called provisional tax, it is pay as you go. For those whose pay-as-you-go tax is more than $8,000 it has to be paid in quarterly instalments. That was a really big reform, wasn’t it? The government said the GST would simplify and improve life for small businesses. That was one of the great lies of all time. Even Goebbels would not have thought up one that was that big. We all know what has actually happened to many small businesses: many of them closed up on 30 June 2000 because they decided that, despite the assurances of the government and the Australian Taxation Office, the introduction of the GST would be too much of a strain for their business. Others, as we unhappily predicted, have folded under the pressure that is now being felt by small business.

I recall seeing on television in May last year the owner of a small country store already in despair about the complicated system, the additional paperwork, the expensive installation of new systems for which they got a whole $200 from the government and about the bureaucratic requirements of the ATO. When the complaints were relayed to the tax experts on television, their response was: the store owner should consult her professional financial adviser. Is that what we have come to in this country—that a small country store owner cannot conduct their business without a professional tax adviser? So much for the government saying that the GST was going to help small business. I would not be surprised if, just as there has been an expansion in certain areas of the tax office necessitated by the GST, there has been a similar growth in the financial advis-
Everyone is aware that, instead of lodging a tax return once a year, small businesses have already had to lodge two returns in the current financial year. Given the difficulties faced by many in business in meeting government demands, the government has reluctantly been forced to revisit the requirement for four returns a year. The government did not want to admit that there was a need to revise the system but has been forced to come, kicking and screaming, to the table. We saw the Treasurer on television saying that it was his idea to revise the system—that he had been kicking and screaming to get it done. There has certainly not been too much volume in the screaming, and I have not seen anyone hurt by the kicking. The Treasurer was kicking and screaming all right—he was kicking and screaming to stop any changes being made to the system.

Everyone in this House knows that there is a massive tug-of-war going on at present between the Treasurer and the Prime Minister. The Prime Minister is desperate to spend like a drunken sailor to get the government out of their trouble with all the lists of the things they wanted to do or they thought they would do—lists of broken promises. The Treasurer is trying to save the bottom line for the government. We heard this government say in the last parliament that Australia had to go through a terrible lot of pain. In the last parliament we saw the government rip the guts out of the welfare system. What was that for? It was to build up a surplus, they said. In the next six months we are going to see this government run that surplus down to zero. What is the government going to do that for? They are going to do that so that their members, who will get up in this debate and talk about the lists of the things they wanted to do and the things that they cannot do—

Mr O'Connor—They want to save their mangy necks.

Mr LEO McLEAY—What my colleague said is absolutely right. The government is going to spend the whole surplus so that the member who is going to speak next can save his neck. The trouble for the government is that it is too late. Its members could stand on street corners now handing out hundred dollar bills, and people would put those bills up to the light because they would be sure they were forgeries. What people know about this government is that their promises do not matter one whit. The Prime Minister told us that he was going to be a person who would stand against the tide, who would stand for fiscal rectitude. The Queensland election wrecked fiscal rectitude for him. It will not be too long before the government starts running hand-in-hand with One Nation.

The government also told us during the campaign for the GST that prices would not go up much at all after 1 July. We had our suspicions about that and we said a lot about it. We particularly talked about petrol. The government said that petrol prices would not rise. They came around with all sorts of complicated formulas and schemes to try to prop up petrol prices in the country so that there would not be a differentiation between country prices and city prices. We saw the Nationals running around the country telling people that petrol prices were not going up. The problem was that people were standing there at the petrol bowser seeing that it cost them $40 to fill the Commodore last week and that it was costing them $45 or $50 to fill it this week. The electorate is furious about that.

Petrol prices are the metaphor for this government. People know that the government lied to them about petrol prices. People know that the government is making nearly half a billion dollars a year windfall profit out of petrol prices and the GST. People know that that is the truth, and every government member who gets up here and lies about it day after day knows that it is the truth as well. The fact of the matter is that the government has taken 1.7c a litre more out of people for petrol tax with the GST in it than it should have. The infamous GST spike
in petrol has nothing to do with international oil prices whatsoever.

The truth is that the government has an option. We told the government what that option was at the beginning of this month. On 1 February this year the Leader of the Opposition introduced a bill into this parliament to take the GST spike out. He proposed a bill to give relief to people from the GST effect of petrol. Every day that the government puts off picking up that proposal, it gouges $1.3 million out of motorists’ pockets. It does not matter how much the member for Moreton gets up here and spouts about that—every day that the clock is ticking, the government gouges another $1.3 million out of motorists that it is not entitled to.

This morning the Leader of the Opposition came in once again and tried to get the House to agree to his legislation to give back to people the money that has been gouged from them by the GST on petrol. Government members are running around their electorate saying, ‘We are going to give you relief.’ The Prime Minister in the *Telegraph* today is reported as saying that he has heard the message. The trouble is that he and the Treasurer might have heard the message, but they are going to take their time—at $1.3 million a day—and make sure that motorists pay as much as they can.

The truth is, as one of their colleagues said once, that, as sure as night follows day, within the next few months—hopefully for motorists, within the next few weeks—the government will end up having to do what the Leader of the Opposition’s bill proposes to do. That is the reality. They know it, we know it, everybody knows it. But every day that the Treasurer can hold out means another $1.3 million a day—and make sure that motorists pay as much as they can.

But there are other things that the government, in the attempt to win the election, has made bad policy decisions about. One of those, of course, is dear to your heart and mine, Madam Deputy Speaker Crosio—Badgerys Creek airport. Badgerys Creek airport, whether you want to know about the aviation arguments for or against it—is an example of the massive price that this government will pay to try and save a seat. The only reason the government made the decision about Badgerys Creek airport was to save the member for Lindsay. Nothing, of course, will save the member for Lindsay, but the government thinks that putting off this decision for 10 years will save her. The reality is that the government is out there with the member for Lindsay saying, ‘We’ve killed Badgerys Creek airport.’ But if the government were serious about killing Badgerys Creek airport, they would have the site up for sale. But they have not got the site up for sale! It is another one of these sleights of hand. It is like them telling the pensioners, ‘We really haven’t taken two per cent off your pension. We told you in the fine print somewhere we were going to do it and you didn’t read it.’

Badgerys Creek airport—just like what they are going to have to do with the petrol tax—will come, but the member for Lindsay will get out there and slip-slide around and say, ‘Oh no, it’s never going to be built.’ But, if it is not going to be built, they ought to sell the site. But they have got no intention of selling the site. They have come up with this lunatic idea of turning Bankstown Airport into a regional airport, all these Nats that look like Libs—all the gumboot Liberals up and down the New South Wales coast. At least the parliamentary secretary at the table, the member for Fisher, had the good sense to get out of the Nats and join the Libs. When he first came into this parliament, he was a Nat—he was one of Mr Sinclair’s soldiers. He was scared stiff by the ‘Joh for Canberra’ campaign and he was going to get Sinclair onto Joh’s bandwagon. But when he came back here at the next election, he came back as a genuine Liberal.

The trouble is that the people who run the National Party—the leadership of the Na-
tional Party—are all genuine Liberals. Even their own side say it. Mr Causley said it in the paper the other day. He said: ‘Everyone out there in the electorate thinks I am a Liberal.’ They all think the Minister for Trade is a Liberal as well—he is just not as well educated as John Anderson. Yesterday, even the Liberals turned on the poor leader of the National Party: they made him sit like a dummy, gagged. For the first time in the 21 years that I have been in this parliament, I saw a deputy prime minister gagged. He sat there with the opposition asking him questions; first off, he could not answer the question. But they just wanted to prove to everybody that he really was a Liberal, because the people he flicked all the questions to were all Liberals. One question to him was about housing for aged veterans. The poor old veterans’ affairs minister is a Nat but the Deputy Prime Minister did not even ask him to answer the question. He got Mrs Bishop to answer the question for him—a Liberal. Mr Slipper—And she did a very good job!

Mr LEO McLEAY—Well, she did a far better job than the leader of the National Party would have done, and that is why you got out of the National Party, sport! You are, at least, smart. The rest of them have got to get out somehow or other between now and the election because, if they do not get out of the National Party between now and the next election—unlike you, who got smart and got back in here—they will be out for good. There will one National left—not One Nation, one National left. As the member for Gilmore was saying, they will be making lists of the things they should have done before they got wiped out. But the one list that will not be a long list after the next election will be the list of National Party members in the parliament. That will be a very short list.

We have seen the National Party sell out the people of northern New South Wales and country New South Wales with this proposal about Bankstown airport. It is just a sham. People who come to Sydney from the bush to do business want to be able to come down in the day, fly into Mascot airport, go and do their business and fly home. Remember, who is the minister for transport in charge of aviation who is supposed to be looking after these people? It is the member for Gwydir, the most far-flung electorate in New South Wales, the leader of the National Party—that Liberal in gumboots. The leader of the National Party’s answer for country voters who want to come down to Sydney to do business is, ‘Well, you can’t fly into Sydney airport. You’ve got to go out to Bankstown. And if you want to go overseas, well then you’ve got to go out to Bankstown and catch the train back to Mascot.’ It is a shemozzle. What has this been done for? Why have these country commuters been sold out? They have been sold out for the member for Lindsay—for the minister for sport—a real Liberal. Sold out by these crypto Liberals in the National party for other Liberals.

The National Party does not stand for country people any more; its ministers will not battle for country people any more, and Katter and Causley and Kelly all stand up on television every day and every night and tell you that the National Party are really Libs. (Time expired)

Mr HARDGRAVE (Moreton) (11.50 a.m.)—I feel very sad for constituents of members such as the member for Watson. The big negative: this is the yearly debate for the big negative. The appropriation bills offer the opportunity for members to range very widely in their contributions and it is so sad for the Chief Opposition Whip, who is pretending that in a few months time he will be the Chief Government Whip, or perhaps a senior minister in a Labor government, to not spend any time in his contribution today telling us anything about what he might do as a member of some Labor government. We have heard the big negative. Nothing has changed. I have been in this place for five years and each year at the appropriation bill debate, where they should discuss the government program according to its budget and its responsible economic management, they spend their time offering the big negative. So today we saw more of the same; more of the very sad and sorry same from the Australian
Labor Party and, I suspect, we will hear more and more of that as this debate continues.

It is important to place on the record what this government has been able to do over the past five years as far as the economic management of this country is concerned—making the tough decisions that needed to be made to ensure that proper outcomes come the way of the average Australian person, that a quality of life that we have always enjoyed in this country is enhanced and not detracted from and that the economic well-being of our nation, which suffered through 13 years of the previous government and earlier, I suspect—going back to the effect of the Whitlam years between 1972 and 1975—is repaired. This government has in fact brought about a repair job to our nation’s economic wellbeing.

We weathered the Asian financial crisis. The economy has grown by more than four per cent for each of the last three years. The September quarter national accounts showed GDP growth for the 14th consecutive quarter of through the year growth of four per cent or above. Such an outcome is totally unprecedented in the history of the quarterly national accounts, which have been compiled since 1959. Inflation has averaged 2.1 per cent per annum under this government, while under Labor inflation averaged 5.2 per cent. With high inflation, how can people plan, with some certainty, where they will be in years to come? How can those who plan their retirement incomes know for certain that what they are putting away today will have some reality when they need to access those funds in years to come? We have sorted out the inflation circumstance.

More Australians are now working and the unemployment rate is now 6.7 per cent compared with 8.5 per cent when the government came to office. Of course, the opposition leader was the person in charge of unemployment under the Keating government when the figure peaked at 11.2 per cent in December 1992. Since March of 1996, 800,000 new jobs—800,000 more Australians in work—have been created in just under five years. Productivity growth has averaged 2.7 per cent per annum under the coalition compared with an average of 1.5 per cent per annum under Labor. In other words, what we are seeing is Australian workers working harder and gaining better results and, as a result, maintaining their job security, ensuring business vitality and viability is always on the up and up, and ensuring that the prospect for the creation of new jobs exists. They are the sorts of signals the government has sent the small business community. They are the sorts of challenges the government’s policies have attempted to meet and I think they are the challenges we have been able to succeed in meeting.

We have turned around a $10 billion deficit left by the Australian Labor Party. In 1999-2000, the Commonwealth general government sector achieved an underlying cash surplus of $12.7 billion. This comes after an underlying cash surplus of $1.2 billion in 1997-98 and $4.2 billion in 1998-99. The surplus for this year is expected to be $4.3 billion. What this surplus means is not that the government or the Treasurer or the Prime Minister or anybody else is swimming in a pool full of money, like Scrooge McDuck from the Donald Duck cartoons, but rather that this is money that is collected to pay off debt. In fact, when you hear the word ‘surplus’ mentioned you should know that it is part of the government’s ongoing commitment to repay the huge debt of over $80 billion clocked up by the Australian Labor Party during its last time in office—a government that was never afraid to spend more than it had; a government that was never afraid to trade off the national sovereignty, the rights and freedoms that Australians should expect from this great democracy, in order to achieve some political end; a government that was never afraid to spend without any concern for tomorrow or for the debt difficulty it was consigning to those who were to come in years ahead.

This government has done the hard yards over the past five years. In fact, by June of next year, the government will have repaid more than $50 billion of net debt on behalf of the people of Australia. None of this
comes easily, none of this is without some sacrifice, and none of this is without some sense of burden on ordinary taxpayers, those who receive benefits and those who are the productive members of society. I find the opposition offering very cheap and nasty politics, and something way below the standards that people expect from those who aspire to be, this time next year, the government of Australia. The government in waiting on the opposition benches should be offering better.

Mr Slipper—Hear, hear! They will be waiting a long time.

Mr HARDGRAVE—Yes, Mr Parliamentary Secretary, I believe they will be waiting a long time because their performance offers no guidance whatsoever about their intention. They are big on trying to pick holes in what this government has done in a responsible way to run this economy and to make proper decisions with due regard for the consequences of those decisions. We do not spend without fear or favour; we spend knowing and understanding very clearly the consequences of that expenditure.

The question of fuel prices has been raised in this debate. I want to say a few things about fuel. I want to state categorically that the price of fuel is far too high, although, Madam Deputy Speaker Crosio, I am sure that, because you represent a Sydney based electorate, you will be envious of the fact that the fuel in my electorate last weekend was 78c a litre. It reached a peak of about 87c to 88c, but over Christmas it was 68c a litre.

Mr Slipper—And not because of Beattie.

Mr HARDGRAVE—It has nothing to do with Premier Beattie in Queensland, although the Queensland government has, for many years, maintained an 8.3c a litre subsidy. That is what it is these days. Premier Beattie last year wanted to get rid of that subsidy and, quite frankly, if it had not been for the effective representation of coalition members in this place as well as in the state—

Mr Slipper—Include yourself.
by the consumer. It is not a consumers market; it is a suppliers market, and until OPEC sees some reason on this matter that is what the position will be.

I also read in the paper that we are seeing the prospect of lower oil prices coming as a result of OPEC reconsidering the fact that the worldwide market for oil use will decline as the Northern Hemisphere winter recedes. As the weather warms in the Northern Hemisphere, where the great consumers of oil are, we will see the price of a barrel of oil drop. As the Australian dollar strengthens, we will see the bowser price drop in my electorate. I like to think it will get back somewhere closer to the 58c a litre it was this time last year in the electorate of Moreton. The fact that it went from 58c to 92c back to 68c over Christmas and now sits between 78c and 87c is of huge consequence to people in my electorate. People are hurting as a result but I think a lot more people understand that the basic price of petrol is impacted upon more by foreign imperatives than anything that is occurring here in Australia as far as government policies are concerned.

Family budgets are having a difficulty working with that and that is why the Prime Minister has said he is going to look to find whatever way he can to ease the burden. It concerns me that when you are one of the representatives that make up the responsible government we have in Australia, according to press reports, 1.5c a litre made the kind of per litre bowser price impact that may come from reforms. The Australian Labor Party have been arguing to save 1.5c a litre off the bowser price—1.5c a litre is not the problem: the 10c or 20c a litre caused by OPEC is the problem. It is not the 1.5c that the ALP allege is caught up with some GST inflation spike. Nevertheless, if 1.5c a litre will be a symbol of action to the Australian motorist then I believe this government—within the responsibility it has to ensure that we are not consigning some difficulty to tomorrow—will act accordingly. It is worth noting that that 1.5c a litre represents over half a billion dollars—$500 million—of anticipated revenue to the government. That is half a billion dollars that has to come from somewhere—be it from the debt paying capacity of the government this financial year or from other programs. I do caution and offer some concern that that half a billion dollars may have an undesirable impact upon others in our community, and all for 1.5c a litre.

What really astounds me in this whole fuel debate is the absolute lack of commitment from the Australian Labor Party and the absolute lack of consistency. We have the opposition leader and the man who wants to be opposition leader, and had expected to be opposition leader by now, I have to say—I think he expected there would have been a leadership spill and that the member for Hotham would have taken over the position by now—singing different tunes about this whole question of some supposed windfall that the Commonwealth may have achieved as a result of an increase in excise. Let me assure the House—let me make it very plain—that, whether the price of petrol is 65c a litre or 95c, the excise component of that litre still has the same monetary value. It is still roughly 40c a litre. It is still the same amount, because it is a fixed amount. It is not a percentage in the sense of it rising as the price rises. It is not adjusted daily; it is adjusted six-monthly on an automatic indexation basis according to the CPI impact. It is 40c a litre or thereabouts whether it is 65c or 95c a litre. So there is no windfall. In fact, quite the opposite has occurred. I am sure that, as we get closer to the budget and all of the accounts are revealed to the parliament about what was expected as far as government revenue and outlays are concerned, and what were the actual revenue and outlay realised, we will find expected income from excise is lower this year. Again, basic economics dictate that, as the price of something goes up, the consumption of that thing goes down.

What we have seen is that the use of fuel, petrol, in this country has declined. Therefore, the anticipated chunk of 40c per litre—whether it is 65c or 95c at the bowser—has also declined. So the government’s windfall is in fact a shortfall. It is not a windfall: it is a shortfall. Members opposite can keep up the rhetoric, they can keep up the cheap and
lazy shots, they can keep up this huge negativity for negativity's sake approach but I want them to understand that they are misleading the Australian public, causing undue stress and undue concern. The government understands there is an issue that needs to be addressed and is looking at ways to address it but not create a bigger problem as a consequence.

For me, as a member of the federal parliament on the government side, I am especially frustrated by the way the Commonwealth cops the blame for collecting excise from GST when the proceeds end up in the hands of state governments. I have not heard one state premier, of any political persuasion, explain that to people in their state. We have just had an election in Queensland and Mr Beattie kept saying, 'Fuel prices, fuel prices; make it a referendum on fuel prices,' but on not one occasion did he explain what he believed the cost of petrol could be discounted by if he were to give up some of his increased revenue as a result of GST. The direct proceeds of 100 per cent of the GST collected on every good and every service in this country is handed on to state governments and on not one occasion has a premier in this country said, 'I am so upset about fuel prices that I think we should hand back some of the proceeds from the goods and services tax, from excise or whatever, and make it easier for motorists.' Not one premier has said that.

Mr Slipper—They are absolute hypocrites.

Mr HARDGRAVE—They are absolute hypocrites in the extreme. Worse still, they are in fact perpetuating this nonsense argument of windfall, that the Commonwealth is getting all this extra money, when in fact it is getting less. The only level of government getting more out of tax in this country is the state level, and at the state level they have the capacity to act on this question of fuel price. If the Queensland government can subsidise the bowser price by 8.3c or 8.4c a litre while at the same time the New South Wales government of Bob Carr in fact taxes people by about the same amount so that there is about a 16c differential between the Queensland bowser price and the New South Wales bowser price, why can't every other state government follow what Queensland has been doing—a scheme established by coalition governments in the past, a scheme which the Australian Labor Party government, now re-elected in Queensland, had wanted to dismantle 15 months ago? Why can't the state premiers put their money where their considerable mouths are collectively and make it easier for motorists? If they did, the result would not be the 1.5c a litre being speculated about in the papers today; it might be 7c or 8c a litre. Now we are starting to get somewhere. But we hear absolutely nothing from the Australian Labor Party in this place about it.

We also hear absolutely nothing about why in 1993, when they smacked back into government on an anti-GST campaign against Dr John Hewson, the former member for Wentworth, they rewarded those who voted for them with a 5c a litre increase in excise—5c a litre. Labor took their CPI formula, the CPI fuel excise rise that they started in 1984, and embellished it with a one-off 5c a litre increase. The member for Watson was here before saying that there was some gouging of Australian motorists' pockets, because of this 1.5c a litre, of $1.3 million a day. I will take the member for Watson's figures. I know the rule of thumb is that one should not believe anything that comes out of the mouths of those opposite as far as numbers on economic matters are concerned, but on this occasion I will be generous and believe the member for Watson's figures. If it is $1.3 million a day for 1.5c a litre, the Australian Labor Party in 1993 took $7.5 million a day extra out of the pockets of Australian motorists by a lousy decision they made when they were returned to office in 1993. So the Australian Labor Party have absolutely no credibility on the question of fuel excise and absolutely no credibility when it comes to offering any alternate policies. They are here for the big negative. They are trying to surf their way into office simply by pointing at the problem but offering no solutions. They have no responsibility because they have no control over the budget-

ary process, and the last time they did we had high inflation, high interest rates, high unemployment and huge problems for small business as far as unfair dismissals were concerned. This is a government that has exactly the opposite record, and we are trying very hard to do the right thing by average Australians to ensure that quality of living is enhanced, not detracted from. (Time expired)

Mr McCLELLAND (Barton)  (12.10 p.m.)—In speaking on Appropriation Bill (No. 3) 2000-2001, I want to draw attention to one of the real problems we have in Australia today, which is a desperate sense of alienation and dislocation felt not only by many people in rural, regional and remote Australia but also by many Australian families living in the suburbs of our cities. They believe that their interests are just not being considered by government; rather they are taking second place to an obsession with all things economic, such as the edicts which come from the Productivity Commission and the like and this government’s privatisation agenda. There is a real risk to our system of government, I would submit, if we do not address this and attempt to reconnect those people with our system of government by including them in a real way in the decision making process of government in terms of how legislation affects their fundamental standard of living and their fundamental rights.

If those ordinary Australians not only cannot participate, if their voices are not heard in what comes out of the parliament, if they also cannot have their voice heard in our courts, there is further stress and strain on our system. That is very much what is happening under this government. The Howard government will spend $288 million less on legal aid over the eight years that it has budgeted for since its election in March 1996. Indeed, once you take inflation into account, that figure is in reality a decrease of some $404 million over eight years—$404 million that would have given access to justice to so many thousands of Australians. We note that the most savage cut came in July 1997, shortly after the current government was elected, when they ceased providing legal aid funding for state related matters, despite the administrative arguments that frequently occur as to whether a matter is federal or state related.

They have never restored that funding. For instance, in the last year of the Labor government that government spent $160.2 million on legal aid. During the last financial year, this government spent $103 million. Just to keep pace with inflation, what would have needed to be spent last year to keep pace with what the previous Labor government had spent would have been $168.5 million. So in one year alone $65.5 million less has been spent on legal aid—legal aid that we have seen has been so effective in obtaining benefits for victims of floods on the South Coast and in other areas of rural and regional Australia. Legal aid commissions have in fact been the bodies that have taken on the big insurers. Again, these legal aid agencies and the legal aid commissions are not simply taking on the cases of whingers; they are taking on the interests of ordinary Australians who are facing injustice or who need to protect and enforce their rights. That is a thing that has a real effect on the living standards of ordinary Australians.

We recognise that in December 1999 the government put back the sum of $63 million, again spread over four years. Once you discount that figure for inflation, the real value of it is only $45.6 million as compared to the massive $404 million which they have taken out of legal aid. Indeed, $9 million of the $63 million has been identified for expensive criminal cases. That has to be provided because there will be substantial cases where there are a number of defendants—for instance, in a drug smuggling ring or things of that nature. Not all of that money which has been put back is available to ordinary Australians who do not require money in expensive criminal cases.

What has the government’s response been to this massive amount that has been taken out of legal aid—nearly as much as they spent on their GST advertising campaign? The government’s response has been to flick pass the responsibility for providing legal
assistance to benevolent lawyers. While it is a pastime to bag lawyers in this country, perhaps after bagging politicians, deservedly in some cases, I suppose—

Mr Slipper—Some people are both.

Mr McCLELLAND—Worse still—the legal profession provides free or pro bono services on a level roughly equivalent to the entire legal aid expenditure of the Commonwealth and the states. That should be recognised. Late last year, by way of a pro bono conference, the Attorney-General recognised the contribution of the private legal profession. As Ruth McColl, a Senior Counsel and now president of the New South Wales Bar Association stated at the inauguration of senior counsel recently in Canberra, encouragement of the legal profession to provide pro bono services should not be regarded, as it is by this government, as a flick pass or an abdication of its responsibility to provide a proper level of legal aid for a decent and fair society. You cannot profess to have a decent and fair society if ordinary Australians cannot have access to address their rights and protect their interests.

The second area where this government has a lot to answer is community legal centres. We recognised that the government has made a small additional contribution to the budget of community legal centres. It has gone up from $26 million to about $29 million a year. That is a relatively small amount, given the volume of work undertaken by community legal centres. It is fair to say that we agree with the government that there needs to be assistance provided to encourage the establishment of community legal centres in rural and remote Australia. To achieve that, it is closing down existing community legal centres which have a proud and successful history of supporting their local communities with volunteers, whether they be providing administrative assistance, local lawyers or law students. It is compelling the closure of a number of these centres by terminating their federal government funding. Recently, after a federal and state government review of legal aid centres in South Australia, they have closed down three services in South Australia and forced the amalgamation of others. For instance, Parkes, an Adelaide inner northern community legal service, will only be funded jointly with another organisation and the Roma Mitchell Centre—named after the famous and respected Roma Mitchell—at Norwood will close, as will the centre at Bowden-Brompton and also the Marion community legal service. These services have a proud record, but federal funding of these centres will terminate today and, regrettably, from today they will be forced to close their doors. There has been no arrangement for the transfer of dedicated staff to new centres.

If you look at what has happened in the seats around that area, with the closure of Bowden-Brompton and Marion community legal centres, there will be no community legal service between Angle Park to the north of Adelaide and Norluna 32 kilometres to the south—a whole block where ordinary Australians will go without representation. The federal Attorney-General and the South Australian Attorney-General said that this review is part of an ongoing national process. That is code for saying, ‘New South Wales and Victoria, you’d better look out,’ because they are coming in with this extremely autocratic approach to cause the dismantling and forced merger of community legal centres. We are not talking about community legal centres being subsidiary companies; they are the ultimate voluntary organisations.

In the Year of the Volunteer, one would think that we would encourage and acknowledge the tremendous contribution that volunteers have made to community legal centres rather than saying, ‘We’ve finished with you; you’re gone. Your centre is closed. We’re ignoring you. We’re turning our back on you.’ That effectively is what has happened in South Australia and we anticipate, regrettably, that that will happen in Victoria. How can a Commonwealth government come in and say, ‘All right, you’ve provided service as a volunteer. We are now saying that you should stop volunteering because we are shutting you down, and transfer your service to another centre 32 kilometres
away.’ The volunteer is going to say, ‘Up yours! I’m not interested in doing that. I’ve made a valuable contribution to this centre.’ The government’s arrogantly shutting down these services is short sighted and offensive.

The other area which must be noted, in considering the access that Australians have to protect their rights, is the human rights area. That, of course, is particularly significant to Australians who suffer disadvantage either economically, physically or, indeed, as a result of their ethnic origin. The human rights area is particularly important to the development of a standard for the Australia that we all want to live in and want our children to grow up in; that is, one of mutual respect—more than tolerance—encouragement and vibrance. But this government has sought to portray the work of the Human Rights and Equal Opportunity Commission as one of effectively giving a voice or representation to those who are down and out or, if you like, are the losers in society. That is far from the truth. If we look at the work of the Human Rights and Equal Opportunity Commission—for instance, in their Bush Talks program—they were terrific in how they highlighted what the cutback in government services had meant to rural, regional and remote Australia in terms of fundamental human rights: the right of kids to a decent education; the right of all Australians, no matter where they live, to the highest standards of physical and mental health care; and the right of ordinary Australians to services including, importantly, technological infrastructure such as the maintained public ownership of Telstra.

These things have been drawn out by the Human Rights and Equal Opportunity Commission, not in representing whingers or people who have a particular axe to grind but in promoting the real basic human rights that are fundamental to the standard of living of all Australians no matter where they live. What has this government done? In the last five years, the government has progressively reduced funding for the Human Rights and Equal Opportunity Commission from $21.6 million provided in the 1995-96 financial year under Labor to just $14.3 million now provided—a massive decrease which has resulted in a staff cut from 180 to 60 people. So the commission has been forced to abandon a great bulk of its ongoing inquiry work, such as the Bush Talks program, its inquiry into the standard of education in rural and remote Australia and of promoting the interests of the disabled.

Last year, we saw the Prime Minister well placed to attend the disabled Olympics and—I am not putting this as his motive—capitalising, if you like, on that spirit, which was obviously there, of Australians’ hearts going out to these disabled athletes, not from the point of view of sympathy or sadness but from the point of view of pride. It would have been so terrific if the Human Rights and Equal Opportunity Commission had had the resources to develop that sense of pride and say, ‘Look, all disabled people in Australia want is a fair go to be able to participate in life as ordinary bodied Australians can do in simply getting around the place and having resources to assist them.’ The whole program of the Human Rights and Equal Opportunity Commission has been significantly retarded by this government.

The other area which is vitally important to consider—when you are considering the right to access justice which should exist for ordinary Australians—is in respect of the area of family law. No-one wants to see marriage break-ups, but the fact of the matter is that, regrettably, the greatest victims in marriage break-ups are children. It is important for their future interests as individuals and our society’s future wellbeing, from the point of view of these individuals growing up to become effective members of our society, to concentrate resources on ensuring that marital breakdown is properly managed to relieve the trauma of those going through it and, particularly, the trauma suffered by children. But this government has taken $15.4 million out of the Family Court of Australia as a result of the establishment of the Federal Magistrates Service. I think the government will say that it has paid some $27 million to establish the Federal Magistrates Service, the additional moneys being required for the administrative costs of setting up this sepa-
rate and distinct court, which we say was based on a flawed model.

The fact of the matter is that the sucking out of the money from the Family Court of Australia has resulted in a significant decrease in counselling services in particular. There have been 80 jobs lost directly as a result of the federal government’s funding cuts to the Family Court and they have primarily been in the area of counsellors. This has had a dramatic impact particularly on rural and regional Australia where there has been a 27 per cent cutback in counsellors. Indeed, there has been a 26 per cent reduction in country circuits going to rural and regional Australia. For instance, there are no longer Family Court counsellors that visit the towns of Nowra, Orange, Parkes, Bourke, Lightning Ridge, Muswellbrook, Tenterfield, Glenn Innes, Ayr, Bowen, Emerald, Mount Isa or Griffith.

While the government has taken some $15.4 million out of the Family Court budget, the Attorney-General announced yesterday that a figure of about $1½ million has been given to the Federal Magistrates Service to assist it in accessing counsellors. But these counsellors have gone, these counsellors have been sucked out—$15.4 million has been cut over four years primarily in the area of counselling services. Funding of $1.5 million in that period just is not recompense. To shift this burden onto non-government organisations, as the Attorney proposes, is totally unrealistic. They are separated from the court structure. They are not available when the judges need them to come in and help resolve matters. Indeed, there is a real question as to whether without sufficient funding they can upgrade their skills to a level sufficiently high enough to achieve the remarkable resolution results that have been achieved by Family Court counsellors.

In addition, there have been general staff cuts right throughout Australia, including in the Brisbane registry, the Darwin registry, the Hobart registry, the Parramatta registry, the Townsville registry and the sub-branch. The Alice Springs registry, Cairns, Coffs Harbour, Dubbo, the Gold Coast, Launceston, Lismore, Rockhampton and Wollongong have all suffered massive staff cuts under this government. Indeed, not only have there been staff cuts but Rockhampton registry is no longer open at all during non-sitting weeks. The opening hours of Alice Springs have been dramatically curtailed. The Gold Coast Family Court registry has closed, and the Coffs Harbour registry has closed. In an off-handed response to a question on notice, the government said that people can now be redirected to Newcastle or Lismore. This is totally unacceptable, and it is to the detriment of the right to justice of ordinary Australians. (Time expired)

Mr McARTHUR (Corangamite) (12.30 p.m.)—I wish in this appropriations debate to raise the issues of road funding, globalisation and freer trade, and the improving commodity prices for farmers at a time when farmers are somewhat angry out in the bush. Firstly, I will deal with the matter of road funding and the concern that I on behalf of the government have regarding the perpetuation of the myth that this government and the previous Labor government have short-changed the Australian public on road funding. Regarding the Australian Land Transport Development Act and the assessment by the Australian National Audit Office of the way in which that act operates, it has been suggested by the Audit Office that the present government paid less than the prescribed 4.95c in road funding under hypothecation. Nearly 8c has in fact been spent on road funding. I was a member of the House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, which produced the Planning not patching report. We discussed this whole matter of hypothecation in 1997 and recommended to the government that process be no longer undertaken by the government. It is interesting to note that Minister Brereton back in 1991 discontinued the process of signing off because he knew that it was not relevant to the funding process. I pose this question to the Audit Office: why did they take so long to pick up on the problem? And I pose this question to the Department of Transport and Regional Services: why didn’t
they pick up our recommendation and put forward a proposition to the relevant minister in both the previous government and the current government?

In my view, the real question is: who actually owns the roads? If the Audit Office are so good at identifying these problems, can they tell me and the parliament who owns the roads—the federal national highway system, the state local roads and other roads that are administered by local councils? Since 1994 an extra $2.9 billion has been spent. Compare that to the very damaging headline which suggested to the people of Corangamite that there was about $3 billion in the kitty. Nothing could be further from the truth, as we have in fact spent this extra money on roads.

In passing, I might mention the funding for the Geelong road by the federal government. Some $120 million is being spent on that very important project under the Roads of National Importance program. I draw the parliament’s attention to the fact that the road of national importance signage on that road is inadequate, and I will be writing to the minister to also draw his attention to it.

Madam Deputy Speaker Crosio, as you came from a state parliament, you would be aware that state governments are inclined to take the credit for federal funding. There is only a very small amount of signage on that road indicating that the Commonwealth government has contributed half the funding of that project.

That allows me to move on to petrol prices, which again is a very current topic out in the electorate, where motorists are complaining about the high price of petrol. Let me again put on the record the fundamental problem that faces Australian motorists: the price of crude oil has moved quite dramatically, from approximately $US11 in December 1998 to about $US30 to $US35 in 2000-01. We have a situation where the OPEC countries are trying to manipulate the price. I have a press release here which they put out after their conference on 17 January 2001. It is interesting to look at the three major producers, which I will list for the record. Saudi Arabia produces about eight million barrels per day. The second major producer is Iran, which produces nearly four million barrels per day. Third is Venezuela, which produces nearly three million barrels per day. The total production of all the oil producing countries is 25 million litres per day. On 17 January, they decided to cut their production by 1½ million barrels per day. They are a cartel and they are saying, ‘We’ll cut production and we’ll keep the price up throughout the Western world.’ In their press release, they said:

... this step is being taken in recognition of the fact that current crude oil supplies far exceed demand, a situation exacerbated by the slowing growth in key economies. With the approach of the seasonally lower demand in the second quarter, unchecked production could precipitate a price collapse ...

Here we have a situation that all motorists in Australia should be aware of—the OPEC countries are trying very hard to control the price of crude oil, and I think they have been reasonably successful in recent times. So let us get this clear message across: it is not the tax of the federal government that is the key component of the price rises; it is the high crude oil price, which has been brought about by a cartel of those major producers. There is concern out there, and I concede that concern. But we should remember that the price of petrol in Australia is the fourth lowest in the world—that takes into account the cost of crude oil and the tax. It is the volatility at the pump that concerns most people. In the capital of Victoria, Melbourne, you see tremendous volatility hour by hour, day by day, and I think motorists are entitled to challenge the oil companies as to why this takes place in this competitive market and why they are paying a differential of up to 10c from a Thursday to a Saturday.

That allows me to move on to the other area of concern out there in the electorate, and that is globalisation, the internationalisation of trade and that Australia should try to insulate itself from the world. Nothing could be further from the truth, and I totally reject the sentiments of the One Nation party and other commentators who suggest that
Australia should lock up its barriers and not trade with the rest of the world. I was particularly interested in an article in Saturday’s Age, 23 February 2001, by Mario Vargas Llosa, a novelist and one-time Peruvian presidential candidate. He made some very interesting comments about how it would be a pity if that South American country again closed their doors to the outside world. He made the comment that the less localised world we live in is:
... not due to globalisation. Rather it is due to modernisation, of which the former is an effect, not a cause.

In other words, modernisation means the world becomes closer. As we know, jet aircraft have brought Australians closer to Europe, the USA and Asia. So we become less interested and reliant on local ways and more reliant on how other nations are doing things, and we are closer to them by Internet and by modern communication. Mario Vargas Llosa goes on to make an interesting quote:
This process is unavoidable. Totalitarian regimes in countries such as Cuba or North Korea, fearful that any opening up will destroy them, close themselves off and issue all types of prohibitions and censures against modernity. But even they are unable to impede modernity’s slow infiltration and its gradual undermining of so-called cultural identity.

So, if we close off the outside influences, we then become economically backward. There is a thread of opinion here in Australia that we should close the doors to international trade and lock it up. In South America, they had to open their doors up to trade and to other cultures to make sure they remained modern within the Western world.

I was interested in another commentator, Mr Jean-Pierre Lehmann, writing in last month’s Journal of International Affairs, warning of the perils of closing off a nation’s society and economy. Jean-Pierre Lehmann is the professor of international political economy at the International Institute of Management Development in Lausanne, Switzerland. He makes some interesting comments about how India and Russia closed their economies from many outside influences, and all members would be aware of that. They were able to produce scientific advances but could not transfer their benefits to society at large. He writes:
Russia could send men and women into space, but could not run a factory of consumer goods properly and thereby provide its citizens with satisfaction.

Jean-Pierre Lehmann further highlights the importance of trade in his analysis of the greatly increasing populations of developing countries. He notes that Germany’s current population is roughly the same as Egypt’s, at 68 million people; yet by 2030 Egypt’s population will be 18 million more than Germany’s. In 2030 Germany’s population will actually have shrunk by eight million people. Other examples abound. For instance, Brazil’s population will have grown by 50 million people in 30 years. Italy will have lost 12 per cent of its present population within the same time frame. Lehmann goes on to make this very interesting point:
This ‘demographic bulge’ could—and should—act as a great boost to the world economy, by providing new and expanding markets (in contrast to the mature markets of the industrialised countries), bringing greater vitality and dynamism to the developing economies, hence significant gains in productivity, and compensating the industrialised economies for their demographic decline.

The scenario of an open world economy, with developing economies enjoying a demographic boom and the creation of wealth and jobs, is an exciting prospect.

In order to grow, developing economies need investment and technology from the industrialised countries, and they need access to their markets. That is a very convincing argument, that we need to refute some of the sentiments in rural Australia and some parts of our urban population that Australia needs to continue to be an exporter, continue to open markets and also continue to have access to our own market here in Australia. We cannot afford to lock up our markets, as I have said, and that interesting comment by somebody who has thought about these matters gives us the possibility of exporting our products to Asia, our agricultural products and some of our indus-
trial products to those bigger, less affluent markets around the world.

Let me move on to the comments that emerged yesterday at the ABARE conference and the headline in today’s Australian Financial Review—“Fortress Australia” to be resisted—the very thing that I am arguing, that farmers and commodity exporters need to make sure that they are in the modern world and are exporting competitively their products to meet world prices. It reported, interestingly enough:

The executive director of the Australian Bureau of Agricultural and Resource Economics, Dr Brian Fisher, said stepping back to “Fortress Australia” would result in a permanent drop in the economy’s long-term sustainable growth rate from 3.5 per cent to 2.5 per cent.

Put in very simple terminology, that means that our growth rate and job opportunities in Australia would be greatly reduced if we did not continue to develop export markets. ABARE talked about the dairy industry, and that has been a focus of political comment in the Queensland election, and to some lesser degree in the Western Australian election, because of the deregulation of the dairy industry. ABARE are suggesting that there will be a 15 per cent increase in dairy prices if some of the world markets are liberalised further.

ABARE went on to say that half the dairy industry, half the production, is exported and that the availability of international markets is crucial to the profitability of the dairy industry. That refutes this feeling, in Queensland particularly, that those few farmers, whilst they did suffer a disadvantage of their home milk price, have in the long term to move to the export market. So there we have a situation where it is strongly suggested that the profitability of the dairy industry in the future will depend upon exporting their product to the international markets, not remaining close to the domestic markets of Melbourne, Sydney and Brisbane.

The reports out of the Australian Bureau of Agricultural and Resource Economics yesterday also indicated an improvement in the price of these rural products. One would have thought, from recent headlines and two recent state elections, that rural Australia was in some difficulty and that people were suffering a downturn of their economic fortunes. Certainly all the indicators are moving in the right direction and commodity prices are improving. We see prices on the ground actually improving right now. The forecast suggests they might improve in the next little while. I would like to quote Mr Michael Pascoe, who was chairing one of the sessions yesterday. I will quote from his web page at ninemsn on 27 February 2001, where he reports on some of these interesting trends, which is not current thinking in some areas. Interestingly, he begins by saying:

The bush is in revolt, the farmers are doing it tough, One Nation is surging on their disaffection, regional Australia is going to hell, globalisation is killing us, right? Well, not really.

He goes on to talk about the improvement in prices. He states:

Because bad news is good news for everyone in the media, the casual or even half-interested city observer could be given to believe that the bush is going broke. Funnily enough, it turns out that much of the bush is actually doing the best it has in years.

What’s been getting the headlines is the genuine troubles of the Northern New South Wales grain growers who were hit by flood, and the dairy farmers outside Victoria, who have been hit by deregulation which is forcing them to become as efficient as their Victorian cousins ...

He goes on to talk about some of the commodity industries—and I will report that for the record—where things are improving. The ABARE executive director, whom I have quoted before, points out that in the wheat industry prices are expected to remain firm for this year and that the price of standard wheat is to be $215 a tonne, $5 more than the estimate for last year. So we have a holding of the wheat price and a possibility of a $5 increase. In the wool industry, which you would be fully familiar with, Mr Deputy Speaker Hawker, the indicator price has strengthened and is 771c per kilo, up from 730c this time last year. The wool industry is enjoying much better returns after a 10-year low and the disaster of the reserve price
scheme, which I have criticised many times in this parliament. Cotton is expected to rise 11 per cent to US71c per pound.

As you would be aware, Mr Deputy Speaker, beef cattle prices are enjoying very buoyant times in western Victoria and throughout Australia, largely enhanced by the Australian dollar and export demand. ABARE are suggesting that that will continue to next year, both in the dressed price and the saleyard price. Things are looking up for dairy products, as I have mentioned, with the price for skim milk improving. The minerals side has improved. Commodity exports have moved from $72.2 billion in 1999-2000 to $86.3 billion in 2000-01. There has been quite a dramatic change in the total amount of income received from exporters around the world receiving our products in an internationally competitive market. Likewise, the farmers have improved their total output from $24 billion to $27 billion. As Mr Pascoe says, this is partly a pay-off for the many years of hard work and efficiency gains on the farm, but it is also a reflection of the weak dollar.

We have a situation where, contrary to some of the sentiment in rural Australia, the actual figures suggest that exports are doing reasonably well. Obviously costs are rising and one is always subjected to the cost pressures of farming production, but I reject this whole argument that things are absolutely down and out in the bush. Prices are improving and, if we maintain our competitive approach and competitive advantage, I believe rural Australia can improve its position.

Finally, I raise the issue of statutory marketing. Members of this parliament would know that I have a long-term interest in this matter. Whilst I appreciate that the government have committed themselves to a single desk in the wheat marketing arrangements, I think that in the longer term wheat growers and traders will come to challenge that concept. That will not be too far away as there is a change in which the single desk operates. There are cracks appearing and a more competitive and market orientated approach should become apparent. Members would be aware of the collapse of the New South Wales Grains Board which cost the taxpayers of that state $90 million. In a trading situation where they thought they could control both the domestic and international market that marketing board was singularly unsuccessful. I refer to an article by Trevor Sykes in the *Australian Financial Review* of 23 February 2001. He has done some very good work in delving into the details of why that board collapsed. I find this quote interesting:

> The history of NSW grain organisations is not encouraging. The Yellow Maize Marketing Board, the Oat Marketing Board, the Grain Sorghum Marketing Board and the Oilseeds Marketing Board all collapsed in the late 1980s and early 1990s because they had inadequate capital to withstand adverse market movements and buyer defaults.

Statutory marketing boards in New South Wales thought they could defy the trends of international prices and thought they could get better returns for the growers. I say for the record that I do not think that is possible. In the longer run Australian farmers need to meet the international market. As I have been arguing, they need to meet it competitively, they need to have their price correct, and they need to have quality in their product. These marketing authorities, marketing boards, are a thing of the past. We have managed to change the dairy industry. It is now in the open world market and it will become more efficient and more profitable. I am delighted to support that whole program.

(Time expired)

Mr KELVIN THOMSON (Wills) (12.50 p.m.)—A lot of people these days wonder what it is that the National Party stands for, but very few people who follow politics wonder what it is that the Liberal Party stands for. The Liberal Party stands, in good times and in bad, through thick and thin, for reducing the tax burden on the best off in our community. It is an approach which is consistent with that taken by the Right of politics throughout the world. For example, you can see George W. Bush, having been elected as a Republican President of the United
States, saying his biggest agenda item is a tax cut. The benefits of that tax cut will go overwhelmingly to the rich—overwhelmingly to those who are already well off.

That is always the agenda of the Liberal Party in this country. We have seen it in the course of the introduction of the goods and services tax. Essentially, whatever the rhetoric, whatever the case made out for the introduction of the goods and services tax—the idea that our tax base was crumbling and so on, none of which is borne out by the evidence, by the way—the rationale was to provide a cloak for reducing the taxation obligations of the better off in our community. The tax cuts that accompanied the GST went overwhelmingly to higher income earners.

It is not simply the case that the Liberal Party seeks to achieve this objective of lower tax paid by the rich through direct cuts in their level of taxation obligation; it is also the case that, any time you get a Liberal government, after a period the issue of taxation avoidance raises its ugly head. Some of us can remember back to the Fraser Liberal government and the notorious bottom-of-the-harbour tax avoidance schemes which made the payment of tax an option for those who were well off and could afford the best taxation advice.

And so it is now that we have witnessed in this country, in the last few years, a flowering of taxation avoidance schemes. Late last year, we were debating the Taxation Laws Amendment (Superannuation Contributions) Bill 2000. What that bill did was to outlaw a number of dodgy superannuation schemes—offshore superannuation schemes—and employee benefit schemes from 1 July 2000. That was an altogether too familiar case of this government locking the stable door after the tax avoidance horse had bolted. Evidence presented to a Senate inquiry in the case of those tax avoidance schemes left Labor in no doubt that offshore superannuation schemes and controlling interest superannuation schemes—that is to say, where an employer pays into a superannuation fund for their own benefit and claims an unlimited tax deduction for doing so, effectively pretending that they are an employee for these purposes—became the weapon of choice for tax avoiders in 1997, 1998 and 1999.

In avoiding tax, high income earners have been aided and abetted by the ineffectual and half-hearted attempts at crackdown by the Australian Taxation Office and by this government. First, we had the tax office issuing contradictory rulings about the schemes. When it realised the extent of the problem, it issued a draft ruling in October 1998 and later a final ruling in May 1999 which said that these schemes were going to be subject to fringe benefits tax and hit at multiple taxing points. The evidence, however, suggests that no genuine ATO crackdown has occurred. The tax office says, ‘We’ve claimed back $100 million and there is another $140 million that we believe we are going to get back.’ But, given the evidence that billions of dollars have been poured into these employee benefit arrangements, this leaves taxpayers footing a billion-dollar black hole—a tax black hole—with higher petrol taxes and the GST. The government’s approach to tax avoidance has been pure Keystone Cops, with the tax office running up and down on one spot, never going fast enough to actually catch any villains.

We agree with the government that offshore superannuation and controlling interest superannuation are all about tax avoidance. We think they should have been stamped out as soon as they emerged as tax avoidance vehicles. But what we want to do is to reject the government’s Keystone Cops approach to addressing tax avoidance—always one step behind in the way that they are. To ensure that tax avoiders do not get away with it we moved in the Senate for this legislation to be made retrospective. Unfortunately, the government has not supported our position concerning that. That is typical of this government’s being soft on tax avoidance. I might say in passing that there is a great deal of public interest in the case of Mr Nick Petroulias, the Taxation Office senior officer who was arrested and has been subject to a number of charges in relation to private rulings and private binding rulings handed out by the tax office concerning these schemes.
It strikes me as odd that it must be nearly a year ago now that he was arrested, and yet this case still has not come to trial.

This is by far not the only area in which the government’s lack of interest in cracking down on tax avoidance is a matter of public concern. Just in the last few days, we have read reports concerning a number of high-flying Sydney barristers who are not paying any tax at all, who are being made bankrupt and who are going on as if nothing has happened and leading what some of us would regard as extravagant lifestyles. According to the tax office, 25 New South Wales barristers are at present bankrupt as a result of income tax debts and 10 more are on the brink of joining them. A third of this group are serial tax defaulters who have been bankrupted by the tax office at least once before. Often the tax office is their only creditor, so we are not suggesting here that these people have fallen on financial hard times and that their financial affairs are a mess—far from it.

According to the tax office, nearly one-quarter of New South Wales barristers—that is to say, about 500—owe the tax man money, with a total debt of $50 million, an average of $100,000 each. While some of them might have experienced genuine financial difficulty, it is impossible to believe that this is true for the majority of them. The reports cite a number of the barristers involved. We have had Robert William Cameron. Last Thursday the tax office took him to the Federal Court in Sydney in an endeavour to bankrupt him for the third time in 11 years. His present debt to the tax office is $157,000. Before that, it was $54,000; before that, it was $271,000. But he is by no means involved with the largest amount of money. Mr Stephen John Archer has accumulated tax debts of $3.1 million. He lives in what is described as an elegant Paddington terrace. He has been bankrupt for nearly 10 years. That included being bankrupted back in 1991 for unpaid income taxes of $2.5 million. He does not have any assets to his name, because everything is owned by his wife.

It is not true to think that in this matter the tax office is blameless. It has been very slow in dealing with this problem. We read that one bankruptcy trustee pointed out that the tax office should raid their offices, seize their cost agreements which show where their barristers’ fees are coming from and slap a section 218 order on them so that it can collect the tax owing. The bankruptcy trustee went on to say, ‘If they find barristers who do not have cost agreements, they should report them to the New South Wales Bar Association so they can be struck off.’ I know the tax office has got a capacity to issue section 218 notices which garnishee income before it comes in. I know this because it issued them in relation to a clothing factory in my own electorate and caused that factory to go out of business, and the 60 workers or so there lost their jobs. The tax office knows how to garnishee income. What it should be doing is garnisheeing the income of these barristers.

Certainly, if there are weaknesses in the Bankruptcy Act in relation to making gifts to others such as partners, family members and the like and ways in which bankrupts are avoiding repaying their debts to the tax office, those loopholes ought to be closed. But there can be no excuse for a situation in which barristers on incomes of $600,000 a year and more have not paid their tax since 1995 and cases like that. We saw the case of Bill Davison, senior counsel, earning $600,000 a year and has not paid tax since 1995. That simply is not good enough. The community demands better and it is entitled to better. I read that when Mr Davison was asked whether he had seen a business activity statement, he said, ‘No.’ Had he filled one out? No! Had he made any payment to the tax office for GST or income tax for the first two quarters of 2000-01? No! This is an issue which I have raised previously—lack of action by the tax office, lack of action by the government concerning wealthy tax debtors. It is apparent that, while the tax office and the government are prepared to fit up small business with loads in the way of GST compliance burden and obligations, they have not been serious about making some of the wealthier people in our community pay their fair share of tax.
I welcome the suggestion from the New South Wales Attorney-General that people who are behaving in this fashion may well be guilty of professional misconduct and should lose their right to practise. I notice that the Bar Association has indicated it is prepared to look at this. But the Bar Association President, Ruth McColl, said, ‘Being a bankrupt per se does not have anything to do with your ability to practise as a lawyer.’ Perhaps not, but it does say a great deal about your fitness to practise law, because the obligation to pay tax is not only a moral and ethical obligation; it is also a legal obligation. People who are prepared to go to any lengths to arrange their financial affairs in order to try to avoid that legal obligation are, in my view, not fit to practise law.

This is bad enough, but again this is not the only way in which this government is turning a blind eye to tax avoidance. Just in the last day or two the Government has announced that it is not going to proceed with its legislation which would have taxed trusts as companies, that is, entity tax legislation. Treasurer Costello announced that this would be introduced as part of the business taxation package, and now the Government says that it is backing off. The Treasurer says that it is simply backing off because of technical problems in relation to distinguishing the source of different distributions and valuation and compliance issues. On the other hand, the Leader of the National Party has issued a press release saying that the Government will not proceed with draft legislation for taxing trusts like companies. The member for New England has claimed credit for this on behalf of the National Party and has said that the National Party’s work has been instrumental in having the idea of entity taxation not proceeded with.

The significance of this ought not to be lost on ordinary taxpayers. If we go back a couple of years to the announcement of a new taxation system, the Government’s calculations suggested that, during the course of the three years from 2000-01 through to 2002-03, entity taxation would realise in excess of $2 billion. Those costings were confirmed, indeed they were increased, by the Ralph report which stated that the amount which could be collected was of the order of $2.2 billion to $2.3 billion over a three-year period. Even when you revise those Ralph costings on the basis of cuts in the company tax rate and other relevant matters, you are still looking at $1.67 billion over a three-year period.

The Government has progressively backed away from every element of entity taxation and is now saying that this has been put off indefinitely. The amount of money that it is forgoing as a result of this is in the order of $600 million per annum. It should not be lost on all of the motorists who are paying this government a massive petrol tax windfall that $600 million per annum is around 2c a litre of petrol. In claiming victory over this change, the National Party is actually ensuring that ordinary motorists pay 2c a litre extra for petrol which they would not need to pay if this government did the right thing and said that you should not derive a taxation advantage through running your affairs via a trust as opposed to conducting them through a company. It is entirely regrettable that this government has tried to fit up ordinary Australians with a taxation burden so that the wealthiest Australians—whether they run their affairs through trusts, are barristers who go bankrupt or engage in dodgy offshore superannuation arrangements—can avoid their fair share of taxation.

To be fair to the government, there are people in the business community who are in part responsible for this state of affairs simply by being plain greedy and antisocial in relation to their taxation obligations. Recently I was very disappointed to read, in a publication from the Australian Chamber of Commerce and Industry, an article on harmful taxation competition which complained bitterly that the OECD is now working to crack down on tax havens. It complained that the OECD was trying to ensure that the burden of tax was fairly shared and that governments protected their tax bases. It talked about the right of sovereign nations to set up whatever taxation arrangements they liked. This is something that I have had some discussion with officials from the OECD about.
The fact is that many large corporations have holding companies in tax havens where capital profits are not taxed. Their intention is to shelter profits offshore on either a temporary or a permanent basis. The profits come back to the company by way of loans and other circuitous routes.

I was very surprised and indeed, I guess, alarmed to hear that now half of the word’s capital flows through offshore tax havens. Unless harmful tax practices are identified and eliminated it is likely that developments in e-commerce will cause the use of these tax havens to increase. Taxing the consumption of digital products in cross-border transactions is a challenge already. If not properly dealt with, tax havens will make the taxing of e-commerce all but impossible.

Given that, I would have thought the ACCI had enough sense of social responsibility and understood well enough that taxes are there for the good of ordinary Australians and to provide us with a decent education system, health system and system of community services that they would support cracking down on tax havens and support the capacity of Australia and other nations to protect their tax base. Instead, what they are really saying is, ‘We don’t want to pay any tax at all. We want to be able to launder our profits through these offshore tax havens and avoid paying tax altogether and we oppose the efforts of the OECD to crack down on harmful tax competition.’ Against that sort of background, it is hardly surprising that ordinary Australians have been revolting against the priorities of this government and in the Queensland and Western Australian elections saying loudly and clearly, ‘Enough is enough.’

Ms JULIE BISHOP (Curtin) (1.10 p.m.)—The appropriation bills before the House today afford us the opportunity to consider a number of measures undertaken by the federal government that comprise additional estimates for 2000-01. The appropriations represent net spending of $1.427 million and, in keeping with the Howard government’s commitment to sound economic management, are all based on sensible policy measures, including, I note, money earmarked for the additional requirements of the Australian Tax Office resulting from a higher than expected number of registrants with the new tax system. I think that that in turn represents the extent to which the new tax system has revealed the workings of the cash economy. But there are some smaller appropriations which I found particularly exciting.

I believe that one of the challenges for governments at the beginning of the 21st century is to create economic activity that meets the needs of present generations without compromising the ability of future generations to meet their own needs or to enjoy resources and a quality of life at least equal to our own. In other words, the challenge for governments is to establish long-term policies and strategies for sustainable development. This obligation of our current generation to future generations in terms of economic, social and environmental impacts can even be found in these appropriation bills.

I was particularly taken by the fact that we find $18 million for the photovoltaic rebate program. That is provided for in Appropriation Bill (No. 3). This program is an integral part of the federal government’s greenhouse strategy administered by the Australian Greenhouse Office. Photovoltaic systems convert sunlight into electricity and the program is designed to encourage the long-term use of photovoltaic technology to generate electricity and increase the use of renewable energy in Australia. Under the four-year program, cash rebates are made available to householders and owners of community buildings who install grid connected or stand-alone photovoltaic systems. This rebate program, which will aid the utilisation of new technologies, is just one example of the proven wider commitment on the part of the Howard government to science, technology and research in Australia.

I have a particular concern about, interest in and passion for Australia’s capacity to be a world leader in scientific research and innovation generally, and there are compelling reasons why our government is focusing on
research and development, whether it be in science, health, the medical field, technologies or communications. We are committed to ensuring Australia expands its very strong base in research and proud tradition in innovation.

Our government has recognised the rare opportunities that our circumstances afford us to take advantage of our ability to produce excellent research and to interact that successfully with industry. Industry in Australia recognises its role to develop intellectual property and to invest in research. We as a government are setting the scene for knowledge based employment to attract the best and brightest and develop their careers and thus creating wealth for this nation. Our government is backing its commitment to research and innovation by providing the seed capital to fund research. By a prudent management of our finances, resulting in a healthy economy, our government is able to set the circumstances in this country for research and industry to flourish.

That commitment is evidenced by a number of policy initiatives, including the Investing for Growth statement made in 1997, the new policy and funding framework, Knowledge and Innovation, announced for higher education research and research training—and canvassed in debate last year—and the government’s decision in 1999 to double the base funding for health and medical research by an additional $614 million over five years. So in 2000-01 alone the federal government will have provided approximately $4.5 billion in funding for innovation, including a record $2.7 billion for science, research and industry innovation programs; $1.8 billion for higher education research and research training; and additional funds for specialised programs such as those targeted at the ICT sector.

That commitment was taken to a new level in January of this year with the release of Backing Australia’s Ability, the government’s innovation strategy statement. Backing Australia’s Ability included a number of different policy initiatives combined in an integrated and holistic manner. Generally speaking, it will boost incentives for business to increase their investment in research and development, including double funding for the ARC—the Australian Research Council—grants over the next five years; boosting world quality research; increasing funding for associated infrastructure; increasing funding for universities to upgrade their research infrastructure such as scientific and research equipment, libraries and laboratory facilities; and ensuring Australia participates in key emerging technologies by establishing world-class centres of excellence in information and communications technology and biotechnology research. It also will create major national research facilities to undertake large scale research of national significance.

Backing Australia’s Ability will also allow for the expansion of the Cooperative Research Centres program linking universities with business and giving small and medium enterprises greater access and the establishment of a competitive pre-seed fund for universities and public sector research agencies to help turn ideas into products and jobs. As the government has a commitment to providing jobs, Backing Australia’s Ability will also assist in equipping Australians for the jobs of the future and to attract the best minds to this country by funding an additional 2,000 university places a year with priority given to ICT, mathematics and science places. It also includes a loan scheme for postgraduate fee-paying students to help Australians upgrade and acquire new skills so they can better contribute to emerging industries. There is also a commitment of $130 million to raise scientific, mathematical and technological standards in government schools. Let us face it: with the GST revenues going to the states, let us hope that state governments will give a priority to science, research and innovation funding, given their receipt of the growth tax, the GST.

Perhaps one of the finest examples of the work being done by Australian scientists and researchers—work that will so benefit from Backing Australia’s Ability policies—is occurring within my electorate of Curtin at the neurotrauma research program. It is such a
good news story and it is so inspirational and indicative of the brilliance within our scientific community that I want to share it with honourable members. The neurotrauma research program is a collaboration between neuroscientists from the University of Western Australia, Royal Perth and Sir Charles Gardner hospitals, all of whom are dedicated to contributing to the global effort to prevent nerve damage and achieve central nervous system regeneration and repair. Many of these scientists are recognised and respected worldwide for their experience and expertise in their respective fields, which include anatomy, neuropathology, biochemistry, zoology, molecular biology and neurosurgery.

In modern life, road crashes—motor vehicle accidents—are one of the leading causes of neurotrauma. Neurotrauma is shockingly expensive in both economic and human terms. Prevention and repair of severe nerve damage, which causes much of the long-term disability experienced by road crash victims, can be achieved through neuroscience research. Recovery from neurotrauma involves several components. It is not as simple as sewing together the ends of a severed spinal chord or patching a section of damaged brain tissue in the same way that skin can be grafted. Instead, neuroscience has to find ways to minimise or prevent secondary nerve damage, which is often responsible for much of the long-term disability; minimise withdrawal of damaged nerve fibres from the injury site and trigger regeneration of nerve fibres to ensure they reach target tissue; and ensure the nerve fibres branch off to seek out appropriate connections in relation to the brain’s topographical maps and then re-establish neurotransmission.

The work of the researchers of this trauma program in Perth is inspiring. It provides us with a very fine basis to establish our scientists as heroes in the eyes of the public. Dr Peta Tilbrook is studying the role of the hormone known as EPO in protecting nerves and supporting cells from oxygen starvation, the result of both traumatic injury and stroke. Dr Peter Arthur, Dr Neville Knuckey and Dr Bruno Meloni are also addressing the issue of cell survival during oxygen depletion. The ultimate purpose of their studies is to discover molecular mechanisms that might nurse nerve cells through periods of trauma. Professor Byron Kakulas and Associate Professor Alan Harvey are studying events taking place close to and at the injury site. Professor Harvey and Associate Professor Plant have now successfully developed a peripheral nerve to optic nerve graft model.

Dr Stuart Bunt and Associate Professor Sarah Dunlop have created a state-of-the-art live cell imaging facility that, for the first time, allows scientists to visualise regrowing nerve fibres in living spinal chord tissue. Associate Professor Dunlop and Dr Giles Plant have recently instigated a new project to use the live cell imaging facility in order to promote the regeneration of spinal chord nerve tracts and various types of growing adult nerve fibres to find out exactly how OEG can help the healing process in the spinal chord. Studies by Associate Professor Dunlop, Professor Lyn Beazley and Professor Peter Klinken are examining how appropriate nerve connections might re-form in the brain following damage to the optic nerve. Apparently, lizards gradually recover their vision following optic nerve injury. However, humans do not. This animal is being studied closely to reveal how connections and thus function are restored after damage occurs to the central nervous system. Samantha Busfield is studying the role that specific genes and factors play in the central nervous system both during normal development and when neurotrauma occurs.

The NRP is also helping to arrest a problem experienced at a state level and at a national level, that is, the so-called brain drain of young, talented Western Australians to Sydney and Melbourne, and young Australians to fields overseas. This is a problem that transcends individual governments and goes to the heart of the Australia that we are seeking to create for the new century. The brain drain should cause us to consider how public policy is working, not simply within industry policy and research and development but in tax policy, particularly high marginal tax rates, and in economic confidence. We just cannot afford to go down the path of
New Zealand, for example, whose leftist government is driving the best young New Zealanders overseas as it refights the ideological battles of the last century.

It is most refreshing to note that the NRP will inspire young innovative scientists to pursue careers in neuroscience in Western Australia. It will also continue to attract individuals dedicated to the pursuit of understanding, treating and curing conditions that arise from neurotrauma, from interstate and overseas. In fact, the neurotrauma research program has already attracted three talented graduates of the University of Western Australia back to Western Australia—Dr Giles Plant, Dr Samantha Busfield and Dr Joanne Britto.

The Backing Australia’s Ability program is very exciting for providing the sorts of policy initiatives and setting the framework for an exciting and challenging time ahead as Australia realises and develops its capacity to be a world leader in scientific research and innovation generally. I go back to where I began. When a government has taken the fiscal responsibility and when a government has managed the economy in the way that the Howard government has since 1996, then the window of opportunity is there for us to spend money on the sort of innovative and exciting projects and research and development that we will need to meet the challenges of the 21st century.

In conclusion, I commend the personnel, whom I have mentioned, at the neurotrauma research program for their valuable work and I salute the federal government’s commitment to similar work being conducted throughout our country. I commend these bills to the House and recognise that it is the commitment of the government to sound economic management that enables us to fund these types of research projects.

Mr SWAN (Lilley) (1.26 p.m.)—In Australia I think we are at a crossroads. The sense of equality that characterised our nation for most of the last century is simply slipping away. Some argue that this comes from our failure to adapt to economic change and to respond to the realities of globalisation. These people also contend that it is no longer within the grasp of governments to ensure fairness or equality of opportunity.

I have a different view. I believe we have lost sight of the unique power of government and its ability to bring economic and social policy together to make sure that no-one is left behind. I believe that as a nation we have turned our backs on the challenge of harnessing our resources to the task of ensuring everyone moves forward. That is how you can have an economy growing at a respectable pace yet still have more than half a million people out of work. That is why in a period when inflation has remained at historically low levels many working families are living below the poverty line and cannot afford to buy food. The decision we face as a nation is whether we continue to put economic concerns exclusively above social concerns. I say it is time we paid as much attention to the line in front of St Vincent de Paul as we do to the bottom line of the company balance sheet.

Last year in the Sydney Morning Herald Tony Abbott showed just how out of touch the Howard government has become when he said of St Vincent de Paul, ‘They just don’t understand poverty.’ He said this in the same week it was reported that the government was breaching one out of two unemployed people, collecting $850 on average in fines from each. It is like a radar trap at the bottom of the hill that only the poor are heading down, except that the penalties imposed make a speeding fine look like small change. It is no wonder then that these people have been flooding through the doors of Australia’s charitable organisations.

This week Mr Abbott was quoted in the Sydney Morning Herald as saying, ‘There has been too much theory driven policy making, too much economism and not enough commonsense.’ For a man who tried to beat up on St Vincent de Paul less than six months ago, that sort of talk is cheap. Like the Prime Minister, he just does not get it. The combined impact of the GST and the government’s punitive welfare regime is
causing a flood of poverty and all they can do is shoot the messengers.

There is no social coalition in this country; there is only social coercion. We need to listen to people’s concerns, not add to them, as the government does. In particular, we need to make a priority of listening to those sitting around the kitchen table rather than just those sitting around the boardroom table. We have to take into account the view not just from Kirribilli, but from Kedron, Taigum and Sandgate—places out there in the real world where the real people are struggling to make ends meet. We must use what we hear to strengthen the institutional building blocks that advance us as a nation.

Key among these building blocks are our families and our communities. Families may be small units of our society, but they are the most important. They are the place for teaching and nurturing the values that underwrite our communities, the values of sharing and cooperation. Family values also provide an important counterbalance to those of the market, but the institution of the family is under threat. Our birth rate has fallen from 3.55 births per family in 1961 to 1.75 births per family today, which means we are no longer replacing our current population. If current trends continue, the number of couple families with children will fall by half a million by 2021. If this trend is not arrested, Australia is going to be in serious economic trouble 50 years from now, because we simply will not have the work force to support our ageing population. That is baby boom to baby bust in 50 years. But it is the social consequences of the decline of the family that should alarm us more. Put simply, we risk creating a society without the innovation, compassion and creativity that children bring.

What is choking the life out of families? Two things stand out above all else and illustrate clearly the consequences of putting market values ahead of family values: the growing work and financial pressures on families. I begin with work and family. The demands of the workplace are steadily encroaching on the quality of family life. A recent Australian study found that the majority of fathers consider that working conditions prevented them from being the kind of father that they wanted to be. Thirty-three per cent conceded finding it hard to take time off work to care for a family. ABS figures last year showed that more than two-thirds of working mothers from couple families stated that they always or often felt rushed, compared to 56 per cent of fathers and 52 per cent of women with no dependent children.

The OECD has been closely following the relationship between work and family policy and the birthrate. It has found that family size is lowest in countries where women’s labour force participation is lowest. The OECD sensibly observes that such correlations do not prove that increasing female labour force participation rates will inevitably increase fertility rates, but they do suggest that child rearing and paid work are complementary rather than alternative activities and that policy should be made on that basis.

The imbalance between work and family is being fuelled by the Howard government’s radical industrial relations agenda, which has seen family-friendly industrial relations reversed in the interests of efficiency, so-called, the hiring of people who would not be disturbed by the demands of family responsibility and job insecurity which arises from individual contracts.

In addition to the problems with work and family and the pressures that that puts on families, there is also growing pressure on living standards. Growing economic pressure on families particularly through the intrusion of work into family life is taking a heavy toll. Sixty per cent of children are now raised in families with incomes of less than $50,000 a year. Using OECD measures, 721,000 children in Australia are now living in poverty, which is 123,000 more than just four years ago, and 860,000 children are growing up in families where neither parent works. Recent research conducted by the National Centre for Social and Economic Modelling and the Smith Family indicates that 163,000 children are now being raised in families with work
but not enough pay. That means that nearly a quarter of the children growing up in poverty are now doing so in working families. If you believe the Howard government, over the last four years we have been collectively basking in economic good times. Put simply, the government is so out of touch that it is completely unaware of the flood of poverty that is occurring in this community amongst those who are out of work and those who are in low income work.

The truth is that Australian families are under pressure, but the Howard government is so out of touch that it simply has not a clue about the struggles that people are undergoing to make ends meet. Pensioners are under pressure, but the Howard government is so out of touch that it does not know it. It thinks that they are being overcompensated for the GST—so overcompensated that it is going to take back two per cent of a four per cent pension increase on 20 March. Self-funded retirees are under pressure, but once again the Howard government simply does not understand.

The government does not understand that the essentials of life have risen in price dramatically. In just the first few months of this year, the official CPI figures show electricity increased by 10.9 per cent, gas by 12.5 per cent, telephone by 8.1 per cent and insurance by seven per cent. What is more, those increases do not include the price hikes that occurred before the GST officially started. For example, since March 2000 telephone line rental has increased by $5.85 per month, which is a massive 40 per cent increase. This has hit pensioners especially hard. Compared to this massive phone price hike, the telephone allowance has only increased by a miserly 40c.

The ACTU recently published an ABS survey that reveals just how tough things have become for many Australian families. It estimates that 30,000 families identified as working poor sometimes go without meals because they do not have enough money; 115,000 families bought second-hand clothes because they could not afford to buy new ones; 166,000 families could not pay utility bills; 41,000 households sold or pawned something because they were short of money; 220,000 felt that their standard of living was worse than two years ago; 212,000 said that they were not able to raise $2,000 in an emergency; and 284,000 could not afford a holiday away from home for even one week of a year.

The greatest threat to the living standards of ordinary families is the government’s GST. It is an anti-family tax because no other form of human organisation is a more voracious consumer than your average family. The GST means that effectively every time a family has a child they go up a tax bracket. Once again, it is the case of policy designed to meet the needs of the market rather than the needs of people, and families and others who are doing it tough are starting to really hurt.

Unfortunately for Mr Howard, they know the blame lies with the GST and his government. For example, of 8,000 people surveyed recently by Morgan and Banks, 72.4 per cent said the GST had not lived up to the government’s promise of increased disposable income. They found the hardest hit by the GST were people between the ages of 19 to 24 and those earning between $20,000 and $30,000 a year. Between 75 per cent and 83 per cent of people in these categories said the GST had eroded their spending ability. The unemployed were among those groups most disappointed with the GST and so were women generally.

Recently, one of my constituents summed up the mood in the community perfectly when he said this to me: “Where is the equality in the GST when millions of voters like myself struggling to earn $500 a week are having to pay exactly the same price for goods and services as people earning $100,000-plus a year?” Despite government and ACCC claims to the contrary, the GST has even hit basic food items they promised would not rise or would even fall in price. For example, in a price survey done in my electorate Vegemite, which was predicted by the government to fall by approximately 3c,
has risen by 10c and bread, which was expected to fall in price by 2c, has risen by 9c.

While price rises under the GST have outstripped the promises, the government’s promised compensation measures for pensioners are not up to the promises that have been made. We all know that the government and Mr Howard promised a $1,000 bonus for everyone over 60. We all know how that evaporated when the government simply pointed to the fine print and excluded tens of thousands of people from that payment. Of course, as I mentioned before, the government sent out propaganda before the election talking about a 4 per cent pension increase, but in the fine print 2 per cent was to be clawed back in March this year. So this means that while the cost of living is rising by 4 per cent for pensioners, pensions will be going up by just half that amount. This has led CODA to point out that the government has been loose with the truth and they warn that there will be a backlash when pensioners discover their compensation for the GST is being clawed back.

Faced with the mounting evidence of this unfairness on so many fronts, the federal government has sought to argue that the decline of the family is somehow caused not by policy failure but by a loss of traditional values. They hark back to the days of white picket fences—back to the fifties—and they say we should go back there. We cannot go back, because the very political conservatives who talk about family values are the ones who have radical economic policies which push the market further into the lives of families and further disrupt their living standards. These are the policies that are seeing the rich get richer, the poor get poorer and the middle get squeezed.

What we need in this country is a government prepared to join the battle on the side of average families to give them the tools and the support they need to confront change and to put families first rather than last. That is currently happening in Canada and it is what we must do in Australia. In that country there is a dramatic revolution happening which will have a profound effect on Canadian families.

In September the Canadian provincial governments and the national government jointly committed to a comprehensive program to boost early childhood development through health services, increased family supports, new early childhood learning development and care services and upgraded community supports. The approach taken by the Canadians is supported by another recent report prepared by the National Academy of Science in the United States titled *From neurons to neighbourhoods*. It argues that we have failed to capitalise on nearly 40 years of research which shows that we need to focus attention on the early development of children and the changing economic and social circumstances faced by their parents. *From neurons to neighbourhoods* stresses the critical role of parents, family and neighbourhoods in ensuring a child becomes a healthy, independent adult. The Canadians understand the importance of families as building blocks of healthy neighbourhoods and communities; that is why they are making a very significant investment in them. Labor wants to dramatically lift the level of assistance to families to boost their position in the community. We believe the resources of the government can be brought to bear to ensure that the foundations of families are strong.

I have likened the challenge before us to being similar to the challenge of providing a major project such as the Snowy Mountains Scheme. The challenge of providing early assistance to families is a modern Snowy Mountains Scheme in its scope and nation-building potential, but this time the challenge is, of course, human rather than a bricks and mortar one. The Canadian and American research suggests that if you get the platform of child and family services right, you have fewer adults who cannot read, fewer adults spending time in prison and fewer without work. Our vision of a new child and family service platform starts with a comprehensive national program of early assistance that is grounded in the community and run by local service providers.
These priorities and those of the Canadian government are in stark contrast to those of the Howard government. We have seen plenty of family rhetoric from the Howard government but very little action—certainly not enough to balance the harsh impact of economic policies that are undermining our neighbourhoods and our families. The government’s stronger families and communities strategy is a good case in point. Like the rest of its family policy, the strategy consists of an almost unending series of trials and pilots, which offer a handful of struggling families a marriage voucher here or a volunteer program there, but they provide no guarantee of much-needed resources into the future. They most certainly cannot replace the $5 billion in family and community services removed by the government during the last four years.

To give members an idea of just how tokenistic the Howard government families commitment is, I ask members to just consider these two facts. The first-year funding of just $2.6 million for the early intervention in relationships services nationally amounts to an average of just 20c worth of services per week for each child born over the coming year. Over the four-year time frame of the families strategy, the New South Wales government alone will spend $7 million more on early assistance services, that is, $54.2 million within its borders, than the Howard Government has promised to spend across the entire nation, that is, $47.3 million.

Of course, families do not live in a vacuum. They are part of a wider network of neighbourhoods and communities that have a profound effect on our lives. The research of Bob Gregory and Boyd Hunter is a reminder of just how important are communities and community networks. They have examined the impact of economic restructuring, which has displaced many individuals and families from work, and argue that this is causing unemployment to be manifested on a locational basis. They argue that neighbourhoods matter and warn that it seems likely that the greater the economic polarisation within our cities, the less equal are our opportunities for young people, and the more likely it is that bad neighbourhood pathologies will emerge. In a community where networks and services are strong and government is willing to help, these changes can be moderated. Where no help is given and where whole neighbourhoods are out of work, it is so much harder to turn things around.

That is why one of the tasks Labor is keen to tackle is the development of new bonds of connection of community. That is why we are talking about a community compact, which will provide a framework for the development of new connections and building the capacity of our communities. For too long we have seen social policy only in terms of redistribution and now, under the current government, almost as a question of charity—of how much the well-off are prepared to let the less well-off have when the day is done. This is a serious misconception. Dollars spent on social policy today are not just transfer payments, they are not just lost money; they are an investment in the nation’s future.

As a country, we have to take the steps to unite economic and social policy, to be prepared to invest in national programs like early assistance to families, to be prepared to invest in capacity building programs, particularly labour market programs, so that those caught in the welfare trap can move from welfare to work. We have not been prepared to make those investments over the last five years. As a consequence, at a time of relatively strong economic growth, our welfare roles have grown because the government has not been prepared to invest in the important and vital capacity building programs that give people the capacity to stand on their own two feet.

We have seen programs like the JET program ripped apart. Then the government turns around and says, ‘We have got too many people on benefits.’ But it has taken away the very programs that have enabled people to make that important transition. So as a country we have to invest in those programs. We have to reward work over welfare. This government punishes people who are on benefits and who make that movement
from welfare to work. It taxes them up to 90c in each additional dollar they earn when they do that. We must invest in capacity building programs and we must reward work over welfare. These are all constructive things that can be done to build a stronger community, a stronger base for our families and a stronger base for our neighbourhoods.

The central problem in this country today is that the rich are getting richer, the poor are getting poorer and those in the middle are getting squeezed. The principal cause of the acceleration of that process is the impact of the GST, which is causing a flood of poverty in this community, combined with this government’s attacks upon capacity building programs. That is why we are seeing dramatic increases in the number of people living in poverty—out of work and in work. That is not good enough for this country. We need a renewed commitment in this community to create a fairer Australia for future generations.

**Ms GAMBARO (Petrie) (1.46 p.m.)—** Mr Deputy Speaker Nehl, I rise with a sense of deja vu in that not only were you in the chair in the Main Committee a few hours ago, but also the member for Lilley was talking about the Lilley Price Watch, one of his proud achievements in his role as a member of parliament. I am absolutely astounded that he continues to blame the rise in costs at the supermarket on the GST. I found it absolutely amazing listening to him again today. As a daughter of a family which has been involved in retailing for over 40 years, at both the corner store level and the supermarket, I can tell you that the member for Lilley has absolutely no idea how the retail sector works.

There are many factors that play a part, including manufacturing costs, costs of superannuation, constant union demands and the cost of transporting goods and services to the supermarket. I do not hear him speak about those things when he speaks about the cost of prices at the supermarket. The supermarket sector in Australia was probably one of the most unfair in terms of the wholesale sales tax regime, and the large supermarket chains were considerably much better off than the smaller independent retailers. The new tax reform system has brought everyone into line and the vertical integration and the huge rebates that were not passed on previously have become a bit more equitable. It was quite interesting to hear him blame price rises solely on the GST. It was a very dishonest attempt to simplify it to that very extreme limit.

What he failed to mention also in speaking about low income earners and the middle income people of Australia was the disastrous interest rates that saw people paying through the nose with their mortgages. They reached a rate of 17 per cent. He does not dwell on his own economic record, and he should be ashamed of what he and his government did to the people he was talking about—the middle being squeezed—and who were suffering under his government.

Today I would like to speak in support of the appropriation bills and what they mean to me and the people of the electorate of Petrie. In directing money to various government services and facilities and parliamentary departments through the appropriation bills, the federal government is investing in the future of Australians. My electorate is home to a number of major arterial roads and has a very diverse population in terms of both ethnic and socioeconomic status. The electorate stretches from a point approximately eight kilometres from the centre of Brisbane right up to and including the outer metropolitan city of Redcliffe.

In the last federal budget, some $35 million was made available for the upgrade of the Bruce Highway, a part of the national highway that borders on my electorate and also borders on the electorates of Dickson and Longman. The money was used to alleviate probably one of Queensland’s worst bottlenecks, and that is where the Gateway Arterial merges onto the juncture of the Bruce Highway and the Pine River. What happens here is what could only be described as traffic chaos, with two lanes trying to merge into one and then linking up with the rest of the Bruce Highway. Work on this
particular project commenced in the middle of January and it is expected to be completed by February 2002.

Earlier on I heard a number of people speak to the appropriation bills, including the member for Dunkley, who spoke about the importance of transport particularly in those outer metropolitan areas that are not necessarily classed as metropolitan but are not rural. Seats like Petrie and Dunkley clearly fit into those categories. In the area that I represent there is no rail link. We are about an hour from the city and it is essential that we have very important transport corridors.

The $35 million that has been injected for the Bruce Highway upgrade will deliver some very real benefits in terms of the numbers of vehicles that pass over the bridge each day. I was absolutely astounded to hear that 70,000 vehicles pass through this site every day, and that figure is expected to double in 15 years. More importantly, this work will mean improved access to services and facilities for the communities within the Petrie electorate. Each year the Bruce Highway carries some nine million tonnes of freight worth more than $10 billion. The high growth rate in south-east Queensland has led to increasing road transport demand against a background of deteriorating operating conditions. This project, by providing fast, efficient traffic movement along the Bruce Highway, will transform the transportation of goods in the whole south-east Queensland region.

I am very proud to be associated with this funding that delivers benefits to millions of Australians who use this route each year, whether they be members of the local community, business and freight transporters or visiting tourists who come to our region. I am also proud that the constituents of Petrie can be the beneficiaries of this upgrade. For far too long the regions of the north have not had the same standard of roads and highways as those south of Brisbane, including the Gold Coast. I think it is only fair that we have a motorway of the standard that Gold Coast residents enjoy. I will be working to ensure that that happens.

The benefits of this funding are very real. There is a reduction in travel time between the outer metropolitan suburbs of my electorate and the centre of Brisbane. This will improve opportunities for businesses to be established in areas that otherwise would have been considered far too distant from the Brisbane CBD. In addition, improvements in roads and reduction in travelling time encourage people to consider these outer metropolitan regions as ideal residential sites because of the quality of life they offer. A recent example of that is the North Lakes development by Lend Lease at Mango Hill. It is bordered by the Bruce Highway and is located approximately five kilometres from the start of this $35 million upgrade in my electorate.

As well as the site having residential and community living with parkland, sporting facilities, shops and commercial sites, a major technology centre will be situated adjacent to the Bruce Highway which is being planned for the immediate future. It is important that, as well as a residential estate, people have employment opportunities in the area. I will be doing all I can to support them in their bid to build a synchrotron science facility. There is currently a proposal before the state and federal governments in this regard. It will be a terrific initiative if this can get off the ground. It will be the first scientific facility of this type. It will enable scientists from all over Australia to do very important research, and I am hopeful that it can be established in the region. It will also be important in terms of the local economy and providing jobs and opportunities for people in the area. The quality and standard of the design of this development in North Lakes, in particular having the innovation to put in a technology site, indicates the long-term future for commercial and residential growth, which will continue to grow.

These benefits in road improvements are just another example of the government’s forward thinking in delivering real benefits for Australians, especially for those who reside in the Petrie electorate. I do not need to drive home the relevance of enticing businesses to the area. They bring jobs. They
bring services and facilities. Local jobs mean that money is put back into local communities. People take much more pride in their local area and more people shop locally and they promote the strengths of local businesses. I am very supportive of the appropriation bills because they permit the delivery of funds to services, facilities and parliamentary departments and ensure that our constituents receive benefits derived from these particular funds.

Those opposite may chide the volume of money that these bills request from the consolidated revenue fund, but a total of $2.258 million is partially offset by expected savings of $831 million against appropriation bills Nos 1 and 2. When the Howard government introduced the nation’s first accrual budget, they not only improved the transparency of government funding but ensured the distribution of funds would be viable and visible over the three years. This has permitted greater scrutiny and has demonstrated a landmark of responsible government. This effective economic management by the Howard government not only gave us budget surpluses—something that the opposition has rarely known—but delivered these funds to the man in the street, and we are reinvesting in the nation’s future.

My electorate of Petrie has benefited directly from the effective delivery of funds to a host of areas. In 2000 there was an addition of $35 million for the upgrade of the Bruce Highway. I was able to also secure over $11 million for my local community in a variety of areas. Of this amount, just over $9 million went towards upgrading local and outer metropolitan roads as part of the federal government Roads to Recovery program. In an electorate that has approximately half its population in outer metropolitan areas, the benefits of funding this are very real and very positive. There are three local councils in that outer metropolitan area that intersect my electorate and the funds that this program delivers will enable improved transport conditions for all. Not only will potholes in local streets and upgrading and maintenance work receive a boost but many jobs will be created in providing these services. The beauty of this funding is that it is not for one year but for a number of years. In fact, it is tied over the four-year period, ensuring long-term improvements as well as continued employment for a number of local people.

I have always maintained good and positive contact with the local councils in my electorate. I was always aware of the need for local road upgrades. They form a very important part of the needs of the people in the Petrie area. I regularly meet with local councillors and discuss how their needs and those of their communities could be met by federal government assistance. So, when the Roads to Recovery funding was announced, I was personally thanked by local councils for my ongoing support and my continued commitment to enabling funding that will deliver benefits to the front door of many local households in my electorate. The opposition may have scoffed at the federal government over this initiative; however, I assure you that the Labor-led city council in Brisbane was very, very grateful for the funds and for the assistance of the federal government in working with them to achieve on a local level.

The electorate of Petrie has changed over the years. The shift in Australian demographics clearly shows what is happening across all of Australia, particularly in the over-65s, through the greater involvement of community groups and volunteer organisations. During 2000, around $700,000 in funding was directed towards services for aged and those particularly in need of respite and nursing care. The recipients were spread across the electorate and the majority of these funds went to community managed facilities. These included some $15,000 to Blue Care, over $200,000 to the Blue Nursing Service, $13,000 to the Horizons Respite and Recreation Association, $30,000 to St Vincent, $300,000 to St Vincent Community Services and over $20,000 to the St Vincent’s Community Nursing Services. The quality of the services provided and the funds provided to a wide variety of people across the electorate from Everton Park and Stafford through to Kippa-Ring and Clontarf is maintained through the assistance of the fed-
eral government. Blue Care has also recently made the veterans home care provider facilities available in my electorate, and they continue to provide a very valuable and quality service to the veteran community in the greater north Brisbane region.

In January this year the Buffalo Memorial Home for the Aged received $100,000 as part of the aged care approvals grant. I visited Buffalo home in Kippa-Ring in December and joined them for their annual Christmas party and also to present them with an award for the great work that they have done in their accreditation. The staff at Buffalo provide a wonderful service and this is seen in the contented faces of the residents and in the pride that the staff take in performing their duties.

To enable the federal government to continue to provide the range of health and aged care services to my community in the Petrie electorate, I support the appropriation bills before us. I particularly support the inclusion of $137 million for the Department of Health and Aged Care to continue to provide a range of annually administered programs. There are many community groups across my electorate who, in August last year, received nursing respite funding. I was also able to secure over $100,000 in emergency relief funding for a wide range of community and welfare groups. These included $85,000 to the Chermside Anglican welfare ministries, $11,000 to the X-Treme Youth and Community Association and over $40,000 to St Vincent de Paul.

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

MINISTERIAL ARRANGEMENTS

Mr HOWARD (Bennelong—Prime Minister) (2.00 p.m.)—I inform the House that the Minister for Defence may be absent from the latter stages of question time today, as he will need to leave in order to travel to Beijing for discussions with the Chinese defence minister. If that turns out to be the case, the Minister for Veterans’ Affairs will take questions on his behalf.

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Fuel Excise

Mr BEAZLEY (2.00 p.m.)—My question is to the Prime Minister. Prime Minister, isn’t it true that every day you delay giving fuel tax relief to Australian motorists costs them around $1½ million? Prime Minister, why won’t you pick up Labor’s bill, pass it now and give struggling Australian motorists some immediate fuel tax relief?

Mr HOWARD—It is true that the high price of petrol is causing a great deal of concern in the Australian community. It is also true that, as a result of the higher price of petrol over the last year, Australian consumers—Australian motorists—are spending money that they would otherwise be spending on other items that they might purchase. As a consequence of that, that substitution in expenditure is something that should be borne in mind in relation to the arguments that are being advanced, particularly by the Deputy Leader of the Opposition, in relation to the alleged windfall. I indicated in the parliament yesterday that the government is examining options that are available in this area. Unlike the Leader of the Opposition when he was finance minister, we worry about the state of the budget and we have no intention of plunging the accounts of this country back into deficit. I take the opportunity of saying that I do not intend that any government I lead will preside over a budget deficit. It is the policy of this government to retain a budget surplus. It is not the policy of this government to inflict upon future generations the debt burden left by the Leader of the Opposition. He left us with a debt burden of $80 billion to $90 billion. Not only did he leave us with that debt burden but he tried at every available turn to prevent the government from eliminating the debt that he had run up when he was finance minister. Can I say to the Leader of the Opposition that we are examining the options. We are examining them responsibly. We are examining them consistent with our responsibilities to the Australian people in relation to the budget.
surplus and the impact of that surplus on interest rate levels in the Australian community. When the examination of those options has been completed, I will have something further to say on behalf of the government.

**Pharmaceutical Benefits Scheme: Drugs**

Mr PYNE (2.04 p.m.)—My question is addressed to the Minister for Health and Aged Care. Does the minister receive representations regarding the placement of medicines on the Pharmaceutical Benefits Scheme? Would the minister inform the House of the nature of these representations—

Opposition members interjecting—

Mr SPEAKER—The member for Sturt will repeat his question, and I will take instant action against anybody who interjects.

Mr PYNE—Does the minister receive representations regarding the placement of medicines on the Pharmaceutical Benefits Scheme? Would the minister inform the House of the nature of these representations and whether or not they ever suggest that the advice of the Pharmaceutical Benefits Advisory Committee should be ignored?

Dr WOOLDRIDGE—I thank the honourable member for his question. The health portfolio gets an enormously wide range of representations. In fact, I get about 50 letters every working day from members and senators alone, and pharmaceuticals is one of the main areas that I get representations on. In the last two years, I have had substantial representations on major new drugs such as Celebrex and Aricept. The honourable member also asked in the second part of the question: do people ever suggest to me that I should not take the advice of the PBAC? I am pleased to say that the answer is: this only happens very rarely. Most members understand that the minister is very constrained in his or her actions, that the minister cannot act independently and that, in fact, it would be quite improper of me to give a company a commercial advantage by making a political decision to put one drug on the scheme against the advice of my expert committees. I did say, though, that it happened rarely, not that it never happened. In fact, it has happened with a member of the opposition. Given the criticism that the opposition have had of the government because we chose to take the advice of the Pharmaceutical Benefits Pricing Authority, which took other matters into account as it is required to do by law, it would seem unbelievably hypocritical that a member of the opposition could have actually written to me and suggested I not follow the proper course of action and ignore the advice of the PBAC—but it has happened. To be fair to opposition members, it happened with the drug Aricept; and, of the 87 letters I got from opposition members, it only happened once. It was only a single occasion on which an opposition member suggested that I should do something improper.

For good measure, this opposition member also quoted the exceptional results of a drug trial that had happened in their electorate and suggested that the course of action should be to do something no minister had ever done before. Who in the opposition could possibly have suggested I take such a course of action? It would have to be someone who, first of all, was very silly, who had no understanding of health care, and who knew even less about pharmaceuticals—because they got the name of the committee wrong in the letter. I will give honourable members a clue: it is a frontbencher. Someone in the opposition frontbench actually wrote to me suggesting that I should ignore the PBAC’s advice. I will read the letter to honourable members. It says:

I am aware that the Pharmaceutical Benefits and Advisory Commission has recently decided not to place the drug on the scheme. I write to you to give consideration to having the drug placed on the scheme ... Then they spruik the drug trial—

... given the exceptional results displayed by the participants featured in the newspaper article. On the front bench, who does not know much about health care and would be so brazen as to write to me like that? It is the member for Jagajaga. The shadow minister for health, who has been up here criticising the government because we followed a proper course of action, has written to me—I
table the letter for the benefit of honourable members—suggesting that I should do what she has been criticising me for apparently doing, which in itself was not correct. For good measure she spruiks a Pfizer drug trial. I have been in this House 14 years and I have seen some hypocrisy—but, boy, this takes the cake even for the Labor Party.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon Sir Miles Walker and Lady Walker. Sir Miles is a member of the House of Keys of the High Court of Tynwald, Parliament of the Isle of Man. On behalf the House I extend to them both a very warm welcome.

Honourable members—Hear, hear!

Mr SPEAKER—While I am on my feet, I would also like to take the opportunity to welcome a delegation from Vietnam who are here under the auspices of the Australian Political Exchange Council.

Honourable members—Hear, hear!

Mr SPEAKER—Members may also be interested to note that in the gallery is Miss Tammy Van Wisse, who is the young lady who successfully swam the length of the River Murray in record time.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Fuel Prices

Mr BEAZLEY (2.09 a.m.)—My question is to the Prime Minister and follows the one I previously asked him. Prime Minister, do you recall saying on petrol tax:

... nobody in government in our position could afford both to spend more money on roads and have a one off freeze in excise.

And then further:
It is impossible from an economic point of view to do both. That would not be responsible.

Do you still stand by these statements, or do you now agree with Labor that you can afford fuel tax roll-back?

Mr HOWARD—Mr Speaker, can I say to the Leader of the Opposition, yes, I do re-member saying that. I will be addressing issues concerning that, along with my col-leagues, when we consider the matter. As I indicated in answer to the first question, when we have considered the matter I will have something further to say to the Australian people on this issue.

Export Industries: Rural and Regional Australia

Mr St CLAIR (2.11 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Is the Deputy Prime Minister aware of the new forecasts for export industries in rural Australia? What do these forecasts mean for families and communities in rural, regional and remote areas of Australia?

Mr ANDERSON—I thank the honourable member for New England for his question, and acknowledge his real interest. The answer reflects the very positive move that we discovered on the railway station at Glen Innes in his electorate last week, where people were pointing to the benefits of higher prices for both wool and beef and to the fact that they are having a better run of seasons, which has been very widely welcomed.

Yesterday’s ABARE Outlook Conference forecasts for the commodity sector, and for the rural sector in particular, are good news for the bush—very welcome good news. That news does not, I hasten to add, mean that people in rural and regional Australia are instant or overnight millionaires. It does not deny that some people are still facing some tough times. But it is a sign that many communities have been waiting for, that things are clearly moving in the right direction.

In summary, the outlook is that the index of prices received by farmers will rise 3.6 per cent in the year ahead, on top of a 7.5 per cent rise this year. We are likely to see higher prices for wheat, cotton, lamb, wool and manufacturing milk, and beef is expected to stay at its current very high and very well received price levels. Across the whole of the farm sector, farm incomes are expected to reach nearly $11.2 billion this year. That is up $2 billion this year, and that is a whole heap of extra money that will flow through rural communities and is very welcome. When that money flows through those rural
representatives 24635

communities, everyone benefits, whether it is the seed merchant, the fuel supplier, the newsagent, the grocery supplier or the shire collecting its rates—whatever it is. It means that everyone gets stronger support. It is a good and a positive signal, a strong message of hope for rural communities that have seen some pretty tough times.

A notable feature of the Outlook conference this year that will give a further signal of confidence to country communities is—and this is a very important point—that, for the first time in a very long time, farm prices are rising faster than farm costs. Terms of trade are improving. That brings me to the next very important point—which again people in New England last week were keen for us to acknowledge and to point to: the value of this government’s economic reforms. What ripped the guts out of the rural sector under 13 years of Labor was that the export sectors cannot pass on costs—farm inflation at 13 and 14 per cent every year and interest rates two and three times what American farmers were paying. Those days are gone.

Mr Crean interjecting—

Mr ANDERSON—I hear an interjection from the would-be Treasurer. ‘Oh,’ he says, ‘I suppose you will claim the GST is helping as well.’ Well, you know what? You are dead right—I am. It is helping. Peter Cook, your own minister, said it would—and it is. People who understand agribusiness are saying that one of the things that is improving the terms of trade for Australian exporters is our tax reform. Let there be no mistake about that: tax reform is helping rural and regional Australia. This is the tax reform that Labor fought at every turn, at every step, and the tax reform that they are still committed to rolling back. So country people—beware. Just be aware that you now have an understanding of what Labor wants to roll back. It wants to roll back farm incomes. It wants to roll back the competitiveness of Australia’s export industries. It wants to roll back opportunities in the bush.

Fuel Excise: Windfall

Mr CREAN (2.15 p.m.)—My question is to the Treasurer and I ask: why won’t you provide meaningful answers to the 36 questions placed on notice by Labor four months ago concerning the size of your fuel tax windfall? Are you hiding the windfall because you are planning to give back less than you have taken?

Mr COSTELLO—The Prime Minister has been asked before, as have I, about this so-called tax windfall that the Labor Party keeps going on about. The truth of the matter in relation to petrol excise, as the mid-year review showed, is that the collection in relation to petrol excise was down because volumes were down. Petrol excise is at a fixed cents per litre rate and petrol excise actually declines—

Mr Crean interjecting—

Mr SPEAKER—If the Deputy Leader of the Opposition interjects again, I will deal instantly with him.

Mr COSTELLO—As I previously explained to the House, petrol excise, which is at a fixed cents per litre rate—now at about 39c—does not go up as the price goes up and the petrol excise collections actually fall as volumes fall. As the media review showed, because world oil prices have been high, the petrol excise had in fact fallen. The Prime Minister has also said that the goods and services tax is something that works off consumption. What governs the overall collection in relation to goods and services tax is overall consumption. It does not matter if consumption moves from one area to the other; the overall consumption tax, which is one-eleventh, is the same amount.

Anybody who is familiar with a taxation system would know that to be the case. The Australian Labor Party is not familiar with taxation matters and obviously does not understand it. I was rather intrigued this morning when we had one of those trade union tirades that we get from the member for Hotham every now and then on the radio. He could have been talking direct from the water front—he was screaming down the microphone. He started off his interview by saying, in relation to petrol, that there was a huge windfall and then finished up, in relation to his comment on trusts, by saying that
we were driving the budget into deficit. When he switches the little switch in his brain to petrol there is a huge windfall, but when he switches the little switch in his brain to trusts there is a risk of a deficit. The truth of the matter is that the switch in his brain is mostly switched off and the mouth operates independently. He will, in the course of one interview, hold two absolutely mutually inconsistent positions, and do you know what? He is wrong in relation to both of them.

Budget: Outcomes

Mr ANDREW THOMSON (2.19 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House how previous budget outcomes varied from recent budget outcomes?

Mr COSTELLO—I thank the honourable member for his question because, also during the trade union tirade this morning from the former president of the ACTU, we had this claim in relation to trusts. Remember, on the one hand there is a huge budget windfall but in relation to trusts we had this claim:

What it is doing to the budget surplus is the real problem; this is a government prepared to blow the budget surplus.

I thought to myself that that is an interesting thing for a shadow Treasurer to say, because I have been a shadow Treasurer. I used to do radio interviews when I was shadow Treasurer and the Labor Party was in office. The phrase that I never used as shadow Treasurer was what the Labor Party was prepared to do to a budget surplus. I never once had the opportunity to talk about what the Labor Party would do with a budget surplus. There never was one. In the last five years that I was the shadow Treasurer, there was never a budget surplus produced by the Labor Party.

Mr Beazley—That is because we were in the middle of a worldwide recession.

Mr COSTELLO—He interjects that we were in the middle of a worldwide recession. In 1995-96—

Honourable members interjecting—

Mr COSTELLO—He interjects that we were in the middle of a worldwide recession. In 1995-96, the Australian economy grew at four per cent. In fact I saw a ghost of years past writing in the Financial Review this morning.

Opposition members interjecting—

Mr COSTELLO—They say he was good, do they—their hero?

Mr SPEAKER—The Treasurer will not respond to interjections.

Mr COSTELLO—In 1995-96 when the Australian economy was growing at four per cent plus and the finance minister was none other than the Leader of the Opposition, the budget deficit was $10,077 million—not in surplus; in deficit by $10,077 million. The year before that, the budget was in deficit by $13 billion; the year before that the budget was in deficit by $17 billion; the year before that the budget was in deficit by $17 billion; and the year before that the budget was in deficit by $11 billion. During all that period, the now member for Hotham was a minister in a Labor government which produced five record deficits in a row. And he goes out there and he says that he is now concerned about surpluses. Let us have a look at the coalition record. We took a $10 billion deficit in 1995-96 and we halved it the next year. The next year in 1997-98 we produced a $1 billion surplus, the next year a $4 billion surplus, the next year a $12 billion surplus and this year, after giving tax relief to all Australian income taxpayers, a projected $4 billion surplus. And we hear the member for Hotham going out there and talking about surpluses. This is the Labor Party that are totally opposed to GST—but they are going to keep it; totally opposed to the private health insurance rebate—but they are going to keep it; totally opposed to the changes on education reform—but they are going to keep them; totally opposed to work for the dole—but they are going to keep it. They have never produced a surplus and they are now in favour of surplus budgets. The ALP
should be renamed the ‘Australian Lazy Party’—never produced a budget surplus and now they are in favour of huge surpluses.

Mr Tanner interjecting—

Mr SPEAKER—The member for Melbourne is warned.

Mr COSTELLO—The Leader of the Opposition goes out now as the Leader of the Australian Lazy Party, and says, ‘They’re going to pinch my policies; they’re adopting my policies.’

Honourable members—Oh, he’s got the card!

Mr COSTELLO—We are adopting his policies! I am glad it is in big print because it would not have got—

Mr SPEAKER—Treasurer, I have raised the attention of the Minister for Education, Training and Youth Affairs in this matter.

Mr COSTELLO—This is the government that has done all the hard work to put the budget into surplus. To hear a trade union tirade of concern about budget surpluses after a record of $11 billion, $17 billion, $17 billion, $13 billion and $10 billion deficits is to hear somebody who will say and do anything but whatever he says, it is bound to be wrong.

An incident having occurred in the gallery—

Mr SPEAKER—The House will come to order!

Aviation: Fuel Levy

Mr MARTIN FERGUSON (2.26 p.m.)—My question without notice is to the Deputy Prime Minister and Minister for Transport and Regional Services. Minister, do you recall, when introducing in 1999 an aviation fuel levy of 0.51c per litre, stating that the total revenue to be raised through this measure would be used to:

... help maintain air traffic control services at regional and general aviation airports.

Minister, can you give a personal guarantee that every cent of this levy has been spent on regional and general air safety services as promised or, alternatively, has some of it been secretly diverted to consolidated revenue in yet another fuel tax rip-off?

Mr ANDERSON—I thank the honourable member for his question. So far as I am aware, the levy that we have collected has been deployed for the purposes for which we collected it. I will have that confirmed and come back to him. I am glad he asks about the issue of the government’s overall aviation policy and safety in general. I notice that he has been a frequent critic out there on the airwaves and his asking me a question, which he does not do very often, gives me the opportunity to point to something that I really would like draw the House’s attention to. A recent overseas study, which was referred to in a recent speech at a Press Club luncheon by the director of aviation safety, made the very interesting observation that Ansett is the second safest airline in the world, Qantas comes in third—Air Canada being the first—and that the latest ATSB figures show that the number of aviation accidents last year was 27 per cent lower than the figure for—

Mr McMullan—Mr Speaker, I raise a point of order on relevance. We were so delighted to get an answer from the minister that it took a while—

Mr SPEAKER—The Manager of Opposition Business will come to his point of order or resume his seat.

Mr McMullan—I am, Mr Speaker. The question was specifically about revenue from the levy and the manner in which it had been spent. The minister said he did not know the answer and would check. That is the end of the matter. He is now talking about something entirely different.

Mr ANDERSON—I make the observation that I am so rarely asked about aviation
policy in this place—in contrast to the outrageous claims so often made outside this place that somehow or other people who fly in Australia are not looked after—that I thought it was relevant to take the opportunity to point out the fact that independent global authorities are now pointing to Australia’s outstanding safety record. The other thing in which we can claim to have had enormous success has been in the liberalising of Australia’s airways. We now have a vast number of Australians who did not fly enjoying the benefits of real competition, with two successfully launched extra players on our domestic market. That is to our very great benefit, in terms of both safety and the amenity of people being able to fly around our country.

Mr Martin Ferguson—I seek leave to table correspondence from the minister to Dick Smith on November 2000 indicating that he has been considering this question from November of last year. When will we get an answer?

Leave not granted.

Defence: Maritime Force

Mrs Vale (2.30 p.m.)—My question is directed to the Minister for Defence. Would the minister inform the House of the government’s long-term priorities for the maritime force. Is the minister aware of any alternative policies relating to this and what is the government’s response to these policies?

Mr Reith—I thank the member for Hughes for her question and I acknowledge her real interest in defence matters. The defence white paper has a balanced approach to the maritime force—which you have asked about—as well as to the Air Force and the Army. But, just looking at the maritime side, the defence white paper sets out a plan for us to acquire some of the capability that we need for our defence forces. It is why the Defence Force plan has been so widely received as the best blueprint we have seen for the Defence Force in decades. It is a great tribute to the Prime Minister and the former minister that they provided the direction to establish our defence forces on this sustainable basis.

One of the important replacement programs will be the acquisition of patrol boats to replace the existing Fremantle class patrol boats. That is important obviously from a defence point of view and from the point of view that we will contract out some of the capability as patrol boats for immigration and related activities for Coastwatch. That will be a very welcome part of the new defence white paper. Secondly, we have substantial upgrades to existing surface combatants—the FFGs and the Anzac frigates, and that is a very worthwhile project in itself. In addition, because of the expense and the complexity of some of these new big equipment items, we have set out a plan and a process for the acquisition into the following decade of three air warfare destroyers which will replace the guided missile frigates after they leave service from 2013.

Because we have set out a clear plan of acquisitions, particularly in the shipbuilding area, we are giving the shipbuilding industry a framework within which they know they will be able to operate and provide those ships in a reliable manner. That is very good for the shipbuilding industry and the reason that has wider implications is that there are a lot of jobs associated with shipbuilding. The government has a strong preference for building new ships in Australia and that is therefore very good news generally for the economy. This is a white paper and thus a plan which will hold Australia in good stead literally for decades to come.

I welcome the fact that the opposition have repeatedly endorsed the white paper. That is good in itself but, as the parliament has question time today, there is a question mark over the Labor Party’s policy position because, as I revealed this week, they have another additional policy commitment and that is for two free submarines. It is a fair question to ask: where are you going to get the money? The shadow minister was up for 20 minutes last night and he did not give us an answer. I am indebted to the Leader of the Opposition who, through interjection this morning, I think said that back in 1998 they were going to pay for them by reordering priorities. But you cannot reorder priorities
today when you have signed up to the white paper. I am sorry I will not be here tomorrow but I say to the Leader of the Opposition and to the shadow minister that I will be back on Monday and on Monday I would like you to tell me how you are going to pay for the two new subs.

**Tax Reform: Trusts**

Mr CREAN (2.35 p.m.)—My question is to the Treasurer. Do you recall your written commitment to me that you would deliver the business tax reforms in full, including the proposal to tax trusts as companies. Instead of just giving up at the first whiff of National Party resistance—

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

Mr CREAN—Why not work with the Labor Party to deliver this reform in a way that protects genuine small business and farming trust holders but catches the tax cheats?

Mr COSTELLO—The government produced a draft piece of legislation and called for submissions in relation to it. I pulled out the submissions today—I think there were 65—and I think it would be fair to say that out of 65 submissions, 65 pointed out potential problems with the legislation. But I am asked whether I would work with Labor to fix the legislation. I asked how many of those 65 submissions had been submitted by the Australian lazy party and, Mr Speaker, it was not one. There was no interest in the matter. It did not even put in a submission. It is unable to come to grips with any of the issues involved and now it sits back and says, ‘Will you work with the Australian Labor Party?’ It is very hard to work with the Australian Labor Party because the Australian Labor Party does not work. It does not do the work. It will not produce the policies. It runs around here with cheap slogans but the last thing it is capable of doing is having a credible policy.

Mr Crean—Mr Speaker, I seek leave to table a letter in which he was forced to work with us last time and ask why he is not prepared to continue to do it.

Leave not granted.

**New Tax System: Business Activity Statements**

Mr LLOYD (2.37 p.m.)—My question is also addressed to the Treasurer. Would the Treasurer inform the House of any recent surveys with regard to business confidence and the transition to the new tax system? What do these surveys indicate about the number of businesses making the transition to the new tax system, and what is the government doing to assist those businesses still requiring assistance?

Mr COSTELLO—I thank the honourable member for Robertson for his question. I pay tribute to the work that he has done on behalf of his constituents. He draws my attention to a survey which has recently been released by Pitcher Partners and Monash University. It is not a survey that I have previously been familiar with, but it was released yesterday under the heading ‘Survey turnaround: business confidence on the rise as GST support jumps’. This is a survey of family businesses which showed a jump in support, as reported by Monash University and Pitcher Partners, for the GST. The survey also showed that more than 87 per cent of family businesses are confident that they filled out the BAS accurately. It notes that that means there are 12.5 per cent that are not confident, and it is in relation to those 12.5 per cent that there are now new arrangements being put in place. I reiterate those arrangements.

For any business which has a turnover of $2 million or less, they now have the option of taking their December payment and making that as their payment for April and July. They will then have to file an annual return and the annual return, which will assess their liability, will be set off against the instalments which have been made. If they believe for some reason or another that the December payment is not an applicable one to their trading conditions, they can vary in relation to the April and July payments. That means that if you are a business that has a turnover of $2 million or less—I believe this applies to 95 per cent of Australian businesses—you need not fill out a further quarterly report.
You can do an annual report which is filed at the time of the annual income tax statement or February 2002, whichever is the earlier. I point out that those businesses which are confident with the current system and which prefer to pay their actual amounts can continue filing the quarterly return without any changes.

Yesterday we were also referred to the Yellow Pages index in relation to small business, which also, as I recall it, showed a jump in conditions in small business. In relation to GST—I did not get the chance to refer to this yesterday—when small businesses were asked, ‘As far as your business is concerned, what problems are you facing at the moment?’ the largest proportion, 26 per cent, said none, the second largest, 20 per cent, said lack of work and the third largest, 14 per cent, said government regulation, state. The GST was named by three per cent, which was the smallest number of people who cited it as a concern. So obviously as people have become more familiar with the system the level of concern in relation to that has dropped. Those surveys do not, I believe, take into account the full measure of the announcements in relation to simplification. For those who want to take that simplification up, that will be an additional improvement.

Petroleum Industry: Pricing

Dr THEOPHANOUS (2.42 p.m.)—My question is to the Prime Minister. I refer to the Prime Minister’s constant statements that the only cause of the increase in the price of petrol is the rise in the world price of oil combined with the world parity policy. Is it not in fact true that there is at least one other major and relevant factor, namely, the failure of the major oil companies to discount prices to the consumer by returning some of their massive profits, as illustrated by the front page article in the Melbourne Herald Sun on 19 February where it refers to oil companies—

Mr SPEAKER—The member for Calwell must come to his question and not advance an argument.

Dr THEOPHANOUS—receiving $310,000 in profit every hour of every day? Prime Minister, why won’t the government act to force discounts of petrol prices in the light of the huge profits the oil companies are making under the world parity policy and the fact that they undertook to act in a responsible fashion when the world parity pricing was introduced?

Mr HOWARD—I thank the honourable member for Calwell for his question. What I have said, and I repeat it in answer to the question, is that the overwhelming reason for the sharp increase in the price of petrol in Australia over the past 18 months has been due to the increase in the crude oil price, and that is an undeniable fact. So far as the oil companies and parity pricing are concerned, parity pricing was introduced by the Fraser government in the late 1970s. It was a policy that was retained in the 13 years that the Hawke and Keating governments were in power, and, as I understand it, substantially in terms of the approach that we have adopted since this government came to office. I am interested in any practical suggestions that the honourable member for Calwell has in relation to the behaviour of the oil companies. I do not carry a brief for any corporation in this country. If on the other hand the honourable member for Calwell has any particular proposals in relation to the oil companies, he might let me have them.

In the process of letting me have them, he might bear in mind the policies that were pursued by the government to which he gave support for a long period—I forget whether it was for 13 years, but it was a substantial part of that time—and the policies that continue to be pursued by the party that occupies most of the benches on the side of the House on which he sits. In other words, you will not solve the problem of high petrol prices by cheap questions; you will solve the problem of high petrol prices only by seeing something done about the high price of crude oil.

Dr Theophanous—On a point of order, Mr Speaker: the Prime Minister was the Treasurer at the time the world parity price was brought in—
Mr SPEAKER—The member for Calwell is not raising a point of order and will resume his seat.

Dr Theophanous—It is a point or order.

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

Dr Theophanous—He knows about the deal that was done with the oil companies.

Mr SPEAKER—The member for Calwell is warned.

Exports: Forecasts

Mr SCHULTZ (2.45 p.m.)—My question is addressed to the Minister for Trade. Would the minister inform the House of the initiatives that have strongly contributed to ABARE’s recent forecast of strong export performance?

Mr VAILE—I thank the honourable member for his question. The good news in the forecast by ABARE yesterday is obviously going to be well received in the member for Hume’s electorate. ABARE has forecast that total commodity exports are set to rise in the next 12 months by about 3½ per cent. On the back of some very good figures over the last couple of years, it is forecast that total commodity exports are going to rise from $86.3 billion to $89.3 billion, farm sector exports are going to rise from $24.2 billion to $27.5 billion in the next 12 months and mining sector exports are going to rise from $44.4 billion to $54.9 billion in the next 12 months. This is good news for the commodity sector of our economy. Export growth is driving our economy. Along with those statistics, manufacturing exports will continue to grow at around 12 per cent. Off the back of a very successful outcome from the Olympic Games held in Australia last year—we saw a surplus in the trade in services last year, a lot to do with the success of the Olympics—it sets a very good scene for Australia’s export effort. One of the more important outcomes of the trade effort last year was that we halved the trade deficit from $16.5 billion to $7.3 billion as a result of a lot of the activities that were undertaken by Australia’s exporters, and certainly that was being driven along by the good sound economic management of our government.

We have seen a lot of investment in the export sector of the Australian economy, which has helped. We do not deny that the exchange rate helps exports, but fundamental to a lot of the effort that has been undertaken has been sound economic management, the reform programs that we have undertaken and the removal of a lot of the tax burden from Australia’s exporters. That makes them much more competitive in the international marketplace. That is an undeniable fact. We aim to continue to work with Australia’s exporters to get them into new world markets and increase their presence in those markets.

The sound economic management of the Australian economy has certainly laid the foundation for the forecasts outlined by ABARE yesterday as far as the future of our economy is concerned. The forecasts were underpinned by some comments made at the ABARE Outlook Conference yesterday by Mr Malcolm Edey, head of economic research at the Reserve Bank, who said:

(1) There is little sign of the sorts of imbalances that have curtailed growth in the past.
(2) Wage growth has remained moderate.
(3) Business profitability coming into the second half of 2000 was high.
(4) Interest rates have remained relatively low.
(5) Inflation in underlying terms is well contained.
(6) The Australian economy seems as well placed as could be hoped to weather a shift in international conditions.

That is a very strong signal to the Australian economy and Australian exporters for the future. The forecast of growth in exports is very good news for the commodity sector and for the broader exporting community in Australia. The only threat to that is the likelihood of a Labor government that would roll back a lot of the sound economic management principles that we have implemented over the last number of years and reimpose taxes on the export sector that the government has taken away, making Australian exporters so much more competitive in the international marketplace.
Dairy Industry: Adjustment Package

Mr O’CONNOR (2.50 p.m.)—My question is addressed to the Deputy Prime Minister and goes to his regional development responsibilities. Minister, do you recall the Minister for Agriculture, Fisheries and Forestry telling dairy farmers in a press release on 30 June last year that dairy farmers can expect their first adjustment payments in late October? Are you aware that, according to the Dairy Adjustment Authority, as of yesterday, nearly a quarter of eligible dairy farmers have not been paid their entitlements? Can you confirm that polocrosse players in Beaudesert in Queensland got $220,000 of dairy levy money for a new field back in January, while nearly two months later 23 per cent of eligible dairy farmers have not got a cent from the dairy package? Deputy Prime Minister, when are these dairy farmers going to get their money?

Mr ANDERSON—I thank the honourable member for his question and the first thing that I would say is that the issue of dairy deregulation is not one that I or anyone on this side of the House take lightly. There are several points that I will take the opportunity to establish. The first is that this is not a result per se of competition policy or of some ideological pursuit of a position by the government. It is very important that that be established. The second point that I would want to make is that the reality is that, ever since the so-called ‘Kerin plan’ days, it has been known that sooner or later Victorians in particular—

Mr Zahra interjecting—

Mr SPEAKER—The member for McMillan is warned!

Mr ANDERSON—would want to exercise their right under the Constitution to trade freely in other parts of the country. Indeed, the first milk out of Victoria—three tanker loads of it—reached the Sydney market in the mid-1980s. In those circumstances, it was evident that a very real challenge was going to confront the dairy industry—one that was not taken up and addressed by the ALP, even though, towards the end of their time in government, it was very obvious that planning would have to be done. Shortly after the change of government, dairy industry leadership in this country came to me and indicated that there were some big challenges coming up and that they wanted to work with the government to help them through those challenges. We set out to do just that. We put in place a $1.8 billion package to help the industry through what we knew would be, and what is proving in some parts of the country to be, a very difficult exercise—not one that we make light of at all.

There is another point I would like to make on this, though. People seem to want to decry what the Commonwealth has done, and your question, by its very nature, implies that somehow we have not been sympathetic to the industry or tried to help. The fact is that we have put in place the biggest structural adjustment package—

Mr Beazley—Mr Speaker, I rise on a point of order on relevance. The question specifically related to the quarter of dairy farmers who have not received their recompense whilst at the same time others are getting substantial sums of money in the regional adjustment package.

Mr SPEAKER—The Leader of the Opposition has made his point of order and will resume his seat. As the Leader of the Opposition is aware, it is my practice to note questions. The question included quite a lengthy preamble about the dairy farmers’ adjustment payments and about where the money had been spent. The Deputy Prime Minister’s answer is entirely relevant and I recognise him.

Mr ANDERSON—I want to come to a very important point here, because it is so typical of the rhetoric we hear from those opposite when they cry their crocodile tears over what is happening in rural and regional Australia. What have ALP governments across this country done for the dairy industry?

Government members—Nothing!

Mr ANDERSON—Nothing! There was just one state government that did anything
whateosoever to help the dairy industry, and it was the Western Australian coalition. The Labor government in Victoria—nothing! The Labor Party in New South Wales—nothing! The Labor Party in Queensland—nothing! When the Leader of the Opposition in this House—

Mr Price interjecting—

Mr SPEAKER—The member for Chifley!

Mr ANDERSON—this new-found champion of rural and regional Australia—went out there in the boondoggle bus—

Mr Price interjecting—

Mr SPEAKER—I warn the member for Chifley!

Mr Price interjecting—

Mr SPEAKER—The member for Chifley will excuse himself from the House under the provisions of 304A. He had been warned and chose then to defy the chair.

Mr ANDERSON—out there on the boondoggle bus on roads that we built, that they did not want built—he did not leave the Pacific Highway; he did not go and have a look at the local roads—was asked about dairy deregulation, what did he do? He made a lot of nice comforting noises which amounted to nothing more than waffle. Just talk! If you want them to believe out there that you actually have some sort of way forward, you will have to do a lot more than just talk.

The issue raised about the timeliness has been of concern. I know that the minister is seeking to do all that he can to facilitate the implementation of the only assistance package in town, put together in full consultation with the industry—not matched by any Labor administration in the country—

Mr O’Connor interjecting—

Mr SPEAKER—The member for Corio is warned!

Mr ANDERSON—You do not have a leg to stand on this. Your words are absolutely hollow. We are working with the industry. I am talking to Warren Truss, to the leadership of the industry and to the Prime Minister about how we take forward their concerns. Again I note, though, there has not been one whit of cooperation or hint of help or even of understanding from a single Labor government in this country.

Government Policies: Low Income Earners

Mr SECKER (2.57 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister inform the House how this government is delivering real wage increases for low paid workers? How will these increases benefit Australian workers and their families? And is the minister aware of any alternative policies?

Mr ABBOTT—I thank the member for Barker for his question. The government is seeking a $10 a week rise for low paid workers at the safety net—

Mr Downer interjecting—

Mr SPEAKER—The minister shall resume his seat. The Minister for Foreign Affairs!

Mr ABBOTT—We are seeking a $10 a week pay rise for low paid workers at the safety net wage case currently before the Industrial Relations Commission, as opposed to the $8 a week rise regularly sought by the Keating government. I would be the first to concede that $10 does not sound like a lot for someone on the minimum federal award of just $400 a week, but the truth is that increases in the social safety net can actually make a much bigger difference—

Mr Downer interjecting—

Mr SPEAKER—The minister for Foreign Affairs is warned!

Mr ABBOTT—for low-paid workers than wage rises. For instance, someone on $400 a week in wages with a dependent spouse and two dependent children will have, depending on their ages, a total disposable income of $566 a week thanks to the social security system. This is up more than $50 a week on 30 June last year thanks to the
new tax system. Thanks to the new tax system, this person is $50 a week better off.

Mr Cox interjecting—

Mr SPEAKER—The member for Kingston is warned!

Mr ABBOTT—Wage rises of between $28 and $53 a week, as proposed by the ACTU, sound generous but they will cost jobs. They will cost an estimated 45,000 jobs, and the biggest cause of poverty in this country is unemployment. Members opposite say that they want to see higher wages, but on this subject they have form. Basic award wages fell in real terms by five per cent during the life of the former government; under this government they have increased by nine per cent. Average weekly earnings were virtually stagnant under the former government; under this government they have increased by 12 per cent. Members opposite actually boasted about reducing the real wages of ordinary workers. For instance, the former Prime Minister Mr Hawke said:

It should be remembered that the fall in real wages has not occurred by accident; it has occurred as a result of, and it flows from, the accord that has been reached between the Labor Government and the trade union movement of this country.

Members opposite were responsible for massive falls in real wages. The member for Hotham, when he was ACTU president, said:

... we've almost made a virtue of the fact that what this system has produced is falls in real wages.

Australians need higher wages and higher employment, and they can have both thanks to the greater freedom and flexibility in the workplace, which is precisely what this government is delivering.

Dairy Industry: Deregulation

Mr O'CONNOR (3.01 p.m.)—My question is again to the Deputy Prime Minister, and it goes to his regional development responsibilities. Deputy Prime Minister, is it a fact that under your approach to dairy deregulation you reap a taxation windfall of between $350 million and $500 million by taxing adjustment payments to dairy farmers? Is it not a fact that the coalition government has not contributed one federal cent to the dairy adjustment package? How can you justify ripping up to $500 million back from struggling dairy farmers? Why are you making farmers pay while you in the federal government make a profit?

Mr ANDERSON—Again, I thank the honourable member for his question and make the observation that it would be very useful for the purposes of the debate if he actually understood what he was talking about. Let us have a little historical perspective on this. Firstly, when the dairy industry initially approached me—and it was me that they initially approached; they subsequently worked with other ministers—they estimated that the adjustment package ought to be of the order of $1.4 billion. When we worked it through, particularly with the Treasurer, we established that, for reasons of policy consistency, the grants and the arrangements that we were going to put in place ought to be taxable. We accordingly increased the size of the package. That is that we did. The second point I want to make—

Mr O'Connor—There is a tax windfall.

Mr ANDERSON—There is not a tax windfall. The second point—

Mr Horne interjecting—

Mr SPEAKER—The member for Paterson is warned!

Mr ANDERSON—There is no doubt about it, Mr Speaker—some mothers do 'ave 'em. The next point I want to make is this: we did this in full consultation with the dairy industry leadership. It actually is the model of cooperation: a partnership between government and a very strong industry leadership facing huge challenges in an industry which in many ways—this has to be said—itself sought deregulation because it saw an opportunity to expand on export markets. The bulk of Australia's milk is produced in the home state of the member for Corio—I do not know whether he knows that, but it is—and they drove deregulation.

The third point that I want to make is a very important one as well. I think all Australians who are listening would like me, as a
member of the government, to acknowledge that government does not have money of its own; it only has taxpayers’ money. Of course the levy is not government’s money; it is taxpayers’ money—that is what it is, just like any other tax. In this instance, we have chosen to raise a tax to help with a very real challenge that was going to affect not just a lot of dairy farmers but a lot of the communities that they live in, and to deploy it in the best way possible in consultation with those industry leaders and with the affected community.

Again I say that we on this side take this very seriously. We are not seeking, as Labor plainly are, to make cheap political points. If there was even an iota of sincerity in what they were doing, they would be approaching their state counterparts. That is what they would be doing. They would be going to the newly re-elected government in Queensland, they would be going to the Carr government, and they would be saying, ‘Get in behind the Commonwealth and help your regional communities.’ But they are not doing it because there is nothing more than waffle on their side.

The final point that I want to make—and again I say this—is that I am very concerned, and members of the government are very concerned, about what is happening in some of the worst affected communities. We will continue to work on the issues that you raise and the issues that we know are worrying people, in consultation with the industry.

Roads to Recovery Program

FRAN BAILEY (3.06 p.m.)—My question is addressed to the Deputy Prime Minister and the Minister for Transport and Regional Services. I ask the Deputy Prime Minister to inform the House of the progress of the Roads to Recovery Program.

Opposition members interjecting—

Mr ANDERSON—You get asked a question that might give us an opportunity to talk about good news, and all that happens over there is that they start to make a noise. But what I would like to inform the House about—and I am sure it is of interest to all members, because all members and their electorates benefit—is that the first quarterly—

Mr Vaile—They’ll take the money.

Mr ANDERSON—Do you think they will take it?

Mr Vaile—They’ll take the money. They won’t send it back.

Mr SPEAKER—The minister will not respond to interjections.

Mr ANDERSON—The first quarterly payments to local councils under the government’s four-year $1.2 billion Roads to Recovery program will be made tomorrow. It kicks off a historic venture between the federal government and local councils where, for the first time, in something that has been incredibly widely welcomed by local councils, we are dealing directly. It is straight between the Commonwealth and local councils. We are making the grants directly to be spent on local priorities. In total, 127 councils tomorrow are going to receive over $15 million. A further 240 councils have now registered their details—the number grows daily—and we will be continuing to make payments on a weekly basis for the rest of the quarter so that every council that wishes to take up its first instalment can do so.

There have been some councils—and we are being totally flexible on this—that have said they do not wish to access their grant yet. Some of them, for example, are being hampered by wet weather; others want to do more planning. We have said to them, ‘Understand, you are not going to lose your grant; it is guaranteed by legislation over the life of the program.’ The government, in short, has got this excellent program, this very popular program, up and running very quickly. It was announced just last November—in fact, late November. We passed the legislation in December. The first payments are going to be made tomorrow. So road improvements can start rolling in the shire of the Whittlesea Shire Council in Victoria, in the member for McEwen’s electorate, with an initial payment of $152,000, and in the member for Cowper’s electorate, at Kempsey, of $180,000. The member for Hunter—we have not forgotten you—
Mr Fitzgibbon—Coming out to hand out the cheque?

Mr ANDERSON—If that is an invitation, yes. And he will be pleased to note that the Singleton Shire Council in his electorate—

Opposition members interjecting—

Mr SPEAKER—I appreciate that the exchange has been a good-natured one, but the Deputy Prime Minister has the call.

Mr ANDERSON—was one of the very first to apply.

Mr Fitzgibbon—Petrol is $1 a litre.

Mr SPEAKER—Member for Hunter!

Mr ANDERSON—One of your electorates was one of the very first to apply.

Mr ANDERSON—There you go. The benefits associated with the Roads to Recovery program are plainly enormous. It improves access to health and to education, and gives a boost to industry and local employment. Given these benefits, I have to say it is just impossible to fathom that the Leader of the Opposition would want to roll back the federal government’s $1.2 billion local roads program. Given these benefits, I have to say it is just impossible to fathom that the Leader of the Opposition would want to roll back the federal government’s $1.2 billion local roads program. He wants to roll it back. As he told the general assembly of local government last December, ‘I will not say that we will not change this package.’ That is what he said.

The fact is that this is a package that has been very widely welcomed right across Australia. Tomorrow the money starts rolling out. If the Leader of the Opposition and his boondoggle gang had got off their bus on the Pacific Highway—which of course they did not want to build; there is a member over there who does not want—

Opposition members interjecting—

Mr Horne—Mr Speaker, I raise a point of order, because that is a deliberate lie, and the agreement—

Mr SPEAKER—The member for Paterson knows that the reference to anyone in that way is unparliamentary and will withdraw it.

Mr Horne—Mr Speaker, I said it was a deliberate lie—

Mr SPEAKER—The member for Paterson will withdraw. He has already been warned.

Mr Horne—I will withdraw.

Mrs Irwin—He’s got a pimple on his tongue.

Mr SPEAKER—The member for Fowler is warned.

Mr Horne—Mr Speaker—

Mr SPEAKER—The member for Paterson.

Mr Horne—Thank you, Mr Speaker. My question is to—

Mr SPEAKER—I apologise. The member for Paterson will resume his seat. That was a matter of misunderstanding between us. I thought the member for Paterson was seeking a further point of order. I call the Deputy Prime Minister.

Mr ANDERSON—I really just wanted to make a couple of final points about the trip up the Pacific Highway, which of course we got under way. It is actually the biggest infrastructure project since the Snowy Mountains Scheme that governments have been involved in funding—$3.5 billion, opposed every inch of the way, when people like the member for Cowper were pushing it in opposition, by the then government. Of course, had that boondoggle bus left the Pacific Highway, I am sure that the realisation would have dawned that local roads are in urgent need of attention. Just as one final point: I think, if my maths are correct, had we been channelling, in the old-fashioned way, all of this through the old ALTD Act the charge rate at the moment per litre would have been not 4.95c a litre but about 7.93c. Just a note on the way through.
Paterson Electorate: National Party Candidate

Mr HORNE (3.12 p.m.)—My question is to the Minister for Agriculture, Fisheries and Forestry. Minister, are you aware that the National Party candidate for Paterson, Mr Ian Shaw, contacted a dairy farmer in my electorate on 8 February to tell him how much the Dairy Adjustment Authority had paid into his bank account that day? Will you confirm that this follows representations I made to your office on Wednesday, 7 February on behalf of the farmer, who had been waiting for more than four months for the payment? Minister, is it your practice to use National Party candidates to advise dairy farmers about payments—

Mr SPEAKER—The member for Paterson has asked his question.

Mr HORNE—I am asking it.

Mr SPEAKER—The member for Paterson may continue but must not impute improper motives to the minister.

Mr HORNE—Minister, is it your practice to use National Party candidates to advise dairy farmers about repayments to their bank accounts from the Dairy Structural Adjustment Program? Why are you putting cheap political advantage to National Party candidates ahead of—

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

Mr McMullan—Mr Speaker, I raise a point of order. By what standard on what standing order is it out of order for a member to ask a minister whether he has behaved in a manner, the facts of which have been stated, whereby the private financial affairs of one of his constituents have been disclosed to a National Party candidate and not to the local member? It is absolutely crystal clear what accountability mechanisms this question time is for. If we cannot ask that, what can we ask?

Mr SPEAKER—The Manager of Opposition Business has raised his point of order.

Opposition members interjecting—

Mr TRUSS—In answer to the honourable member’s question, I have no knowledge of the specific instance to which he has referred. I am certainly well aware of the fact that the honourable member for Paterson is amongst a large number of members, par-
particularly on this side of the House, who have sought assistance to obtain information in relation to the payments to individual dairy farmers. On a number of occasions my office has received requests for assistance from more than one person about the same case and we have endeavoured to be helpful where we can. In assessing these issues, the DAA has to strike a balance between its endeavours to be helpful to members of parliament and others making inquiries and its obligations to protect the privacy of individual dairy farmers.

Opposition members interjecting—
Mr SPEAKER—I remind members of their status.
Mr TRUSS—The DAA are very conscious of their obligations under the legislation in relation to these matters and seek to act responsibly in each instance. I will make some further inquiries about the case referred to by the honourable member. He may have to give me some more details or the name of the individual because, as I said, he has contacted my office on more than one occasion about dairy adjustment matters. I am happy to do that.

Whilst I am on my feet, Mr Speaker, may I inform the House that 98 per cent of dairy farmers have now been informed of their entitlements under the Dairy Structural Adjustment Program and over three-quarters have received their payment. Those who have not received their notification—the other two per cent—are generally people who, for one reason or another, either have not completed their application or their affairs are the subject of court action of one kind or another and they are awaiting a final determination for that reason.

The task of the Dairy Adjustment Authority is now almost complete. The balance of its work will involve the payments to be made over the next eight years. I notice that the opposition were talking about increasing the staffing numbers in the DAA. The reality is that that was done a year ago. What we are doing now is winding down the DAA because its task is complete. They are proposing just to build up a bureaucracy for no seeming purpose.

The DAA has had a difficult task to complete in a very short period. It took considerable effort to put in place the necessary structures. That has been done. The overwhelming majority of farmers have now received their notice of entitlement. The difference between the 98 per cent and the 75 or 78 per cent is basically the 28-day period that has to expire between those two dates for objections where people can draw attention to any inaccuracies they regard in those payments. The procedures are now well and truly in place. I will look at the particular case referred to by the honourable member and, if there is any further information I need to give to the House, I will do so.

Education: Literacy

Mr HAASE (3.21 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Would the minister inform the House about new government initiatives aimed at encouraging greater levels of literacy among school aged children, particularly those in remote areas?

Dr KEMP—I thank the honourable member for Kalgoorlie for his question. Members of the House will be aware that, as a result of the Howard government’s initiatives to establish national literacy standards and assess every child, we are now seeing the first improvements in literacy for over quarter of a century. This government decided that we could not sit back, as the previous government did, and do nothing to make sure that every young Australian had the opportunities that literacy brings. Of course, when the Leader of the Opposition was minister for education—probably the worst minister for education in this country’s history—some 30 per cent of young people could not read and write adequately. He could not think of anything to do in the portfolio to change the situation.

This government has taken a large number of practical steps to improve and enhance literacy standards. This morning I announced a very significant new literacy initiative called the Books in Homes in Australia proj-
This is a pilot program under which the Commonwealth will provide books to some 10,000 young people in remote and educationally disadvantaged communities during the course of this year. The Books in Homes in Australia pilot is about encouraging schoolchildren to read by enabling them to choose books themselves and to own those books. Many of these young people have probably never before had the opportunity to own a book in their own home and to keep that book, read it and enjoy it again and again. The pilot project is a partnership between state governments, the Commonwealth and Scholastic Australia, a publisher of children’s books. It is a great example of practical reconciliation as well as the operation of the social coalition in remote communities.

The Books in Homes in Australia pilot is based on a successful Books in Homes program founded in New Zealand by Alan Duff, the Maori author who wrote the widely acclaimed book *Once were Warriors* that was the basis of that quite remarkable film. Alan Duff has been deeply committed to spreading literacy amongst young Maori children in New Zealand. We had a close look at his scheme and decided that such a scheme had a real prospect of success in Australia as well. Alan Duff will be a consultant to this pilot project. Probably most, if not all, of us in this place have had the opportunity to get a great deal of pleasure out of reading for fun and learning in the process. I hope that this pilot will ensure that far more young Australians have this opportunity.

**National Party: One Nation Preferences**

Mr LEO MCLEAY (3.24 p.m.)—My question is to the Deputy Prime Minister and Leader of the National Party. Do you recall saying, in answer to a question on 7 December last year, that you would argue strongly and forcefully for One Nation to be placed last on all National Party how-to-vote cards and saying, ‘I should imagine that I will be successful.’ Deputy Prime Minister, are you aware that the member for Kennedy said on 13 February this year:

Let there be absolutely no doubt about that, I am seeking as far as humanly possible the closest of close relationships with not only [One Nation] but with other groups that have come into existence. Deputy Prime Minister, do you still believe you will be successful in having One Nation placed last on National Party how-to-vote cards.

**Government members interjecting—**

Mr SPEAKER—I remind members on my right of the general warning.

Mr Slipper—What a hypocrite.

Mr SPEAKER—The member for Fisher is warned. I had issued a general warning. The member for Fisher will excuse himself from the House.

The member for Fisher then left the chamber.

Mrs Gallus—What about the others?

Mr SPEAKER—The member for Hindmarsh will follow him.

The member for Hindmarsh then left the chamber.

Mr SPEAKER—Before I recognise the member for Menzies, the question asked by the Chief Opposition Whip is not a matter over which the Deputy Prime Minister has administrative control. It is a matter to which he has referred in a press statement, as outlined by the Chief Opposition Whip. For that reason, it does not fit strictly within the guidelines of a question for which he has administrative control. I will allow the question to stand, but it is not a question that would normally be recognised as being entirely within the guidelines. However, it is a matter to which the Deputy Prime Minister has referred in the past.

Mr ANDERSON—Mr Speaker, I thank the honourable member for his question. I just make the point that I have made my position clear in this matter, as I said last time, but I also acknowledge that, in my party, candidates, members and senators have considerable right at a democratic level—that is, the communities they come from, and their party organisation on the ground—to work these issues through. Nothing in that sense has changed. The only other point that I want
to make to you is that it is, of course, very illustrative that the question was not asked by the Leader of the Opposition. The Leader of the Opposition, until very recently, wandered around this country thumping his chest, claiming some sort of moral high ground and indicating that anybody else who did not adopt his particular position was somehow a moral pygmy. Of course, he cannot do that any more. Although they claim some sort of incredible capacity at the top to control their party all the way down, they do in a sense operate a politburo, which my party does not. What did they choose to do in Queensland?

Opposition members interjecting—

Mr ANDERSON—Mr Speaker, if necessary, I will take a point of order. Apparently it is necessary for me to answer my own question. The fact is that in Queensland they did not preference One Nation last.

Mr SPEAKER—The Deputy Prime Minister may conclude his answer, but he has not raised a point of order.

Grape Industry: Quarantine

Mr FORREST (3.28 p.m.)—Thank you, Mr Speaker, for an opportunity to ask the Minister for Agriculture, Fisheries and Forestry a question about table grapes. Would the minister outline to the House the decision by the Director of Quarantine to extend the ban on imports of table grapes from the United States of America. What have been the concerns that have led to this decision?

Mr TRUSS—I thank the honourable member for Mallee who represents Sunraysia, which is responsible for about a quarter of the nation’s grape harvest, for his question and acknowledge the representations that he has made on behalf of this industry over quite some period of time. I can confirm that Californian table grapes will not be allowed entry into Australia. The government has accepted the advice of the director of quarantine that further scientific research is needed to address possible risks before any trade in grapes could be permitted. Over recent times, honourable members will be aware of a significant outbreak of Pierce’s disease and its vector, the glassy winged sharp shooter, in California. This outbreak has triggered expenditure in the United States of the order of $US40 million in an endeavour to curtail and confront the issue. Australia sent a team of scientists from the CSIRO—an entomologist and a plant pathologist—to California to look at the measures that have been undertaken and to obtain additional scientific information about this pest and disease. On the basis of their report, the director of quarantine has come to the conclusion that the higher risk profile alters our approach and the risk management measures necessary to deal with issues arising from grape imports from California.

Mr Forrest—Mr Speaker, I rise on a point of order. There is so much hubbub in this chamber that members up the back cannot hear the minister’s answer to this question—a very important question, I might add.

Mr SPEAKER—The occupier of the chair has a certain advantage, being so close to the minister. I thank the member for Mallee for raising that point. It was not as though there had been interjections. I think there may have been some general conversation. I would ask members to desist and to recognise the minister.

Mr TRUSS—To complete the answer: the director of animal and plant quarantine considers that, in light of the changed risk profile and uncertainties about the risk management techniques, there needs to be additional scientific work done before any further consideration can be given to the importation of Californian table grapes. The US authorities have been advised of this decision and, whilst naturally they are not satisfied with it, they have accepted that this is a serious issue for Australia and one that we have a right to have resolved. Australia will never compromise our clean, green image. We will adopt the strict standards necessary to protect our industries from risks of exotic disease or pests associated with imports, and these decisions will always be based on sound scientific assessment of the risks involved.

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

National Party of Australia: One Nation Preferences

Mr ANDERSON (Gwydir—Deputy Prime Minister) (3.33 p.m.)—Mr Speaker, I seek to add briefly to an answer that I gave in response to a question in relation to preferences. I table the advice that was just handed to me in relation to the Queensland ALP’s preference advice across the range of seats that they contested in Queensland. I just make the point about the sheer and utter hypocrisy of the Leader of the Opposition on this. I will quote him talking about Richard Court in the Western Australian election campaign. Kim Beazley, on putting One Nation last, said—

Opposition members interjecting—

Mr SPEAKER—The Deputy Prime Minister may add to an answer.

Mr ANDERSON—He said of Richard Court:
He seems to have got away with this to this point by saying, ‘Oh, well, look, we will extend preferences to the National Party.’
The Leader of the Opposition said—

Mr Leo McLeay—Mr Speaker, I rise on a point of order. He was adding to the answer he gave me, and I never asked him anything about Richard Court.

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

Mr ANDERSON—The Leader of the Opposition said:
That is not the issue. The issue is: is One Nation going last?
The fact is that in Queensland they expected us, presumably, to choose between Labor and One Nation. But what did they do? Did they ask their supporters to choose between the National Party and the Liberal Party, or the Callithumpians or the Democrats or One Nation? Your hypocrisy is totally exposed! I table my advice. And I note again that the Leader of the Opposition did not ask the question!

Mr SPEAKER—The Deputy Leader will resume his seat. It would be painfully evident to every member in this chamber that, if I were to be even-handed in dealing with members in the way in which I dealt with the members for Fisher and Hindmarsh, precious few of you would still be here. I am constantly being implored by some members to be even-handed. I am resisting the obligation at this moment.

PERSONAL EXPLANATIONS

Mr BEAZLEY (Brand—Leader of the Opposition) (3.36 p.m.)—Mr Speaker, I seek your indulgence to respond to that attack. When a vicious personal attack is made like that, you are entitled to respond. I am seeking your indulgence.

Mr Baird interjecting—

Mr SPEAKER—The member for Cook!
If the Leader of the Opposition believes he has been misrepresented, I will of course accommodate him in a matter of misrepresentation.

Mr BEAZLEY—Then I will claim misrepresentation—a disgraceful misrepresentation from a party that has preferred One Nation and put them in parliament. I claim to have been misrepresented.

Mr SPEAKER—The Leader of the Opposition knows the procedure in the House. Does the Leader of the Opposition claim to have been misrepresented?

Mr BEAZLEY—Yes, I do.

Mr Anderson—I have misquoted you, have I?

Mr SPEAKER—The Leader of the Opposition may proceed.

Mr BEAZLEY—As the Leader of the National Party well knows, every Labor how-to-vote card handed out in Queensland—

Mr McGauran—Mr Speaker—

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

Mr BEAZLEY—Oh, am I not going to get a chance—
Mr SPEAKER—The Leader of the Opposition knows perfectly well that the chair has no choice but to recognise a point of order.

Mr McGauran—Mr Speaker, I rise on a point of order. The Leader of the Opposition or any other member of this House during a claim of misrepresentation is entitled only to point out where they have been misrepresented. The Leader of the Opposition is now engaging in argument and debate.

Mr SPEAKER—I was listening very closely to the Leader of the Opposition. He understands that he must indicate where he has been personally misrepresented, and I am inviting him to do so.

Mr BEAZLEY—It is very simple, Mr Speaker. Every Labor how-to-vote card in Queensland carried this advice: you vote 1 Labor and, if you extend preferences, put One Nation last—every one of them, unlike—

Government members interjecting—

Mr SPEAKER—The authority of the chair is being utterly abused—abused by the Leader of the Opposition, abused by members on the government front bench, abused by the member for Sturt. It is a pity this is not a broadcast session so that their electors would know.

Mr HORNE (Paterson) (3.38 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr HORNE—Certainly, Mr Speaker.

Mr SPEAKER—The member for Paterson may proceed.

Mr HORNE—Thank you. During question time the Deputy Prime Minister claimed that I and others on this side had done nothing to support the reconstruction of the Pacific Highway. That is completely false. He knows that, as a member of this parliament, I was present when the then Minister for Transport, the Hon. Laurie Brereton, and the Hon. Michael Knight from New South Wales signed a historic agreement for the federal government to be involved in the reconstruction of the Pacific Highway.

QUESTIONS TO MR SPEAKER

Privilege

Mr O’KEEFE (Burke) (3.39 p.m.)—I have a question to ask of you, Mr Speaker. It results from a reading of the Hansard transcript which provides your answers to questions that were asked of you yesterday by me and the member for Watson. There appears to have been either a difference in interpretation or a contradiction in a couple of things you said. I am asking if you might clarify them for me. When we asked the question of the process that took place in relation to the viewing of the tapes, in your answer to the member for Watson, your words were:

There was no way in which anyone was obliged by me to do anything. The manager of the premises volunteered the opportunity to look at this material ...

In your answer to me, you said:

In order to be informed, I asked the Clerk to approach the manager of the establishment, who volunteered access to them.

I am just wondering if you might clarify what has actually taken place.

Mr SPEAKER—The Hansard record is accurate. The matter is self-explanatory, and closed.

Mr O’KEEFE—Mr Speaker, I have just sought clarification. I do not think it is self-explanatory. I have explained—

Mr SPEAKER—The Hansard record is accurate. The matter is closed. If it is a matter of concern to the member for Burke, he may approach me in my office.

AUDITOR-GENERAL’S REPORTS

Report No. 29 of 2000-2001

Mr SPEAKER—I present the Auditor-General’s audit report No. 29 of 2000-2001 entitled Performance audit—Review of veterans’ appeals against disability compensation entitlement decisions—Department of Veterans’ Affairs—Veterans’ Review Board. Ordered that the report be printed.
MATTERS OF PUBLIC IMPORTANCE
Fuel Prices

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

The continuing cost to Australian motorists, at over $1 million a day, of the Government's dithering on giving back the fuel tax windfall. I call upon those members who approve of the proposed discussion to rise in their places.

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

Mr CREAN (Hotham) (3.42 p.m.)—Another day, another backflip, another government backbench revolt and another rolling of the Treasurer. Out of this last couple of days we have got the member for Kennedy challenging the Deputy Prime Minister, we have got the Treasurer rolled again without the courage, even with Labor's support, to stand up to his Prime Minister or even to the member for Dawson and we have the latest backflip on petrol, involving the government adopting more of Labor's roll-back.

This is a Prime Minister who wants the electorate to be grateful that he is now considering some petrol relief—a Prime Minister who for eight months, against Labor's urging, has said that it cannot be done, wanting, as the shoplifter having got caught, to be congratulated for giving back the goods. The sheik of shoplifters is this Prime Minister, a person who has used the petrol bowser and world oil prices to rip people off even further and who wants to be thanked now for being forced to give money back.

Until yesterday, we were told that what Labor was proposing could not be done—that it was unaffordable, that it was irresponsible, that it would wreck the budget. But now we have got the government embracing this very measure. The question we ask today is: why not embrace it fully immediately? Why not adopt Labor's bill now? The bill that the Leader of the Opposition sought to move at 9.30 this morning gives relief to Australian motorists immediately. We would facilitate its passage through the parliament. We would do everything we could to give that relief immediately, because every day that is wasted represents $1½ million being ripped out of the pockets of struggling Australian motorists. So far as this bill is concerned, the clock started ticking on 1 February. That is when we sought to freeze the petrol excise for the February adjustment to give back what the government deceived the Australian public about in terms of its GST adjustment.

Since 1 February—and this is now the end of the month—that excise, that additional tax, that deceitful tax, at $1½ million every day, has taken from the Australian public $42 million, and it keeps rising by $1½ every day. Each day wasted in moving on this sees the rip-off barometer rise. So why wait? Why prolong their humiliation? Just do it! We will facilitate it—after all, it is our policy. So why doesn't the government totally eat the humble pie, embrace the policy and give support to it in this parliament immediately?

For eight months, the government said that this could not be done. I have these quotes from the Prime Minister (sic). In question time, in answer to a question on 2 November 2000 in relation to our asking why he would not give the petrol relief, he said:

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.

Of course, we know he did something for pensioners. He discounted their pension increase in March when he never told them he was going to do it in the election campaign. But it was not enough to hit them once; he dudged them twice. He also promised during the election campaign that everyone over 60 would get a $1,000 savings bonus—and they did not get it. So none of this sanctimony from the Prime Minister saying he can do nothing for pensioners. Why not do what you promised to do for them, the same as you promised in relation to petrol? It was not only that quote—I have many of them
here—but another couple will suffice. On Radio 2BL on 31 January this year, the Prime Minister said:

Now, it’s impossible from an economic point of view to do both.

That is, petrol price reductions as well as the road funding. I come back to his quote:

That would not be responsible.

At the community breakfast in McEwen—we know how that great little fighter, the member for McEwen, has been ducking and weaving on this issue—he said:

... we couldn’t do both so we decided to spend it on roads.

For eight months, this Prime Minister has been in denial. For eight months, he has been accusing Labor—in persisting with the approach that they are now prepared to embrace—saying that Labor would blow the surplus. Only last week, on this later issue of blowing the surplus, they unleashed their secret weapon in New York. Joe Hockey, the Minister for Financial Services and Regulation, is at the table now. Our Minister for Financial Services and Regulation went between New York and Des Moines talking Australia down, saying that if Labor were elected to office we would blow the surplus.

Mr Hockey—Why don’t you ask a question?

Mr CREAN—You are not worth it, my friend.

Mr Hockey—Have the guts to ask a question.

Mr DEPUTY SPEAKER (Mr Nehl)—The minister and the Deputy Leader of the Opposition will cease the over-table conversation.

Mr CREAN—We know who has the guts, my friend. Not only was he over there but we learnt from a newspaper earlier this week that this direction to him was given from the highest level. It was approved by the Prime Minister and the Treasurer that the secret weapon—Blowout Joe—who was so effective in January of last year in trying to explain the GST that they took him off the air this January, would be sent away. They got him out of the country. But here we have the government accusing Labor of blowing the budget and also of driving the dollar down—this from a government that has seen the dollar go from close to 79c to 52c. It even dropped close to 50c. What hypocrisy! Driving the dollar down—is that the standard? You ought to be ashamed of yourselves with what you have achieved.

Mr DEPUTY SPEAKER—Deputy Leader of the Opposition, please address your remarks through the chair.

Mr CREAN—I will speak through the chair, Mr Deputy Speaker. Also, this is from a government accusing us of driving the surplus down when we have today’s Financial Review saying that the Prime Minister is prepared to sacrifice the surplus. He is quoted:

I’m in the business of winning elections.

The Prime Minister, through this minister at the table, accuses Labor of blowing the surplus when that is exactly what they will do to try to hold on, shoddily, to office. ‘Shoddily’ I say, because they have broken so many promises in relation to the GST. Nothing they have said about it has borne fruit. People are not better off as a result of this; they consider themselves worse off. Pensioners are not better off as a result of this; they consider themselves worse off. Pensioners are not better off. Petrol went up as a result of the GST and ordinary beer rose more than 1.9 per cent. It is not a simple new tax. All of these things were said. The last saving grace is that the Prime Minister said during the election: if you don’t believe it is good for you, at least believe it is good for the economy. The GST has mugged the Australian economy. That is why our economy was growing more slowly in Australia even before the recession signals started to come from the US. The GST mugged this Australian economy, and all of the indicators point to the fact that the downturn began post July. Yesterday, the Treasurer, when he was talking in here about how corporate profits went up in the last quarter, forgot to mention the previous quarter which the Statistician revised. The previous quarter—the first after the GST had been introduced—showed that corporate profits were revised down even further, the lowest since 1991. Some
achievement, this great new tax, this great new benefit for the nation!

What we have out of all of this mess is the Treasurer of the country floundering in the wake of the backflips: rolled on BAS, rolled on petrol and rolled on trusts. We used to hear him taunt this side of the House by saying, ‘We never hear them mention roll-back.’ He got that cute little ‘r’, that cute little lint, into the roll-back. The fact of the matter is that the Treasurer has been rolled over. Whilst we are talking ‘r’ words, what the Treasurer should do is resign because he failed to honour a commitment he made to this parliament and to the opposition, a commitment in writing that he would introduce his tax legislation, his trust legislation, in full and on time. Not only has he been rolled by his backbench on this; he has been rolled by no less than De-Anne Kelly. This is the great Treasurer who can stand up to all comers—rolled by the National Party. But it is not for the first time, is it? We ought to be thankful for these people: if they had operated sooner we might have been able to save the $45,000 on the image makers for the Treasurer because at least these roll-overs of him have taken the smirk off his face.

Dr Martin—Well, until today!

Mr CREAN—Until today; until he thought he could slip in here and fudge the figures again. Rolled, yes, but the problems are still not fixed. BAS is still a mess. We saw the Treasurer today clutch on to some survey. I think of 300 people, in a desperate effort to say people were now satisfied with it. He is still refusing, on the petrol issue, to acknowledge the extent of the petrol tax. He is revising down the budget impact faster than the dollar fell under his stewardship. If he revises that figure down any further, he will be wanting you to believe that it is actually contributing to budget revenues rather than detracting from them.

On the petrol windfall and on petrol tax, I come back to two things that the government must do. If it is to give relief, it must immediately support Labor’s bill because that will give the petrol tax cut as soon as possible—and people need it because they are hurting. They are having to pay too much for their petrol, and you know it, Mr Deputy Speaker. They have been calling out for relief and they can be given it now. We know that that can be afforded, because the Prime Minister has admitted that the effect of world oil prices on the petroleum resource rent tax enables at least the freezing of the February petrol excise to be afforded. But we believe there is more there by way of the windfalls. That is why we want the government—and we call upon it again today—to release the detail on the extent of the windfall. There are four sources of this government’s windfall from petrol tax. First, the government chose to cut excise by only 6.7c a litre, when the GST put the price up by 8.2c a litre. That is 1½ c a litre not budgeted for that they have been ripping off Australian motorists. Second, as the price increases above the 90c strike rate at the pump, the amount of GST collected increases above that 8.2c a litre. That is a second windfall. Third, the fuel excise is indexed to inflation. Inflation from the GST has increased excise in February, and increases in fuel costs feed into higher inflation. That in turn goes into higher excise. The GST and the increase in world oil prices have already generated this third windfall—excise windfall. Fourth, the oil price will directly increase the revenue to the petroleum resource rent tax, the PRRT. We have the Prime Minister admitting that that is half a billion dollars. It is interesting to note that, today, the Automobile Association of Australia puts that figure at over $1 billion.

There we have it: four windfalls that we want the answer to because we want the government to come clean, stop denying the problems and stop trying to hide it. ‘Tax on a tax is okay,’ this government says now, when it promised it would not happen. Labor has said we will act now. That is why we have introduced this bill; that is why we want it debated. But we want to go further than that and establish the full extent of the windfall and look at options for returning the windfall. That is why we have the Peter Cook committee continuing; that is why we will continue to put pressure on this government.
Australian motorists deserve relief. Support our bill; give it to them immediately. (*Time expired*)

Opposition member—Hogwash Hockey!

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The member who said that will return to his seat.

Mr Hockey—It was the member for Lilley.

Mr DEPUTY SPEAKER—We will ignore it this time because nobody has the guts to own up.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (3.58 p.m.)—The member for Lilley, sadly, lacks courage; we all know that. That was quite an interesting speech from the member for Hotham because the member for Hotham has proven in the past that he is capable of getting his facts wrong. Wonderfully, he did it again today. The member for Hotham quoted, apparently, our Prime Minister saying this:

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 is what the member for Hotham said that Prime Minister Howard said in this place. In fact, it was the Treasurer who used those words. In fact, the Treasurer was directly quoting Tony Blair. They are the words of Tony Blair on 1 November. Here we have the member for Hotham, who is urgently going through his papers checking the quote, making allegations about our Prime Minister, and, in fact, they were the words of his Labour Party soul mate in the UK, Tony Blair. Research! A policy lazy opposition relying on research lazy information, getting something wrong in the House.

The member for Hotham talked about the windfall and he said there were four pillars to the windfall. The first pillar is the difference between the 6.7c a litre and the 8.2c a litre which occurred around 1 July last year. He said that under those circumstances we reduced the excise by 6.7c a litre. The GST was 8.2c a litre and the rest of the money, about 1.6c a litre, was meant to be absorbed by the oil companies to compensate for the fact that we abolished wholesale sales tax. The ACCC has advised me that that 1.6c a litre was not passed on to consumers, as alleged by the Labor Party. The Labor Party has been alleging for months now that the price of petrol increased as a result of the GST on 1 July, but the ACCC has advised that that was not passed on to consumers, that in fact the oil companies did absorb it because they got the benefits of the abolition of the wholesale sales tax.

The Deputy Leader of the Opposition says the second windfall comes because petrol is above 90c a litre at the pump—as if the government controlled the price of petrol at the pump and are pushing it up above 90c a litre so we could get some windfall. The third point about the windfall is that the Deputy Leader of the Opposition was talking about the inflationary effect on excise of the GST. It was in fact the Labor Party that introduced indexation on excise in 1983. Get this: under the Labor Party, from 1983, excise was raised 23 times, including by 5c over and above inflation after the 1993 l-a-w tax cut Keating election. Then we had Paul Keating saying that he was going to give l-a-w tax cuts to everyday Australians but when he came back into government he said, ‘We have this budget deficit so we will not only not deliver the tax cuts but we will increase excise.’ That was by 5c a litre. Memories are long on this side of the House even though they are very short on the other side of the House. We have had the member for Hotham crowing about the impact of a fictitious 1.6c a litre and yet he was in the Keating government when, after they promised tax cuts, they came back in here and increased a 5c a litre increase to pay for their budget deficit.

The amazing thing about this is that at the same time the Labor Party increased the wholesale sales tax from 10 per cent to 12 per cent, from 20 per cent to 22 per cent, from 30 per cent to 32 per cent, and you know what? There was not one dollar of compensation—not one zack of compensation to Australian consumers. There was no safety net that the Labor Party proudly beats
its chest about. So the people most vulnerable in our community did not receive one dollar of compensation from the mean-spirited Keating government, of which the member for Hotham was a member—in case he has forgotten, he was a member, and maybe he should get some good research to remind him of that, because his research is flawed in other areas.

The interesting thing is that the Labor Party did not compensate those most vulnerable in our community for tax changes which, under the Labor Party, only went up. Under the coalition we have tax changes and we have put in place the most significant compensation arrangements ever provided to Australians. We have done that because we on this side of the House care about those people most vulnerable in our community. It is not rhetoric; it is action. That is what it is about being a member of the coalition; it is about action. Maybe from time to time we could do a better marketing job on some of those things and maybe from time to time we could work harder to get the message across about exactly what we are doing for the most vulnerable people in our community. We on this side of the House are not about rhetoric; we are about action but those on the Labor Party side of the House are about rhetoric and not action.

At this point it is probably worth reminding the House of exactly what the true story is about the Howard government’s commitment on petrol prices. The first point is that, as we have said on so many occasions in this place, the most significant impact on petrol pump prices is movement in the price of world crude oil—point No. 1 and undeniable fact. It is quite true that the price of crude oil has increased from around $US12 per barrel to currently around $US30 a barrel. In a matter of about 18 months, the price of crude oil has nearly tripled and, at the same time, there has been a downward movement in the value of the Australian dollar compared to the US dollar and that has had a higher impact in Australian dollar terms on the price of the most significant input to petrol at the pump than could have been expected.

The second key factor is this. Under the new taxation regime, this government gave every business in Australia a petrol price tax cut. Every business in Australia is now better off under the GST with petrol prices. That is because they receive the input credit on fuel costs, making petrol at least 8c a litre cheaper for every business. Do you know how that flows through in the economy? It flows through to exports, it flows through to consumption and it flows through to manufacturing. You start to see the results today when Australian exports are up by 25 per cent, and one of the main reasons for that is that we have taken the hidden costs of the Labor Party’s taxation plan off exports. So we are now more globally competitive than ever previously was the case. A direct flow-through to exports is revealed in the latest figures, which indicate a 25 per cent increase in exports from Australia.

The second factor in relation to the Howard government’s plan was that we put in place special treatment for diesel fuel which provided price falls to rural businesses of around 24c a litre.

Mr Nairn—The Labor Party opposed it.

Mr HOCKEY—The Labor Party is making a huge issue out of an alleged 1.5c a litre. This government, the coalition, has delivered for rural businesses a tax cut on their fuel of 24c a litre. And every step of the way the Labor Party opposed it. Every step of the way the Labor Party opposed the reduction in petrol tax for Australian businesses. Every step of the way the Labor Party opposed the reduction in diesel fuel costs for rural businesses. The key thing about this is that the Labor Party has not offered one cent of compensation or support to those who justifiably deserve that support. We on this side of the House put in place an offset program for remote and regional Australia of 1c to 2c a litre—that 1c to 2c a litre that the member for Hunter came into this place and said he would revoke if the Labor Party were put into government. The Labor Party talks hypocritically about the differential between city and country prices and then comes into this House in an MPI and says that it is going
to repeal the 1c and 2c offset on petrol prices in the bush should it be elected to government. The member for Hunter did it. The Leader of the Opposition was at the table and did not stand up and say that was wrong. The Leader of the Opposition simply waffled when asked the direct question again. I think all of us on this side of the House get the question: what does the Labor Party stand for? What are the policies of the Labor Party? We had the member for Hotham standing here talking about roll-back, but what did he say? What is roll-back? Everything that happens could be or may not be roll-back. They will not tell us what roll-back actually is.

Mr Sidebottom—You know what it is—you are doing it.

Mr Hockey—The member for Braddon is obviously seriously afflicted with foot in mouth. He says roll-back is what we are doing. Maybe the member for Braddon could explain what else is in roll-back, because roll-back actually has more policy on it than this piece of paper. It is a blank piece of paper, because the Labor Party does not actually stand for anything and it does not believe anything. The Leader of the Opposition has not uttered one piece of policy detail in relation to taxation or in relation to economic policy. We are still waiting for the first speech on economics from the member for Hotham, after five years. It is a tragic statement that the Labor Party in opposition is claiming to be an alternative government for Australia and no-one knows what they believe in, no-one knows what they want to do. As the Treasurer said today, they stand up here and wave a policy that says they are going to repeal excise. They have said they will do it in opposition, but they will not do it in government. On the GST, the Labor Party opposed it in opposition but they are going to keep it in government. What does the Labor Party stand for? What does the Labor Party believe in? It is not just me asking these questions; it is a whole lot of other people. It is time for answers from the Labor Party. (Time expired)

Ms Ellis (Canberra) (4.13 p.m.)—I have pleasure in rising today to support the matter of public importance moved by the member for Hotham. What the government has failed to realise is that the Australian community actually has good hearing. The Australian community heard the Prime Minister when he promised that the GST would have no impact on the pump price of petrol—no impact because of the GST. We have been telling the government and the Prime Minister for many months that this promise had been broken, that there was a price effect directly attributable to the GST, that the people were angry about it and that the government should immediately address it. We called for an inquiry and we demanded action. The government and the Prime Minister continuously insisted that the price of petrol was a matter out of his and their control. Of course, the Prime Minister and the government parrot on about OPEC, about crude oil prices—every excuse but no responsibility. I would like to quote Mr Howard, the Prime Minister, in this place on 6 November:

Can I say to all of you that I do not like these high prices any more than anybody else, but it is due to the world price of oil.

Again, in this place on 5 December he said:

As the Deputy Leader of the Opposition knows, the price of petrol at the bowser today is uncomfortably high. I do not like it, he does not like it—we at least agree on that—but it is due to the world price of crude oil.

Of course OPEC can bear some of the blame. However, the reality is simple. The government has been taking a huge tax windfall because under the never, ever GST higher petrol prices mean higher taxes on petrol, diesel and LPG. The government refused to hold the inquiry we called for and stubbornly insisted that there is nothing we can do, running around with their hands in the air feeling absolutely defenceless.

We conducted an inquiry, which included an exhaustive schedule of public hearings in 35 locations throughout six states and territories, in regional, urban and rural communities. Recommendations were made as a result of that inquiry. We proposed the waiving of the fuel excise due on 1 February, as did a
number of members opposite. We called
upon the Howard government to prevent that
indexation from occurring and pledged leg-
islative support to achieve that. What did the
government do? Nothing. Maybe nothing is
not quite right. The government did do
something—they continued to repeat the line
that all of this was out of their control, that it
was the world’s problem, not theirs. They
continued to deny any responsibility. The
Prime Minister could have waived that 1
February excise increase, as we suggested. In
fact, there was his real chance to honestly
say to the community, ‘We hear you. I under-
stand your concerns and we will act.’ We
then had two state elections, on 10 and 17
February, and suddenly we are getting inter-
esting contradictory statements from the
government. On the AM program on 23 Feb-
uary, the Treasurer, Peter Costello, said:
Well, look, we have put in place a number of
changes which in particular have helped business
in rural and regional Australia on petrol...
Shortly afterwards on the same morning on
3AW, the Prime Minster said:
It would be palpably stupid of me to say now
there is absolutely no prospect of any change in
the level of petrol excise in the future, I am cer-
tainly not going to say that. That would be crazy.
On 24 February The Prime Minister is
quoted in the Canberra Times repeating his
concern about the high price of petrol and
saying it was due to that awful thing, the
world crude oil price. Again in question time
yesterday, the Prime Minister said:
Sensible people are aware that the high price of
petrol is due overwhelmingly to the high world
price of crude oil.
Sounds repetitious, doesn’t it? Back in No-
vember in this very House, the Prime Min-
ister said:
If I had to make a choice between avoiding put-
ting upward pressure on interest rates and em-
bracing some ad hoc approach to the level of ex-
cise on petrol, I will always opt in favour of re-
ducing pressure on interest rates.
We are now seeing new rhetoric. The gov-
ernment is currently ‘examining’ whether there
is scope to provide some very modest
relief. Would this summersault with pike and a
degree of difficulty attributed to the GST
have anything at all to do with the two state
elections on the 10th and 17th of this month?
Obviously not, because the Prime Minister
has stated that those two results were largely
due to state issues. Would this change of
heart have anything to do with opinion polls?
No, because we all know this Prime Minister
never makes decisions based merely on
polls—never! This prime ministerial back-
down has to be because we were right all
along. The people talking to us were right
and the government is hearing our message.
Our communities and our families are hurt-
ing over this cost impost, this broken prom-
ise from this government. Regional and rural
folk have been copping the rough end of pet-
rol prices for far too long.
The ACT and region takes in many sur-
rounding regional and rural areas where
many people are hurting as a result of the
policies of this government, particularly pet-
rol policy. Recently, I have been speaking to
a good friend of mine, Mr Steve Whan, who
is becoming very well known in Eden-Monaro.
According to the most recent
NRMA survey, three of the five most expen-
sive petrol towns in New South Wales are in
the seat of Eden-Monaro—Bega, Cooma and
Bateman’s Bay. I understand in Bega at the
moment petrol is around $1.02 a litre. Since
the GST arrived, petrol prices have consis-
tently been up and around the $1 level in that
area. The Prime Minister was in Bega not
long ago talking to dairy farmers about dairy
deregulation. He told them how good that
had been for milk consumers, who now buy
cheaper milk, according to the Prime Minis-
ter. If the Prime Minister can boast that price
benefit, why has he been so slow and stub-
born in understanding the cost to consumers
of petrol and the need to address that cost?
There are young people in Eden-Monaro
who proudly achieve that elusive part-time
job. Some of them travel 30 kilometres or
more, usually in an older car, to get to three
hours work at the local supermarket. Finan-
cially, they are finding it barely worth their
effort with the cost of petrol so high. I be-
lieve that in the Cooma-Monaro region
community transport programs funded to
assist volunteers to deliver essential transport services, to assist folk in getting to doctors appointments and so on, receive the same budget as before yet face high petrol prices. They have difficulty maintaining their excellent services, let alone expanding as the needs increase. Meals on Wheels services in the Eurobodalla region face the same problem—no extra money, yet high petrol prices. I have to wonder what the Howard government's representative in Eden-Monaro has been doing if the Prime Minister still has not heard their message.

For every day the Prime Minister has avoided or denied this problem, these sorts of stories are repeated around the country. For every day the Prime Minister dithers, people and families continue their struggle. In the last 24 hours prices around the country have been as follows: Orange 102.9c, Port Macquarie 100.4c, Mildura 100.4c, Mount Isa 94.2c, Port Lincoln 97.8c, Albany $103.3c, Devonport 98.4c—the list is long and equally appalling.

We hear today that the government are still considering their options. For every day they delay this decision, they deny the reality that our families are hurting. The government must return this windfall to the motorists. How much is the windfall? That is a fair question, but the government will not tell us. Why? Probably because they have continued to deny that it even exists. How can they give us a level of windfall when they deny its very existence? We on this side of the House have attempted every option in this place to find out the value of that windfall, to force this government to address this issue and to stop their dithering. We can absolutely confirm to you, Mr Deputy Speaker, to our voters and to the Australian community that we will continue to pursue this government on their behalf until the government do that flip back, until they do that roll-back and do something about the GST windfall on petrol.

Mr NEVILLE (Hinkler) (4.22 p.m.)—In all my time in parliament I cannot think of a more pretentious, self-serving, hypocritical motion to be debated in the MPI than this one today. The originators of this motion have an appalling history. When it comes to the abuse of fuel excise, they—‘they’ being the ALP—have more blood on their hands than Attila the Hun. Let me tell you why. I think you would find it very instructive to have a look at the history of excise. If we go back to March 1956, when it was introduced, it stayed at moderately low levels until about April 1983. The ALP, quite unapologetically, quite deliberately and certainly quite avariciously, imposed fuel excise indexation on this country—and, not only that, imposed it at a rate that made it part of the revenue take. It was not just for roads; it was part of the revenue take.

In the first three years of the Hawke government, excise went from 6c to 10c. Then in 1986, there was a dramatic fall in the price of crude oil. Did the ALP allow the motorist to have the drop? No way. They said, ‘Well, they’ve been used to paying this for a while now, so we’ll hold a bit of this as a fortuitous excise,’ and they did. In that period—and this is also very instructive—excise went from 10.4c in February 1986 to 15.7c in March 1986 to 18.3c in April 1986 and then to 19.2c in May 1986. In other words, there was an increase of 9c a litre in four months. Yet here they are in the House today bleating and holding their hands on their chests about 1½c. What hypocrisy! Then we had the slow cancer through the eighties into the early nineties and then we saw the infamous 1993 budget. That was the absolute daddy of them all. They increased unleaded fuel excise by 5c a litre and leaded fuel excise by 7c a litre, but not one cent—as the Minister for Financial Services and Regulation, who is at the table, said in his address—of compensation was given to the pensioners, to the battlers, to the small business sector or to the farmers. Overall, during Labor’s term in office, excise went from 6c a litre to 34c a litre—a 500 per cent increase, and now they are getting virtuous about 1½c. It almost begs description. Of course, if you also have a look at it in another light—that of indexing excise—it was obviously linked to inflation. So, during their time in office, excise increased at an average of 5.2 per cent a year. Since we came in—and up until July last year—it has...
dropped to 1.4 per cent. In other words, we have taken it down to about a quarter of the rate of increase of excise.

There are other things in this, and the minister at the table spoke about them. We decided we wanted to have exports in this country alive, vital and returning a quality of life to rural Australians. We reduced the cost of diesel by 24c a litre through excise and the GST rebate. Then we had the Fuel Sales Grants Scheme—

Mr St Clair—They voted against that.

Mr NEVILLE—Yes, they voted against that. After saying here that the increase in the price of fuel has pushed up excise, they have assiduously avoided saying anything about the 1c or 2c that goes to regional and rural Australia. A lot of people, such as those in agriculture, forestry, fishing, sections of tourism and mining, do not pay any excise at all. It would be interesting to see how the opposition would react if we introduced an amendment to help the civil construction industry and the earthmoving industry, which, through the ALP and the Democrats, have been deprived of that help. What a time—a time when building is on its knees in this country—to be giving them a bit of assistance.

Everyone knows that the primary cause of high fuel prices today is the international price of crude oil. We also know that the Australian dollar is another factor in that. There is a simplistic view in the community that, because we are 80 per cent self-sufficient, we use up to 80 per cent of our oil then buy the other 20 per cent. But it is not like that at all. We buy some heavy oils in; we sell some medium and some light oils, and, at the end of the day, we are about 80 per cent self-sufficient. But it is interesting to reflect on the fact that, by the year 2005, we will by only 60 per cent self-sufficient. That brings us to the point that we must make available to people who drill for oil in this country the opportunity to receive world parity pricing. If we do not have that, who is going to drill for oil? Where are we going to be after 2005 if we do not encourage people to drill for oil in this country? The other thing we should recognise is that, in 1999, 65 per cent of the oil used in Australian refineries—that is, not 65 per cent of all the oil but 65 per cent of what was used in refineries—was imported. We are in a very vulnerable position.

The other thing that I would like to talk about in this debate is the importance of low fuel prices in country areas. No-one in this House more than I would like to see the price of fuel drop 5c or 6c a litre. It would be absolutely marvellous if it were possible to do that. I know what it is like. I know what it is like for people to have to drive their cars to the school bus in the morning and to pick the kids up in the afternoon. To take the kids in to sport, ballet or other lessons, they might have to drive 30, 40, 50 or 60 kilometres—who knows—in each direction. In most country areas and in the majority of provincial areas, there is no public transport, so people live in their cars. I understand that dynamic.

But the other dynamic that worries me is this. We heard the financial commentators saying this morning what a perilous decision this is for the government. I hope the government can find one or two or more cents to reduce the price of excise. I will applaud it, and the whole National Party will applaud it. We have indeed been most deliberate in trying to get that to occur. But let me say this: if we lose our fiscal discipline, if we lose our economic discipline, and by doing so say, ‘Write the Australian dollar down one or two cents against the American dollar,’ the effect of that would be to increase the price of fuel by 0.6 of a cent a litre—in other words, negating the benefit of anything that the government might hand on. Put another way, if it really started a run on the dollar and if, because of that, the interest rate had to go up half a cent, we would pay an extra $42 a month on average on our home loans for the few cents a litre that we would save at the bowser. That is a very dangerous scenario.

So the government has a very important balancing act to perform. I applaud my National Party colleagues for asking the government to reconsider this matter. I support them totally. I understand the dynamic of this
balancing act, and I am sure that the government will deliver. It will not go on with the cant and hypocrisy that the opposition were responsible for regarding excise, raising it from 6c to 34c in one term in government. You are a disgrace.

Mr DEPUTY SPEAKER (Mr Jenkins)—I took it that the conclusion of the member’s speech was being referred through the chair and not to the chair! The discussion has concluded.

PARLIAMENTARY ZONE
Approval of Proposal
Motion (by Mr Slipper, for Mr Anderson) agreed to:
That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for work in the Parliamentary Zone which was presented to the House on 26 February 2001, namely: Planting of International Tree of Peace.

Mr DEPUTY SPEAKER (Mr Jenkins)—Mr Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:
That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposal by the National Capital Authority for work within the Parliamentary Zone, being work relating to the Planting of the International Tree of Peace in Peace Park.

Approval of Proposal
Motion (by Mr Slipper, for Mr Anderson) agreed to:
That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the following proposal for work in the Parliamentary Zone which was presented to the House on 6 February 2001, namely: Construction of a permanent crowd safety rail to replace existing temporary arrangements.

Mr DEPUTY SPEAKER (Mr Jenkins)—Mr Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:
That, in accordance with section 5 of the Parliament Act 1974, the Senate approves the proposal by the Joint House Department for work within the Parliamentary Zone, being work relating to the construction of a permanent crowd safety rail at Parliament Drive, in front of Parliament House.

SYDNEY HARBOUR FEDERATION TRUST BILL 2000
Consideration of Senate Message
Mr DEPUTY SPEAKER (Mr Jenkins)—Mr Speaker has received a message acquainting the House that the Senate has considered message No. 640 of the House of Representatives relating to the Sydney Harbour Federation Trust Bill 2000:
The Senate does not insist on its amendments Nos 22 to 24, 26, 27 and 31, to amendments Nos 13, 16 and 17 made by the House, and has agreed to the amendments made by the House in place of Senate amendments Nos 27 and 31.

CUSTOMS TARIFF AMENDMENT BILL (No. 4) 2000
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.
Third Reading
Bill (on motion by Mr Slipper)—by leave—read a third time.

SUPERANNUATION LEGISLATION AMENDMENT (POST-RETIREMENT COMMUTATIONS) BILL 2000
Main Committee Report
Bill returned from Main Committee without amendment; message from the Governor-General recommending an appropriation for the bill having been reported; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.
Third Reading
Bill (on motion by Mr Slipper)—by leave—read a third time.

TREASURY LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2000
Main Committee Report
Bill returned from Main Committee with an amendment; certified copy of bill and schedule of amendment presented.
Ordered that the bill be taken into consideration forthwith.
Main Committee’s amendment—
Schedule 2, before item 1, page 79 (after line 4)
insert:

1A Paragraph 300A(1)(a)
Repeal the paragraph, substitute:
(a) discussion of board policy for determining the nature and amount of emoluments of board members and senior executives of the company; and

Amendment agreed to.
Bill, as amended, agreed to.

Third Reading

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

APPROPRIATION BILL (No. 3) 2000-2001
Cognate bills:
APPROPRIATION BILL (No. 4) 2000-2001
APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 2) 2000-2001

Second Reading

Debate resumed.

Ms GAMBARO (Petrie) (4.40 p.m.)—Just before question time today I was speaking to the Appropriation Bill (No. 3) 2000-2001, the Appropriation Bill (No. 4) 2000-2001, and the Appropriation (Parliamentary Departments) Bill (No. 2) 2000-2001 and speaking of the wonderful funding that has been allocated to the Petrie electorate. I want to continue on the funding that the St Vincent de Paul Society received, particularly in Deception Bay, and also to speak about the Redcliffe Welfare Council, which received some $55,000 so that they can provide their wonderful work at their Carelink centre.

It is very important that community groups can continue to rely on federal government funding and that they continue to function. They provide some very essential services to people who suddenly find themselves with nowhere to go and no-one to turn to. Life can be very difficult, and the delivery of this type of funding for my electorate ensures that there are places for people to turn to in their times of greatest need. The delivery of funds such as those I have noted are very effective and consistent and can be achieved only through this government’s management of the economic policies of this country and managing the economy to the point that we do have budget surpluses. These budget surpluses can have more funds delivered where it matters the most—to people who need it.

This is a very important year—it is the International Year of Volunteers. This provides a forum to showcase the work of volunteer groups and their contributions to society and others generally. A number of volunteer community groups across my electorate have received funding to assist them to deliver services back to the community. The Deception Bay Community Youth Programs Association was last year granted 50 Jobs Pathway employment and training positions. Within the Deception Bay, community unemployment is around 10 per cent of the population. These projects, in addition to the success of many of the Work for the Dole schemes, provide hope and assistance to the unemployed. They fill a need in the community and are able to fulfil this need because of the assistance of the federal government.

Programs that assist the youth of our communities, whether it be through educational assistance or through funding that encourages jobs, job skills or job opportunities, are winners for the electorate. Slipstream Archives is a particular beneficiary of these funding programs. It is based on the Redcliffe Peninsula. Phantast, the Work for the Dole coordinator across the northern arm of the electorate, and projects such as the Ningy Ningy people’s project at Kippa-Ring, East-Coast Training and St Vincent de Paul are just a few examples of the work that is occurring across my electorate at the moment that demonstrate the viability of funding for Work for the Dole projects.

It has already been said that we do what is affordable, and that is what a responsible federal government does. If you have a federal government that ensures a budget surplus, you can do more for people, because it is affordable, and that is often ignored by those on the opposite side. But what it means is that I, personally, as the federal member,
am able to deliver to a wide range of groups across the electorate.

I want to give thanks for the contributions that a number of service organisations have made. I was able to personally deliver cheques to the Rats of Tobruk Association, and I want to congratulate Bill Cousins for the fantastic work that he does, on a voluntary basis, speaking to schoolchildren about the historical aspects of the Rats of Tobruk. I want to thank him for the wonderful publication he has just put out. I want to thank the Ex-WRAN Reunion 2001 committee, the Anzac Day Commemoration Committee and the Ex-Service Womens Association of Queensland.

The ANZAC Day Commemorative Committee has just released a book, *Simpson and His Donkey*, which will be used for educational purposes throughout Queensland primary schools to ensure that students understand the significance of Anzac Day and particularly that wonderful story of Simpson ensuring that the soldiers were taken safely by donkey away from the shots fired by the Turkish army. I read the book the other day and I was absolutely touched by the creativity and also by the storytelling, and I am sure that a number of schoolchildren in the electorate of Petrie will enjoy that book that has been put out by the Anzac Day Commemorative Committee.

As a federal government, we were able to assist organisations such as the Cerebral Palsy League in Redcliffe with a business plan to enable people in this community to have a fantastic opportunity to forge a financial future from their artistic skills. A couple of months ago I went along to the gallery and saw everything from the tapestry skills to the painting skills that this organisation was able to put together on exhibition. It is about using the very creative skills of those people in my electorate. I commend them on the great work they are doing and will continue to do.

Recently, we were able to contribute some $16,000 to the Moreton Bay Coast and Country web site. My region is a part of a region called the Moreton Bay Coast and Country that takes in Pine Rivers, Redcliffe, the Kilcoy area and the area of Caboolture. Those four shires have come together to promote themselves as a viable tourism and business destination. This web site will form a significant resource for the area to encourage people to come along and indulge in the tourism and hospitality. It will also provide a unique tourist and information site for boaties and those who need to find out more about the local area. (Time expired)

Mr O’CONNOR (Corio) (4.46 p.m.)—In joining the debate on the appropriation bills I would like to deal with some matters relating to some of the expenditures by the government on its GST program. But before doing so I would like to take this opportunity to congratulate the honourable member for Groom on his appointment as minister in government. The honourable member comes from a rural constituency in which I believe he is held in some esteem. It is always a great honour for members on both sides of the House to serve not only in a government of one’s own political persuasion but also a constituency in a rural area that relies on good representation to get its message through to government. I have been reading press releases by the honourable member for Groom and the press reports of where he has been and what he has said and I know that he has brought a degree of honesty to his assessment of some of the problems that small businesses are facing—many farming businesses could be categorised as small businesses—and that is refreshing to see. I wish him well in the role that he now occupies.

I note that the legislation before us today makes provision for some $210 million to the Australian Taxation Office, a further advance on the administrative expenses associated with the introduction of the GST, and some $20 million to assist the implementation of the business tax provisions. I think it is instructive at this point to examine the broken promise that is at the heart of this allocation and the expenditures by this government on the introduction of the GST. The broken promise in relation to the GST is but one promise that has been broken by the Prime Minister and has literally destroyed the credibility of the government, to the
point where we see at the state level, especially in the states of Western Australia and Queensland, ordinary Australians who are fed up with the broken promises and fed up with this out-of-touch Prime Minister and expressing their concerns through the ballot box.

The Prime Minister has to take note of what the people in rural and regional Australia are saying about his government. They have been betrayed once too often. They were promised a government that would introduce new standards to the parliament and new standards of ministerial behaviour. In the first term of the government we saw that promise violated in a spectacular fashion. Some seven ministers in this government, or seven members of the executive, were forced to resign their positions because of violations of the ministerial code of conduct that the Prime Minister had set. As we know, there were probably three others who should have gone, but they were very important to the Prime Minister’s survival in that position—good mates that he stuck by—even though he jettisoned his own ministerial standards.

Even in the second term of the government this particular promise to maintain standards at the ministerial level was broken again, to the point where the standards now in this government are so low that even the snakes are complaining they cannot get under the limbo bar. That is how low the standards are.

Mr Martin Ferguson—The minister knows all about the snakes.

Mr O’Connor—The honourable member mentions that the Minister for Small Business, who is at the table, would know all about the snakes. He has dealt with a few in his day in rural and agripolitics. I commend the honourable member for Groom on the choice that he made when he entered the parliament. He was not like the member for Fisher—that other noble Queenslander—who jumped the political fence, who started off in the National Party and jumped the fence. Some say at this point that he has a foot on both sides of the fence. We know what the farmers say about people who have a foot on both sides of the fence.

The honourable member for Groom made the right choice. He came straight into the Liberal Party. He got with the strength. We do admire him for his choice. Why would he want to join a ramshackle outfit that now wants to do deals with One Nation for its very survival? I know where the heart of the honourable member for Groom is. It is not in One Nation. It certainly is not in the National Party. I really do sympathise with him having to sit down with them when they discuss these sorts of issues. It must be a hard pill to swallow to have the National Party now—well, are they wagging the Liberal dog? Is the tail wagging the dog? We do not know.

Mr Martin Ferguson—Ask the Treasurer.

Mr O’Connor—Perhaps I should ask the Treasurer. Is the National Party tail wagging the Liberal dog? Certainly on the issue of trusts, we can say yes. We have just had one of the worst capitulations by the Treasurer on a solemn promise that he gave to the Labor Party on this matter. It is now a matter for the public record that the Treasurer’s signature is not worth the paper that he writes it on.

Mr Martin Ferguson—Is it his signature?

Mr O’Connor—The honourable member for Batman keeps making some suggestions here about the signature that appeared on the paper.

Mr Deputy Speaker (Mr Jenkins)—The honourable member for Batman should be very careful.

Mr O’Connor—We think it is the Treasurer, but once again I come back to the point I made about standards. When you sign your name to a document and make an agreement with an opposition on a central element of your own taxation package, it is reasonable to expect that you will not rat on it, that you will deliver. That is the problem with this government, the problem that surfaced in WA and Queensland at the recent state polls. The government—especially the
Prime Minister—made promises that it has violated and broken.

Mr Deputy Speaker, you might recall that the government is spending some half a billion dollars to persuade the Australian people of the great benefits of taxation reform and a GST. Indeed, that money has lined the pockets of advertising agencies, no doubt, in Brisbane, Sydney and Melbourne. Yet, as I pointed out in the parliament today, dairy farmers who were promised in October money from a package as a result of deregulation have not got their money. Twenty-three per cent of them have not received a cent even though the National Party minister promised that that money would be in their pockets by the end of October or somewhere in November. This government can allocate money to polo croquet fields in Beaudesert in Queensland. It can line the pockets of advertising executives to the tune of half a billion dollars. But it cannot even deliver on an essential promise to Australian dairy farmers.

With regard to the GST, I think it is instructive that we reflect on what the Prime Minister and the Treasurer promised in this regard. The Prime Minister and the Treasurer promised a simplified tax system. There would not be a farmer or a small business person—a tractor or machinery dealer, a fertiliser supplier or others who provide services to rural and regional Australia—who would now agree that what they got from the government was a simplified tax system. Yet here in the appropriation account, in the debate on the appropriation bills today, the government is spending another $210 million on administering the tax that nobody wants.

The government promised a reduced compliance burden. It also promised with the introduction of the GST to cut red tape by some 50 per cent. I have to admire the member for Groom, who goes out into his constituency, knowing that he is saddled with an albatross, and has to explain to these small businesses why they are being saddled with huge compliance costs associated with the GST. Indeed, the red tape is still there, and it was there from day one when the GST was introduced.

It is a sorry tale, the tale of the introduction of the GST. The small businesses in rural and regional Australia, including the farm businesses that come within the ambit of my portfolio, will not forget. They have not forgotten in the Western Australian election and they have not forgotten in the Queensland election. Indeed, they are like elephants: they will remember. They will remember when the Prime Minister calls the next election. And they will remember Costello’s curse on their business—the great GST that was going to deliver improved economic and employment growth. The Treasurer almost promised that the sun was going to shine more brightly every time it came up in the morning, that the grass was going to grow at twice the normal rate—you would not have to fertilise it. I am exaggerating, but if you listened to the Treasurer here day after day, lauding the advantages of the GST, you would assume that some great reform had been visited on the Australian economy. All that has been visited on it is a huge burden—a huge burden on small businesses, a burden that has cost jobs, a burden that has driven small businesses out of business, a burden that has imposed huge financial and personal costs on the people who are now the tax collectors for Peter Costello, the Treasurer, and the Prime Minister, John Howard.

In the time that I have remaining, I want to reflect on what has happened to research and development, education and training and innovation in this country and to reiterate the opposition’s position on this. Ever since the coalition commenced its massive cuts to education, research and development and support for Australian innovation, Kim Beazley has been pushing in economic fora among industry associations and in the public arena the need for Australia to become a knowledge nation. For over five years, he has stuck consistently to this vision. They say in politics that, if you repeat something often enough, eventually it will become the currency of the day. We know that is the case; it will become the policy imperative of the day. I will explain to you what I mean by that. When the GST was introduced, we said that the BAS was a burden on small busi-
ness. We said it many times and, finally, the government adopted our position and have attempted to simplify something that they said would be simple from the beginning but was, indeed, one of the most complex taxation arrangements that small business has ever seen. So we have said it enough, and the government have adopted it.

I go also to the issue of petrol pricing. We have said often enough that the government ought to provide motorists with taxation relief and that the GST spike ought to be removed from the February excise adjustment. Lo and behold, the Prime Minister, who has been scurrying around for the last few months saying that it was impossible to provide this relief, has now capitulated to the backbench and, under the pressure coming on board from Labor, will provide that relief. Kim Beazley has been out in the public arena for five years now, stating often his commitment to the knowledge nation. He has been consistent in that. At our national conference last year, Kim Beazley challenged the Prime Minister to match that commitment to education, research and development and support for innovation. Reluctantly, one year later, once again the Prime Minister has acknowledged the challenge; but, in the meantime, Australia has lost five precious years in the quest to stay in the race with our competitors.

The government have received five key reports in the last 15 months which detail the urgent need to boost research and development in this country. The call has come from industrialists, trade unions, scientists, and scientific institutions and, of course belatedly, the Prime Minister has acted. It is instructive to examine where Australia now ranks in these matters in comparison with our industrialised competitors in the OECD. In an Australian Industry Group publication of November 2000, in a table of industrialised countries in the matter of private sector R&D related to GDP, Australia now ranks 12th out of 14. Business R&D has fallen from a peak of 0.86 of GDP in 1995-96 to 0.67 in 1998-99. That is equivalent to a reduction in private sector business R&D investment of $1 billion a year. Five billion dollars of acute research at the cutting edge has been forgone under the stewardship of this government. Australia now ranks below the OECD average in growth in knowledge investment as a percentage of GDP, and we are well down the table as far as business expenditure on R&D is concerned in the OECD. It is a disgraceful position. Indeed, the Business Council has canned that particular initiative from the Prime Minister on several bases, which I will not mention here. Kim Beazley has already committed the future Labor government to the doubling of research grants, to lifting teachers’ skills in science, maths and information technology in our secondary system, to reaching the OECD average of 1.27 per cent of GDP—the OECD target at 2010 in business and public research and development expenditure as expressed as a percentage of GDP—to doubling the number of research fellowships at our universities and to creating new fellowships to retain our skills here. He has already committed us to a ‘learning gateway’ so that our teachers will have access to the best curriculum resources.

In the area of my portfolio responsibilities, the issue of research and development is the cutting edge for agriculture over the next decade. It will mean that the sector will be able to maintain its productivity of a degraded land base. We are committed overall as a nation to lifting that very important expenditure on research and development, innovation, and education and training so that our sons and daughters can have a real shot at the title over the next 10 years. (Time expired)

Mr ROSS CAMERON (Parramatta) (5.06 p.m.)—We are going through a period where words such as ‘globalisation’, ‘multilateral trade’, ‘deregulation’ and ‘competition’ are suffering a rather bad press. When I indicated to my colleague the member for Wentworth that I intended to discuss them in this contribution on the Appropriation Bill (No. 3) 2000-2001 and cognate bills, he gave me an ancient Japanese expression, which is ‘yabu hebi’, meaning that he instructed me: ‘Don’t poke at the bush or the snakes will come out.’ I have on one other occasion been
accused of poking at the bush, but it is not my principal purpose today. In that rare moment of timidity from a very courageous colleague, whom I greatly respect, he drew to my attention the importance of us confronting our national demons, if you like, and being prepared to take them on.

I am more attracted to the story brought to my attention this week by the Parliamentary Secretary to the Minister for Defence, which was the story of the Battle of Copenhagen. This maritime battle, conducted on 2 April 1801, John Keegan, the military historian, describes as one of the 15 great battles in history. It is the battle in which Admiral Nelson had command of the HMS Elephant, a ship of the line, with 74 guns. The British admiral in charge of the engagement was Sir Hyde Parker. At the height of battle Parker formed a view that it had been lost, and gave the order for all ships of the line to withdraw from the contest. Nelson, as the junior officer there, could sense that victory was still within their grasp. So it is recorded that he raised his telescope to his blind eye as he studied his commanding officer’s signal and insisted to his crew that he could not see it, whereupon he charged his ship into the midst of the French fleet. His heroism resulted in a subsequent turnaround in that battle—a rout for the English fleet which gave them command for years to come of the North European waters.

It is my view that Australia as a nation should take the approach of Admiral Nelson. We ought not to be looking at those queued up in protest outside the G7 or in Seattle or in Melbourne—all of those who are, in effect, saying ‘Stop the world—we want to get off.’ We should bravely seize the opportunities which globalisation presents to this country—and they are significant opportunities.

I want the House to reflect on the fact that Australia is a nation of 19 million people occupying an entire continent, but one country. If we look at the member states of the United Nations, from Afghanistan to Zimbabwe and spread across seven continents, we note that there are 189 recognised members of the United Nations. If we look at the World Fact Book 2000 we see that there are 261 countries, territories and dependencies beyond our shores. We may reflect on the fact that those 19 million Australians are but a drop in the ocean of—according to the US Census Bureau’s daily estimate of world population—the 6,131,375,217 potential customers of Australian goods and services who live beyond the shores of this magnificent, vast continent. There are markets out there for our products that we have not even dreamed of.

I reflect on the fact that in the past 12 months exports have been the fastest growing component of Australia’s gross domestic product, with a staggering increase of 25 per cent. So when we are asking ourselves which side of the bread the butter is on in terms of national interest and sovereignty, which side of the bread the butter is on in engaging with the rest of the world or in building a protective wall of tariffs and insularity around this country, the choice is unequivocally one of engagement.

I want to bring to life these statistics with one example from my electorate, which to me is an inspirational story. It comes out of a relatively nondescript factory on Brien’s Road in Northmead, the suburb in which I live. I had passed this factory on many occasions and noted almost subconsciously, or in my peripheral vision, that it had no signage on the walls but that clearly there was some activity taking place. A wonderful set of circumstances began in our own joint party room when the then Deputy Prime Minister, Tim Fischer, gave me a business card and said, ‘You should meet this guy.’ So I did meet him. I rang him up and said: ‘The Deputy Prime Minister has told me I should meet you.’ He said: ‘Come and see what we are doing.’

Behind this relatively anonymous, nondescript factory there was the unfolding of a dream taking place. Rod Hunwick is a humble man. He is not a person to seek the glamour or the glitz or public recognition. He is one of Australia’s larger motorcycle retailers. He is a young bloke for his achievements, in
his late 30s. It has always been his dream to re-establish the manufacture of motor cycles in this country—not just to sell them but to build them here. He said: ‘Why do I have to spend my life selling Japanese motor cycles to Australians when we could build them here?’

So he got together with a few mates and drew together a team of some of the most gifted creative designers, engineers, tool-makers and manufacturers. He went out and got venture capital. I regret to inform the House that his venture capital provider is a Japanese bank. I say to Australian venture capitalists: let us continue to support great Australian ideas. It was an idea, it was a dream, it was a long shot, if you think about his competition. His competition, the market that he is pitching to, is for the high capacity, high cost touring bikes which have been made famous by the American company Harley Davidson. But Harley Davidson is a $1.5 billion US company producing 1,000 motorbikes a day. This was his competition.

For every believer there were a dozen who said it could not be done. But he believed. So in his factory in Northmead, with his team of collaborators, virtually in secret, working night and day—when they finished in the shops in retailing they would come at nights and at weekends—he worked to build the bike.

Can I tell you that Rod Hunwick has just returned from the United States where this Australian-made motorcycle, which is called the Hunwick Harrop Phantom 1500 v-twin, high-performance, fuel-injected super cruiser, has just been launched in the North American market in Indianapolis. Rod Hunwick has come back from the United States with requests for agency representations to sell his Australian motorcycle in 180 motorcycle dealerships spread throughout North America. Those who want to see the Hunwick Harrop Phantom for the first time in Australia ought to roll up to Jeff’s Shed, where the Melbourne Motor Show is being conducted. When I talked to Rod this afternoon, they were just putting up the stand. It is an absolutely stunning looking motorcy-
attraction of a populist but, I believe, misguided conception of national sovereignty.

I believe in the principle that the person who is prepared to place the highest value on an asset will usually do the most with that asset. That is a principle in the allocation of capital which builds efficiency, which builds productivity, which creates employment. I mention the creation of employment very deliberately, because I should declare my interest to the extent that Shell is a major employer in my electorate. Shell’s refinery at Clyde directly employs 400 people and indirectly employs another 400 subcontractors, making Shell the largest employer, public or private, in my electorate.

When those 800 people go home to their families—and they are supporting about 2,500 Australians with the income they are earning for being employed at Shell—with their pay cheque every two weeks, they do not say, ‘Look darling, here is the pay cheque, but I am sorry, it is coming to you from a foreign multinational.’ And when they write out the cheque for the quarterly fees for their kids’ kindergarten, the management of the kindergarten does not turn around and say, ‘Well look, I’d love to accept it, but that cheque comes from a foreign multinational.’ Recently I asked for volunteers to come and join the Parramatta Save the Mission Soup Kitchen committee, a soup kitchen which provides 40,000 meals a year in Parramatta and which was being booted out of their premises and had to find another. When Shell came forward to offer someone to serve on that committee, and when that person, Glen Smith, said to me that Shell would like to donate a virtually new portable building for the task, I did not turn around to him and say, ‘Well Glen, I really appreciate the offer, but I understand that Shell is a foreign multinational.’

Foreign investment in Australia is good for this country. Companies like Shell also help this country to retain its best young talent. We have benefited here in Australia from significant migration from the Philippines. One of the reasons is that the Philippines has failed to sufficiently attract foreign investment to be able to keep their best people at home. The consequence of this is that the Philippines has become an exporter of their human capital and we get the benefit of it. In the same way, Silicon Valley in the United States has been largely built by gifted Indian software designers because India’s prohibitive foreign investment rules meant that major multinationals from around the world would not invest in India and the best talent in the Indian economy got up and walked. Consequently, the United States has been the beneficiary.

We run the risk, particularly when the Aussie dollar is flat, of gifted young Australians—many of whom have been educated at publicly funded Australian universities—getting up and saying, ‘I am going to go and earn my currency somewhere else.’ We are simply not providing the spread of employment opportunities in high value-adding, high earning companies, some of which will be foreign.

I do not want to stand in the way of Shell but, more particularly, I do not presume to set myself up to dictate to the shareholders of Woodside. If they turn around as one and say, ‘We won’t sell our shares to Shell because we believe it is not in Australia’s interest,’ then that is their decision and I will respect it. If they choose, by contrast, to unload their shares for a generous offer, likewise I say that that is their decision and I respect it. I simply say to Shell that I hope they continue making the sort of contribution to Australia that they are making to my constituents of Parramatta at the moment.

Let me turn to competition policy, much derided, particularly outside the major cities, and I will refer to a couple of examples since we were elected to government. In 1996, in this country, there were two long-distance phone carriers. Today, as a consequence of competition policy, there are 47 long-distance phone carriers. What has been the consequence for the phone bills of Australian families who have a friend or relative in the United States? Phone calls to the United States from Australia since 1996 have fallen in cost by 80 per cent. So we have gone from
two carriers to 47, with an 80 per cent saving in costs.

I now turn to the area of bank fees and, in particular, the home mortgage markets. The introduction of non-bank mortgage originators as a consequence of competition policy, the breaking up of this cozy little cartel which the four big banks had, has resulted in the shaving of 1½ per cent off the rate which the banks were gouging from their customers in the home loan market. I particularly congratulate Aussie Home Loans, basing themselves in my electorate of Parramatta, who pioneered, and were the spear carriers of, this revolution. Aussie Home Loans is employing 600 direct employees and contractors. That is 600 families with another income because of this innovation in competition policy. The savings on an average mortgage of $150,000 for the typical Australian family is $250 a month, whether you live in the city or whether you live in the bush. When you are making a long-distance phone call, whether you are in the city or whether you are in the bush, you are deriving immediate benefits from competition policy. We simply cannot turn around and walk away from this challenge. The reason is that Australia is engaged in a contest. It is not purely a question of the distribution of resources among Australian citizens; it is a contest between Australia and our other trading partners from around the world. We cannot walk away from the contest. We need the spirit of the Rod Hunwicks of this world, who get up and have a go.

Mr SNOWDON (Northern Territory) (5.26 p.m.)—On my way up to the House I was thinking what a privilege it is to be a member of the federal parliament and to have the opportunity to speak in these sorts of debates. I will digress from the subject of the appropriation bills for a moment to say that all too often we forget what we are here for. It seems to me that, in a debate like this which allows us the ability to canvass wide the issues of importance to the nation and to our communities, we have a responsibility to make sure that we do that adequately and appropriately. I am, however, in the unfortunate position of having lost my speech notes, which is a surprise because normally I am very assiduous in maintaining order in terms of the documents I have in my possession. On this occasion I have left them behind somewhere, so I will have to do without them. But it will not stop me from reflecting on a range of issues to do with, in particular, the relationship between the Northern Territory government and the Commonwealth government as it affects budget matters, among other things, and it will not stop me reflecting upon moneys made available by this government for roads. I will come to that in a moment.

The first point I want to make, and it is something that needs to be comprehended by the parliament, is that around 78 per cent of the Northern Territory government’s budget revenue is derived from Commonwealth outlays. That is a large amount of money. It effectively says that every 78 cents—close to 80 cents—in the dollar spent in the Northern Territory by the Northern Territory government has, as its source, federal appropriations of one sort or another. In addition to the moneys which are being spent by the Northern Territory government and which are derived from Commonwealth sources, there are, over and above that, large amounts of
Commonwealth money which are direct payments for its own programs in the Northern Territory. Of course, perhaps the largest of those is to do with Defence.

The issue for me is not so much that the Commonwealth pays the Northern Territory government such a large proportion of their budget but rather that the Commonwealth has some surety that moneys appropriated from the Commonwealth’s own purse, from revenues raised from taxpayers’ dollars, levied by the Commonwealth, are expended appropriately and adequately. What accountability is there on the Commonwealth government to ensure that those funds are spent appropriately and adequately? What commitment and ability is there from the Commonwealth to ensure that the moneys are distributed fairly and equitably? You would know, Mr Deputy Speaker Hawker, that the funds made available via the Commonwealth Grants Commission are made available on the basis of horizontal fiscal equalisation to ensure that all communities across the nation have access to roughly the same standard of services.

It is within that context that I want to discuss the Northern Territory, because it is clear to me as I travel around the Northern Territory that you could hardly argue that the resources and services available to the people in Darwin or, for that matter, Alice Springs are anything like the services available for people in Tennant Creek, Maningrida or any of the outlying communities. That is a matter of some concern. The other night in this place I raised the issue of renal disease and the failure of the Northern Territory government to accept recommendations to fund, as a priority, a renal dialysis unit at Tennant Creek. The reason for this is very simple: we are told, on the basis of the best advice available, that Tennant Creek has the worst profile for renal disease of any region in Australia. The difficulty is that people from Tennant Creek are forced to travel away from their communities to get renal dialysis treatment. They are forced to travel to Alice Springs. As has been acknowledged by no less a person than the Northern Territory minister responsible many people do not do that and as a result their health is affected and it is argued—and I think quite clearly and appropriately argued—that the end result of that is death.

It is also argued that if there were a renal dialysis unit in Tennant Creek lives would be saved. We are told that the cost of one of these units, to maintain the standards in Tennant Creek, would be a lot less than $1 million. The difficulty is that the Northern Territory government has chosen not to spend these resources on those people. However, it does not stop them spending $44 million on a power line between Katherine and Darwin—the value of which has been estimated at slightly more than $20 million. The net beneficiary of this is a company headed by Paul Everingham, who was previously the Chief Minister for the Northern Territory and previously member for the Northern Territory in this parliament. They have been able to pay something close to $20 million in excess of the appropriate valuation of this property but they are not prepared to spend a lot less than $1 million to assist in the treatment of renal failure in the Tennant Creek and Barkly regions.

Last Friday night on Stateline, the Northern Territory equivalent of the 7.30 Report, there was an illuminating interview on this issue. On Friday night Barbara McCarthy interviewed Dr Paul Bauert, the President of the AMA in the Northern Territory, who was forced to a conclusion in relation to the expenditure of these funds and the need to provide kidney dialysis for patients in Tennant Creek and surrounding regions. He related that to the question of the provision of dialysis treatment in Katherine, because Katherine, despite the assessed need being different, was provided with a kidney dialysis unit as part of a deal over land involving the Jaowyn people of the Northern Territory. The Jaowyn exchanged their rights to land in return for a dialysis unit. Effectively, they were blackmailed by the Northern Territory government: the Northern Territory government could get access to some land and, in turn, would provide a dialysis unit. I have no argument about Katherine having a dialysis unit. I have an argument about the process
which led to the provision of the dialysis unit and I have an argument about the fact that the Northern Territory government has refused to expend the funds necessary to provide a dialysis unit in Tennant Creek.

We need to know that the federal government is complicit in these actions. I am concerned about the impact the government is having on ensuring appropriate health outcomes for indigenous Australians in the Northern Territory because, in large part, the people who suffer the most renal failure in Australia are indigenous Australians in the Northern Territory. There is a magnificent self-dialysis unit on the Tiwi Islands, which is to be applauded, but in this area of Central Australia people are forced to travel about 500 kilometres to a unit. They are required to leave their homes for extensive periods for treatment; they are away from their families, which is culturally inappropriate—it hurts them—and many choose, rather than to travel that distance and be away from their families and their country, not to have the treatment. This can be stopped very easily by the Northern Territory government providing an appropriate unit at Tennant Creek.

Another issue relating to health involves Maningrida. Unfortunately, Maningrida can be described as the tuberculosis capital of Australia. It has a population, including out-stations, of roughly 2,200 people. It records 16.5 per cent of children and 31 per cent of the population returning a positive Mantoux test. To put this in perspective, the Tiwi Islands record 4.3 per cent of the population returning a positive Mantoux test. The average national rate for TB infection is five per 100,000 people. In the Northern Territory it is higher at 18 per 100,000. At Maningrida it is a staggering 523 per 100,000—that is, 100 times greater than the average across Australia. The Northern Territory government, in their wisdom, have refused to fund a disease control position at the Maningrida Health Clinic, on the spurious grounds that the staffing profile of the Maningrida clinic shows that it has got too many registered nurses. Here we have got an identifiable health problem. We have got political decisions being taken by the Northern Territory government on a daily basis on how they will expend their budget, decisions taken which provide money for, for example, Paul Everingham’s company. They can find $170-odd million to put in the Darwin to Alice Springs railway, but they cannot find enough money to put into the Maningrida clinic a person responsible for disease control, nor can they provide a dialysis unit in Tennant Creek.

I believe that these decisions are political. There is no doubt whatsoever in my mind that the Northern Territory government is not on the ball and is not properly aware of its responsibilities. If this situation emerged in Alice Springs or Darwin, it would cause absolute outrage. The national government would say, 'This is an outrage.' This issue of people’s state of health is an international one. When indigenous Australians go to the United Nations and complain about lack of treatment, they are rubbished by this government. The facts are clear. Here in the case of Maningrida the health outcomes are so poor that it can be properly termed the tuberculosis capital of Australia. What an indictment, and I have given the figures. I am not just guessing that there is some political motive behind this. The Northern Territory government make their own budget decisions; they cut their own cloth. I raised this matter with a previous Treasurer, later to be Prime Minister, and he properly said that the Commonwealth makes money available to the Northern Territory and they cut their own cloth. I have an interest in the way they cut their cloth, and I argue that this parliament should have an interest in the way they cut their cloth. After all, 78c in every dollar spent by them originates from the Commonwealth. It seems to me that the Prime Minister, the Treasurer and the Minister for Health and Aged Care in particular ought to be asking the Northern Territory government to be accountable for the use of these taxpayer resources, because they are not accountable. To me, that is a matter of grave concern.

You will know, Mr Deputy Speaker, that there has been a significant flood, what I believe to be a natural disaster, around the Victoria River district and across to Borrolo-
ola as a result of cyclones recently. The communities of Daguragu, Pigeon Hole, Kalkarindji and others have all been relocated to Katherine. You may not know that in the case of Kalkarindji some 40-odd houses have been totally flooded. I called last week for it to be declared a natural disaster to ensure that the Northern Territory government is then able to access Commonwealth funds. The Northern Territory Treasurer and Minister for Emergency Services refused to do that, but later on Friday he said, ‘I have now applied to the federal government for natural disaster funds,’ which I am pleased about.

But did you know, Mr Deputy Speaker, that on Thursday there was a meeting in Katherine which involved people from these communities discussing what relief might be available to address the flood damage, to address the dangers and to address all the issues involved, including, I might say, the question of how they might get back to their communities? What was suggested to them—this I find scandalous—was that, unless a particular person was involved in the process, they would have trouble accessing funding to re-establish their communities. I will repeat that: these people were told that, unless a particular person was involved in the process, they would have trouble accessing funding to re-establish their communities. This person happens to be an employee of a Northern Territory minister, Minister Baldwin. He also happens to be the endorsed CLP candidate for the seat of Lingiari, which is the seat that encompasses these communities. When at that meeting someone asked about this person, Mr Kelly, and who he was, the response was not that he was a particularly important bureaucrat. No, the response was that he was the CLP preselected candidate for the seat of Lingiari.

I put this question to the federal government: in terms of accessing Commonwealth government resources, is it a fact that people will be given access to those resources only if they work through Mr Kelly? Or are we seeing, writ large, the way the CLP government has traditionally operated in the Northern Territory? I say that this is a matter of grave seriousness. Here we have got, writ large, as I say, very transparently exposed, clear interference in a process where there is a natural disaster and where people are clearly distressed, their homes have been destroyed, their property has been destroyed, they have been forced to relocate, and they are told that, if they want to access resources to re-establish their communities, they have to work through a political operative who happens to be an endorsed CLP candidate and that is the reason they should be working through him.

As I said at the outset, this federal parliament should have an interest in the way in which the Northern Territory government expends its funds, because those funds are derived largely from Commonwealth taxpayers’ pockets. We need to be concerned at the way in which this has been going on.

Another matter I want to raise briefly—it is also about the use of funds for political purposes—is the way in which the Commonwealth government funded the Roads to Recovery program. I have mentioned before in this House the discrepancy between the amount of money being made available to the Northern Territory for its roads and the amount of money being made available to the seat of Gwydir, which happens to be the seat of that other Liberal, the Leader of the National Party, Mr Anderson. Let me explain briefly—it is not difficult to understand. The Northern Territory has an area of 1.3 million square kilometres. The allocation to the Northern Territory is $20 million; the allocation to the seat of Gwydir, which is 114,000 square kilometres—the Northern Territory is roughly 10 times larger—is $43 million. This allocation of resources is not based on need, it is not based on any principle of fiscal equalisation; it is based on the political bias of the government and is a rort. The people who are suffering as a result of this, just as the people who are suffering as a result of the decisions by the Northern Territory government, are people who live in the bush, and it is not to be tolerated.

I say to the government: these rorts cannot continue. Not only do you need to look at yourselves and the way in which you allocate...
resources but also you need to look at the Northern Territory government to make sure that it is accountable to you for taxpayer resources which have been made available to it for the use and benefit of the community of the Northern Territory. On behalf of Australia’s taxpayers, you have that responsibility—a responsibility that I am sure will not be taken up. (Time expired).

Mrs MAY (McPherson) (5.46 p.m.)—One month ago, the Howard government unveiled a major plan to build Australia into a smart nation and make us a leader in the high-tech world of the future. It is the innovation action plan called Backing Australia’s Ability. The government will invest a massive $2.9 billion in this initiative. It is money well spent. Backing Australia’s Ability is a major boost for students, researchers, schools, universities and those in the information technology and communications sector. In fact, it is a major boost for Australia as a nation. Backing Australia’s Ability is a significant step in establishing Australia as a leading information technology economy. The ICT sector is the fastest growing industry in the world and we rightly want to be at its forefront, at the cutting edge. Good government is about recognising that we live in an ever changing world which presents ongoing challenges. In order to keep up, it is imperative to be a step ahead. Backing Australia’s Ability not only puts us a step ahead; it puts us a giant leap ahead.

Since being elected in 1996, the Howard government has created a climate in this country in which people are encouraged to rise to the challenges that confront them, a climate in which calculated risk taking and the famous Australian ‘have a go’ attitude is rewarded. Breaking new ground is always a risky business, but this is the business that will provide Australia with a prosperous future. The Howard government knows that innovation, turning research and new ideas into more jobs and higher wages, is the key to Australia’s future. The concept of innovation is not an easy one for those outside the science and technology arena to grasp. Many Australians may ask what innovation really means for them. Innovation means more jobs for Australians, better living standards and a secure future for generations to come. The government’s innovation action plan is about giving people the opportunity to turn good ideas into new businesses and jobs. That is what innovation means out there in the real world. This new initiative addresses every phase of the innovation process, from education to the generation of ideas, through to their commercialisation and application. It addresses skills development, provides a world leading regulatory environment and encourages the uptake of new technologies by industry and the wider community.

Unfortunately, the good news about this government’s cutting edge policy to build Australia into a leading nation of the future is tempered by the fact that the Labor Party has absolutely no plan, should it somehow manage to fall into government later this year, and all the good solid work the Howard government has been doing to forge the ICT sector ahead could be placed in jeopardy. You do not need to take my word for it. You need only to look at the Labor Party’s 13-year track record to find out what would be in store for Australia’s high-tech sector under a Beazley government. Despite the opposition’s recent opportunistic knowledge nation rhetoric, the Labor Party has never taken the IT industry seriously. The Labor Party had 13 years to initiate assistance measures for the growing IT industry, the Labor Party had 13 years to invest in innovation; but it failed. In fact, before the Howard government was elected in 1996, just five years ago, there was not even an information technology minister—there was no information technology portfolio. Just five years ago, at a time when the IT industry was progressing at a rapid rate of knots, the Labor government’s information technology policy was virtually limited to the subsidisation of CD-ROMs. That is how seriously the Labor Party takes the most promising and fastest growing industry in the world.

In contrast, under the coalition government, Australia is developing as one of the world’s leading information economies. The five-year strategy outlined under Backing Australia’s Ability builds on our earlier ini-
tiatives such as the Innovation for Growth statement, the higher education white paper Knowledge and Innovation, establishing Biotechnology Australia and doubling the funding for health and medical research as part of the government’s response to the Final Report of the Health and Medical Research Strategic Review Committee: the virtuous cycle.

Thanks to policies such as these, Australia is one of the most sophisticated and innovative countries in the world. We have been consistently rated in the top 10 nations for our IT and communications environment by international competitive studies. More than 45 per cent of the adult population is connected to the Internet, placing us fourth behind the US, Iceland and Norway. Our personal computer and e-commerce penetration rates are almost among the highest in the world. In fact, we are ranked either first or second in the Asia-Pacific region.

Australian businesses have welcomed new technologies and the efficiencies that they bring. A survey earlier this year found that 84 per cent of small businesses and 100 per cent of medium businesses used personal computers. Over 35 per cent of businesses are online and our Internet infrastructure leads the world in terms of security.

Australian consumers love buying the latest gadgets. Last year, consumers spent almost $US36 billion on ICT products, placing our market in the world’s top 10—not bad for a country with fewer than 20 million people. I am pleased to be able to say that the Howard government has been quick to realise the opportunities associated with Australia’s status as an information economy and it is committed to ensuring that our position is maintained. In addition to the obvious benefits to our country as a result of the Backing Australia’s Ability initiative, my electorate of McPherson, and indeed the Gold Coast city as a whole, will be one of the big winners from this multibillion dollar initiative.

The Gold Coast has a reputation as both an education hub and Australia’s fastest growing IT corridor. The Howard government recognises the Gold Coast as one of the leading information technology corridors in Australia—and it is certainly the fastest growing. This recognition puts the Gold Coast in a unique position to capitalise on the host of opportunities announced under the innovation action plan. Put simply, Backing Australia’s Ability looks like it was tailor-made for the Gold Coast. It ties in perfectly with the Gold Coast Innovation City concept being developed by private enterprise and the Gold Coast City Council. Innovation City aims to make the Gold Coast the technology capital of Australia and we are well on our way to achieving just that. Backing Australia’s Ability offers what the Gold Coast requires to progress to the next level on the high tech scale, from more targeted university places for information technology to extra assistance for start-up companies and incentives for businesses to invest in R&D.

Today, the Gold Coast is much more than Australia’s premier holiday playground. Although tourism and hospitality remain our largest industry, we are steadily working to attract a critical mass of high tech companies. Major corporations, like IBM, AAPT, Austar Communications, Eracom, Compaq and Electronic Arts, have already set up operations on the Gold Coast. Infrastructure developments like the $25 million fibre optic cable will ensure even more come our way. Last year, around 2,000 new jobs were created on the Gold Coast by international IT companies. I am confident the assistance measures for small start-up companies contained in Backing Australia’s Ability will create hundreds more jobs on the Gold Coast alone. But, as I have pointed out, it is not only the international ICT companies that have chosen to locate on the Gold Coast. Hundreds of small and medium enterprises have also opted to take advantage of the lifestyle and infrastructure our city offers—companies such as Fibre Light International, which is a former winner of the Telstra Queensland Small Business of the Year Award, the Queensland AusIndustry Innovation Award and the National Ansett Australia Business Owner Award, along with a host of others. Fibre Light International is on the
cutting edge of the fibre optic lighting industry, supplying its products to no less than Tokyo Disneyland and Broadway’s landmark, Paramount Theatre. While Fibre Light is underpinned with a strong R&D base, the emphasis of the company is on the commercialisation of technology. Of course, commercialisation of technology is one of the key goals of the government’s Backing Australia’s Ability initiative. Fibre Light International is a perfect example of a local Gold Coast company that is ahead of the game and leading the way on the world stage. It is one of the Gold Coast’s local success stories but there are many more.

The Gold Coast IT industry is thriving because of the dedication and hard work of people such as Fibre Light’s founder and managing director, Mr Lionel Barden, who is also the CEO of Gold Coast Innovation City Ltd. The initiatives coming out of the ICT sector on the Gold Coast are too numerous to mention. However, their magnitude is demonstrated by the fact that the Gold Coast Bulletin, our local newspaper, and Gold Coast Innovation City have launched a new weekly supplement dedicated to the advances our city is making in the information technology arena.

The fact that the Gold Coast IT industry has adopted a whole of city approach to advancing our newest industry is one of our biggest assets. It is an attribute that sets us apart from other major cities. Much of the credit for this coordinated approach is due to the work of the Gold Coast Regional Information Technology Forum. It is a tribute to the forum that the Howard government recognises the Gold Coast as the next major high tech hub and is committed to working in partnership with our local IT sector. This government has a track record of supporting the burgeoning ICT industry on the Gold Coast. Backing Australia’s Ability adds to the suite of existing government programs that the Gold Coast has taken advantage of, such as the Building on IT Strengths incubator centre program. Under the BITS program, local company, Incubator, secured $9.5 million in federal government funding to set up new high growth IT companies on the Gold Coast. The company provides start-up capital and advice for new technology ventures and it was the only Queensland company awarded funding under the BITS program. As a result, the federal government now recognises the Gold Coast as one of the 10 information technology and communication incubator centres around Australia.

The Gold Coast IT industry again won the respect and recognition of the federal government when the Gold Coast Region IT Forum secured $82,500 in funding from the Regional Assistance Program late last year. This funding injection will enable the forum to fast-track the growth of local communication and information technology businesses. It provides an incentive for companies to relocate to our region, to employ local people and to build on our cluster of high tech companies. So the government clearly recognises that the Gold Coast is Australia’s next major technology hub.

That brings me to the ICT-specific centrepiece of the Backing Australia’s Ability initiative: the $130 million information technology centre of excellence. The centre of excellence will cluster together world-class researchers as a flagship of Australia’s innovation capability in the IT sector. The centre will strengthen Australia’s ability to generate breakthrough technologies to spur on our local ICT sector and therefore generate jobs and wealth. Importantly, the centre will focus on leading edge ICT research and the commercialisation of new technologies. As I have mentioned, a number of Gold Coast companies are already leading the world in this area. In short, the centre will be doing work that will make a splash on the world stage. It is a bold initiative by this government that will attract world-class researchers to Australia, as well as provide an environment to develop home-grown skills and talent. And what better place is there to foster this development and attract international talent than the Gold Coast?

As I have outlined, the Gold Coast has the infrastructure in place. We have a talented cluster of ICT companies that are at the cutting edge of their industry. We have the sup-
port of the Gold Coast City Council. We have the backing of private enterprise. We have two world-class universities, which have embraced information technology and have a pool of talent at their fingertips. And, finally, we have the lifestyle. As a city, we will be using the expertise of our skilled professionals across the government, academic and business ITC sectors to put together an outstanding application for this flagship ICT facility. When it comes to the IT centre of excellence part of the Backing Australia’s Ability initiative, I hope the government will be just as supportive of the Gold Coast as it has been with a host of ICT programs in the past.

The education sector plays a vital role in the government’s innovation action plan. Without the substantial and continuing investment in the education sector that the government has committed itself to in Backing Australia’s Ability, Australia would have no information economy, we would have no research and development and we would certainly have no need for an IT centre of excellence. Under Backing Australia’s Ability, there will be more opportunities for people to acquire the skills they need to work in the ICT sector. The education initiatives we have announced will encourage the best and brightest of Australia’s students and graduates to work in Australia so that we curb the brain drain and enable our young people to grasp the opportunities of the 21st century.

Backing Australia’s Ability represents an overarching plan to encourage the Australian people to engage in and embrace the knowledge economy from the early school level. To achieve this goal, the government will invest in education in science and technological disciplines, starting from the primary school level and going through high school on to university. The goal, of course, is to deliver skilled professionals who can deliver world-class research and commercial success for Australia. In order to achieve these long-term goals, the government will invest an additional $130 million over four years in government schools to foster scientific, mathematical and technological skills, to develop school based innovation and to build supportive school environments in those states where the enrolment benchmark adjustment is triggered. Queensland is one of those states, and our students will receive an extra $13.8 million for maths, science and IT from this initiative alone. Through Backing Australia’s Ability, the government has recognised that, if we pay special attention to teaching the fields of science and technology to students during the early stages of their education, Australia will have the professional skills on tap to meet the demands of the information revolution well into the future.

School based education will only get us so far. To excel, we must also invest in the higher education sector. That is why this policy introduces three important new measures to keep universities at the leading edge of innovation. Firstly, the government will spend $151 million over five years to create 21,000 new full-time equivalent undergraduate university places, with priority given to ICT, maths and science places. Secondly, in order to encourage lifelong learning and to facilitate the upgrading of knowledge and skills, we will introduce a HECS-like loan scheme for fee-paying postgraduate students. Thirdly, the government will provide an additional $246 million over five years to assist universities to upgrade their general research and research training infrastructure.

As I mentioned, the Gold Coast boasts two universities: the private Bond University and the public Griffith University. Both would be described as top-notch by anyone’s standards, and both will be well placed to take advantage of this government’s innovative new measures. Griffith University’s Gold Coast campus, in particular, has made multimillion dollar investments in information technology infrastructure. This includes the construction of the $10 million IT and multimedia building which was opened by the Minister for Communications, Information Technology and the Arts earlier this month. This state-of-the-art building includes an incubator facility for IT start-ups, as well as IT research laboratories.
Griffith University’s Gold Coast campus is also exploring the development of a technology park similar to the Australian Technology Park in Sydney. It would include R&D facilities, incubator space and support facilities for the high-tech manufacturing industry. A key factor of the technology park would be the ability to build a critical mass, with each facility located close to one another. The technology park would be another outstanding resource to add to the Gold Coast’s litany of success in the ICT sector. It would support the Gold Coast’s growing high-tech precinct by generating employment and growth opportunities for industries in the region. The reason Griffith University has invested so heavily in IT infrastructure is that people want to study IT related courses on the Gold Coast. Griffith was the first university in Queensland, and amongst the leaders nationally, to offer courses in multimedia, Internet computing and e-commerce. This year about 790 students are enrolled in IT related courses on Griffith’s Gold Coast campus. But it is not only Griffith that will benefit from Backing Australia’s Ability. The Gold Coast itself will benefit hugely from this very innovative policy and the money that this government is putting into the IT sector. (Time expired)

Ms KERNOT (Dickson) (6.07 p.m.)—In speaking to the Appropriation Bill (No. 3) 2000-2001, the Appropriation Bill (No. 4) 2000-2001 and the Appropriation (Parliamentary Departments) Bill (No. 2) 2000-2001 I want to make some remarks this afternoon on the appropriation of $1.56 billion as it applies to employment services and programs. I want to begin with the Job Network which, as I have said many times, has an allocation of $1 billion a year but covers only about 60 to 70 per cent of unemployed people in this country. But, given that, I still think there are many comments that could be made about the way in which even those resources could be better focused, and I want to make some suggestions. I think that we could see a better focusing of resources in the first part of the process of being referred to a Job Network provider, and that is when an unemployed person goes along to Centrelink to register. He or she is given one interview by a well-meaning member of the Centrelink staff, but it is a pro forma where on a one-off subjective interview, ticking the boxes, a person is then directed to report to one of the Job Network streams or a community support program. From my discussions with many Job Network providers, it seems that this classification—which is the job seekers classification instrument—is quite flawed.

Most Job Network providers that I speak to tell me that it takes them at least a month after they have received the unemployed person to then work out this person would have been better placed in one or the other streams. My inquiries lead me to conclude that this happens in about half of the referrals from Centrelink to Job Network. So I think the Minister for Employment Services needs to allocate or reallocate resources from within the department to take a good, hard, long look at the job seekers classification instrument. And, despite all of his bluster yesterday in question time, it was quite clear to those on the other side that he did not have a clue what the job seekers classification instrument was.

If a system is set up in which the first step is flawed and it then takes Job Network providers $500 to pay for a review of a faulty classification, then I think that there are flaws built further into the system. That is my first suggestion: focus seriously on the inadequacy at the moment and the number of inappropriate referrals as a result of a faulty job seekers classification instrument. I know that sounds terribly technical, but the fact of the matter is it decides the fate of unemployed people who have no other choice but Job Network employment services and are told by Centrelink, ‘This is the one for you.’ I have been told by Job Network providers of many unemployed people who have been sent to, say, Jobsearch training and would have been much better off in intensive assistance.

That leads me to make some comments on intensive assistance generally. The most common complaint I hear from unemployed
job seekers referred to the Job Network into the intensive assistance stream is that they do not get sufficient or high quality training. There are exceptions, and there are some providers which actually cross-subsidise the payment of things like TAFE fees because they assess that this is what the unemployed job seeker most needs, but in the main too small a proportion of the thousands of dollars—between $4,000 and $8,000—that are allocated to the intensive assistance client is allocated to guaranteed quality training, and Labor wants to see this situation attended to. We think that when you are spending $1 billion a year and it is the only employment service you are offering to unemployed Australians then the best investment you can make in employability is decent quality training.

I notice the member for Bradfield is sitting at the table, and I know that the committee that he chaired had a lot to say about the interaction of the Job Network with the mature aged unemployed and particularly the intensive assistance stream. I think that committee made some very sensible recommendations, which I hope the government will in turn be sensible enough to take up, because sometimes a one-size-fits-all solution is not able to appropriately reorder its resources to deal with specific groups of people, like the mature aged unemployed. At the moment too many of them get sent along to either Jobsearch training or intensive assistance with no niche or targeted approach to the training or the retraining that they need, often as a result of retrenchment, or the skills profiling or the skills auditing that they often need as a result of retrenchment when it is not clear to them exactly how the skills that they have acquired over a working life are immediately applicable or applicable with a little bit of training to other professions. I would like to see the government respond quickly to this committee and incorporate a more sensitive response within its Job Network design, particularly to the needs of the mature aged unemployed.

I also draw attention to the confirmation in Senate estimates last week that the department has been double-counting people in the Job Network. It was confirmed that, in the case of the 324,000 people that the department claimed to have placed in work in the year 1999-2000, 52,000 of them in fact were simply moved from one Job Network provider to another but were counted as new commencements. This is what we have been saying all along. There is such insufficient access to data on the performance of the Job Network. We have been caught up in this ideological contest about ‘My system is better than yours.’ I have said so many times, ‘You have your system now. Let’s make it work better than it is.’ But we cannot make it work better than it is if we are going to fiddle the figures. So let us be honest about it. I quote from a study from January of this year from the Brotherhood of St Laurence Social Policy Research Centre. They say:

So far, little empirical information on the outcomes of the new system has been available for independent scrutiny. The government has made a number of claims of success compared with the previous system but, in the absence of objective data, these have been treated with some scepticism by many commentators. Thus much of the debate about the effectiveness of the Job Network has been operating in something of an information vacuum.

An information vacuum and a fiddle of the figures. At least this one we have been able to flush out. I would not be surprised what else there is which will need our forensic eye cast over it. The point is that this leads to a need to reassert that it is not good enough for those who have set up the system to provide the so-called independent evaluation of it. That is why we in Labor have moved to establish a Job Network monitoring authority. That would be a good way that the Minister for Employment Services could think about allocating appropriations in the next budget. It is just not good enough to have constant assertions from people with vested interests in the success of a system as a substitute for proper independent analysis.

The second issue I want to talk about today in terms of allocation of resources is this: I would like to see the minister allocate a small sum to the Australian Bureau of Statistics to add an extra question to the
monthly survey of the labour market. It is quite clear to many Australians that the current description of the amount of unemployment does not accord with their own experience and this is because of, firstly, the definition of what employment is—what constitutes employment—and, secondly, the questions we do not ask about employment. I will elaborate a little on that. For example, I wonder whether the person in the street knows that, when we see the monthly employment and unemployment statistics and economists say, 'This many people are employed,' it means that the people in the statistics only have to have worked for more than one hour per week for pay, profit, commission or payment in kind.

That definition was developed in the 1960s and was slightly modified in the 1970s. It was developed around the time when the labour market was based on full-time male breadwinners. But it is an outdated definition today; it is rigid. It is no longer useful to simply classify Australians as 'employed,' 'unemployed' and 'not in the labour force.' When you look at what has happened since the 1960s, you find that since 1966 women's participation in the work force has risen from 36.3 per cent to 54.5 per cent. Over the same period the number of workers employed full time has declined from over 90 per cent of all employees to 74 per cent. Also, only 35 per cent of those employed today work between 35 and 44 hours per week.

What we have seen is an increase in the number of people who have too much work. We have seen an increase in the number of working poor. We have seen an increase in casualisation and part-time work. We have seen the application of the term 'employed' to someone who has 60 hours a week and someone who has one hour of work a week. I ask you, Madam Deputy Speaker: if you were to interchange the job of one hour a week with the one of 60 hours a week and attempt to pay your commitments, would you consider yourself really employed on one hour a week? I am simply saying to the minister and to the Bureau of Statistics that I think we need to ask people who are looking for more work how much work they want to have. These days we have 212,000 people working fewer than 10 hours a week and seeking additional hours. The current questions we ask them might be, 'Are you looking for work?'—and they are—but we do not say, 'How much work would you like to do?' We just presume that everybody wants to fit into those three rigid categories.

All I am saying, on behalf of the Labor Party—and I did launch a research paper into this yesterday—is that we need to do a much better job of matching the needs and desires of those who want to work with the needs and desires of employers, for a start, and you cannot do that if you do not know what it is that people want to do, what they want to bring to the work force. More than that, I think it is insulting to say to people in a series of short-term casual jobs, 'You are as employed as anybody with a secure job and a high salary.' It is not the same and it is time we looked at it. That is a suggestion for an appropriation for the minister for the next budget—a simple extra question in the monthly labour market survey.

Mr Abbott went to the trouble of putting out a press release yesterday to say that I did not understand this issue. I take the opportunity to say on the record that he does not understand it. I understand that already each quarter the ABS ask part-time employees who want to work more whether they are actively seeking more work, but what they do not ask is, 'How much do you want to work?' It might be that you want to work 35 hours to help you juggle work and family. It might be that you want to study as well, but you are not asked. Thus we cannot do a good job of better sharing the amount of work that is available out there.

The last matter I want to talk about is that of youth employment. To mind comes the Jobs Pathway program. This program is often held up by the government as a success story.

Mr Barresi—A great program.

Ms KERNOT—Yes, and guess what? Labor started it. It started as a pilot program under the Labor Party.
Mr Barresi—It’s terrific.

Ms KERNOT—I am glad the member for Deakin says that it is a terrific program, because its funding is in jeopardy. I want to draw that to the attention of the House this afternoon. Its funding is in jeopardy. In my electorate of Dickson, there is an excellent Jobs Pathway program. It has services to 800-plus students each year from a cluster of four high schools and one special school in the Pine Rivers Shire, and it results in a less than two per cent unemployment rate of our school leavers each year. The people who run this program are extremely concerned, because they have not been told what to expect about funding. They have simply been told, ‘Oh, look, it will all be sorted out in the budget.’ But they will have to take into account the task force report—the findings and recommendations of the Youth Pathways Action Plan Taskforce.

I also note from the government’s web site on this program that funding, while it is allocated for a single year, can be extended at the discretion of the department if, in their opinion, according to agreed performance milestones, the Jobs Pathway service providers are doing the job. A less than two per cent unemployment rate of school leavers seems to me to be doing a very good job. I am sure the member for Deakin could tell us that the Jobs Pathway program in his area is, similarly, doing an excellent job.

Mr Barresi—It is.

Ms KERNOT—that is right. So why can’t we hear from Dr Kemp that this funding is guaranteed? As the Jobs Pathway providers in my electorate point out, even if it is announced in the budget, one month or less leaves insufficient time for arrangements to be made with DETYA for contract extensions or for the calling of new tenders. Staff are already leaving. Networks will be destroyed; relationships with school principals and staff will be destroyed. Continuity of service will fail and students will have to re-establish their relationships with new staff. Providers in my electorate also point out that Jobs Pathway providers who are not school based—and that is a huge number of them—will experience problems relating to property rental and disposal of equipment, et cetera.

Think about the number of young Australians who are assisted by this very sensible program, which puts a safety net under young people at risk of dropping out—when they leave school early, for example. One of its strengths is that it has a strong mentoring system where somebody keeps in touch with a young person who has left school, makes sure, on a regular basis, that that young person is employed in some kind of post-secondary learning or training and also often puts them in touch with local employers with whom there is a long-term job as an outcome. It is a very strong, community based program. The state of uncertainty which the providers of the Jobs Pathway program now find themselves in is uncalled for. The program quite obviously works.

The providers would like to make a recommendation to the minister, and I take this opportunity to speak about this, because we are talking about appropriations. The providers would like to see a predetermined date for the release of the Youth Pathways Action Plan Taskforce report. The minister has the report. He is sitting on it. The providers would like to see a contract extension of three to six months to enable the continuity of service to students and employers whilst DETYA is deciding. They also are worried that, once the students have left school, it is difficult to track them down. We are talking about those who have left year 12 just last year. We are only in February this year, and the service to be provided to them is in jeopardy.

There are other things I would like to raise in this portfolio. It is such an important area. It is not only about monthly employment statistics. We have $1.6 billion allocated here. Some of it, I believe, is being spent wisely. But I would really urge the minister in the next budget to consider quite constructively the suggestions I have made for allocation of resources in this area tonight. It has got to be beyond the ideology. (Time expired)
Mr BARRESI (Deakin) (6.27 p.m.)—I rise this afternoon to speak in support of the appropriation bills, which provide funding of some $2.25 billion in total, partly offset by expected savings made against the last budgetary allocations. This debate not only gives me the opportunity to speak on a number of significant issues within Deakin but also allows me to reflect on the way this government is reinvesting money back into the community—a reinvestment which can only take place thanks to five successive budget surpluses by this government. This is an idea that I do not believe has entered into the heads of those opposite, who are more interested in running up record deficits, the last being $13.7 billion. There would be members out there in the community who have said that they have endured the economic pain, but of course we all know that you cannot spend what you do not have. Eventually, the money has to be paid back. We are in a position where we are able to reinvest money back into the community on very worthwhile programs. Through our success in economic reform, we have been able to provide funding to places where it is most needed, instead of paying back the dead money from debts the ALP left us with.

One area of interest in Appropriation Bill (No. 3) 2000-2001 concerns just a modest amount of money. It may be unusual for me, as a suburban based, marginal seat holder, to talk about this, but I want to refer to the $36.4 million that is provided to the sugar industry, which has suffered enormous losses during past years, mostly due to low commodity prices around the world. This is of interest to me as I, like a number of my colleagues, am concerned about the over-reliance on crude oil for our transport industry.

I have to say that I am most pleased to see local companies in Deakin having the foresight to design innovations involving alternative fuels. I refer to companies such as Apollo Gas, which at about this time last year launched its own manufactured and designed LPG system. At a time when OPEC is talking about further cuts to the output of crude oil, we need to look toward a new means of fuelling our transport sector. It will not solve the immediate angst in the motoring community about petrol prices, but it does present a long-term, visionary response to a problem which will rear its ugly head in years to come. The motorists of Deakin, let alone the motorists of Australia, demand such a response.

As I witness people signing politically inspired petitions with the sole purpose of gathering names for an ALP database—a PR stunt—I question what, if any, policies Labor have on this issue. I question how they explain to the hardworking men and women of Deakin why they opposed larger fuel tax cuts in the original tax package. But, more often than not, I question how they have been able to shamelessly claim that increases in the price of fuel are the fault of the federal government. I question why the opposition, when in government, oversaw a 570 per cent increase in fuel excise, taking it from 6c to 34c. I question, on behalf of the motorists in my electorate, why motorists have never received an apology from the ALP for the successive hidden increases. They introduced excise increases by stealth, and yet we are still to hear from them the words: ‘Sorry. We cheated you all those years ago.’ Instead, we are asked to believe that their protestations are a genuine concern for the plight of the motorists.

Since the introduction of the new tax system, I have heard complaints and seen finger pointing from those opposite, but I am yet to hear an intelligent contribution on this issue from across the floor. If they were genuinely concerned, why did the opposition leader waffle his way through the Sunday program interview with Laurie Oakes last Sunday? Furthermore, on radio 3AW on 5 February, Deakin listeners heard the opposition leader, in response to a question on whether Labor would remove the excise on fuel if they were to win government, say:

That’s 10 months away. We need to look at what the situation is with petrol prices and the operation of the GST at that point of time.

He went on to say:
We are well short of that now. It is 10 months away, and we would keep the excise.

This is the hypocrisy in a lot of the protests taking place out there at the moment—there were fuel excise increases of 570 per cent when the opposition were in government, and we have no commitment from them, of course, to remove what they have been asking us to do.

On the issue of the alternative fuel strategy, in particular my support for ethanol whether it be produced from sugar or wheat, in November last year, I had the pleasure, along with the Parliamentary Secretary to the Minister for the Environment and Heritage, to witness the first ethanol fuelled public transport vehicles in Australia—two buses—launched in my electorate. The two buses operated by Ventura Bus Lines run between Blackburn and Middle Brighton. Congratulations to Ventura, its managing director, Mr Andrew Cornwall, and to the Minister for the Environment and Heritage, Senator Robert Hill, for their foresight in supporting this alternative fuel program. It is only a modest program, but big programs commence from small steps. This initiative has been conducted as a trial of an environmentally friendly fuel which is a by-product from Australia’s sugarcane plants—although I am told it can just as easily be produced from wheat, even low quality wheat. When the purpose-built engines run, the greenhouse emissions from the ethanol are substantially less than those from LPG or diesel. This fuel source, unlike fossil fuels, is totally renewable.

A number of members on this side of the House have long been supporters of an alternative fuel strategy—people such as the member for Dunkley and the member for Dawson. In fact, the member for Dawson has widely researched this area and has the second most advanced distillery of ethanol located in her electorate. Throughout Australia, we produce over 110 million litres per year. The CSR distillery, which fuels the two Ventura buses, produces up to 55 million litres a year. It has current facilities to increase production by a further five million within the next six months. Although this is a mere drop in the ocean—Brazil produces approximately 16 billion to 17 billion litres per year—it is a start. Ethanol production is only in its early stages in Australia, and we have an enormous opportunity to further accelerate this process.

I am further advised that, at the level of production we have now, fuel with a 10 per cent ethanol blend could be sold in the marketplace for about 69c to 70c a litre. The Australian Biofuels Association has estimated that, as technology and innovations advance, the cost of producing ethanol will be significantly reduced—and progress is already being made. In 1995, for example, the government estimated the cost of delivering ethanol fuel into major city markets to be 82c a litre. Even by today’s standards, that would be lucrative to our customers—and the price has dropped a further 12c a litre since that analysis. A trend is taking place not only in Australia but in the US, Canada, Brazil and a number of other countries throughout Europe. This presents a fantastic opportunity for us to restore the sugar and wheat regions of rural Australia, which at times have done it tough, either through natural disaster or through commodity prices dropping. We can support rural Australia through another industry.

With the government’s announcement that it would not extend fuel excise to ethanol until at least 2010, now is the time for greater investments in this industry. Australia has the resources and the ability to be a major producer and exporter of ethanol blends. If given the opportunity, it could prove a valuable asset to our country. Currently, we export 35 million litres of the 110 million litres produced worldwide. However, my interest in ethanol is, firstly, not so much for its export potential—although I am sure that the member for Kennedy would say that that should be enough reason—but more for its spin-off effect in having a thriving, viable industry and for the assistance it will provide to struggling rural communities; and, secondly, for the support that it will give to the environment in having a more sustainable fuel product. Motorists out there who have an environmental conscience and who would
like to make a contribution to reduce the emission levels of greenhouse gases would say, ‘Yes, give me an opportunity to have an ethanol blend in my vehicle.’ It will help because, sooner or later, these motorists will be demanding access to alternative fuels as our reliance on fossil fuels will have to diminish over time. It also sends out a signal to the community that this could very well be one of those nation building projects that the public often demand from governments.

Finally, it sends a clear message to the oil companies that they need to be responsive to the growing concerns of the motoring community regarding the oil companies’ apparent lack of pricing transparency. They will no longer have a monopoly on the fuel source. There will be an alternative, apart from LPG gas, that motorists can turn to. It is this latter point that I know many in Deakin would find appealing. Oil companies need to be accountable for the wild fluctuations in price at the pump. Having an alternative could provide that incentive to the oil companies.

It is no wonder that the motorists in Deakin are concerned, when the price of fuel increases from around 89.9c to 99.9c per litre in the same day. While the public outcry is prominent, it has nothing to do with fuel excise. No government intervention has taken place there. It is due to the pricing strategies the oil companies adopt based on world oil prices. The consumer has a right to know and the question most asked in Deakin—as it is, I assume, throughout the nation—is: why is this taking place? What has happened in six to eight hours for the price to increase so dramatically? The retail pump price varies so significantly and we are expecting consumers to accept the lack of transparency in determining this adjustment.

The Australian Institute of Petroleum used to publish a petrol price dissection, but this has been discontinued since the deregulation of the Australian crude oil market on 1 January 1998. Now it has become very difficult, if not impossible, to see which component of the fuel price has been adjusted and to what extent. Surely, if banking institutions can advise their clients why and when interest rates are to increase, oil companies can do the same regarding prices.

However, I fear the reaction of the oil companies to some of the calls that are out there at the moment for the government to act to reduce petrol excise by 1.5c to 3c, though noble in their intent. Certainly I welcome a response from the government to this end. I take as a cue what happened in Britain last week. Last week the British Prime Minister, Tony Blair, leader of New Labour, a man whom the Leader of the Opposition pretends to emulate—with words and not deeds—announced a 2p per litre cut in unleaded fuel. That would cost billions of dollars in the UK. Just one day after this announcement, the Shell oil company stated that they would increase the price of petrol by 1p a litre, in effect clawing back half of what the British government was giving to the motorists. No wonder there was a reaction of outrage by the motoring organisations and the motorists in the UK to the oil companies’ moves. How do we know that this will not happen in Australia? How can we expect to win this war over fuel prices when the major players are not playing the same ball game?

In Australia the price at the pump is varied without public consultation and the consumer has to pay the advertised price. Last week A Current Affair broadcast the confusion that our society is facing regarding this issue and illustrated to the viewers just how unaware the majority of people are about fuel prices. Oil companies whose profit margins reach billions of dollars—and there is nothing wrong with profits; a lot of the money is reinvested into employment opportunities and infrastructure—seem to get away with this lack of transparency and accountability. I am concerned that a modest response to the fuel excise by the government in the next few weeks could be opportunistically eaten away by price movements foisted onto the motoring community by the oil companies.

While I disagree with the honourable member for Calwell’s implied tone and solution in a question that he asked of the Prime
Minister today during question time, I do share his concern about the lack of pricing accountability. However, the government cannot take a big stick and control prices. The people of Australia voted against government pricing controls in a referendum back in 1973.

In the time I have left I would like to cover another issue affecting my electorate, one that I am pleased to say this government has committed considerable resources to addressing. It is related to the current petrol issue, road funding in general and to the Scoresby transport corridor in the eastern suburbs of Melbourne specifically—a road that I know that the member for Scullin would kill to drive on, to use a euphemism, in order to get down through the eastern suburbs to the Mornington Peninsula.

Every day people within my electorate raise the issue about the Scoresby being built. We have two issues here. We have the Eastern Freeway long tunnel, which the Bracks government made a commitment to, and now we have the Scoresby, which has been on the planning books for the last 30 or 40 years, I am told. While we as a government have committed $1.6 billion to local road funding in the Roads to Recovery package and it has been very much welcomed by my two city councils, the Maroondah City Council and the Whitehorse City Council, the people in Deakin are looking for this major infrastructure project to be built.

I know that, in terms of Roads to Recovery, the Maroondah and Whitehorse councils have already started to earmark the $4.5 million that they will receive during the next four years for local roads improvements. The ratepayers of those two cities will be the beneficiaries. I am pleased to say that in a very direct way the federal government has made a contribution to safety on local roads. But Scoresby remains at the pinnacle—a road that needs to be built. The stumbling block over the years has been the unwillingness of successive state governments to make a contribution to the road, or to at least further the arguments about the road being built, and also the cheap politics that have been played out over time.

The Scoresby transport corridor was bitterly opposed by the Bracks government in the lead-up to the 1999 state election. But some sort of awakening must have taken place—perhaps with the realisation that, with the exception of two seats in the eastern suburbs of Melbourne, all the seats had a blue tinge running through them—and they see this as perhaps an opportunity to make a mark out in the eastern suburbs. I do not care what the reason is as long as there is a commitment to build the road. Madam Deputy Speaker Crosio, I know you are concerned about the orbital in Sydney but the passion for this road in Melbourne is equal to whatever the passion may be in Sydney for your western orbital ring road.

I am pleased to see that, in January, the state ALP Minister for Transport, Peter Batchelor, met with the federal Minister for Transport and Regional Services in Sydney to put together a task force which will further this project—to talk of some of the nitty-gritty issues rather than just to simply make an allocation of funds based on a concept and a very old environmental effects statement made years ago. I am also very pleased that, subsequent to that meeting, Minister Anderson met, and had discussions with, a number of us federal members of parliament from the eastern suburbs to further the discussions and make sure that we keep an eye on progress. These are real options that are being worked out at the moment and I anticipate an announcement, initially from the state transport minister but eventually from the federal minister.

Throughout my term as the member for Deakin I have pushed this issue of the Scoresby transport corridor on numerous occasions, realising the economic benefits that it provides to the eastern suburbs. We have an ongoing fight to get it built and I look forward to the road being announced for the benefit of the eastern suburbs commuters rather than for any political point scoring that may take place, such as took place last week. At the announcement of the Craigieburn by-
pass, a road which the federal government is funding totally—with $280 million—we had the state transport minister out there with his media entourage making the announcement and claiming credit. (Time expired)

Mr JENKINS (Scullin) (6.47 p.m.)—This year, of course, will be characterised by political and partisan debates in the run-up to the federal election at some stage later in the year. But this year also marks the Centenary of Federation and is perhaps an opportunity for us not only to reflect upon the last 100 years and what Federation and the creation of the Commonwealth of Australia has produced but also to reflect upon what the future can bring.

It would be very difficult to argue that what was created when the colonies came together to form the Federation and the Commonwealth 100 years ago has not been a successful nation. But, having said that, I think it is appropriate that we question whether things could be better, whether things could be done better and whether we as a nation have processes of government that could be improved.

One of the tragedies is that, throughout the 1890s and in the run-up to the agreement about the Constitution, there had to be a number of compromises to bring the six colonies together to create Federation. There were things that were placed in the Constitution that were there, in a way, to ensure that the colonies signed up. So, 100 years on, some of the ways in which the administrative arrangements were made some 100 years ago are not as appropriate. Perhaps we need to look at the way that we as a nation tackle some of the problems that confront us. One of the things that has interested me throughout parliamentary inquiries that this House conducts and one of the returning themes that we often discover is that some of the difficulties that confront us as a nation in tackling problems result from the way in which the Constitution was framed and the way in which there are areas that are state responsibilities and areas that are Commonwealth responsibilities.

Without doing an exhaustive run-through of inquiries that I have been involved in, I wish to illustrate, by a few examples, those types of problems. During the last parliament I was involved in the fair trading inquiry. One of the areas that we looked at was the way in which predominantly small businesses were dealt with in their retail tenancy arrangements. One of the frustrating things was that the Commonwealth government per se does not have direct control over that as a policy area. So what we recommended as a committee was the need for a uniform retail tenancy code that could be underpinned in some way in a legislative form. Regrettably, that was not a recommendation that was pursued by the federal government with great vigour, because it involved the Commonwealth showing leadership and sitting down with the states and trying to get agreement on these matters through the Council of Australian Governments. In August 1999, when the Joint Select Committee on the Retailing Sector reported, it was with a bit of regret that, in recommendation 7 of our report—Fair Market or Market Failure?—we were forced to recommend that the government revisit the Reid report recommendation for a uniform retail tenancy code with a view to implementing this code through the operations of the Council of Australian Governments.

There are other areas that are even greater illustrations of the need for a change in the way we look at the administrative arrangements in policy areas. Take the area of health: in the first instance I want to talk about indigenous health, because no greater problem confronts us as a nation and no other area more indicates something we should be ashamed of in our lack of progress in getting equity in the health outcomes between one portion of our community—indigenous Australians—and the rest of Australia. One of the things characterised by the Standing Committee on Family and Community Affairs report into indigenous health was that, in indigenous health, as in the broader area of health, there are such complex intergovernmental arrangements for the way policies are put in place. Really, what
One of the greatest things that came out of the national conference last year in Hobart was the signing up by the Leader of the Opposition on behalf of the federal parliamentary party, the then four state Labor premiers, the other state parliamentary leaders—at that stage there were two—and the two territory parliamentary leaders to the Medicare alliance agreement. This is an innovative way of trying to get around the impediments that the Constitution has left us with, especially in the area of health. There can be no greater area than health where we see the way in which the games have been played over the last 100 years in shifting responsibility for different areas and activities under the health umbrella. The Medicare alliance that the state Labor parliamentary leaders signed up to in Hobart last year is very important, because it is a commitment by those parliamentary parties in government to ensure that the nonsense we have seen is rectified, that all those artificial barriers that are placed in front of achieving outcomes are done away with, that we do not have the continuing argy-bargy about who actually pays the bills and that, when the federal Labor Party is elected as the next government, it will sit down with those states—and as a result of the events of the last two or three weeks there are now five premiers that we can deal with—and work through the mechanisms that are required to ensure that the Medicare alliance can be put into practice and that the outcomes and the advantages that are perceived by that alliance can be achieved.

It is about the states and the federal government deciding up front what their share of the resource provision is, what that joint pool of resources will be put to in the way of outcomes and what mechanisms there will be so that people can judge and monitor the success of our national health system. Under that agreement, a national health commission will be put in place to look at the funding that the Commonwealth can provide, to look at the types of health outcomes that we should be aiming for and to set the performance benchmarks so that we know that, under this agreement, this improved arrange-
ment, the governments are actually achieving what we expect.

We will see upon the election of a Beazley government the negotiation of a new five-year Medicare agreement. That agreement will go into ways in which we can rectify some of the glaring problems that we have at the moment, some of the glaring problems that have been talked about for so long. These include things such as a patient’s ability to access pharmaceuticals and medicines when they are discharged from hospitals back into the community. This is one of those areas where state governments play those games where they try to shift the costs of medicines onto the PBS but, regrettably, patients are the losers because they get lost in the system. We want to ensure these processes are seamless for the people who are using the services provided. We want to look at ways of tackling the change in the nature of the provision of general practitioner services. We want to ensure that, where they are needed, GP services are available after hours so that it is not just a 9 to 5 or 9 to 6 system. If you want to see a doctor after those hours you are forced to go to the local hospital and wait, which then causes long queues in hospital emergency departments. That is an inappropriate use of resources and it could be better tackled if GP services were available after hours.

There are other problems that we confront—some of them do not just fall within the health umbrella—and an example I can give is that of the local hospital in Epping, the Northern Hospital. This hospital suffers from the phenomena which has been given the name bed blockages. Simply put, the problem there is that of elderly people who are awaiting a place in residential aged care. Because those residential aged care places are not available, they are forced to remain in hospital taking up acute beds. At one stage at the Northern Hospital in Epping, something like 33 beds were occupied in that manner. That is now down to a figure of 18. It is not just that there are 18 people taking up those acute beds, awaiting places in nursing homes, but that they will be there for very long stays. It saddens me that Commonwealth governments, over the long years of federal involvement in the provision of residential aged care places—where we have set the benchmarks, where we know what is required to be provided—have not done the right thing and have not made sure that they adequately cover these shortfalls.

Let us look at what the situation will be after the next round. In the latest round announced in January, Victoria only got an additional 214 nursing home beds. This will leave a shortfall of about 500 aged care beds, and that is after taking into account what needs to be provided with respect to the ageing nature and demographic conditions of the northern region. This is a problem that the Commonwealth has responsibility for. It is a problem where there should not be this toing-and-froing between the different spheres of government. It is something that is identified in the Medicare alliance agreement that needs to be looked at. We need to look at those older people who are in acute care beds in hospitals and at whether they can be better treated in other facilities or, indeed, in their own homes.

As an area of policy, as an innovative way of trying to tackle a problem that confronts our public hospital system, this is a very important measure, because the nonsense we have seen with the development of policy over the last two or three years by the present government, and its emphasis on its indirect way of subsidising the private sector through the health funds, has not created the outcomes on the ground that we need. In fact, in my local area it has been worsened because of the dynamic of market conditions where one group has bought out another private health group and the ACCC has dictated that the new conglomerate will have to offload hospitals, and one of those hospitals is one of only two private hospitals that operate in the outer northern region of Melbourne, and it is likely that it will close. Through that, we will see a reduction in the total number of beds in the system. That brings us back to the point: we need to emphasise that the Commonwealth’s role and the outcomes that a Commonwealth government can best achieve in a national sense are through cooperative ar-
rangements with state public hospital systems. This will ensure there is a direct outcome: that the moneys go directly to providing an increase in the services provided.

I return to where I started—that, hopefully, throughout all of the argy-bargy that will go on with the run-up to the federal election, we can continue to look in this Centenary of Federation year at those things that have served us well over the last 100 years, those things we can be very proud of, and at ways in which we can go into the 21st century with administrative arrangements that better suit the type of nation and Commonwealth that Australia is at the present time. The areas of policy that have been disadvantaged by past arrangements can be improved. (Time expired)

Mr RONALDSON (Ballarat) (7.07 p.m.)—I have a great deal of pleasure to be speaking on the Appropriation Bill (No. 3) 2000-2001, and I am grateful for the opportunity to speak tonight instead of tomorrow, which was originally anticipated. I have been called parochial on many occasions in this House, and it is a badge of honour for me to be called parochial. I will be talking about my own electorate of Ballarat in a second. I hope the honourable member for Bendigo is listening in, because in the English press a couple of weeks ago Bendigo was, quite rightly, called a one-horse town. Despite the impassioned endeavours of the member for Bendigo to defend the one-horse town, trying to flick some of it off to Ballarat, he knows and I know—

Dr Lawrence—it sounds like a very ancient rivalry.

Mr RONALDSON—it is a longstanding rivalry, normally driven through jealousy on the part of those in Bendigo. It was started, I might say, when the Hon. Bruce Reid, my former colleague, was representing Bendigo, and regretfully has been carried on by Steve Gibbons. Just to prove the point, Ballarat Group Training last week were even training Bendigo people. I would like to congratulate four people from APCO who did a certificate II in retail operations. They had to go to Ballarat to do it, Steve, if you are listening. They are Damien Carew, the manager, and Valerie Day, Nerrilyn Hudson, Kerryn Mayes and Mark Hobson. We were very pleased to be able to contribute to your ongoing education in Ballarat.

I was asked the other day, ‘Do you think the Ballarat electorate is better off under this government?’ The clear answer to that is yes. I was born in Ballarat, but over the last 11 years since I have been in this position I have probably seen the best and the worst. In 1991 unemployment in Ballarat was 22.6 per cent. An article from the Sun-Herald newspaper on 10 November that year was headed ‘One in five are idle in nation’s dole capital.’ This is my home town being called the nation’s dole capital. The honourable member for Bendigo has just arrived, which pleases me. I can tell you that being described as the nation’s dole capital is not a badge of honour for us. I think it was a quite frightening period for a lot of regional centres, including Bendigo and Ballarat, right throughout Australia. It was a terrible time. It was a desperately sad time for many regional communities. It meant there was a huge outflow of our best young people to Melbourne and Sydney, desperately seeking employment. As you know from your own experience, Mr Deputy Speaker Nehl, once young people leave regional centres it is difficult to get them to come back and re-establish their roots. In those days there was no Work for the Dole, no Green Corps and no Job Network. We had not seen the surge in apprenticeships we have got now. Indeed, in 1996, when the present government was elected, apprenticeships as a percentage of the work force were the lowest they had been in three decades. So we had effectively disenfranchised the great majority of this nation’s young people.

The emphasis was on university. I think one of the great achievements of this government has been that we have taken the focus away from university and given all young people the opportunities they deserve. There are many young people who do not choose that option; in fact, 70 per cent of young people. Unfortunately, under the previous government some 70 per cent of the funding was going to 30 per cent of the
young people. This government has done something about that, and I am proud of the fact that there are now hundreds of thousands of young people doing apprenticeships. I think it was 280,000 or so the last I read, and that is great news for this country—not just for those young people but because this country has always survived on a strong skills base. I am happy to talk about Ballarat and Bendigo in that regard, because regional centres such as those two very large centres generated an enormous skill base. The honourable member for Bendigo will agree with me. It was an enormous skill base which was utilised not only in our own regional centre but also by the rest of Australia. At one stage in this country we were going to lose that skill base, and that skill base can only be obtained basically from one area if it is not there, and that is to import the skills. I think it is a sad state of affairs when we have got to import skills, and we should be doing everything possible to make sure we generate skills within Australia. I am a great supporter of a strong and sensible immigration policy, but I am equally supportive of making sure our own young people are given the absolute opportunity to maximise their individual potential.

A lot of what has happened as a result of the policies of this government is now responsible for a much improved unemployment rate. If you average the DEWRSB figures across the four areas of Ballarat, it works out to 7.2 per cent. That is probably gilding the lily a bit; it is probably closer to 8 or 8.5 because some of those areas are bigger. But to go from 22.5 per cent down to a realistic figure of 8 to 8.5 is very good for our region. And we are seeing that sort of employment growth and unemployment reduction right across regional Victoria.

I have said quite publicly in my own area that those of us in rural and regional Australia have to be very careful that we do not perpetuate the myth. We need to make sure that we identify those areas of need and pursue them, but to throw a blanket over regional Australia and say that all is not well right across the board is wrong. The reality is that the honourable member for Bendigo and I need to encourage our own communities to bring capital and investment into our electorates from metropolitan areas, from Melbourne and Sydney where the money is. Financiers and decision makers can pick up local papers every day of the week and see people who are constantly talking down rural and regional Australia—and I suspect those of us who live in rural and regional Australia have all been guilty of that—but we have to be very careful that we take a sensible approach because we cannot afford to frighten off those who are going to be significant contributors to our future. All rural and regional Australians need to be very careful that we target the areas of need, but to throw a blanket of woe across rural and regional Australia is very dangerous.

I do not think the Australian Labor Party can make up its mind on Work for the Dole. I will not be involved in policy making after the next election, which will please some people and sadden others—the percentages I am not too sure of. In any event, I have a letter here from a young man who wrote to the director of the Ballarat Education Centre. In that letter he said:

Just a short note to emphasize the positive breaks I am getting out of the programme. While working I have gained skills that will help me to get several types of labouring jobs ... Work attitudes are developing in the right direction for me. The supervisors have been more than helpful and diligent in their role. Sometimes I am unable to do a certain task straight away in the correct manner. Correction is swiftly given, by the end of the day I am proficient. Looking forward to further increasing my prospects.

That is from a young man who has indeed benefited from the Work for the Dole program, which is another great initiative of this government and one which has been very widely supported in my electorate.

Speaking of jobs, since the beginning of this financial year in July 2000, employment in Australia has increased by 41,000 and over the last year 180,000 new jobs have been created. Since the Howard government was elected in March 1996, 774,000 Australians have been put into new jobs. Mr Dep-
uty Speaker, you have only to compare the unemployment rate under this government with that under the former government. When the Leader of the Opposition was employment minister, unemployment was at some 11.2 per cent. All good members are passionate about their own area and parochial about its needs and strive very hard at every opportunity to achieve things that are desperately needed. Earlier last year, I spent a lot of time with my local government councillors to talk to them about their number one need. The number one need for local government in my area was a boost for local road funding. Someone with better expertise of racing will tell me if I am wrong, but it was roads first and sixes the field after that. There was a very clear gap between that number one priority and those underneath it. One of those was a regional health strategy. If I get time, I will talk about what we are doing in that regard.

The $1.6 billion Road to Recovery package has quite rightly been very enthusiastically received by my local government councillors, because they know that it will create jobs, improve vital infrastructure and, even more importantly, improve road safety. As you know, Mr Deputy Speaker Nehl, representing a non-metropolitan electorate, and as the honourable member for Bendigo, who is in the chamber, knows, a lot of our constituents are working using roads, playing using roads and taking their children to school using local roads. There is absolutely no doubt that poor local roads are a significant health hazard for rural and regional Australians. This money will go a long way to addressing that hazard. My own region receives some $25 million and that money will start to flow soon. I consider that a very significant contribution by this government. It is one that I have been passionately supporting for a long time.

Mr Gibbons—Imagine what it would have been like if you had not lost the $2.9 billion—a very unwise interjection, because I am nothing if not prepared. I would like to quote from a recent ‘Question Time Summary’, which states:

In contrast with Opposition Leader, Mr. Beazley, Labor’s Transport spokesman, Martin Ferguson, has admitted that the Coalition Government has not short-changed Australian motorists by $2.9 billion. Speaking at the Northern Rivers Community Economic Forum earlier this month and then later to colleagues Ferguson said:

‘Look, there is no $2.9 billion that wasn’t spent. It’s an accounting issue … You’ve got to tell these people the truth … It might be easy to exploit the issue and score political points … but to win the respect of the people you have to be honest.’

In actual fact, real spending by the coalition on roads is a great deal more than that mentioned in the legislation which Mr Ferguson referred to. The Commonwealth has spent far more than the $2.9 billion on roads that was required under the act.

The Labor Party’s attitude in relation to this $2.9 billion is, I am afraid, a fair indication of the attitude to a large number of things. They know that, under their transport ministry, the same thing occurred as under this government. As Mr Ferguson said, it was an accounting issue, and to tell people that they lost $2.9 billion in road funding is, as he said, not telling the truth, exploiting the issue, scoring political points, not respecting the people and not being honest with them.

We have had some pretty sensational events at home in the last 12 months. We had an ‘Exporting to the World’ five-day event last year. The whole community was involved, celebrating the 80-plus companies in the Ballarat region that are exporting to the rest of the world. Throughout Australia, one in five jobs are exporting jobs. In regional and rural Australia, one in four jobs are exporting jobs. We quite rightly celebrated that. We have also got some health awards coming up, celebrating the quality of health in regional Australia—celebrating the professionals and the ancillary health workers in Australia who are providing health care that is comparable to anywhere else in Australia. These are Australians living and working in regional Australia, with skills that are equal
to, if not better than, their metropolitan counterparts.

This government has done many other things, and I will refer to one more very briefly. The week before last the Attorney-General was in Ballarat to officially open a new children’s contact service centre—which again the honourable member for Bendigo will be aware of—located at Child and Family Services, one of 25 that has been built across Australia at a cost of $15.6 million. It provides a safe place and a nurturing environment for children to maintain contact with a parent they are no longer living with. As Kevin Zibell, Chief Executive Officer of Child and Family Services, said:

They will no longer have to travel to metropolitan or other provincial centres, or use public places for these purposes. This will provide a major benefit and will help to reduce the levels of anxiety and tension that sometimes accompany contact and changeover visits.

I am going to pay great credit to the department involved in this, because I got in touch with the department and said, ‘Right, what is happening with these contact centres?’ and they said, ‘Well, come to our office and we’ll show you.’ I went to their office and there was nothing in Ballarat but there was in Bendigo, and I said, ‘Why would there be one in Bendigo and not one in Ballarat?’ They said, ‘Well, the expectation is that people will drive and there will be access changeover. People from that strip running from western Melbourne through to Horsham, through to the South Australian border, were going to be required to go to Bendigo for access changeover. For those who have been involved—as I have been in a former life—this is probably the most single difficult issue for many children. The department looked at it and said, ‘That doesn’t make sense,’ and rejigged it. I give them great credit for that. We now have a centre where people living in that strip I was talking about have access as well.

I am very pleased that in my own region some $2.7 million under the Regional Health Strategy has been spent on health needs. There is a lot of money there. I will get another opportunity, I hope, to finish this speech. This has been a good government. It has been a successful government. It has been a government that has worked hard and tirelessly for regional and rural Australia. There is a lot there, a lot to celebrate, a lot that I am very happy about.

Debate (on motion by Dr Lawrence) adjourned.

ADJOURNMENT

Motion (by Ms Worth) proposed:
That the House do now adjourn.

Fuel Prices

Prospect Electorate: Flood Mitigation Funding

Mrs CROSIO (Prospect) (7.28 p.m.)—I want to comment on the recent announcement by the Prime Minister of Australia that he will at last review the petrol excise and provide what, in his words, would be ‘modest relief’ on petrol prices for Australian motorists. I equate this with the ‘banging your head against a brick wall because it feels so good when you stop’ analogy. It will be interesting to see just how modest this petrol relief will be and whether it will have any real impact on the price of petrol. But one thing the Prime Minister’s surrender on this issue does show is that this government have finally decided to act on something that the Labor opposition have been screaming about for months. We have constantly called on the federal government to relieve Australian motorists of the excessively high petrol prices. The government are now in the middle of a policy panic and will clutch at anything which could put them across the line at the next election. I am not exaggerating this, because it was only eight days ago that the editorial in the Daily Telegraph, a paper that the Prime Minister loves, said:

Prime Minister John Howard is adamant: neither he nor his government will do anything to lower the price of petrol.

It is part, he says, of his policy of good economic management.

The government’s ‘sooner rather than later’ approach is simply not good enough and the Australian people have quite obviously had enough. This fact is evidenced by the
Newspoll figures published in the *Australian* on Tuesday, 27 February showing the disapproval rating of the Prime Minister now reaching 59 per cent. This figure speaks for itself.

In the short time available, I would also like to comment on the way in which this government has turned its back on providing flood mitigation funding for metropolitan areas and on the devastating effect this decision has now had on the area I represent. Members will remember that in 1996 this government, in its desperate attempt to reduce debt, cut spending to many vital services in metropolitan areas. In doing so, the federal government announced it would abolish completely the funding to urban flood mitigation programs. The previous Labor government began the Urban Flood Mitigation Program, which was funded by all three levels of government on a two-two-one basis. The money was used by local councils to implement programs such as building flood walls, stormwater run-offs, effective drainage and many other absolutely vital infrastructure programs to avoid the effects of severe flooding. Not only did the Howard government’s decision to abolish the program result in the loss of more than 200 public service jobs; it left only the states and local councils to fund flood mitigation policies on a two-one basis.

Over the years, local councils in my electorate—including Fairfield City Council, Holroyd City Council and Blacktown City Council—have indicated that, without the Commonwealth funding for flood mitigation, many of these programs have now been put on the backburner. I have made several representations to the Minister for Regional Services, Territories and Local Government on behalf of the local councils requesting that the Commonwealth restore annual funding for urban flood mitigation. However, the minister has consistently refused to move on this issue, arguing that local councils should cover these programs out of their rates. The response from the minister shows what little understanding of the problem he has. For example, Fairfield City Council wrote to me saying that they need at least another $30 million to complete some of the flood mitigation programs which they started with Commonwealth funding. It is quite obvious for anyone to see that the council’s rate base will not cover the void in funding.

On Wednesday, 31 January this year severe flooding over 24 hours closed roads and local high schools, inundated houses and businesses and virtually brought the city of Fairfield to a standstill. It was reported that in 24 hours, 130 millimetres of rainfall—the average, I might add, for the whole month of January—was dumped on the Sydney metropolitan area, with Fairfield and the surrounding suburbs in the south-west being the worst hit. The local SES received more than 62 calls for help, while their volunteers worked tirelessly to evacuate people from their homes. Two schools in my electorate, Our Lady of the Rosary and Patrician Brothers, were closed because the rising creeks and flood waters caused a serious threat to the safety of students. The effects of the federal government’s cutting of funding to urban flood mitigation programs have been disastrous for the people in my electorate, who keep getting evacuated from their homes and whose businesses are forced to close every time there is a heavy downpour.

My electorate of Prospect covers a large portion of the Fairfield local government area, which is a heavily populated residential and industrial city severely affected by the flooding of waterways such as Prospect Creek. Flooding in Fairfield is an extreme problem. When the government cut back $70 million in funding for flood mitigation in 1996, it caused hefty change. In 1988, parts of my electorate were ravaged by the worst flooding in the area for 30 years. More recently, my electorate has been hit by flash-flooding and severe storms, which have caused excessive damage to homes and businesses, with insurance bills reaching into the tens of thousands of dollars. Due to the federal government cuts to urban flood mitigation programs, my electorate of Prospect still remains vulnerable to severe flooding. I call on the government to restore funding to urban flood mitigation programs before the situation becomes even more dangerous.
I was very pleased, however, to hear the Leader of the Opposition, the Hon. Kim Beazley, say on one of his regional tours recently that this government made a mistake when they cut resources from things like the building of levee banks. They should be, he said, 'wholeheartedly into flood mitigation'. We think it is the right thing to go back to the old two-two-one formula, and we will look favourably on restoring that formula. Restoration of the two-two-one formula for urban flood mitigation is an absolute necessity and must be a priority for this government in the 2001 budget.

**Dunkley Electorate: Aged Care Services**

Mr BILLSON (Dunkley) (7.33 p.m.)—I rise tonight to talk about aged care and the terrific services being provided by all the facilities in the Dunkley electorate. Over the Christmas-New Year period, I was fortunate enough to be able to present certificates of recognition to all of the aged care facilities in the Dunkley electorate, recognising that all had achieved the maximum three-year accreditation through the quality standards system that the Commonwealth government has put in place. The exciting thing about that was the opportunity to work my way through the facilities and not only to meet with staff and the proprietors of those facilities but also to speak with a number of residents about the issues and concerns that they had. A central theme that kept recurring was the shortage of qualified nursing staff available to the aged care sector generally but in particular to outer metropolitan communities like the one that I represent.

I have heard people talk about the limited number of qualified nursing staff available to rural and regional areas, and I am not happy to inform the House tonight that it is not limited to just rural and regional areas: it also extends to the outer metropolitan areas. Many people would say that the training of nurses and the availability of an appropriate range of skills to support not only the aged care sector but the health sector more generally is a state government issue. But I would like to put to you, Mr Speaker, and to this parliament a suggestion that, even though we are not responsible for the training of nurses, we in the Commonwealth parliament do have a stake in the availability of the appropriate skills so that we can support our aged care facilities.

Let me give you two illustrations of why this is important. First of all, many aged care facilities bring in agency staff—that is, they are unable to employ the qualified nurses they are looking for permanently so they pay agencies to have qualified staff made available. That practice attracts a premium of between 30 to 45 per cent over and above the cost of employing that qualified nurse directly by the facility. That means that 30 to 45 per cent of the funds available for the care of residents is going to the agency for the convenience of tracking down qualified nursing staff on a temporary basis. So resources available to the aged care sector are actually going to the payment of nursing staff at a premium rate over what would be paid if the qualified nurses were directly employed by the aged care facility.

Another area related to this is that residents like to know and develop friendships and relationships with the staff that provide for their care and wellbeing in the aged care facility. A constant concern that was raised with me was that a number of the residents do not know who the staff are. More particularly, the staff are not always aware of the particular idiosyncrasies of the residents—whether they have coffee, whether they have tea, issues about their family and their general wellbeing or particular cultural interests they have. So you end up with a bit of a disconnection between the residents—bear in mind, this is their home—and the qualified staff that have been brought in through the agency to provide for their care.

My suggestion is to look at extending the Flynn scholarships for GPs, which ensure that qualified GPs are available in regional areas, into the aged care sector to make sure that appropriately trained nursing staff are available to outer metropolitan and rural and regional aged care facilities. The idea would involve designating a number of the best aged care facilities in outer metropolitan ar-
eas and in rural areas as training facilities where we could perhaps provide a financial incentive to those facilities to make available their experienced staff, to transfer their knowledge and experience over to people with experience in the aged care sector wanting to upgrade their skills to a nursing standard. You would be able to recognise that there is time involved in that: provide some incentives for the facilities that are participating, even organise for block release for those nurses in training to do the theoretical side of their training while providing a pathway of additional qualified nursing staff to ensure that we continue to provide the best possible available and affordable nursing care in our residential aged care facilities. I think that is a constructive suggestion. I think it is a way forward. I think it is a way of expanding the available qualified nursing staff to a very important area of our community, the aged care community, and I think it is something the government should seriously have a look at to make sure that the money that is available for care for our ageing and frail community is going directly towards their care and is not being lost to agency arrangements where a premium is paid because there is not the qualified staff available. (Time expired)

Banks: Services

Ms BURKE (Chisholm) (7.38 p.m.)—Tonight I rise to speak on a controversial issue in my electorate of Chisholm—the proliferation of bank closures in our suburbs, the death of the strip shopping centre and the need to restore services to our community. In my first speech in this place I spoke of the demise of services in our community, the death of face-to-face contact and the rise of the pervasive interactive voice telephone services. No longer is it deemed necessary for us ordinary folk to talk to someone when we are seeking service. No, we are now privileged to be able to make use of phones, computers and other machines. These can supposedly take the place of an actual person.

It will come as no surprise here that the general public does not agree. Research undertaken by the Finance Sector Union found that 71 per cent of people believe that the bank service has declined since they started closing branches and retrenching staff; 80 per cent believe that electronic banking should not replace staff; 67 per cent believe that the government should prevent further bank branch closures; and 81 per cent believe the government should require the banks to have a social charter.

The big four banks are totally focused on increasing their profit share and delivering high dividends to shareholders, all at the expense of customers and staff. Driven by an obsession in the industry to cut costs, over 900 bank branches and 40,000 jobs for the sector have been lost in the last five years. To see how heartless our banks are you only have to listen to some of the justifications they use: 'We can no longer cross-subsidise customers,' 'We are not a charity but a service,' ‘Why don’t customers understand that when they are in a bank and do a transaction it is a service and they must pay?’ and my favourite, ‘80 per cent of our customers don’t make us money.’ Somebody is making money for the banks, lots of money, but we are not seeing the rewards in our community.

Just recently another bank has been ripped out of my community. The Commonwealth Bank closed its doors at Pinewood Shopping Centre on Friday, 16 February. It was the last bank to leave. Traders and residents had been assured by the bank that they were there to stay, so many individuals actually switched accounts to the Commonwealth Bank as all other banks had deserted the area. Pinewood is not a small strip shopping centre. It has over 70 speciality shops, a supermarket, several very good restaurants, a cinema complex and the head office of United Energy. A thriving residential area surrounds it with a primary school behind. One actually cannot picture a more appropriate place for a bank to be.

I visited the bank on the day it closed and spoke to the manager to express, on behalf of the residents and their traders, their concern and frustration at the loss of another service. I did stress to the manager that the anger
from the community was not at the staff; we sympathise with their plight as well. While some staff were being transferred, others were being made redundant—more victims of bank closures. On the day of the closure the large car park surrounding the shopping centre was packed and the bank was full of customers. So why did we lose another vital part of our community? The area manager for the Commonwealth Bank tells it like this:

Customers’ needs today however, demand more flexible, convenient and accessible banking services than a purely bricks and mortar approach can provide. The Bank has heavily invested in new and alternative means of banking ... In many areas we also have mobile bankers who will visit you in your home or at your business. The popularity of these self-service channels can be gauged by the fact that over 70 % of all transactions are now conducted electronically.

The Bank’s decision to close a branch is never made lightly. Many factors, including business levels, customer usage and the availability of alternative delivery points, are considered. Branch closures are in response to changing shopping habits of the community, not the cause of them.

Funnily, this is not the view of the residents and the traders who have been flooding my office with protests over the closure, particularly after I wrote to the residents asking them for their opinion and took my mobile office to the area earlier this month, nor was the view expressed by the crowd of over 150 people who turned out last night at Pinewood Primary School and supported establishing a community bank in the area. People want and need face-to-face services from banks. They want to be able to feel secure about withdrawing money. If you are an older person who does not drive you need a bank nearby, not a 15-minute drive away. If you are a mum with kids you like to be able to go to the bank near home and not in a large shopping centre. If you are a trader you need a bank to attract potential customers and you still need change and a place to deposit the day’s takings.

I am passionate about representing the people of Chisholm—people who live and work in the suburbs, people who are seeing their communities destroyed by the decline in local services. I am saddened by the sheer neglect by institutions like banks that were once held in respect in our community. The loss of the Pinewood Commonwealth Bank comes on top of the closure of the Commonwealth Bank at Ashwood and Surrey Hills, also in my electorate. All these communities said that they are not prepared to sit by and watch their neighbourhood suffer and I commend them for that. Residents in these areas have banded together to try to establish community banks. I am fully supportive of all these endeavours and pledge my support to the local communities. I pledge as their local member to do everything I can to assist in stemming the decline in banking services.

The ironic thing about the Bendigo Bank which is behind these community banks is that it has just returned a massive profit. How come the other majors cannot. Really, what we need is a government who cares about community and we do not have that currently. (Time expired)

*Youth: Policies*

Mr BARRESI (Deakin) (7.43 p.m.)—Two weeks ago I had the pleasure to see a project that was a mere dream for so many come to fruition. It was a special occasion to finally launch with the Minister for Education, Training and Youth Affairs, Dr David Kemp, a program designed for those youth often tagged by our society as being too hard to help, perhaps at risk. Congratulations to Pastor Mark Bateman and his team at Ma-roondah Community Care for their persistent endeavours to get the project up and running. The program is called Checkpoint.

Every now and then in politics one has an opportunity to be involved in a program or policy initiative which will really make a difference to the lives of the people one represents. Checkpoint, I am proud to say, is one such program. Three years ago after meeting the coordinators of a similar program right here in Canberra, I came away believing that Melbourne’s east needed a program which gave real hope to those young people who, as a society, we often give up hope on. We already have some of the best agencies and youth programs in the country. The Jobs
Pathway program team of KYM, which has over 76 schools within its region, the REFS, the former Ringwood Extended Family Services, which developed the Reconnect program which is now used throughout the country, and the VET in schools program, to name but a few, are excellent programs for the youth of the outer eastern suburbs of Melbourne, in particular those living in the Deakin electorate.

At the meeting that I referred to I had the good fortune to stumble upon Pastor Mark Bateman and we discussed the issues that affect young people in eastern outer Melbourne. From our observations, it was clear that programs specifically targeting youth who are deemed too difficult to place for whatever reason were needed. The study of the region’s statistics resulted in our focusing our original thoughts on youth unemployment, homelessness and crime. Since then the course has been slightly modified. Getting the program to this point has been a long road in negotiations, discussions and, importantly, perseverance over a three-year period.

The journey throughout this period was made so much easier by the shared vision of what was needed and the deeply held conviction by Pastor Mark Bateman, Dan Jackson—both from the Maroondah City Church—and me that this would work. Along the way, so many others were convinced of the Checkpoint dream—Peter O’Connor from KYM, Pat Jones from Swinburne TAFE, Croydon Rotary and, in more recent times, members of the Australian Defence Force, particularly the Navy and the Army, and the local Maroondah scouting group. It gave me immense personal pride to be part of that launch. It is a rare occasion to find an opportunity comes by that brings together local businesses, youth services and education providers for the benefit of our young kids.

Too often I hear on the streets that young people fall by the wayside as they try to define who they are. Projects like Checkpoint provide our young people with an alternative opportunity—a chance to turn their life around for the better. Not only does this project benefit our youth; the local community also stands to gain from Checkpoint. By training our youth in a discipline where there is a recognised skill shortage in our region, there is a greater chance that they will be able to find work and be reconnected into the community. But Checkpoint is not merely about training our youth and sending them off to find a job. If it were to simply just do that, we would be doing only half the job. Pastor Mark Bateman is a strong believer in building a barrier at the top of the cliff—not being an ambulance at the bottom picking up and patching up the pieces. He is a strong proponent of making an impact on the lives of youth that are facing difficulties—but, more than that, giving young people hope again. I share this view with him. I know that Checkpoint will be a valuable asset to our society and make a difference to their lives and the lives of those around them.

What a great opportunity to have the Checkpoint program in the Deakin electorate helping these kids through an eight-week training program and seeing them go through a pre-apprenticeship program. I congratulate all those involved, particularly the Swinburne TAFE, which is offering the facilities, and the Navy and Army personnel. More importantly, I congratulate Mark Bateman and the Maroondah City Church and Maroondah Community Care on having this program under their auspices.

Mr DANBY (Melbourne Ports)  (7.48 p.m.)—For those of us who support tolerance and cultural pluralism in modern Australia there have been some disappointing advocates of just such an Australia in the media recently. Indeed, for those of us who are strong advocates of immigration and more realistic population policy, it is very disappointing to read some of the views of those who are known to be advocates of these views when they take what I regard as extreme positions. I refer in particular to a recent article in the Melbourne Age by Professor Mary Kalantzis from the RMIT. In an article that might be entirely justified in
talking about Aboriginal dispossession and the issues of reconciliation, she made the tasteless comparison of Australia to Nazi Germany. I think also of a recent example of another person—a professed supporter of cultural pluralism in Australia, Professor Andrew Jakubowicz—who, in another publication, launched an extraordinary and totally unjustified attack on the opposition and the Labor Party for their alleged lack of support of the Special Broadcasting Service—again comments that seemed to bear no relation to any empirical evidence.

I do not want to focus the main aspects of my concern on groups sometimes called the ‘hard multiculturalists’. Rather, I want to address some of the issues raised by Alan Wood, Gary Johns and the people whom I would call the ‘amen corner’ of the government’s immigration and population policy. Firstly, I want to address one of the major fallacies that people have about a slightly increased level of immigration. I think that is all people in the opposition may be thinking about if we come into government in six months time. If we are to project Australia’s population 50 years from now at a slightly higher level of immigration than it is at the moment, say, 90,000, the Australian Bureau of Statistics has said that at a realistic level of reproduction, that is, 1.6—and the level we need to reproduce ourselves is 2.1—Australia’s population will be 25.4 million in the year 2051. Taking the upper limit of the realist supporters of slightly higher immigration and an integrated population policy, that is, 120,000, at the same level of reproduction, Australia’s population in 2051 would be only slightly higher at 27.4 million. The people who say the sky will fall in if there is a slight increase in immigration will end up exactly like Chicken Little people in the end when they address the realistic statistics, and particularly when they look at the lowering fertility rate in Australia they will be understood to be exaggerators.

I also want to address those who say that slightly higher immigration rates would not change the effects of the ageing of the population. This, of course, is what serious policy makers in Australia must be concerned with in the future. With the ageing of the Australian population, we will have fewer taxpayers if we do not make some adjustments to immigration. This is very much in the national interest. People fail to take into account this lowering of the reproduction rate. The Labor Party, the member for Batman in particular, has foreshadowed family friendly policies designed to address this. These policies are very just, but I am sure they cannot turn around Australia’s population quickly.

A slightly higher level of population, a slightly higher level of immigration, is a possibility that most people in Australia could envisage without any hysteria. It would be in the national interest. It would lead us having more taxpayers so that we could address the issue of higher numbers of people in age brackets. It is something that the Australian people should do without the hysteria that people in the more extreme ends of the government’s ‘amen corner’ on immigration and population are trying to warn us against. The government certainly should not pander to the Hanson element, because this is not in the Australian national interest. We need slightly higher immigration and more integrated population policies. (Time expired)

**Defence: Facilities**

Mr McARTHUR (Corangamite) (7.53 p.m.)—I wish to put on the record my appreciation of the Prime Minister and the former Minister for Defence, Mr Moore, for the retention of Fort Queenscliff on the Bellarine Peninsula in the heartland of Corangamite in rural Australia. That decision was very important for the residents of Queenscliff: the retention of Fort Queenscliff means a lot to them in terms of the number of jobs, the $21 million that will be put into the local economy and the fact that this first-class defence facility will be retained in the electorate.

I want to give some of the background to this decision. The Queenscliff command college was a pre-eminent educational insti-
tution for the training of middle-level army officers after the Second World War. It developed a worldwide reputation in developing the qualities of leadership, training and academic excellence. It was a retrograde step that this facility was moved to Canberra, at Weston Creek. Over three or four years, I fought that decision vigorously in the hope that it could be reversed. I was delighted that Mr Moore, in his capacity as Minister for Defence, overturned that decision. I pay tribute to him and his staff in accepting my representations. I also put on the record the strong support of Councillor John Bugg, the Mayor of Queenscliff, and the Queenscliff council, in their support of my endeavours to retain this facility in Queenscliff. Lieutenant General Peter Cosgrove came down to represent the Army. He put the final imprimatur on that decision by publicly stating the support of Defence and Army for this facility remaining in Queenscliff for the foreseeable future. I put it clearly on the record that everyone involved has given an assurance that this facility will remain in Queenscliff, be part of the town and be part of the Army’s operations.

The new operation in Fort Queenscliff will be SCMA, the Soldier Career Management Agency. That will involve 107 career military personnel, with about 10 associated civilians. It will ensure that this operation is at full strength. More importantly, a recent statement indicated that $5 million would be spent to upgrade and refurbish the establishment to ensure that the new personnel would be working in modern, updated conditions. It does a lot for the local community to know that the long tradition of military personnel being accepted into the local community—into the schools, the preschools and amongst the community generally—will continue. The community will continue the tradition of looking after members of the military forces. That tradition has ensured that leaders of Asia who went through this course in the earlier years now are the leaders of the military forces in that region and have good personal relationships with those Australian middle ranking officers who have done the course in the last 20 years.

I would like to commend the government—commend the Prime Minister—on this very important decision to look after regional Australia, to overturn the original cabinet decision by Minister McLachlan, so that a first-class historical facility will be maintained. Fort Queenscliff was in good order, and further expenditure of funds will ensure that a facility that was set up in 1850, with additions over the years, will now remain a key part of the defence establishment out in rural Australia away from Canberra-centric attitudes and ideas. I commend all those involved, particularly the minister and Lieutenant General Cosgrove, for their assistance and their ready acceptance of the strong views I have put forward over the last three years in an endeavour to retain that facility in Corangamite.

Second Sydney Airport

Mr MURPHY (Lowe) (7.58 p.m.)—I was here last night talking about the scandalous conduct of the government in relation to its determination to sell the airport lease for Kingsford Smith airport without any commitment to build a second airport for Sydney. Today in Hansard I received an answer to another question that I put to the Prime Minister, when he made it quite clear that it is going to be at least another decade before there is any consideration for a second airport for Sydney. Worse, yesterday in the Financial Review there was a report by Steve Lewis headed ‘Airport sale may have to wait for poll’. I will just read out a couple of things from that report:

A blueprint for the $4 billion privatisation of Sydney Airport has been presented to the Federal Government, providing another policy challenge to senior ministers in the lead-up to the election.

In its final report, the investment bank Salomon Smith Barney has outlined two main op-
tions: selling 25 per cent to a cornerstone investor, with the remaining 75 per cent to be sold by via a public float; or selling the airport through an initial public offering.

The article went on to say, inter alia:

The Prime Minister, Mr John Howard, has adopted a more cautious stance on the airport sale, recognising the level of sensitivity associated with the airport issue in Sydney’s inner suburbs.

In the airports bill debate in 1996, the government made it quite plain that, in locking in the sale of Kingsford Smith airport to the proponent building a second airport at Sydney—West Sydney airport, either Badgerys Creek or Holsworthy—Sydney would be promised airport relief. Quite plainly, the Howard government has abandoned the people of Sydney in relation to this. All the government is interested in doing is getting its hands on the $4 billion that is forecast if the airport can be sold without any commitment to ever building a second airport for the residents of Sydney out in the south-west. This is scandalous. It is outrageous. There has been a monumental betrayal of the people of Sydney. I am going to keep talking on this subject, day in, day out, and asking questions until the cows come home. It has to stop, stop, stop.

Mr SPEAKER—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.55 a.m.

STATEMENTS BY MEMBERS

Goods and Services Tax: Price Rises

Mr SWAN (Lilley) (9.55 a.m.)—Despite Minister Hockey’s mud-slinging in parliament recently about grocery prices, a survey has shown 22 of 28 food items surveyed have increased in price since the GST was introduced. If Minister Hockey spent more time sitting at the kitchen table than he does sitting at the boardroom table, he would understand how Australians are being hit with GST-inflated price rises at the supermarket. Yesterday Minister Hockey deliberately misled the House about the results of my Lilley Pricewatch survey.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The member for Lilley will withdraw that statement.

Mr SWAN—I withdraw, Mr Deputy Speaker. The government, through the Australian Competition and Consumer Commission, predicted before the GST was introduced that 24 of 28 food types in the Lilley Pricewatch team survey would fall in price. Only four food items surveyed have fallen in price since June 2000; 20 items did not. Nearly all of these 20 food items have risen in price despite the fact that they do not attract a GST. The introduction of the GST and the removal of embedded wholesale sales taxes have not produced the falls predicted by Mr Hockey. The nearest Minister Hockey has been to a supermarket is in a plane flying over the Marrickville Metro when coming in to land in Sydney. Sure, the battlers are better off with the GST if they live on tomato sauce, pasta, sweet biscuits, tinned tomatoes and then go partying with Coca-Cola.

The government said it would take six months for prices to stabilise after the GST was introduced and for embedded wholesale sales tax savings to flow through. Six months are up and prices have moved—in some cases savagely upwards. For example, the Lilley Pricewatch team found that Vegemite, which was expected to fall by approximately 3c, has risen by 10c and bread, which was expected to fall in price by 2c, has risen by 9c. These price increases all add up. Women are also feeling the GST. Women are now paying 46c more for tampons than they were six months ago. Already we have seen essential services rise in price above 10 per cent, including gas and electricity. Any compensation that families, pensioners and self-funded retirees have received has already been gobbled up. We think these price rises are the tip of the iceberg. Our survey shows there are more price rises in the pipeline. This hard data shows how consumers have been dunned by the Howard government, just as they were on petrol. All these price increases may seem small to the government, but pensioners and families are feeling it at the checkout.

I have written to Minister Hockey and the ACCC with the Lilley Pricewatch team’s findings and my concerns about the impact these price hikes are having on shoppers. Estimates of price changes were an important factor in the government’s determination of compensation to families when the GST was implemented. Our survey shows prices on basic groceries have risen more than expected, eroding the compensation. The GST is hurting families and people on low and fixed incomes. The government made a lot of promises about how people on lower incomes would be better off under the GST, but they have not delivered on these claims. It is just over six months since the GST was introduced and already our average basket price is well above pre-GST levels. Consumers watch out! There is sure to be more to come with Hockey and his hogwash.
Health: MRI Machines

Ms GAMBARO (Petrie) (9.58 a.m.)—I would like to speak today about the lack of an MRI machine at the Prince Charles Hospital in Brisbane. The Prince Charles Hospital is one of Australia’s leading cardiac respiratory hospitals. It is an ongoing problem for the hospital in that many people from the country come there for emergency operation services and for a long time now it has been without this very basic technology.

Some months ago I wrote to Wendy Edmond, seeing it is a state public hospital, asking her to look at the situation. I was sent back a letter saying that there was no funding in the Queensland health budget for such a valuable piece of equipment. I noticed, however, just prior to the state election that a promise was made by the state government that they would put an MRI machine in the Prince Charles Hospital. I find that quite amazing because, at the moment, an evaluation committee is being set up to look at all proposals for MRI machines. There are no funding models, no criteria, no position as to what the Commonwealth or the state will fund and absolutely no decisions as to where these MRI machines are to be placed in Australia. It follows the recommendation of Professor Blandford in the Blandford report. In that report he recommended that several MRI machines, at the very minimum, should be placed in Australia. So, at the moment, the committee is going through the evaluation process and trying to work out the best system of funding the MRI machines.

But, from a local level, it is very disheartening to see a hospital such as Prince Charles not having this valuable piece of equipment. Things have moved on in terms of medical technology. I understand that the only way patients who come to have procedures can have an MRI scan at the moment is if they are put in a taxi with a full-time nursing staff member and travel all the way to the Royal Brisbane Hospital. This is outrageous. I ask that it be looked at.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time allotted for members’ statements has concluded.

CUSTOMS TARIFF AMENDMENT BILL (No. 4) 2000
Second Reading

Debate resumed from 6 December 2000, on motion by Mr Truss:

That the bill be now read a second time.

Mr KERR (Denison) (10.00 a.m.)—The opposition support the proposals contained in the Customs Tariff Act 1995 but want to make a couple of observations. The first is an observation that flows from the way in which nuisance tariffs have been removed. It is plain to see that on a number of occasions we have had to return to the parliament, having had so-called nuisance tariffs removed and then on further investigation discovered that there remains a local manufacturer, to have the tariff reinstated. It is simply stating the obvious to say that it is unfortunate that the initial inquiries undertaken by the government did not identify these factors in the first place, because, plainly, manufacturers for whom the small five per cent tariff still remains of economical value are placed in an awkward position if that is removed on the assertion that there is no local manufacturer. There is one provision in this Customs Tariff Amendment Bill (No. 4) 2000 relating to a woven fibreglass fabric which falls squarely within that kind of circumstance. The government, having identified that such a manufacturer exists, is reinstating the five per cent rate on duty on that woven fibreglass fabric. One cannot oppose that, but certainly we draw attention to the fact that it would be better if such errors were not made in the first place.

The second point of note regarding the specifics of the bill is that it implements the duty reductions on tariff items from five per cent to three per cent, which flows from the settlement reached between the Australian and the United States governments in the Howe Leather trade dispute. There are few in this chamber who would not believe that the issue of Howe Leather
could have been handled better. It has been a running sore. The resolution of that—whilst of necessity a matter which comes before this chamber and which we support—again reflects poorly on the administration of the government over a substantial period of time, a period of time which has caused considerable uncertainty to those employed by Howe Leather, and no doubt has caused considerable concern to those in the management and ownership of that company who have seen this battered around the place like a ping-pong ball, with their interests not having been given paramount attention. Both those points need to be made, but nonetheless, given the circumstances and the background, we see no alternative but to support the measures in the bill that provide for the removal of tariff on the items relating to the Howe Leather settlement.

We include in the bill provisions which add Angola and Madagascar to the list of least developed countries for the purposes of the Customs Act. It is useful to reflect a little more broadly on the way in which global trade requires us to develop a more comprehensive approach to the difficulties faced by least developed countries. All the research shows that, on average, open markets and freer global trade lead to average increases in general wealth—and that is to be welcomed—but it ignores the distributional consequences of the way in which that wealth is shared. The research that is available to us shows that both within countries and between countries there has been an increasing gulf between those who benefit from open markets and globalisation and those who have been left behind in that very high-powered game.

The Secretary-General of the United Nations, speaking in Davos just last month, drew attention to the fact that in his opinion it is unsustainable to continue a system of global trading which ignores the growing gulf between those most advantaged by the economic growth that has been stimulated by open markets and those left behind. In particular, he drew attention to the fact that the least developed nations have suffered real declines in their living standards over the time in which global wealth has increased very substantially. It is very important for us in this parliament to realise that we are not, as John Donne says, an island. We have to take into account the fact that our actions impact on others and theirs on ours. We now live in an increasingly globalised environment where the very concept of what is foreign and what is national has become blurred.

It is impossible for us not to find ways to address this growing gulf of inequality. We also have to address it within our national framework. There is no doubt that there is considerable unease in sectors of the Australian community that have not benefited, as have some parts of the country, from the economic growth generated through open markets and global trade. For example, Sydney is plainly becoming a global city and is benefiting immensely from internationalisation of trade, the growth in the services sector and the new economy that has been generated from the technological revolution of the late 20th century. However, other parts of Australia have been left behind, and the cost of ignoring that sector of the community is being imparted very dramatically to us as members of the Australian parliament. The practice of turning a blind eye to that, on the basis that globalisation and economic openness are essentially good things because they promote growth, is, in the long term, quite unsustainable if it ignores those who are actually being left behind.

These are factors that we need to take into account when we think about our responses to legislation such as the Customs Tariff Act, but it goes more broadly into how we approach negotiations such as the coming World Trade Organisation round. The last millennium round ended in failure and, whatever the specifics of why those negotiations ceased and came to no fruition, one of the underlying arguments which was used by those opposing the WTO millennium round—notwithstanding all the political difficulties associated with the United States’ commitment to labour standards, which were thought unacceptable by large components of the least developed countries and others—was that, with economic growth, attention
had not been sufficiently focused on fairness. We all have to carefully bear in mind that when we say that economic benefits have been flowing from open markets and globalisation we are speaking of averages, and averages can always be deceptive.

If, for example, we all start on the same level with an income of $5 and, at the end of two years, half have found that their income has remained unchanged, a quarter that their income has doubled and a quarter that their income has been slightly reduced, it is perhaps easy to say, ‘Well, on average there has been a benefit flowing from globalisation,’ but it ignores the fact that the greatest benefits have gone to a few, many have not been significantly advantaged, and some have actually been left further behind. When, amongst those who have been left further behind, there is a significant component of those who already were the least advantaged and least developed components of our communities internationally and those who were struggling domestically, it is a recipe for political instability and for lack of commitment to long-term economic cooperation.

Those are some of the larger questions which I believe we need to address as parliamentarians. We are being forced to address them by growing community unease, but we need to address them, simply because they are the correct issues for us to identify and respond to; and responses increasingly need to be transnational as well as national. Without wishing to be a self-promoter, some of these issues have been identified in my recent publication, *Elect the Ambassador!: Building Democracy in a Globalised World*, which Pluto Press published about a fortnight ago and which I hope some of my colleagues are taking the trouble to read and take account of.

With those few remarks, I commend these measures. The opposition commends some of these measures reluctantly, simply because they reflect the tidying up of mistakes that ought not to have been made in the first place. Others are important because they recognise the particular difficulties that some of the least developed countries face and the need for them to be treated in ways which are more generous than those that apply to countries generally. The opposition supports this package of measures.

**Mr DEPUTY SPEAKER (Mr Nehl)**—Before I call the next speaker, I indicate to the member for Denison that, while I have not read his book, I did hear him discussing and promoting it on the ABC.

**Mr SECKER (Barker)** (10.11 a.m.)—I welcome the opposition’s bipartisan support for the *Customs Tariff Amendment Bill (No. 4) 2000*. I remind the House again that we owe a lot to a former member of the chamber—the former member for Wakefield, Bert Kelly—who tirelessly fought a campaign to reduce tariffs in this country against considerable opposition from within his own ranks at the time. He certainly went against the prevailing idea that tariffs were some sort of protection and showed that, in actual fact, all tariffs ever did was make consumer goods more expensive and industries lazy and inefficient, and stop innovation. As a result, industries were not able to compete overseas.

The measures in today’s bill are fourfold. The major amendment proposed by the deal is the reduction of duty on 30 tariff subheadings from five per cent to three per cent. On a lesser scale, the bill adds Angola and Madagascar to the list of least developed countries in schedule 1 of the *Customs Tariff Act*, which contains a list of the countries and places to which special rates of duty apply. The effect of the change will be to accord a five per cent tariff margin to imports to Australia from both Angola and Madagascar. Item 17 of the bill provides concessional entry for goods that have been exported from Australia and are subsequently reimported in a non-altered condition.

The proposed amendments are intended to clarify the operation of the concession so that the goods produced in Australia are not granted the concession if drawback or refunded duties have been claimed on them and not repaid to the Commonwealth or if the goods were excis-
able but excise has not been paid. Additionally, the proposed amendments are intended to ensure that goods are not granted the concession if they contain components which were previously imported duty free under the Tradex scheme or the Manufacturing in Bond scheme.

Finally, part 4 of the schedule of the bill reintroduces a five per cent rate of duty on imports of covers of woven fibreglass fabric. This reintroduction follows the identification of a local manufacturer for such goods which has been a very strong part of the whole legislation and which has been supported by both parties for many, many years. The Customs Tariff Amendment Bill (No. 4) 2000 is quite an important piece of legislation. While it might sound fairly dry to many people listening to the debate, it is the culmination of events which began as a great travesty for an important Australian business which has a substantial number of ordinary South Australian workers among its stakeholders through their superannuation funds.

This business is producing product of the highest quality. It is moving ahead, using the best technology that the modern era can supply, in order to grasp major export opportunities that would benefit this great nation, from the South Australian Superannuation Fund members and their other major shareholders, such as the NRMA in New South Wales, Perth’s Schaffer Corporation and Rothschilds, to the employees of the company and, indeed, all Australians, through their major export program. It is a company that has done everything right for the benefit of the whole community. That company is Howe Leather.

The dispute that has led to the major amendment in this legislation began in 1995 when Howe Leather won a $US75 million contract to supply leather for car seats for General Motors in the United States of America. This showed that we could indeed compete globally with the best companies in the world, and that we certainly had a quality product. The foundations for the company’s present-day success were laid down in the 1970s after a management buyout. The new owners went overseas to look for new orders in the furniture and car industries. They also began to research dyeing techniques and invested to improve overall quality.

During the 1980s, Howe Leather consolidated itself in the Asian motor industry, but it was the German car manufacturer, BMW, that guided them in making the decision to try to enter the United States market in 1994. BMW wanted to diversify its own suppliers and not be reliant on any one region for its product, to ensure their own stability. As I said, in 1995, Howe Leather won a $US75 million contract to supply leather for car seats used by General Motors in the United States.

As more contracts followed, the two companies which had previously dominated the US market got a bit twitchy and lobbied the US government to launch a World Trade Organisation challenge to the industry programs which had rewarded Howe Leather for increased sales. These competitors argued that these programs amounted to export subsidies, which are illegal under the WTO rules. The Clinton administration then threatened Australia with the imposition of tariffs on a range of our imports, including wine, beef, car parts and other unrelated goods, unless Australia required Howe Leather to repay $30 million of government grants which the WTO had declared illegal. Under Australian law, the government had no power to take this action. But still the unprecedented harassment of Howe Leather continued.

The issue placed an intolerable strain, not just on Howe Leather, but on many small Australian enterprises as the threats were made and as politicians and trade officials both here and in the United States argued about the grant that Howe had received. Howe Leather had been a shining example of a company that had displayed efficiency and professionalism. An ability to cut percentages in order to increase profits helped them to become an important global player and to ride the storm of the past four years.

Howe Leather have been outstanding in their negotiations with our government. They have certainly done the right thing at every stage, in order to get the World Trade Organisation and
the United States government to resolve this matter. In June 2000, to protect the many other industries that were threatened by the United States with retaliatory measures, our government agreed to a number of measures that would protect our industries and allow Howe Leather to continue as a major global player. We agreed to remove tariffs from a wide range of consumer products, from microwave ovens to skis and condoms, which would reduce the price of about 30 items by up to five per cent from 1 July last year, thus cancelling out the price rises from the GST. I point out that all of these items involve products in regard to which there is no known manufacturer here in Australia. The deal is part of the package that has reduced the penalty to Howe Leather flowing from the World Trade Organisation ruling. The tariffs involved have no value to any Australian industry, but are of enormous value in preventing the Howe Leather issue escalating into a full-scale trade war with the US.

Under that deal, Howe Leather is required to repay $7.2 million over 12 years. Automotive leather will be ineligible for grants under government industry schemes, and tariffs on micro-waves and the other items will be suspended for 12 years. It is the removal of these tariffs on those 30 items which forms a major part of this amendment bill. As a result, this bill will protect the jobs of not only over 800 workers at Howe Leather but of countless thousands of other workers in industries that were under threat from the US government retaliation.

Don’t get me wrong—I am not taking issue with the role of the World Trade Organisation, as the Pauline Hanson types and the League of Rights people might do. We have taken major issues to them in recent times and sought their assistance as a global umpire. There is no doubt that the World Trade Organisation has helped our lamb producers, not only in the electorate of Barker but all through Australia, with the ruling that what the US had done over the lamb import issue was quite plainly wrong. The World Trade Organisation can certainly be of great assistance to our producers in Australia when unfair actions have been taken by other governments.

Our record in initiating dispute action—on prawns, music copyright protection, Canadian dairy assistance, Indian quantitative restrictions, Hungarian export subsidies, Korean beef and, most notably, the US lamb issue—highlights the active role the government pursues in this area. It is worth noting that all the major parties in Australia support this. They know that in the long and the short term we will all be better off being able to export and having freer trade throughout the world. It is a known fact that, because of our efficiencies—we produce five times what we consume in our home market—we need to export 80 per cent of what farmers in Australia produce. The best way to ensure that happens is to have greater access to overseas markets.

We have established a dispute, investigation and enforcement mechanism through the department of trade to help exporters identify where challenges to the World Trade Organisation could advance their interests. The future of Australia’s lamb exports to the United States is now likely to be one of the first major decisions facing the new US President after the World Trade Organisation rejected US import restrictions as a breach of global rules. Political and farm industry leaders here rejoiced at the finding that was handed down recently by a disputes panel of the World Trade Organisation. At the time, the Prime Minister welcomed the ruling as the first bit of international trade justice Australian farmers looked like getting for a long time. He said that the United States restrictions had been wrong from the start but warned that the US was likely to appeal the ruling, which it has since done. According to the President of the National Farmers Federation, Ian Donges:

These imposts have cost our lamb producers around $15 million a year, and caused unnecessary hardship to a number of rural communities.

My electorate of Barker has the largest exporter of lamb to the United States, the Tatiara Meat Company. Indeed, I have personally sold many stock through the Tatiara Meat Company. It has been a very important decision for them. While there are still plenty of exports going to
the United States, in some ways we have also given them a signal to look for other markets around the world. In the long term, I think the lamb industry will even benefit from this crazy decision that President Clinton made.

Australia and New Zealand launched the World Trade Organisation action after President Bill Clinton decided, in July 1999, to cap their rapidly growing lamb exports to the US at 1998 levels, saying their growth threatened serious injury to the domestic lamb meat industry. Of course, that was nonsense. There were only 300 lamb farmers in the United States that produced over 100 lambs a year, so we were really looking at quite a small industry in itself, and the reasons given were clearly shown by the World Trade Organisation to be against WTO rules.

Australian exports were capped initially at 17,500 tonnes with a prohibitive tariff of 40 per cent slapped on exports above that quota. Last year the quota was increased slightly and the tariff reduced to 32 per cent. Under the Clinton ruling, the tariff would fall to 24 per cent next year and end in mid-2002. But no doubt with congressional elections coming up in the year 2002 there would again be pressure on the Senate and the Congress in the United States parliament to bring back in lamb tariffs and quotas, but the World Trade Organisation ruling will, I think, ensure that they will not even think about that sort of decision making because they would already have previous rulings on it.

At the time the government and the industry expressed enormous outrage, and rightly so, at this horrible decision. We believe that the administration’s decision went way beyond the ITC report and its recommendations. We always held that the decision was incorrect and inconsistent with World Trade Organisation rules. We have been energetically pursuing the case on behalf of the Australian industry within the WTO, and December’s decision in the year 2000 in our favour was certainly most welcome. Obviously, there is a process to go through yet. The US has appealed the decision but we will continue to assist the industry to pursue the case in what we are confident will be a positive outcome for our industry. Clearly, this is an indication that using the rules and disciplines within the World Trade Organisation to the advantage of individual exporting industries is worth while in that we can use them and we can win.

This will be a great victory for another vital Australian industry. It should give Australian exporters great heart, and of course the government is prepared to put significant resources into prosecuting substantiated cases like this on the industry’s behalf with the assistance of industry. So while we were disappointed with the tactics used by the US against Howe Leather, we are still grateful that we can use the World Trade Organisation as a trade umpire to defend our industries. In reaching the solution of the Howe Leather issue the company displayed good grace in accepting the terms of the understanding, which will bring to an end the harassment inflicted on the company over the past four years.

Last year after this agreement was reached, the managing director of Howe Leather, Mr Anton Mayer, was able to bring a totally positive quarterly report to his workers. He was able to report their first full year in the black since this debacle began in 1996. Group sales were around $200 million. The before tax profit was $12 million, and the automotive trim division, which is responsible for more than 70 per cent of their business, was increasing orders to at least $170 million a year for the next five years.

This year they expect to process at least 1.5 million hides with 92 per cent of them exported to the big players of the international automotive industry. Of course, those hides come from our agricultural industry, and there is no doubt that, whilst the Howe company is doing well, it also puts a very strong base to our hide and pelt industry in Australia and it shows that we can produce very good quality leather. Ford, General Motors, BMW, Honda, Mazda and Subaru, big players in the international automotive industry, are all taking orders from Howe
This year it will also include the US cars of Mazda’s Tribute, GM’s Pontiac Aztec and Ford’s Escape. Such successes for both Howe Leather and countless thousands of other Australian small businesses and their contribution to our economy deserve to be assisted by the minor amendments arising from today’s bill.

I again pay tribute to Bert Kelly, as I previously did. There is no doubt that his continued action to bring some sanity into the tariff debate has certainly proven to be one of those enduring policies that have taken over the minds and hearts of many of our decision makers here in Australia.

I am pleased to hear that the Labor Party has agreed that a bipartisan approach will be taken on this matter. There has been a myth that tariffs protect industry; in fact, tariffs are a tax on consumers and that so-called protection leads to long-term inefficiencies, a lack of innovation and certainly an inability to compete on the world market.

The member for Denison raised the problem of less developed countries and how free trade helps only to increase average wealth. He suggested that the rich got richer and the poor got poorer. That is an interesting statement to make; it is the sort of thing that people say. It ignores the fact that growth inevitably helps everyone. The alternative, of course, is not to have growth.

Mr Sawford—I think he is talking about schools funding.

Mr SECKER—Schools funding has increased by 26 per cent. I am not sure what the honourable member opposite is talking about.

Mr Sawford—It has gone from 3.6 to 2.1 per cent.

Mr SECKER—I am not sure what education has to do with tariffs, anyway. Education does not have a lot to do with tariffs, but that has never stopped the Labor Party from making a story out of no facts at all. It is with pleasure that I support this bill. We should continue along this path so that we have industries that continue to grow and compete globally. There is no doubt that this sort of action will help that happen.

Mr WILLIAMS (Tangney—Attorney-General) (10.31 a.m.)—In closing this debate on the Customs Tariff Amendment Bill (No. 4) 2000, I thank the honourable members for Denison and Barker for their contributions to the debate. The amendments in this bill have previously been tabled in the House of Representatives as customs tariff proposals. They now require incorporation into the Customs Tariff Act.

Part 1 of the schedule to the bill contains a number of unrelated amendments and is operative from 1 July 2000. The first of these amendments relates to preferential tariff treatment for developing countries. Following a review by the United Nations, Angola and Madagascar have been added to the list of least developed countries in part 3 of schedule 1 of the Customs Tariff Act. The effect of this change will be to accord, where possible, a five per cent tariff margin over the general rate of duty to imports from these countries. A further change acknowledges the renaming of Zaire to the Democratic Republic of Congo. As the member for Barker highlighted, the member for Denison was critical of this system of listing developing countries. In response, let me simply say that all this bill is doing is responding to a decision of the United Nations. It is not in any sense an occasion for a debate about the United Nations system.

This part also implements the duty reduction on 30 tariff subheadings from five per cent to three per cent, as part of the settlement reached between Australia and the United Nations in the Howe Leather trade dispute. The final amendment contained in this part involves item 54 of schedule 4 of the Customs Tariff Act, which relates to the textiles, clothing and footwear import credit scheme. The member for Denison suggested that the Howe Leather dispute could have been handled better. That criticism is rejected, but this is not the occasion for de-
bating that. What we are doing is responding, through this bill and the prior tariff proposal, to the resolution reached in the settlement between the two countries. The current wording of item 54 has been amended to reflect the administrative arrangements whereby import credits earned under the scheme may be used until 30 December 2001. Previously, the wording of item 54 only allowed the use of these credits until 30 June 2000.

Part 2 of the schedule, which is effective from 4 July 2000, contains an amendment to item 17 of schedule 4 to the Customs Tariff Amendment Bill (No. 4) 2000. This item provides concessional entry for goods which have been exported from Australia and are subsequently reimported in an unaltered condition. The principle of the application of this concession is that duty is only payable on imported goods once and that the concession should not be used where a duty liability has not previously been acquitted. The current provisions of the item do not adequately reflect the original policy intent of the concession.

The amendments are designed to clarify the intent that goods on which duties, taxes and charges of the Commonwealth have not been paid and on which drawback or refund of duties was not paid on exportation are excluded from the coverage of the item.

Item 17A has been created to cover the situation where the returned goods contain components previously imported under the Tradex Scheme or the Manufacturing in Bond Scheme. The amendments provide for separate sets of entry conditions for each of a number of uniquely different import transactions.

Part 3 of the schedule contains further amendments to item 17 and 17A. These further amendments exclude goods that contain components which were excisable goods and on which excise duty was not paid.

Part 4 of the schedule, which is effective from 1 September 2000, reintroduces the five per cent duty rate on certain woven fibreglass fabric. The duty was removed from these goods from 15 December 1999 as part of the nuisance tariff exercise. The criteria used to identify nuisance tariffs were that the duty collected under an item was insignificant and that there was no local production of the goods covered by the item.

The member for Denison was also critical of this in that it was going back on a previous decision. After extensive consultation with industry on a list of 268 nuisance tariff items, the proposal was created and the duty rate on these items was reduced from five per cent to free. Following the removal of duty on these 268 items on 15 December 1999, one local manufacturer wrote to the Minister for Industry, Science and Resources seeking reinstatement of duty on one of the items, namely a certain woven fibreglass fabric. This was despite the extensive consultation with industry.

As the original intent of cabinet was to remove tariffs only where there was no local production, the duty was reinstated with approval from Minister Minchin and Senator Vanstone, the Minister for Justice and Customs at the time, through Customs Tariff Proposal No. 6 of 2000 with effect from 1 September 2000. I commend the bill to the House.

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

Ordered that the bill be reported to the House without amendment.

SUPERANNUATION LEGISLATION AMENDMENT (POST-RETIREMENT COMMUTATIONS) BILL 2000

Second Reading

Debate resumed from 7 December 2000, on motion by Mr Slipper:

That the bill be now read a second time.
Mr KELVIN THOMSON (Wills) (10.40 a.m.)—I move, as an amendment to the motion for the second reading:

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 putting in place an inequitable tax in the form of the superannuation surcharge which epitomises its lack of planning and series of poor decisions on superannuation’.

The Superannuation Legislation Amendment (Post-retirement Commutations) Bill 2000 makes amendments to the Parliamentary Contributory Superannuation Scheme, the Commonwealth Superannuation Scheme and the Public Superannuation Scheme, to make arrangements for the payment of the superannuation surcharge. The changes will allow members of the schemes who have taken their pension and have been levied with a surcharge debt after retirement to have the debt removed as a lump sum from their entitlement. That enables them to pay the debt as a lump sum, resulting in their pension being reduced over its lifetime to pay for the surcharge debt.

This follows changes made in 1999 to the Income Tax Assessment Act 1936 and regulations under the Superannuation Industry (Supervision) Act that established this measure for the majority of superannuation members, so it needs to be understood that the arrangements that are being talked about here are already in force for other superannuation funds. We consider that these changes in themselves are uncontroversial, but it needs to be pointed out that the saga of the superannuation surcharge is a long tale of deceit, half-truths, pain, anger and waste. This is in fact the next instalment. We have had 15 pieces of legislation to get us to this point. We have had debates about what a tax is, about whether the government has broken its promises and about the efficiency of the collection of the tax. In a number of cases we have witnessed low income earners having to foot the bill for this tax.

Labor will not be opposing this bill, which is about improving the capacity of certain members who are affected by the surcharge to pay the surcharge. I remind the parliament what a poor revenue measure this is. I also note that I, like everybody else in the parliament, have a vested interest in relation to this bill.

It is often the case, as members would understand, that the surcharge assessment arrives well after the period in which it was accrued. This is not a problem whilst you have an active fund and the trustees can levy it against your entitlement, but when it arrives after you have left the fund, the bill still has to be paid. This piece of legislation, once it is passed, will allow the debt to be offset against your ongoing pension instead of your having to face a large, once-off bill which you might not have the money to pay for. This will then result in the pension being reduced over its lifetime to pay the surcharge debt, easing the financial burden of payment on those members who are impacted on in this way.

The superannuation surcharge was introduced in the 1996 budget, in direct breach of John Howard’s pre-1996 election promise not to introduce any new taxes or increase any existing taxes. When the surcharge tax was introduced, the Labor Party moved a range of amendments which were designed to improve the equity and fairness of the new tax. Unfortunately, despite Labor’s opposition in the Senate, the legislation passed through the Senate with the agreement and support of the Australian Democrats. As of August 1996 a superannuation contributions tax was applied to contributions made by or for members with contributions and income of more than $70,000 per annum. Contributions over the threshold attract an additional tax of 0.001 per cent per $1 of contributions in excess of $70,000, up to a maximum of 15 per cent in the case of contributions where income and contributions are $85,000 or more. The thresholds have been increased in line with inflation since that time.

The alleged or stated purpose of the superannuation surcharge was to tax higher income earners. In fact, since its introduction, funds and the tax office have found that the surcharge
tax collection method is inefficient and has resulted in increased fees and charges for all superannuation fund members, regardless of whether or not they personally have to pay the new tax. The reason it is inefficient is that it levies the superannuation fund for the tax. The fund has to administer this, which costs it money. That increases the administrative costs for the fund and those costs, in most cases, are paid for by all members. Even if they are not earning over $70,000 a year, they end up having to wear some of the impost, so it does impact on people earning less than $70,000.

Another problem with the operation of the tax concerns instances where workers are on a base salary considerably lower than the threshold amount yet because they are earning extra money from overtime they are levied with the surcharge. You might think that is okay because they are actually earning over $70,000, but the problem for them is that they are only being paid the superannuation guarantee money on their ordinary time earnings rather than on the full amount. In extreme cases, you find that they are receiving the superannuation guarantee on only about half their total salary but are being required to pay the superannuation surcharge. Once again, the impact on retirement incomes for those people is substantially worse than it is for those who earn over $70,000 and get superannuation contributions on the full amount. As we pointed out at the time, so much for equity.

In addition, some low and middle income earners have been forced to pay the tax because they have not provided their tax file number to their superannuation fund or to the tax office in the required time. That was a potential problem for up to 700,000 workers. In the end, the tax office issued 66,500 surcharge assessment notices to people who had not provided their tax file numbers to the tax office or to their fund. Knowing that many of those people would not be required to actually pay the surcharge, the tax office also issued a ‘get out of jail’ card to some 66,500 people, telling them that if they rang and told the tax office their tax file numbers they would be reassessed.

All of this only occurred because of the cumbersome vehicle that was devised for the collection and assessment of the surcharge. With the tax office going around in circles like this, it has not been surprising that the surcharge tax has been a very inefficient tax in terms of cost of collection as against revenue raised. When the government introduced this measure, it was going to be levied on 355,000 people. It was expected to collect some $500 million in revenue. What happened in the first couple of years was a very sorry tale indeed, especially from a government that has tried to sell a message that it wants to reduce the tax collection costs and simplify the tax system for businesses. The amount that was collected showed that the tax was not very equitable at all.

In fact, the Association of Superannuation Funds of Australia, ASFA, conducted a survey of super funds and discovered that it cost them some $190 million to collect the surcharge from their members. That included set-up costs as well, but it was a cost that had to be borne by the funds and therefore came straight off everybody’s retirement incomes. If you add to that the fact that the tax office spent $23 million to collect the tax and set-up systems to do so in the future and that a further $3.4 million was spent by DOFA, you end up with a cost to the country of around $230 million to collect the superannuation surcharge. It must be world’s worst practice in terms of tax collection.

Reports of these costs were brushed aside. Senator Kemp, who is responsible for explaining such government successes as the ‘no GST on high rollers’ and ‘why the surcharge is not really a tax’, told the Age back in 1999:

The Government always recognised the surcharge would involve some cost to the industry.

It certainly did. The government was in the happy situation of knowing that someone else would do their work. This is the government which has made a skill and a virtue of offloading its administrative work to others, to which any small business owner who spent January la-
bouring over the BAS—engaged in unpaid tax collection on behalf of the government—rather than at the beach with their families can attest.

The funds also found that, while they had an increased administrative burden because of the tax, they also had an increase of around 28 per cent in complaints and inquiries arising from the surcharge. So the government managed to outsource the administration and the explanation of the problem to superannuation funds. Notwithstanding all this effort on collection and assessment, the ATO got rather short of its expected revenue. In 1996-97 it issued $454 million worth of notices. It only got $347 million by 30 June 1998, although the expected income was in fact later increased. There was an inquiry into the surcharge by the Committee for the Economic Development of Australia and in October 1999 it released the results of that investigation. It stated:

... the surcharge does not deliver well targeted equity. Administrative costs are so high that all fund members, not just those with surchargeable contributions, are adversely affected—survey evidence reveals that most funds spread the administrative costs of the tax across all fund members.

An alternative approach to addressing equity in the taxation treatment of superannuation saving is to integrate it with personal income tax.

Interestingly, this was a similar recommendation to the one made by the Senate Select Committee on Superannuation in its inquiry into the tax. The majority of that committee’s members, the Labor opposition and the Australian Democrat senators, recommended that ‘an alternative collection mechanism utilising group certificates be adopted and that the advance instalments system not be adopted’. They said:

As the surcharge Bills are currently framed every single superannuation member will pay—through high administration costs and lost opportunities to funds for long-term investment—for the inefficiencies of a collection mechanism that is targeted at only approximately 350,000 people.

So we really do have to ask: why couldn’t the government find a more efficient way of collecting this tax? The answer was simply that they wanted to support or prop up a furphy—a spurious argument that this was not a tax but a surcharge. They wanted to make the case that, because they had promised not to introduce any new taxes or to increase any taxes, this was something else, a surcharge. This was similar to the Prime Minister on core and non-core promises or ‘We’re going to halve your small business red tape by 50 per cent’ or ‘Petrol taxes won’t rise as a result of GST’. It was the government trying to argue that the tax was a surcharge, black is white and it snows in summer. On that front, Senator Kemp said:

... a tax can be defined as a compulsory unrequited payment demanded by government for its support. A surcharge can be defined as an additional charge. It can be a charge on an existing tax which is applied in a particular circumstance.

If you do not understand that, you are not alone. The Senate required the government to relent on this matter. It is worth asking—and many will ask—what Labor thinks about the surcharge and what our intentions for it are. We have said that the surcharge forms part of an array of superannuation taxes, including contributions taxes, and that the best way of addressing this issue, which goes to questions of simplicity of the superannuation system, is to have a proper review with a view to producing a long-term and, ideally, bipartisan outcome. We endeavoured to persuade the government to do this through the Senate Select Committee on Superannuation and we supported the Democrat terms of reference accordingly.

Unfortunately, the government was not prepared to agree to this and the Democrats themselves backed away from those initial terms of reference. So we have not been able to get up that long-term bipartisan review of superannuation which should go to issues of simplifying the superannuation system. We regret the fact that the government has not been prepared to do that. Notwithstanding that, we have had the odd tease—Peter Costello talking the day after the last budget at the National Press Club about reviewing superannuation, and Prime Minister Howard suggesting this could be an agenda item for the no-agenda cabinet meeting held late
last year. It is now blindingly obvious that the government is not prepared to do anything in the nature of a review of superannuation prior to the next election.

It is engaging in a review of the superannuation legislation, as is required by the National Competition Policy arrangements, but it has been at pains to show, in announcing that review which has been carried out by the Productivity Commission, that it does not represent any change in the government’s position on superannuation and that the taxation arrangements for superannuation are not part of its terms of reference. We suspect that the Productivity Commission, looking at it through the prism of the National Competition Council, might endeavour to act as a stalking horse for the government’s choice agenda, which is not going very far. Setting aside that matter, it does seem that the Productivity Commission will not be looking at the real issues about superannuation in this country today—adequacy, simplicity, interaction with social security—and that is a matter for regret. In closing, I make reference to an amendment which has been circulated by the member for Calare, Mr Andren. I indicate—

Mr Slipper—That is not being proceeded with.

Mr KELVIN THOMSON—That is good. That saves me indicating the opposition’s position in relation to that matter. I thank the parliamentary secretary for indicating that. In conclusion, we support the legislation that is before the House. We regret that it forms part of the government’s superannuation surcharge and the broken election promise that that represents, and we look forward to the opportunity to debate this matter again in the future.

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

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

Ms JULIE BISHOP (Curtin) (10.57 a.m.)—Given the proposed second reading amendment, I challenge the member for Wills to outline Labor’s policy on the super surcharge. What precisely is Labor proposing? What is its policy on the super surcharge? All that the member for Wills can say, in that lame way that is the hallmark of and besets the Labor opposition, is that Labor would like to review it. There is never a commitment to do anything. So while Labor condemns the government for its policies, it has not got the courage to say what it will do. I reject entirely the assertions about, and the motives attributed to, the government by the member for Wills upon which his proposed amendment is based. The government has taken some hard decisions to restore equity and fairness to superannuation, and none harder than the introduction of the super surcharge on contributions made by high income earners. So I challenge the member for Wills: put up or put the amendment aside.

The Superannuation Legislation Amendment (Post-retirement Commutations) Bill 2000 deals with aspects of the parliamentary contributory superannuation scheme and the consequences of the surcharge. That motivates the bill before the House today, and that is what I propose to deal with. In fact, the compulsory super scheme for members of parliament affords me the opportunity to speak about some of the issues that are facing retirees generally. All of us, men and women, have in common the fact that, barring misfortune, we all grow old, and barring great fortune, we all grow old on the income of retirement. Few of us would have the options available to Jean Paul Getty, who observed in his memoirs that—and I quote:

... at the age of 23 I was a millionaire and retired. Two years later I came out of retirement. A man in his twenties who has known what it is to work can only drink so much champagne and paint the town red only so many times before he wakes up to realise he is wasting time and energy.

Very few of us would consider retirement at 24; fewer still would contemplate retirement on a Getty sized fortune. As we march into the 21st century we are all, young and old, going to have to consider how it is that we fund retirement. In the past 50 years, average life expectancy has increased from 46 to 66 years. By 2030, the number of people aged over 60 will have trebled from today’s figure.
Globally, we are facing an ageing phenomenon. The massive general increase in the standard of living for all people, the gigantic steps taken in relation to disease and the breaking of the shackles of regular famine have worked to generate a looming demographic wave. To put in context the government’s commitment to the income needs of retirees, I make the following observations. In Australia, it is estimated that between the years 2012 and 2028 the number of people aged 65 years and older will grow four to five times faster than the total population. Of course, the ageing of Australia is partly a triumph of relative affluence and major advances in medical technology that have increased life expectancies and the quality of life for the aged.

With respect to retirement, the vanguard is here now. The four million Australians born between 1946 and 1960, the baby boomers, begin hitting 55 this year. And 55 is no longer the young working age that it might once have been. Over the past century, the average retirement age has fallen steadily from 65 and now rests at 58 for men and only 51 for women. The average age of retirement for men and women has been falling steadily in almost every OECD country in the last 20 to 30 years. In fact, the private sector provides strong incentives for older workers to retire early. Combine that with an increased life expectancy and it can even threaten the retirement security of those who have saved on their own by forcing them to stretch their retirement savings over a longer period.

The looming interest in how these retirements will be paid for concerns not only the potential retirees but also their families, colleagues and other fellow taxpayers. It is, of course, an issue for all policy makers. An ageing population will prove somewhat of a pincer movement on public finances. As the population ages and an increasing proportion of people leave the work force, the taxation revenue accessible by government declines, as well as the productive capacity of the economy more generally. At the same time the demand for government assistance to meet the financial requirements of retirees grows.

Australia has much to be thankful for because, through a combination of careful consideration by those on both sides of the political fence and, some might suggest, some blind luck, we now have a superannuation system that is well placed to cater to these needs in the future. I was reminded of these issues by a recent presentation by Mr Andrew Mohl, the Managing Director of AMP Financial Services. The presentation was titled, ‘Rich, Retiring and Raring to Go’. It was a most interesting consideration of the issues facing policy makers and financiers in the new century. I am certainly indebted to his work for many of the quite remarkable statistics that I have cited.

I remind the member for Wills that this government has done much to bolster and improve the superannuation system in anticipation of the demographic wave that is to come. It has introduced retirement savings accounts. It has, despite continuing and self-interested opposition from the Labor Party, sought to introduce real choice in superannuation. It has initiated the spouse rebate, enabling a contributing spouse to receive an 18 per cent rebate, capped at $540, for contributions made on behalf of an eligible spouse. That is a particularly important development for women who spend time outside the paid work force. The government has provided small business owners with capital gains tax relief in retirement. It has allowed for contributions to be made until a contributor turns 70. It has reformed arrangements for self-managed trusts and has combined the prudential skill required for the regulation of banking, insurance and superannuation into a single entity, the Australian Prudential Regulation Authority.

The Superannuation Legislation Amendment (Post-Retirement Commutations) Bill amends the Parliamentary Contributory Superannuation Act, the Superannuation Act 1976 and the Superannuation Act 1990 to, first, allow beneficiaries of the superannuation funds in question to commute their pension to meet any surcharge assessment issued after retirement or death. Secondly, it provides for a special appropriation for surcharge payments from the PCSS. In
essence, the amendments are intended to bring these Public Service funds into line with private sector schemes.

Since the amendment of the tax laws in 1999, all pension superannuation schemes, including private sector schemes, have been able to provide for post-retirement commutations for surcharge debts that might arise. As such, the legislation before us will allow former members of the PCSS and the Commonwealth Superannuation Scheme to commute their scheme pensions to lump sums to meet surcharge assessments that might arise as a result of their membership. Once the relevant amendments have been made to the rules of the Public Sector Superannuation Scheme, former members will be able to make similar arrangements. Where a beneficiary does seek to commute their pension in this way and for this purpose, the lump sum benefit in question is forwarded to the tax office to pay the surcharge assessment. In turn, the beneficiary’s pension will be reduced over the life of the pension in order to recover the amount paid out by way of lump sum. Considering that post-retirement surcharge debts can be substantial, this reform will be of benefit to many of these beneficiaries at a moment of financial need. In fact, this benefit has encouraged many pension schemes to make similar provisions, including those pension schemes operated by the state governments.

The Superannuation Legislation Amendment (Post-retirement Commutations) Bill 2000 also changes the means by which moneys are appropriated to the Parliamentary Retiring Allowances Trust for the purpose of paying pre-retirement surcharge assessments. It is important to note that this change has no effect on the existing arrangements, which require that members of the PCSS have their benefits reduced on retirement to take account of any surcharge for which they are liable. As the member for Calare knows, any mention of the parliamentary super scheme is bound to prick up the ears of many Australians—and quite rightly—for there are reforms, I believe, that need to be made to the fund in order for it to better express the public’s wishes when it comes to the remuneration of MPs. Nonetheless, in this instance, the commutation option made available to the PCSS is, in fact, the same option available to any pension scheme whether public, private or otherwise.

In conclusion, I reiterate my challenge to the member for Wills to outline Labor’s policy—just once, just now—on superannuation generally. What precisely is Labor proposing in relation to the surcharge and what is its actual policy? It is not good enough for Labor members to say that they want to review it because they have been saying that about everything—‘We will just review it.’ It is time for the member for Wills to have the courage to state Labor’s policy. I commend this bill to the chamber.

Mr ANDREN (Calare) (11.07 a.m.)—I want to put a few comments on the record about the Superannuation Legislation Amendment (Post-retirement Commutations) Bill 2000. I have decided to withdraw a planned amendment after having discussions with senior staff of the department, and I thank the parliamentary secretary for arranging that briefing. However, I still have a few concerns that need to be put on the record. The amendment I had proposed required the minister to provide the parliament with details of surcharge payments made out of the consolidated revenue fund for each year. I was prompted to move this amendment, as noted on page 8 of the Bills Digest, which states:

Item 27 will ensure that after 1 July 2001 surcharge payments will be paid from a special appropriation. A special appropriation is a standing authority to appropriate money from consolidated revenue for a specified purpose, and does not require annual authorisation from Parliament. As a result of this amendment, that cost of the Parliamentary Contributory Superannuation Scheme becomes less transparent.

I have no objection whatsoever to the main objective of the bill—to allow for part of a retiring member’s or senator’s superannuation entitlement to be commuted in order to pay off a surcharge assessment received after they have ceased to be members of the scheme. However, if we have the opportunity to make an aspect of the parliamentary superannuation scheme more
transparent, I think we should take it. For the moment I accept the arguments put to me this morning that privacy issues are at stake here. I note the findings of the Senate Select Committee on Superannuation in its 1997 inquiry into the parliamentary superannuation scheme. At page 41 of its report, the committee concluded:

There is a lack of transparency in parliamentary superannuation, and that this lack of transparency gives rise to much of the criticism of the PCSS.

I have given notice to the House of my intention to introduce a private member’s bill, which I see as a step towards bringing parliamentary superannuation more into line with public standards and expectations, and the amendment that I had proposed was similarly designed to enhance transparency. I am sure it was not the government’s intention to reduce transparency with this bill, perhaps just an oversight. I note the department’s inclination to make the current budget reporting of the surcharge more transparent, while not divulging individual tax arrangements. However, given that we register assets on the public record, I wonder if the publication of surcharges is not a healthy thing to enable our employers, the people, to understand the true financial status of our elected representatives and the inappropriateness and generosity of the current parliamentary superannuation scheme, particularly for short-term members.

The perception may arise some way down the track that this information is being kept from the public and I take the view that that is not desirable. For the moment, though, I accept the privacy argument and urge members to show good faith by seriously examining my private member’s bill when it is introduced. Such support would be a call for a full debate for that. Among other things, that bill will ensure details of surcharge payments will remain private for those taking advantage of the provisions I have detailed in the bill. Thank you.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.11 a.m.)—in reply—In closing the debate I would just like to comment briefly on the third version of the amendment circulated by the honourable member for Wills. I must say that the government was not notified of this particular amendment, and as we sat listening to the contribution of the honourable member opposite we had version one, then version two and then version three. Finally I see that the version we now have is the version which is ultimately being moved by the honourable member for Wills. Some would say that the movement in the wording of the motion and the constant changing of the position of the opposition in relation to this mirrors their attitude to the superannuation surcharge.

Mr Deputy Speaker, you have been around for a while in the parliament and you would be aware that in 1996, following the budget, Labor said that it was going to support the surcharge. But it is interesting to note—and I want to place it on record again—that Labor opposed the superannuation surcharge in the Senate and voted against the third reading of the bill. I would like to quote what Senator Sherry had to say on 15 May 1997:

So had Labor succeeded in blocking the surcharge, the surcharge would not have been collected.

The Labor Party huffs and puffs about equity. As the honourable member for Curtin mentioned in her contribution, the Labor Party has not told us what it plans to do with respect to the surcharge. The surcharge was an extraordinarily difficult and, in some areas, unpopular decision that the government brought in as a result of the government’s wish to bring equity to the system. So what the Labor Party has done is simply to promise a further review. In other words, it is going to put it off until such time as it acquires the Treasury benches—and we all hope, of course, that that is not going to be anywhere in the immediate future.
So Labor’s record in respect of the surcharge is one of twisting and turning, one of hypocrisy, one of constantly changing it position. What it is prepared to do—

Mr Kelvin Thomson—Have you phoned the Prime Minister’s office recently?

Mr SLIPPER—The honourable member who is interjecting ought to listen. The Labor Party is prepared to do anything and say anything with a view to attacking the government, with a view to gathering up those votes which Labor needs to attain office at the next election. Labor’s policy on this matter is very bad, it is inconsistent, it is hypocritical and it is constantly changing. Quite frankly the people of Australia simply do not accept that politicians should be able to take the flip-flop approach that we have seen today from the honourable member for Wills.

The honourable member for Calare, in his contribution, referred to privacy issues. I want to thank the member for Calare for his comments on the transparency of the parliamentary scheme costs. I was pleased to be able to provide a briefing to him with respect to the amendment that he had proposed to move. I was pleased that, upon consideration, he accepted that that was not an appropriate way in which to proceed.

Mr Deputy Speaker, when you look at the second reading amendment that is before the chamber, you will see that the opposition seeks to attack us for our alleged neglect of the retirement income needs of Australians. I want to agree publicly with the member for Curtin that the government’s record on superannuation has strengthened the retirement income future for Australians and that the Labor Party is once again completely wrong in relation to this matter.

In closing the debate, I want to point out as well that the bill that is under consideration by the House today will give retired public servants and parliamentarians the same options for payment of post-retirement surcharge assessments as they have for pre-retirement surcharge assessments. These options will enable the surcharge to be paid and the pension benefits to be reduced accordingly. All superannuation schemes that provide for the payment of pensions are able to amend their rules to provide similar options for their retired members. This bill will put retired public servants and parliamentarians in the same position as members of most state schemes. I thank all honourable members who contributed to the debate on this bill. I reiterate that the government does not accept the amendment moved by the honourable member for Wills. I commend the bill, in its original form, to the chamber.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Ordered that the bill be reported to the House without amendment.

TREASURY LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2000

Second Reading

Debate resumed from 29 June 2000, on motion by Mr Hockey:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (11.18 a.m.)—The main purpose of the Treasury Legislation Amendment (Application of Criminal Code) Bill 2000 is to harmonise certain criminal offence provisions contained in legislation administered by the Treasurer with the general principles of criminal responsibility set out in chapter 2 of the Commonwealth Criminal Code. This follows changes made to various acts by the Financial Sector Legislation Amendment Bill 2000. The bill amends the following acts: the Financial Sector (Shareholdings) Act 1998,
the Foreign Acquisitions and Takeovers Act 1975, the Insurance Act 1973, the Insurance Ac-
quissions and Takeovers Act 1991, the Life Insurance Act 1995, the Prices Surveillance Act
1983, the Productivity Commission Act 1998, the Retirement Savings Accounts Act 1997, the
stantive amendment in the bill is to define the term ‘recklessness’ in a number of acts. While
the Criminal Code contains a definition of ‘recklessness’, it does not account for a situation of
an omission being reckless. The bill ensures that recklessness may occur where an omission is
made; that is to say, where someone does not take any action.

The bill also amends the Corporations Law. The amendments are to correct for changes in
the location and format of provisions dealing with the criminal consequences for contraven-
tions of civil penalty provisions made by the Corporate Law Economic Reform Act 1999,
known as CLERP.

Commencement of the bill is 15 December 2001, apart from schedule 2, which relates to
the Corporations Law and items 1 to 4 of schedule 1, the formal provisions relating to the Fi-
nancial Sector Shareholdings Act 1998, which commence on royal assent. Items 171 and 172
commence when proposed amendments to the Superannuation Industry (Supervision) Act
1993, as contained in the Financial Sector Legislation Amendment Bill No. 1 2000, which is
currently before the Senate, commence. It ought to be noted that the Labor Party will be sup-
porting this bill, unlike the Financial Sector Legislation Amendment Bill No. 1 2000 or
FSLAB. This bill does not appear to introduce any new offences or change the application of
existing offences. The Financial Sector Legislation Amendment Bill, on the other hand,
changed several offences applying to superannuation laws from ‘fault liability’—meaning that
the prosecutor had to prove intention—to ‘strict liability’, meaning that the person who
breached the law had to give cause as to why they should not be prosecuted.

The Financial Sector Legislation Amendment Bill No. 1 caused some concern within the
superannuation industry, primarily due to the assumption that applying the Criminal Code to
superannuation legislation meant heftier penalties for superannuation fund trustees and offi-
cers. However, as seems to be the case with this bill, the penalties themselves are not chang-
ing but some offences are being ‘clarified’ as either fault or strict liability offences.

It is a shame that the government did not, as they did not with the Financial Sector Legis-
lation Amendment Bill, manage to consult on this bill. Indeed, when the Assistant Treasurer
was debating the FSLAB in the Senate, he wanted us to believe the unbelievable, that this
government was a consultative one. He said:

I know Mr Hockey very well and he, like myself, is a consultative minister. This, as I have said, is a
consultative government.

This is the government that has brought us the BAS debacle, the GST debacle, the petrol de-
bacle—the whole works—and its ministers and backbenchers are now frantically running
around the country saying, ‘We’ve learnt our lesson. We weren’t consultative before, but we
are going to be consultative in future.’ This is a government which is diabolically poor in
terms of its consultative processes and its ability and willingness to listen.

The government was reckless because it said that the bill was non-controversial as it was
simply to ‘codify’ existing practice. Of course, the question of whether we are codifying ex-
stisting practice or changing the legislative arrangements is indeed like beauty in the eye of the
 beholder. The comments that I have received indicate that had the government been engaged
in a better consultative process it might have been able to address these issues in the first
place.

In order to make up for the government’s own recklessness in this regard—and I use that
term advisedly—I have spoken to a number of people in the industry, in superannuation in
particular, to gauge their reaction to this bill. There is some concern about whether the bill
imposes a new hardship on superannuation trustees, but the general view of the superannuation industry is that safeguarding members’ money is a legitimate, important and essential government objective and, therefore, this bill should be supported. I note that sometimes this government wants to say that superannuation trustees are only in it for themselves, but I can assure the House that superannuation trustees take their responsibilities extremely seriously indeed.

I want to put on the record technical points that have been raised with me by the Corporate Superannuation Association in particular, and I hope that I will receive a response from the government to them. Section 175 relates to section 68(1) of the SI(S) Act and deals with acts of victimisation of trustees. The omission of ‘intentionally or recklessly’ creates a question as to whether the person intended to commits what is a crime. In large organisations, a person can be made redundant without knowledge of the person’s position as a director of a trustee, yet it would seem that could be by definition victimisation. To victimise someone, you must at least know, or should have known, that you were doing it. I would be interested in the government’s response to this concern.

In relation to sections 192 and 193, concern has been expressed that a fund can innocently become a public offer fund if it inadvertently accepts a contribution from a person and is not authorised to do so. On one reading of the act, a person would have committed an offence, even if he or she was not aware that the status of the fund had changed. In these cases it has been suggested to me that there should be a requirement for an intention to act contrary to the law or, at least, recklessness in that regard.

The third technical issue that has been raised with me concerns section 214, which amends section 278(3) of the act. This change is a matter of concern to the Corporate Superannuation Association because it could easily involve an innocent person in an offence. It deals with the power of the regulator and others to conduct investigations in the presence of persons and to exclude those persons. It is an offence to be present, even if you thought you were entitled to be. This raises a serious issue about the right to be represented, and the intention would appear to be to exclude or limit the availability of legal representation when interrogations are being conducted. I hope that the government is listening to these issues because, while Labor will not be opposing the bill, we would like serious consideration of the issues raised.

I also bring to the attention of the House for its benefit some of the background to the Commonwealth Criminal Code. Of course, this legislation is about the application of the Criminal Code and it is something that we are seeing in a variety of bills coming through the House. The Criminal Code Act 1995 deals with principles of criminal responsibility. It originated in the Model Criminal Code project, which itself developed out of the 1990 recommendations of the Review of Commonwealth Criminal Law, headed by Sir Harry Gibbs. That recommended that there be uniform principles of criminal responsibility throughout Australia. In 1990, the question of the development of a model criminal code for Australia was placed on the agenda of the Standing Committee of Attorneys-General, which then established a committee, called the Model Criminal Code Officers Committee, to develop that model code. The final report of that committee, General principles of criminal responsibility, was the basis of the Criminal Code Act 1995.

It is intended to codify the principles of criminal responsibility so that they deal with matters such as fault, burdens of proof and absolute and strict liability. The code has had a staggered implementation timetable, so it has been applying to all new offences from January 1997 and is scheduled to apply to pre-existing offences from 15 December this year. So this bill forms part of that implementation process, amending the criminal offence provisions administered by Treasury to bring them into line with the Criminal Code in readiness for the 15 December start-up date.
Traditionally, crimes have been analysed in terms of what is known in Latin as the actus reus, the guilty act, and the mens rea, the guilty mind. In the code, these elements are called physical elements and fault elements and to establish guilt it must be proven that the relevant physical and accompanying fault elements existed. The code defines the physical element of an offence to be the conduct, the circumstances in which it occurs or the consequences of the conduct. An omission to act can be a physical element if there is appropriate statutory provision or if it is the result of a breach of duty to act. Each element must contain at least one of these physical elements, but any combination of physical elements may be present in an offence provision.

One of the things which is often misunderstood in this area is the difference between strict liability offences and absolute liability offences. Where a defence of honest and reasonable mistake of fact is available, that sort of offence is called a strict liability offence. Where the proof of intent is dispensed with entirely—that is, you have no defence of mistake of fact available—these offences are designated as absolute liability offences. So, through this code, the terminology of strict and absolute liability offences is being used consistently, whereas in the past that has not always been the case. As I indicated before, the opposition will not be opposing the bill. We would like consideration of the issues that I have raised in the course of the debate—issues which have been raised with me by the Corporate Superannuation Association—and we look forward to the government’s response in due course.

Mr CADMAN (Mitchell) (11.30 a.m.)—The Treasury Legislation Amendment (Application of Criminal Code) Bill 2000 relates to the harmonisation of the Criminal Code through a whole range of government activities. It means that both the principles and detail of the Criminal Code will apply, in not only the area of Treasury activity but also Customs, Social Security and a whole range of government activity. I think it is one of the most far-reaching decisions on reform of the legal system that this government has undertaken. It is a very significant process and one that will dispense with the inconsistencies that have arisen between departments applying different principles, different understandings and different penalties to various areas where people contravene the requirements of the various acts.

One of the stranger things in the way in which the law in Australia has developed is that it is the responsibility of each department—and the minister, of course—to apply the appropriate penalties and principles which they wish to see observed in their particular acts. To my knowledge, the first one off the rank is the Treasury legislation amendment, with the application of the Criminal Code and the harmonisation of the Criminal Code with Treasury matters. The code was passed in 1995. There have been amendments and discussions of various chapters of the code. It commenced in January 1997, and all new offences are now drafted according to the requirements of the code. I think this is desirable, but it will take some time. There will be a staggered approach to the changes because I am informed that it is not possible for Treasury or any other department to think through all the required changes at one time. I believe that the government should be commended for these decisions.

The previous speaker talked about consultation. The Attorney-General has been very assiduous in consulting with not only the community but the parliament. I draw the attention of the House to the advisory report on the Criminal Code amendment bill 1999 and the advisory report presented to the parliament by the House of Representatives Standing Committee on Legal and Constitutional Affairs. That is a matter on which the parliament itself was consulted in the application of the Criminal Code and its definitions. That committee made a number of recommendations in regard to the Criminal Code which will apply and which are part of the whole process of law reform.

The members of the Labor Party who were involved in that advisory report were Duncan Kerr, Kirsten Livermore and John Murphy. They were all involved in that consultation. I point out that there has been significant consultation with a very broad range of people and that the
Attorney-General himself believes that the opinion of the parliament should be sought. If the previous speaker is so interested in these matters, he should make it a personal crusade to join the House of Representatives Standing Committee on Legal and Constitutional Affairs. He would then be consulted personally on every detail when changes of this type were being made. He has only himself to blame if he now complains that there was no consultation.

The code as we have it contains subjective, fault based principles of criminal responsibility. The defendant’s guilt will depend on what he or she thought or intended at the time of the offence rather than what a reasonable person would have thought or intended in the defendant’s circumstances. The changes to be brought about by the code reflect the view that proof of a guilty mind is generally necessary before a person can be found guilty of an offence.

That is an issue that came before the House of Representatives standing committee. I noticed in one of its recommendations it deals with those very issues. The first recommendation of the committee to the government was that the offence of general dishonesty in the Criminal Code not be proclaimed until the Attorney-General and the committee are satisfied by the Director of Public Prosecutions that prosecution guidelines will ensure the proposed offence of general dishonesty will be applied appropriately. Those are the sort of principles and issues that are dealt with in this legislation.

The code clarifies the traditional distinction between the physical act now referred to in this legislation as the physical element and the defendant’s thought or intended act which is the fault element. The distinction is set out in the code. The prosecution bears the onus of proving each of the physical elements. The physical elements provided in the code are the conduct, the circumstances in which it occurs and the result of the conduct. Each offence must contain at least one of these physical elements but any combination of physical elements may be present in any offence provision.

In the examination undertaken by the House of Representatives Standing Committee on Legal and Constitutional Affairs there has been the attraction of computer crime and the selling of databases and information—something which can be done with almost negligible physical involvement. The value of intellectual property and the way in which it is handled is something that has been exercising the mind of that committee. The code’s relationship to that process and privacy are complex issues which are being handled and dealt with in a planned and proper way by the government. I want to commend the Attorney-General and in this instance the Treasury for the way in which this is being done. It is systematic. It is slow, one would say, but they are significant changes that have to be done with great care, otherwise there will be ongoing concerns in regard to the application of the code.

I confess that this is a very straightforward proposal. I came today prepared for what I thought would be a stinging attack by the Australian Labor Party on the goods and services tax and the BAS report. I saw Mr Thomson’s name on the list, and he never fails to vilify or criticise the government for its change to taxation. Because this is a Treasury bill, a fairly broad inference, I rather suspected that he would do that today. I am delighted he has not, which seems to indicate to me that the changes that the government has introduced have been some that have met with his approval and the approval of the Australian Labor Party.

I will not let this opportunity go unremarked upon because it has been a consistent approach of the government’s opponents to move an amendment of a broad ranging nature and then speak on any issue whatsoever that comes to mind, particularly if they can vilify the government generally or vilify the government on its changes to taxation. That has not occurred today, and I am a little at a loss because I have come with wonderful material to refute those attacks. As you know, I have heaps of material to come back with on behalf of the government. I believe all of the opposition’s arguments on the BAS and the GST are absolute concoctions. When you get out in the community and you look at what people are actually
dealing with day-to-day, week-by-week, you would have to say that those in the Australian community have coped with these changes with a great deal of expertise and professionalism. They have been well advised by the accounting profession. I would also like to pay tribute to the Australian Taxation Office for the way in which it has supported those people. The situation that was expected has not eventuated.

I notice that the minister who introduced this legislation is still with us. I want to compliment him for his work in this area because there is a need for the Australian community to be absolutely certain that the government will be unrelenting in bringing to justice those people who seek to abuse the processes of Treasury—whether it be superannuation or corporate law or any other area where finances are related.

I note that the New South Wales Auditor-General, Tony Harris, made comments about the application of ethics to Australian business. I also note comments made within the last 12 months by Paul Barry in the Age concerning Alan Bond and his activities. Some of those comments are extremely critical and I do not intend to read them, but the fact of the matter is that Australians do not like people taking advantage of their wealth or their position and abusing a system that the average Australian has to live by.

So whether it is the Auditor-General in New South Wales, whether it is the Commonwealth Auditor-General or whether it is the Minister for Financial Services and Regulation, I think that they all have a duty. I want to thank the minister for pursuing his duty. I think he is the first minister to actually apply the Criminal Code in its changed form. I want to congratulate him for pursuing the matter because it is a very important area that we have the Criminal Code applied to, and it is very important for it to be applied in the way that he is applying it. This will flow right through the activities of government. It is something that will bring consistency and an approach which will make it easier for prosecution, but it will also make it easier for people to be assured that the government will pursue criminal activity. Whether it be theft, fraud, bribery or other related offences of any type, this government will pursue them.

I want to thank the House for the opportunity to commend the government on these changes. In conclusion, I note an article, which appeared in the Australian Financial Review on 9 February, about fleecing the government. It speaks about the way in which the processes can be subverted by people with finance or with schemes. This is part of the government’s armoury, and I want to congratulate the government for introducing this legislation.

Mr TANNER (Melbourne) (11.43 a.m.)—The Treasury Legislation Amendment (Application of Criminal Code) Bill 2000 amends a variety of legislation to create a consistent position on the application of strict liability in criminal offences. I want to concentrate on part of one piece of legislation which is involved with this amending legislation for which I have responsibility, which is part V of the Trade Practices Act. Part V of the act, of course, contains the consumer protection provisions that were put in place many years ago by the former Labor government and for which these amendments apply with respect to the criminal penalty provisions.

The amendments endeavour to identify the fault elements in each offence specified and to ensure that there is a clear definition of what defences are available. In particular, it is important to note it is implied that, for the various offences to which strict liability applies, there is no requirement to demonstrate deliberate intention on the part of the accused to defraud, or whatever the case might be. However, mistake of fact is a defence to the charges involved. I certainly support the strengthening and the introduction of some degree of uniformity of treatment of these kinds of provisions in various pieces of legislation.

The federal opposition does accept the need to amend the Trade Practices Act to insert some degree of uniformity and certainty with respect to these kinds of offences. But I would
like to mention some related matters associated with the application of consumer protection at the federal level that apply to both the content and administration of the legislation.

Firstly, there is an inadequacy in part V of the Trade Practices Act that certainly any future Labor government will be examining closely. It is the inability to pursue civil penalties for breaches of part 5 of the Trade Practices Act. This can be done under part IV of the Trade Practices Act, which deals with anticompetitive behaviour—retail price maintenance, mergers, monopolies and the like—but it is not available under part V. One of the issues that should be kept in reserve for potential future consideration, should we some day have a Labor government, is the question of whether indeed there is a need for a civil penalty regime to be inserted into part V. That would have knock-on consequences for the amendments that are being introduced today. The question of strict liability in fact may be appropriately moved to a civil penalty regime, leaving a criminal penalty regime based on the traditional intention test that applies to most criminal acts. I am simply raising that for consideration. It is something that I have not formed a complete view on as yet, but I think it is a weakness in the current legislation. Currently, if the ACCC wishes to pursue a matter under part V, it has to engage the services of the DPP, who of course have a variety of other pieces of legislation and responsibilities to deal with, many of them of much greater moment than relatively small and limited prosecutions with respect to consumer protection matters. It would potentially streamline the execution of consumer protection prosecutions and the pursuit of malefactors if the ACCC had the potential to pursue some form of civil prosecution.

It is pleasing to see that the government and the minister are doing something to improve our consumer protection provisions, albeit with a fairly limited change and one that is being done for the purposes of getting some uniformity and consistency into the way that these matters are dealt with. It is perhaps appropriate to contrast this with other aspects of the government’s record in the consumer affairs area, which include abolishing the position of the Minister for Consumer Affairs, downgrading the Federal Bureau of Consumer Affairs to a very small division of the Treasury and cutting its staff to a very tiny number, and slashing funding to consumer affairs organisations—which of course play a vitally important role in the community of pursuing consumer affairs issues and ensuring that there is a capacity for an independent public voice to put pressure on companies and organisations that provide goods and services to the community.

There is no doubt that there are number of areas where reform of consumer affairs legislation and reform of the actions of government are required in this country. Unfortunately, the government’s track record in dealing with these matters has been largely regressive. I will quickly cite a couple of examples by way of illustration. The government has tried to remove the composition requirements for a variety of popular foodstuffs, such as meat pies, jam and ice cream. These products are ones that traditionally, in order to use their names, had to have a minimum composition requirement. To use meat pie, for example, you had to have at least 25 per cent meat in the pie. If you wanted to call something jam, it had to consist of at least 40 per cent fruit. The government tried to get rid of these composition requirements but fortunately the states—and not only the Labor states—forced the government to back down.

The government tried to water down the position adopted by the states at the council of health ministers with respect to the labelling of products containing genetically modified organisms. The government tried to weaken the position being adopted by the council of health ministers with respect to compulsory nutritional labelling panels on products. Again, thankfully, the states—not only the Labor states—forced the government to back down.

In spite of the bravado shown in press releases and answers to questions by the Minister for Financial Services and Regulation, who is present in the chamber, the government has failed to tackle the banks about issues such as disclosure of fees on ATMs. When the banks finally
started to move, it then tried to claim the credit for having initiated this move, which was entirely inappropriate. The government has failed to do anything at all about new consumer rip-offs that are emerging in the Australian economy in areas that have been dubbed the new economy—contracts associated with Internet service provision, mobile phones and various other information economy services, where we are seeing new kinds of rip-offs emerging which are not necessarily susceptible to being dealt with by existing legislation.

We are seeing unconscionable contracts and ultra hard selling techniques being imposed in some cases on vulnerable people. I have had one example drawn to my attention of an intellectually disabled man who was sitting at an outdoor café in my electorate, who had somebody approach him and ask him if he would like a mobile phone. He then signed something and had committed himself to spending $400 on a contract to get a mobile phone, when clearly he was not fully aware of the nature of the undertakings to which he was signing up. Numerous other examples have been drawn to my attention of people entering mobile phone contracts with hidden fees that are not disclosed until after the contracts have been signed. There is a variety of—

Mr Hockey—Refer them to the ACCC. It is unconscionable conduct.

Mr TANNER—These matters have been referred to the ACCC, so you can rest assured that the ACCC is concerned about these things as well. There are a variety of abuses emerging and, because of the complexity of contracts which we are now seeing emerge in areas like mobile phone and Internet provision, it means that people in some instances are more vulnerable to being ripped off than they are with the provision of traditional goods and services which will not necessarily be provided in respect of such complex contracts.

We are also seeing an emergence of fairly unscrupulous behaviour by telephone companies that is designed to maximise their market position. For example, if you wish to change your telephone company, then things can occur such as happened to a constituent of mine when he was arbitrarily disconnected almost instantaneously as a result of indicating that he wished to change his provider. Because he ran a small business, that had a devastating impact upon him for a number of days. It was only because of my office’s intervention that the phone company rectified what it had done. There was no reason for the disconnection; it was purely an action associated with his desire to switch from one provider to another.

There are some good reasons why we need to contemplate amending part 5 of the Trade Practices Act to outlaw unfair contracts. The existing unconscionable contracts provision may not go far enough in dealing with particular kinds of grossly unfair and unequal contracts which, for example, give a provider of a particular service—for example, a mobile phone—the capacity to cancel the contract at any time and to retain any fees that are payable without any indication of any mitigation of the damage to the other party involved in the contract. That is just one illustration of some of the extremely unfair contracts that are out there.

We have also seen a substantial delay in the introduction of portability of mobile phone numbers in this country, in contrast to the situation in a number of other OECD countries, where portability of numbers from phone provider to phone provider is now an established fact. We still do not have it in Australia. That, of course, inhibits competition, choice and the ability of individual consumers to move from one provider to another in order to get a better deal.

There have been a number of instances where this government, because it is basically not consumer friendly and it is aligned with some of the shonkier business interests around the place, has appointed so-called consumer representatives to boards when these people are entirely inappropriate to the position. We have seen a substantial public outcry about the appointment of a pharmaceutical industry lobbyist to the Pharmaceutical Benefits Advisory Committee, but there are numerous other examples of similar behaviour. For example, a Mr
Frank Hoffman was appointed to the Claims Review Panel of the Insurance Complaints Service. His sole credentials for being in this position were that he was a former insurance broker and a former president of the National Insurance Brokers Association—somebody clearly from the industry side of the fence who has been appointed to this organisation to represent consumers. Yes, he knew, and presumably still knows, a great deal about the industry, but he is hardly an appropriate person to represent the interests of consumers.

It is also noteworthy that the government very ostentatiously declined to reappoint Alan Asher, the former deputy president of the ACCC, who was in charge of consumer affairs responsibilities. He is an internationally renowned consumer advocate, internationally renowned person in the area of implementation of consumer affairs laws, and now has taken up a prestigious international position.

The government has taken no action on the emerging issue of people encountering enormous phone bills, often through no fault of their own, because there are no limits on the high cost phone accounts as there should be, as there are on credit cards. A number of examples have been brought to my attention. For example, a younger brother had got hold of his brother’s phone and run up $10,000 worth of fees on sex lines. In another example, people have run up $20,000 worth of fees on chat lines. In some instances, people do not even know what sort of fees they are incurring. The phone might be used without the person’s knowledge and they are liable for these fees. There is no mechanism to ensure that, at the very least, there is some sort of warning light that flashes up and says, ‘Hey, you are spending an awful lot of money. You should think about it.’ There is nothing like the limit that we have on credit cards which is designed to prevent people from spending way beyond their means.

These sorts of examples are starting to become quite widespread. I was at a meeting in Sydney of ordinary ALP members only a few weeks ago and somebody asked me a question about this—I was not talking about consumer affairs issues; I was talking about general issues. Somebody who works in the Campbelltown area stood up and asked me a question about this very problem. He said that he knew of a number of instances of people who had been caught with huge bills, which were simply impossible for them to pay because there was no mechanism for establishing a limit on their phone use for these purposes. This is clearly a growing issue that needs some action from the government, but as yet we have not seen any indication of an acknowledgment that the issue actually exists.

Finally, the government has been pretty weak on the question of e-commerce and the prevention of spamming, which is electronic junk mail—

Mr Hockey—What? What about the best practice act?

Mr Tanner—What that suggests is that, if that is best practice, we have got some very serious problems around the rest of the world. Essentially, it has caved in to the interests of major businesses who want to be able to spam people, who want to be able to send electronic junk mail, and it has got a very weak position. It does not ensure that consumers have access to the actual costs that they are incurring as a result of the volume of spamming that they are receiving.

Mr Hockey—I took a tough approach on spamming.

Mr Tanner—From your philosophical standpoint, yes, it is a tough approach, because it is some intervention at all. From my philosophical standpoint, it is a weak approach because you are not interested in protecting consumers. Madam Deputy Speaker, hello; you are supposed to be chairing this.

Madam Deputy Speaker (Mrs De-Anne Kelly)—I am aware of my responsibilities, member for Melbourne. I thought you were enjoying a robust debate, but the minister will have to contain his remarks.
Mr TANNER—Thank you, Madam Deputy Speaker, I do enjoy a robust debate but I have got a few other things to say.

Mr Hockey—Get on with your remarks.

Mr TANNER—You should go and speak to some of those international meetings of investment bankers more often, Joe. Finally, all of these issues are matters—

Madam DEPUTY SPEAKER (Mrs De-Anne Kelly)—Member for Melbourne, you must use the appropriate title in the House, not personal names. You addressed the minister, so please use the minister’s title.

Mr TANNER—Sorry: Minister for Financial Services and Regulation. Thank you, Madam Deputy Speaker. All of these issues that I have raised today are classic examples of the government’s failure to deal with consumer issues. It is quite interesting that I have run through about eight or 10 of them and the minister has actually got fired up in response to say, ‘No, it’s not true’ once. Presumably, we can assume from his silence on all the other matters that he actually concedes that all the other charges are accurate. He finally disagrees with me on one point, so perhaps we can have a debate on that, and all the other points have been proven. All of these things are matters on which the federal government needs to act, needs to take some sort of action on and which a Labor government will take action on—

Mr Hockey—What’s your policy?

Mr TANNER—and which a Labor government will take action on, as we did, contrary to the minister’s statements, on the question of ATMs. It is there in black and white. The policy was adopted at our Hobart national conference in July 2000 requiring disclosure of ATM fees. The minister accused us of having no position on that. It is simply untrue.

The issues that are raised by this legislation raise broader questions of the appropriateness of the enforcement mechanisms with respect to consumer affairs issues in this country, I have adverted to the fact that a Labor government will examine the question of civil penalties as a possibility for part 5 of the Trade Practices Act. I think it is very important that we examine that particular issue and endeavour to correct that problem.

The Labor Party has a very long and honourable history on consumer protection in contrast to the conservative parties. The Trade Practices Act is a monument to the late Senator Lionel Murphy, former Attorney-General, who put strong consumer affairs provisions in place in the 1970s. But the world has moved on. We now have a very different economy, We have a whole variety of new contractual arrangements, new goods and new services, which are not necessarily similar in content to the typical kinds of goods and services and contracts of the 1970s. So there is a case for improving and updating the regulatory regime, ensuring that people cannot be ripped off, ensuring that we do have proper consumer protection in our society and ensuring that, where there are problems that ordinary people are suffering as a result of the shonky behaviour of some businesses, they do have some form of redress.

This government has abolished the ministry of consumer affairs and got rid of the Bureau of Consumer Affairs and shifted it into a tiny little cubby hole in Treasury, radically down-grading its resources. It has failed to act on a whole variety of significant consumer affairs problems, particularly emerging problems that are a consequence of changes in our economy and the introduction of the information economy—the Internet, mobile phones and a variety of other services. It is not interested in acting because, ultimately, it is beholden to interests that are out there trying to rip consumers off. For that reason, it will require a Labor government to take action for consumers. A Labor government will not be appointing a former head of the insurance brokers’ organisation to represent consumers in the industry. A Labor government will not be appointing a former industry lobbyist from the pharmaceutical industry to represent consumers on the Pharmaceutical Benefits Scheme. A Labor government will have genuine representatives of consumers and it will ensure that consumer organisations have the
Mr EMERSON (Rankin) (12.03 p.m.)—The Treasury Legislation Amendment (Application of Criminal Code) Bill 2000 harmonises criminal offence provisions contained in legislation administered by the Treasurer with the general principles of criminal responsibility set out in the Commonwealth Criminal Code. In particular, the bill defines the term recklessness as including acts of omission. That is, recklessness may occur when an omission is made where someone does not take action.

Although the bill amends a range of acts administered by the Treasurer, I note that it does not amend the Crimes (Taxation Offences) Act 1980, which is aimed at the use of entities to avoid tax. It was introduced in 1980 at the height of the notorious bottom-of-the-harbour schemes and the paper rorts, the Curran schemes and the wet and dry Slutzkins. The Crimes (Taxation Offences) Act not only relates to those who are directly involved, such as directors, shareholders and trustees, but includes those who have devised schemes that breach the act and advise taxpayers to utilise those schemes. Offences under the Crimes (Taxation Offences) Act are created by entering into so-called arrangements or transactions. The term ‘arrangement’ is used in part IVA of the Income Tax Act, the general anti-avoidance rule. The Prime Minister boasts that as Treasurer he introduced that general anti-avoidance rule. But he did so only in response to heavy and sustained pressure from Labor and a telephone book of advice from the tax office begging him to legislate. Nothing has changed. Liberal governments act on tax avoidance only when the revenue leakage becomes so massive and the pressure from Labor so great that they can no longer cover up the scams.

The Crimes (Taxation Offences) Act relates not only to the corporate and trustee beneficiaries of contrived tax avoidance schemes but also to the designers and those who aggressively market them. In particular, one of the offences under the act relates to persons involved in aiding, abetting, counselling or procuring a person to enter into an arrangement or transaction. Under section 7(1) of that act, it appears that a director may be guilty of an offence if he or she abstains from voting or having the matter referred to the board where the result of a proposed transaction by the company will be a reduction in its capacity to meet its income tax liabilities. That is to say, the Crimes (Taxation Offences) Act appears to apply to an act of omission by a director, not just to an act of commission. Why, then, does the Treasury Legislation Amendment (Application of Criminal Code) Bill, which defines recklessness to include acts of omission, not extend to the Crimes (Taxation Offences) Act? I note that the second reading speech says:

It is proposed to introduce a second bill in the spring sittings to make consequential amendments to taxation laws … which require consultation with the states.

Let us hope that this is not another case of obfuscation by this government when it comes to anti-avoidance measures, because there has been plenty of that. Five times the government promised it would crack down on the use of trusts as tax avoidance vehicles. The National Party declared it would kill the proposal in cabinet, and the National Party has finally had a win over the Liberals, with the Treasurer’s humiliation completed when the announced in parliament yesterday that he had capitulated over the taxation of trusts as companies. Little wonder he was humiliated. Nine of his front bench colleagues have trusts. If the Treasurer had implemented this measure according to the timetable set out in the ANTS package before the last election, there would be no need for high petrol taxes. But the fact is that the Howard government never intended to crack down on the abuse of trusts. I refer to an article in the Australian of 24 September 1997, headed ‘Trusts safe from tax attack, PM tells troops’. It says:

John Howard pre-empted a tax office review of trusts by promising yesterday that the government would not accept tax reforms that hurt small business. The Prime Minister gave his assurance in re-
response to backbench concerns about a provocative speech made by Tax Commissioner Michael Car- 
mody earlier this month. Sources said yesterday there had been widespread concern within govern-
ment ranks about Mr Carmody’s speech, which argued there was a strong case for some or all trusts to 
be taxed in the same way as companies. Mr Howard’s comments were believed to have appeased MPs 
who feared the government was planning a major crackdown on trusts...

Mr Carmody was believed to have checked with Mr Costello’s office before delivering his contentious 
speech on trusts. In his speech he revealed that one wealthy individual was able to collect $19 million 
tax free through trusts in one year. Another collected $5 million a year tax free over three years. ‘Is that 
a fair system? Is it one that has integrity? Are they not reasonable questions for us to raise?’ he said—
he being the tax commissioner, Mr Carmody. The article goes on to say:

A large number of Liberal and National Party MPs also use trusts themselves.

It is pretty clear that the Prime Minister has never had much stomach for cracking down on 
trusts. The government’s trick is to boost the bottom line by pretending that it is going to 
crack down on trusts, and tax avoidance more generally, but never actually getting around to 
doing it.

The Treasurer claims now that his backdown on trusts has only got minor revenue impacts, 
despite this advice by the tax office in its latest annual report, in the chapter titled ‘Aggressive 
tax planning’:

The ATO expects that the government’s proposed systemic business tax reforms, such as the taxation of 
trusts like companies and the consolidation regime, will address major weaknesses in the current tax 
system.

The government has completely ignored that tax office advice by backing down on the taxation of 
trusts and the whole entities regime. So I ask: what business tax reforms is the tax office 
referring to? Sure, the government has cut the company tax rate, but when it has come to 
repairing the base to pay for the cut in the company tax rate the government has broken its 
promises and reneged on just about every commitment given to the parliament.

The Treasurer promised he would deliver the so-called integrity measures on time and in 
full. He broke his promises and in doing so he has lost all integrity. He watered down his 
commitments on the alienation of personal services income. He watered down his commit-
ments on non-commercial losses. He abandoned his commitment to tax widely held trusts as 
companies, then he abandoned taxing any fixed trusts as companies and now he has aban-
donned his commitment to tax family trusts as companies. Why has he failed to deliver on an-
other of his promised integrity measures—a toughening of the general anti-avoidance rule? 
The new general anti-avoidance rule is supposed to operate from the date of its announce-
ment, 11 November 1999, more than a year ago, but we have not seen any legislation and we 
have seen precious little detail. How can it operate at law from 11 November 1999 when no-
one really knows what it is? So why the big delay in rewriting part IVA of the Income Tax 
Act? The Treasurer does not want to offend his supporters, the high flying tax cheats at the 
big end of town.

The Treasurer’s performance in relation to tax avoidance through executive share schemes 
has been disgraceful. As shadow Treasurer he said he would oppose Labor’s legislation to 
outlaw the abuse of employee share ownership schemes by company executives, ‘root and 
branch’. He boasted about blocking Labor’s anti-avoidance legislation three times, declaring 
‘three strikes and you are out’. I refer to our report on employee share ownership plans, which 
says:

Treasury began warning against a proliferation of employee share schemes involving aggressive tax 
planning for company executives as early as the beginning of 1994. In an executive minute of 12 Janu-
ary 1994, Treasury advised the previous Labor government that employee share acquisition schemes, 
invoking salary sacrifice for the acquisition of share options, were being marketed to avoid FBT. The 
minute identified the Remuneration Planning Corporation as one of the companies that appeared to be
ahead of the pack” but warned that the big fund managers would be quickly into the field to protect their competitive positions if the government were to decide that the trend towards new generation arrangements should not be curtailed. The minute went on to advise that no-one was “able to say how significant this trend might become but the industry says that it could envisage amounts in the billions of dollars being channelled through these sorts of arrangements”.

That is what led Labor to act and that is the legislation that Labor introduced, which was opposed three times by the present Treasurer. The opposition of the then shadow Treasurer, the present Treasurer, to the attempts of the Labor government to close these tax rorts followed intense lobbying by the promoters of the schemes and members of the business community. So the Treasurer, as I said earlier, is obviously a friend of the tax cheats. Belatedly and only prospectively has he decided to legislate against the use of offshore superannuation schemes by company executives as tax avoidance vehicles. These superannuation rorts and the other main form of abuse of executive benefit arrangements, executive share schemes, have been likened by the tax office to the infamous paper rorts of the late seventies and early eighties to which I referred earlier. The Second Commissioner of Taxation said:

... some of the arrangements that have emerged over recent years smack very much of the ingredients that were tax avoidance paper scheme rorts of the 1970s and early 1980s.

The Treasurer finally legislated against the abusive executive superannuation schemes when the revenue leakage became too embarrassing. He legislated against these schemes despite tax office advice that they are paper rorts and will therefore be caught by the general anti-avoidance rule, part IVA. Yet he has steadfastly refused to legislate against the abuse of employee share ownership plans by company executives, using the excuse that they are caught too by the general anti-avoidance rule. I refer to the Treasurer’s answers in response to a number of questions raised in the parliament by the member for Lalor on 6 September last year. The Treasurer said:

... the advice of the Commissioner of Taxation is that those schemes which are avoidance schemes are contrary to part IVA, and part IVA will be enforced through the courts.

He went on to say:

The way in which those ones which were contrived or abusive could and should be handled would be under part IVA. The advice of the taxation commissioner was that they would be prosecuted through the courts, which is what will happen.

Not one case has been to the courts. He answered in similar terms to questions from the shadow Treasurer:

Again, our advice to the government has been—

and he talked about the advice from the tax office that the general anti-avoidance rule would do the trick. Again in response to a question on 6 December, this time from the shadow Treasurer, the Treasurer said:

He has advised this government that it is his view that the general anti-avoidance provisions enacted by this government are sufficient to deal with any avoidance schemes which are improper; and we intend to rely upon his advice.

So he is sticking with, ‘Well, we’ll fix it up with part IVA,’ and on 6 December, in response to a question from the shadow Treasurer, he said the same thing.

Labor has persistently asked this obvious question: if both types of executive rorts are caught by the general anti-avoidance rule, why has the Treasurer finally legislated against one type, the superannuation rorts, but not against the other, the executive share schemes? The Treasurer has had fair warning of the use of trusts as vehicles of tax avoidance in executive share schemes. In this respect, the dissenting report of the Labor members of the inquiry into
employee share ownership schemes refers to the passage of division 13A, which was opposed by the shadow Treasurer. The report goes on to say:

Faced with the challenge of this new anti-avoidance legislation—introduced by Labor despite the protestations and opposition of the then shadow Treasurer—tax planners quickly began to contemplate new ways of abusing employee share schemes for company executives. As the ATO advised the Committee:

Their focus swiftly fell on trust structures, which provided adequate potential to avoid the operation of the increasingly restrictive legislation … The schemes have been too numerous to individually outline their mechanics. However, they evolved to the point where promoters were claiming ‘total tax writeouts’.

That is the tax office warning about the use of trusts so very long ago, but the Treasurer is saying, ‘I am not going to do anything about it because as shadow Treasurer I opposed any legislation to deal with this problem. I opposed any legislation, so I don’t care that executives are using these trusts.’ And that has been his position all the way through: it will be caught by part IVA, the general anti-avoidance rule.

But something happened last night. The Treasurer changed his position, but he got his Assistant Treasurer to announce it. Five years later, in the face of rampant tax avoidance by company executives using trusts as vehicles in their executive share scams, and contrary to the Treasurer’s repeated assurances that the general anti-avoidance rule would catch these cheats, the government sneakily announced last night that it would, in fact, legislate.

Mr Hockey—Madam Deputy Speaker, I raise a point of order. I understood that we were actually discussing the application of the Criminal Code under the Treasury legislation amendment, not issues dealing with entity taxation, which is what the member is raising. I would ask that you consider bringing him back to the point of the bill currently before the Main Committee.

Mr Emerson—May I make a point about that, Madam Deputy Speaker, before you rule?

Madam DEPUTY SPEAKER (Mrs De-Anne Kelly)—You may.

Mr Emerson—The point is that this legislation, which we are not opposing, does not apply to the Income Tax Act, nor does it apply to the Crimes (Taxation Offences) Act. I am calling for its application.

Madam DEPUTY SPEAKER—I thank the member for Rankin for his advice. While the chair generally allows a fairly broad debate, which I think is helpful in the House, you may bring yourself back to the specific bill in question.

Mr Emerson—After five years, in the face of rampant tax avoidance by company executives and contrary to his repeated assurances that the general anti-avoidance rule would do the trick, the Assistant Treasurer announced that he would legislate. What I am saying is that, if this legislation had applied to the relevant income tax acts, that might not have been necessary.

Company executives have been using trusts to escape capital gains tax liability on the rising value of their shares and share options. Executives have been able to inflate the acquisition value of their shares or options by allowing them to increase in value within a trust, and
claiming the acquisition value as the value at the time the ownership of the shares or options is transferred from the trust to the executive.

Last night’s announcement made it clear that the acquisition value is the value when the shares or options were provided by the company to the trust. But any company executive who has been participating in these tax avoidance scams until 5 p.m. yesterday is let off. In fact, if they had advance notice of the announcement, they could have extended the date at which ownership of their shares or options is to be transferred to them from the trust, thereby avoiding capital gains tax well into the future. That is, if you were in the know, you can now legally do what until 5 p.m. yesterday was, by the Treasurer’s own admission, illegal. Even if you were not in the know about last night’s announcement, you can still escape paying capital gains tax for the balance of the period from 5 p.m. yesterday until the ownership of your shares or options is to be transferred from the trust to you. Participants in existing schemes only have to pay capital gains tax if they change the date of transfer of ownership of shares or options from the trust to the beneficiary.

Last night’s announcement legalises the existing tax avoidance schemes of company executives that Labor has been warning the Treasurer about for five years. The Treasurer is a friend of the tax cheats. And what about those honest employees and company executives who have either already paid capital gains tax on their shares or options or fully expect to pay it in the future? Does last night’s announcement entitle those who have already paid to a refund of capital gains tax? And does it confer a windfall on those who fully expected to pay capital gains tax in the future? These are unresolved questions, but I can be confident of one thing: when the explanatory memorandum to the bill becomes available, the revenue impacts will be listed as nil or negligible. The Treasurer is either guilty of gross incompetence in the administration of the tax system or he is a friend of the tax cheats—or, more likely, both.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (12.21 p.m.)—in reply—We can all feel reassured after listening to the comments made by members of the opposition on the Treasury Legislation Amendment (Application of Criminal Code) Bill 2000. When there are people with the talent of the member for Reid on the front bench of the Labor Party, Australians can sleep easy. They should know that, should there, unhappily, be any change of government, people like the member for Reid will have their hands on the till. That is a good thing if, of course, you are very closely related to the member for Reid. Perhaps for most other people in Australia it is quite a frightening thought. And it is also quite a frightening thought that the member for Melbourne should ever occupy the position of finance minister and minister for consumer affairs, because today he gave us a snapshot of his commitment, or lack of commitment, to the consumer affairs portfolio. He gave us a critique of the government’s performance in this area, and it added nothing to the debate on the new role of consumer affairs in a modern economy.

We in the Howard government developed the philosophy of consumer sovereignty. We in the Howard government gave it its four basic criteria: firstly, the opportunity for consumers to be fully informed; secondly, the opportunity for consumers to have choice about what they can invest in; thirdly, that consumers should be protected if they are victims in transactions; and, fourthly, that consumers should have appropriate redress. The Labor Party is interested only in one pillar of that platform—that is, consumer protection. They think that the simple solution to every problem is to smash it with a sledgehammer and therefore to rob individuals of their right to choice and to rob them of their right to exercise their individual freedoms. That is the difference between the socialist philosophy of the Labor Party, which is alive and well—

Mr Laurie Ferguson—We are not socialists.
Mr HOCKEY—What is the Labor Party then? If the Labor Party does not believe in socialism, what does it believe in? If the Labor Party does not believe in socialism, what fuel is firing the light on the top of the hill? I think it was doused with a bucket load of water when the Leader of the Opposition came in during 1996. Tell me: if the Labor Party does not believe in socialism, what does it believe in?

Mr Laurie Ferguson—We believe in equality of opportunity, Joe, but you wouldn’t know that.

Mr HOCKEY—Equality of opportunity! To all those members of the work force that are not members of the trade union movement, you are now on notice that the Labor Party believes in equality of opportunity. So if you are not in a union, you have the same working opportunities as someone who is in a union. Is that right? That is equality of opportunity.

Mr Emerson—we would like to see people in disadvantaged communities get the same educational opportunities that people like you did, Joe.

Mr HOCKEY—Fantastic. We happily support that. We believe in providing people with the same opportunities. What does the Labor Party believe in? The member for Melbourne was calling us conservatives. That sits a little uncomfortably with me, but it might sit well with some others in our ranks because, as the Prime Minister says, ‘We are a broad church.’ But we are a broad church of conservatives and we are a broad church that includes ‘small l’ liberals. That is the interesting thing. But we have a fundamental commitment to the concept of modern liberalism and conservatism. So what does the Labor Party believe in? That is why when the shadow minister for consumer affairs—

Madam DEPUTY SPEAKER (Mrs De-Anne Kelly)—Order! I am aware that during the speech of one of the previous speakers the minister did interject. At the time I said that a robust debate was to be encouraged, but I think it must be a fair robust debate, too. I ask for a level of consideration.

Mr HOCKEY—I happen to have a qualified level of respect for the intellectual capacity of the member for Melbourne. I think he does think about things. But when it comes to consumer affairs issues, you ask him what he believes in and he cannot actually say what he believes in. He believes in helping someone who has inadvertently, quite obviously, signed a contract with a mobile phone supplier. I agree—I think that any caring person in this room or all members of parliament would think, ‘Yes, we should try to do what we can to help someone who might have inadvertently signed a contract with a mobile phone supplier.’ Yes, we believe in transparency and yes, we believe in accountability, but the solution of the Labor Party is to legislate it. The solution of the Labor Party is, ‘Let’s bring out the old sledgehammer and crack this nut.’ That actually has the effect of robbing consumers of choice and individual freedoms and liberties. So what we try to do on this side of the House is strike an appropriate balance.

That is why, when so many countries around the world are struggling to understand the true impact of e-commerce and m-commerce on consumers, Australia has developed the first best practice model in the world for electronic commerce. It is a model that was held up at a meeting of countries of the OECD as being the first of its kind in the world that understood that e-commerce is a global phenomenon and, at the same time, respected the individual liberties of consumers. Of course, the member for Melbourne just dismissed it. Why would he dismiss it? Because he does not believe in anything. You ask the member for Melbourne, ‘What is your policy on consumer protection and e-commerce or mobile commerce?’ He will say, ‘We don’t want someone to have to buy a mobile phone contract and not be properly informed’. We agree with that. We agree they should not have to do that.

We are saying that, on the one hand, you should have harsher criminal provisions—and that is what we are doing in this bill with the application of the Criminal Code—and that, on the
other hand, consumers have to be aware that, if they are going to sign a cheque, if they are going to invest, it is their money—and they should have the right to make money and they should have the right to lose money. That is what a basic freedom is: it is the right to lose money and the right to make money. The Labor Party is saying that they want to socialise the losses and tax the gains. That denies the individual freedoms of consumers. I will respond at a later time to some of the other allegations made by the member for Melbourne; however, needless to say, I thank the member for Mitchell for his very well-informed response to this bill. The member for Mitchell has a very long history in this parliament of having done a hell of a lot of hard work in relation to Treasury matters well before I came to this place. His reputation is enhanced by the thoughtful speech that he gave today.

The consequential amendments introduced by this bill reflect the application of the Criminal Code to certain offences provisions in legislation administered by the government. The amendments ensure that the physical and corresponding fault elements of offences are interpreted after the Criminal Code applies in the same manner as they were interpreted prior to its application. They also specify whether an offensive is one of strict or absolute liability. The bill does not change the operation of criminal offences; rather, it ensures that offences operate in the same manner following application of the Criminal Code as they operated before the application. The bill also makes amendments to the Corporations Law made necessary by changes to the Corporate Law Economic Reform Act 1999. The opposition has moved an amendment to this bill. We will be supporting that amendment because it corrects a typographical error in a provision introduced in the Corporate Law Review Act 1998.

I commend the bill to the House. I note that there has been a reasonable debate in the Main Committee on this matter, and my only regret is that we did not get a policy from the Labor Party in relation to consumer affairs—just the same old babble that we are so familiar with after four years.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Amendment (by Mr Kelvin Thomson) agreed to:

Schedule 2, before item 1, page 79 (after line 4) insert:

1A Paragraph 300A(1)(a)

Repeal the paragraph, substitute:

(a) discussion of board policy for determining the nature and amount of emoluments of board members and senior executives of the company; and

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with an amendment.

MINISTERIAL STATEMENTS

Defence 2000—Our Future Defence Force

Debate resumed from 7 December 2000, on motion by Ms Worth:

That the House take note of the paper.

Mr LAURIE FERGUSON (Reid) (12.35 p.m.)—I am pleased to have the opportunity to speak on the government’s white paper of 6 December last year, officially known as Defence 2000—our future Defence Force. As both the Leader of the Opposition and the shadow minister for defence have indicated, the opposition essentially endorse many aspects of the white paper. We do so because, to a very large extent, the underlying military strategy outlined by
the government has shifted considerably towards Labor policy. It thus represents a repudiation of some of the earlier, rather muddled thinking of coalition spokesmen.

I will cite the two most blatant examples of earlier coalition thinking. Firstly, we all recall the severe embarrassment caused by the Prime Minister’s ill-considered interview with the Bulletin magazine in which he happily accepted the unfortunate characterisation of Australia as the United States’ military deputy in this part of the world. We also had the former and now long-gone Minister for Defence Mr McLachlan openly advocating a return to the discredited notion of forward defence and canvassing the possibility of a future deployment of Australian ground forces on the Korean peninsula. We are pleased that the white paper very dramatically rejects the confused thinking that the government previously upheld.

The white paper stresses that the primary priority for the Defence Force is to maintain the capability to defend Australian territory from any credible attack without relying on help from other forces. It says that the second priority is to enable us to make a major contribution to the security of our immediate neighbourhood. I emphasise the words ‘our immediate neighbourhood’. The third priority is to be able to contribute effectively to international coalitions beyond our immediate neighbourhood, including relevant United Nations missions. The opposition is comfortable with this statement of priorities, which reflects the approach that was adopted by Labor in government. I note that, when the Prime Minister tabled the white paper in the House, he went out of his way to emphasise the quote:

“We will not develop capabilities specifically to undertake operations beyond our immediate region.”

Again, this is consistent with Labor’s thinking and is obviously a total repudiation of the previous minister’s comments. I also welcome the broad thrust of the capability plan that is included in the white paper. There is no disputing that, to maintain a small but credible Defence Force, we need to plan for the replacement of various aircraft and ships when they become obsolete and to invest in new equipment and in communications and intelligence gathering systems. Rigorous priorities have to be set in this regard, and the acquisition process has to be managed effectively and efficiently by both the government and the bureaucracy.

Given my shadow portfolio responsibilities, I would like to spend the rest of the time available to me in this debate considering the personnel aspects of the white paper. Labor’s starting point is that our key military capability is the skills and experience of our service personnel—men and women, regulars and reservists. They are a vital asset and not just a cost to the budget as many in the government seem to constantly bemoan. On the personnel side, it has to be said that the government’s white paper has left unanswered virtually all the hard questions. Take, for example, the decision to expand the full-time force to 54,000. I welcome that announcement but point out that it is a clear admission that former Minister McLachlan’s Defence Reform Program was seriously flawed. The fact is that the coalition inherited from Labor a full-time Defence Force of 58,000 personnel.

The 1997 report of the Defence Efficiency Review actually advocated reducing this number to 42,500—a cut of 15,500 positions, which means retrenchment and disappearance for 15,500 Australians. In response, cabinet then set a target size of 50,000—still a cut of 8,000. Quite frankly, when the government now takes a totally different position, it is worth us recalling that none of the people on the backbench of this coalition voiced any criticisms of or mounted any attack on the attitude that the defence forces should be so significantly cut. The East Timor deployment from September 1999 onwards clearly revealed that the coalition’s earlier cuts to personnel numbers had gone too far and threatened our ability to sustain substantial deployments. Indeed, we were really only able to maintain our East Timor force at the size we did because a considerable number of reservists voluntarily agreed to serve on a temporary full-time basis to fill significant staffing gaps that were evident in the Regular Army.
In the white paper, the coalition is admitting that we need a full-time force of 54,000 for the ADF to perform its agreed functions. There is no explanation of why a figure of 42,500 could be considered a few years ago. In other words, it is now giving back half of the full-time positions that it deliberately abolished over the past five years. We will remember that when people are parading around in uniforms and marching around on Anzac Day. That is the history, and that is the performance of the government up to this point. A U-turn will not negate that previous activity. This is hardly indicative of competent management at ministerial level or deserving of the self-congratulation that we have been hearing from the government in the intervening period.

There is considerable doubt about the government’s ability to recruit and retain a force of the size that it has now announced as its aim. Under this government, a serious problem has emerged in relation to both recruitment and retention—and this is a matter that I have referred to on several occasions. Despite slick and expensive advertising campaigns, we have worrying shortages of doctors, fast-jet pilots and seagoing personnel, to name but three examples. It will take more than platitudes from Minister Reith and Minister Scott to turn around this deplorable situation.

I note that the white paper, at page 63, claims that the retention of valuable personnel ‘is a priority concern of the government’. The new Minister for Defence, Mr Reith, said much the same thing in question time on 6 February. Given that the annual personnel separation rate is almost 13 per cent at present, compared with nine per cent a decade ago, there is no doubt that the issue should be a priority. In fact, the white paper is forced to acknowledge that if current separation recruitment rates continue then the ADF would be 12,000 people below strength by 2010; it would be 12,000 short. The white paper promises ‘firm action’ from the government to ensure that this does not happen. To date, neither minister has been able to articulate just what this firm action might be.

Equally, the level of funding available for the task is nowhere quantified. All we are told is that the government has initiated a review of Defence Force remuneration arrangements to develop ‘options that improve the attractiveness of the total remuneration package within overall defence budget constraints’. These are mere words. Given Minister Reith’s track record, I suggest that few serving personnel would feel comfortable and relaxed about the fact that he is now supposed to be looking after their interests as far as pay and conditions are concerned.

When one looks at chapter 11 of the white paper, which deals with the key issue of funding, one is immediately struck by a major paradox: on page 120 it is revealed that over the last decade per capita personnel costs rose by an average of 4.9 per cent per year. What, then, is the future increase that the government is budgeting for as part of its firm action on recruitment and retention? Amazingly, the answer at page 120 is:

The government has factored into the projected defence funding increases provided for in this white paper an allowance for 2 per cent per annum growth in defence per capita personnel costs.

In other words, over the next decade, the government is proposing to provide only 40 per cent of the increase in annual per capita personnel funding that successive governments provided during the 1990s. The firm action to remedy the crisis is to reduce the amount of money allocated to the problem. How this will enable an improvement in the current personnel situation is something that neither minister has even attempted to explain to date.

Up until recently, the coalition has seen retention bonuses for personnel in key positions—such as pilots, air traffic controllers, medical and dental officers, flight engineers and submariners—as one of its key retention measures, but in at least two separate audit reports the Auditor-General has been critical of these schemes. So in August last year I asked Minister Scott a detailed question on notice about Defence’s retention bonuses. The minister’s answer
of 1 November clearly indicated that every one of the eight listed retention bonuses had already closed or was about to close. I note that at no stage then or since has the minister bothered to make a public announcement to this effect. It is on the paper but it does not exist. The minister’s answer admitted that the medical and dental officers’ completion bonus ‘has not been effective in retaining the services of medical and dental officers’, and that the pilot retention bonus ‘was of only limited success in retaining pilots’. It also revealed that Defence had accrued liabilities of more than $40 million by the time the schemes were closed and that these liabilities extended for several financial years in the future and will have to be met by future governments.

When an article on the retention bonus appeared in the Sunday Telegraph based entirely on the minister’s answer to parliament, he got one of his public servants to issue a media release describing the article as ‘incorrect’. As I said at the time, instead of hiding behind his public servants, Minister Scott should come clean. If the government has a plan to retain skilled military personnel linked to specific budget allocations, he should tell us the details straightaway.

Similarly, the government continues to run away from other key issues of concern to serving personnel. What is its response, for example, to findings of the community consultation panel, appointed by this government, that outsourcing of defence functions was the biggest influence on poor morale at present? We know that hundreds of staff at Defence warehouses, including those at the massive distribution centre at Moorebank, Sydney, in the electorate of Hughes, have been waiting anxiously for the government to make a decision on the outcome of the tender process for the Defence Integrated Distribution System. They were originally promised an answer by last June and have now been told that the department is waiting for the minister to make a decision on the recommendation of the tender assessment panel. I understand that the tender assessment panel completed its report in September last year; yet when the matter was raised in question time earlier this week, the minister appeared not to even know what DIDS referred to and made no commitment about when the staff involved would have their future clarified. He has got to think about the personal situation of those people and their families. The government made a commitment last June that it would get somewhere on this issue and knew, or had some idea, of where it was going, and still today it has been postponed.

Equally, there has been no adequate response from the government on the changed offset arrangements for remote locality leave travel, which have caused massive discontent amongst the personnel in northern Australia. This was another personnel problem that was publicly highlighted to the government by the community consultation panel, chaired by none other than Andrew Peacock, and it has consistently been put to the parliament by the member for the Northern Territory and other opposition members. Yet Minister Scott simply defends his bureaucrats in the matter despite the very real suffering and loss of benefits to members of the defence personnel, in the Northern Territory in particular. Similarly, we all know that the fringe benefits reporting system continues to cause angst in the ADF as further anomalies continue to emerge.

Finally, I would like to refer to the position of the defence reserves, men and women who voluntarily serve at the same time as they hold down a civilian job or undertake higher education. This is yet another policy area in which the coalition is engaged in a belated and inadequate catch-up effort. It is well understood by every informed commentator that decisions taken by the coalition in its first term of government seriously harmed the reserves. These decisions include the abolition of Labor’s Ready Reserves scheme and the removal of defence leave as an allowable award matter, a decision driven by the award stripping agenda of the new defence minister in his previous role. It is a decision that has been roundly repudiated by people who have been in the defence reserves, by those who are interested in their future and,
amongst others, by the Victorian State Council of the Liberal Party. They also repudiated this policy as a total waste of time and a failure.

The introduction of common induction training for the Army was another bright idea. It required new reservists to undertake a full-time induction course away from home. As a result of these measures and the government’s procrastination on issues such as legislative protection, morale in the reserves reached rock bottom. Recruitment numbers fell to the lowest level in living memory. This, combined with retention problems, saw the number of active reservists shrink—at the same time as the government’s rhetoric said that the reserves would have to shoulder a larger share of our national defence effort.

I have frequently referred to this issue over the past three years. I have been in close contact with bodies such as the Defence Reserves Association and members of the Defence Reserves Support Council, and I know they share the opposition’s very serious concerns. As a result of our combined efforts, the government was forced to announce a number of welcome, if overdue, measures last August. These measures are still awaiting implementation despite the opposition’s offer of bipartisan support for the necessary legislation. I acknowledge that the white paper does foreshadow a greater role for the reserves. That is consistent with the approach taken by the United States, for example, which has increasingly deployed reserves in recent years. It is not an issue on which there is partisan disputation.

However, I caution the government that it is insufficient to simply include some suitably positive paragraphs about the reserves in the white paper; that would be counterproductive and would lead to further demoralisation. In particular, the role of the Army Reserve within the overall force structure of the Army needs to be properly thought through. In appropriate circumstances, consideration needs to be given to the deployment of designated reserve units rather than individual reservists. (Time expired)

Mr WAKELIN (Grey) (12.50 p.m.)—The issue of the defence white paper has been of some note in recent months. The government brought it forward following the work of the community consultation group. This white paper, tabled in the year 2000, is the fourth one since 1976, the previous one being in 1994. One highlight is, of course, the significant increase in resources, estimated to be $23 billion over the next 10 years, a three per cent increase in real terms. I would think, despite my friend’s comments earlier, it would be the first real terms increase in defence spending in a very long time.

I was particularly taken by the community consultation process—chaired, as has been mentioned, by Andrew Peacock, and the deputy chair being former senator, Stephen Loosley. The interest that was shown in communities such as Whyalla where I attended in the spring of last year was quite overwhelming. There is obviously a great deal of interest in the community from a whole range of perspectives, perhaps emphasised by the focus on recent events in East Timor. But more substantial than that is, I think, the belief in the role and the acknowledgment of the role defence forces have played over a very long time in this country. This community consultation highlighted the respect, the interest and the belief that Australia needed to be very acutely aware of its responsibility to this country, as well as to the region, in ensuring that we had a capacity to look after ourselves in all foreseeable circumstances.

I remember two or three highlights of that evening in Whyalla. The focus was on the capacity to defend ourselves and also on the issues of industry: the opportunities in terms of investment policy so that there is some integration and a very strong strategic approach to our domestic industries so that they support our defence effort. There is, of course, a huge input from overseas nations in terms of the defence effort. The high technology required and the necessity to choose the best equipment does mean that we certainly do require the best that the world can offer so that we can look after ourselves.
I will briefly touch on some of the issues in the white paper and perhaps return to some operational issues towards the end of my time. I would like to further highlight the issue of recruiting. I agree with the earlier member when he says there is a problem in recruiting. There is no doubt about that and there has been a significant effort made on advertising—with, I would think by anyone’s measure, fairly disappointing results.

The one statistic that we do know is that something like 22 per cent of serving members in the ADF and 25 per cent of reservists come from the cadets. In spending some time with the former parliamentary secretary, Senator Abetz, in the electorate only a matter of few months ago, I was overwhelmed and a little surprised. I thought I knew my electorate relatively well, but the cadets were something that I had not focused on particularly. I was overwhelmed to see the commitment, effort and the absolute support from family and friends for the young men and women, as young as 12 and 13, in the cadets.

I am delighted that the government intends to increase its expenditure to $30 million for cadets. I am unaware of what the previous expenditure rate was. It is something I must check. Nevertheless to see those cadets, to meet them and understand what they got out of what they were doing was quite enlightening for me, and I dips my lid to them.

More fundamentally for the nation, the fact that so many of our reservists and our current serving ADF people come from the cadets is very important. I understand there are some members of the ADF who may not necessarily share my views. I would encourage them to have a look at these cadets. This is where our future lies for much of our recruiting, to address the issues of which the former member spoke. Those people put in considerable effort and have empathy with what I would regard as an important national purpose.

In terms of what has brought defence more to our minds in recent months, there is nothing more outstanding than the INTERFET effort in East Timor. Many Australians had relatives—I would suggest millions of Australians around our country had some personal connection with people, as I did—who served in that effort. It was quite an experience to share the angst, concern and pride when these young men and women went off to do this task for our nation. It reminds us all of what our forebears and our mothers, fathers, uncles and aunts would have gone through in previous times.

I was ever so grateful, as was every Australian, that we were able to get through the East Timor experience with minimal casualty. There were fatalities from accidents and subsequently there have been fatalities from incidents post-INTERFET. But what a remarkable experience and effort. That is why Australians now support strongly this government’s approach, and the opposition, in a bipartisan way, support much of the effort in this white paper. It is with pride and great regard for the ministers and those responsible for this white paper that I offer my support for this current effort and wish them well in the next decade.

Main Committee adjourned at 1.00 p.m.
QUESTIONs ON NOTICE

The following answers to questions were circulated:

Standing Committee of Attorneys-General: Human Rights
(Question No. 1967)

Mr McClelland asked the Attorney-General, upon notice, on 3 October 2000:
Further to the answer to question No. 1580 (Hansard, 31 August 2000, page 19956), will he update that answer in respect of the meeting of the Standing Committee of Attorneys-General held in Brisbane on 27 to 28 July 2000.

Mr Williams—The answer to the honourable member’s question is as follows:

(1)(a) The Commonwealth’s written report, placed before the 27-28 July 2000 meeting of the Standing Committee of Attorneys-General, included the following human rights issues:

• the Draft Declaration of the Rights of Indigenous Peoples;
• the Optional Protocol to the Torture Convention;
• the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination Against Women;
• Optional Protocols to the Convention on the Rights of the Child;
• the ILO Convention on the Elimination of the Worst Forms of Child Labour;
• complaints under International Communications procedures; and
• reporting under International Communications procedures.

Other matters included:

• the Review of the United Nations Treaty System;
• Disability Discrimination Legislation and Disability Standards;
• the reform of the Human Rights and Equal Opportunity Commission;
• cooperative arrangements with the States;
• the SCAG Working Group on Human Rights;
• the Non-Government Organisations Forum on Domestic Human Rights;
• the Decade of Human Rights Education;
• the Joint Standing Committee on Treaties Report on the Convention on the Rights of the Child;
• Age Discrimination;
• the National Action Plan on Human Rights;
• legal reform in HIV/AIDS (Fourth National Strategy);
• the Human Rights and Equal Opportunity Commission (HREOC) report, “Pregnant & Productive: It’s a right not a privilege to work while pregnant”; and
• the HREOC inquiry on the access of disabled and older Australians to electronic commerce and on-line services.

(b) The Commonwealth’s items were placed on the agenda in the context of its Human Rights Paper. This paper serves to inform States and Territories about the activities of the Commonwealth in the human rights area. Matters raised in the paper were noted by State and Territory Attorneys-General.

(2) The regular meeting of SCAG was held in Launceston on 16-17 November 2000.

Regional Australia Summit: Community Representation
(Question No. 2022)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 5 October 2000:

(1) Further to question No. 1611 (Hansard, 4 October 2000, page 20849) how did inviting all Coalition Members and only two Opposition Members and an Opposition Senator and a Democrat Senator to the Summit Dinner contribute to providing “all Australians with a better understanding of the needs and concerns of regional Australia”, as stated in the Aims of the Summit.
(2) Did the Reference Group consider inviting more community representatives and fewer politicians to the dinner.

(3) Is the Government planning to hold another Regional Summit; if so, are any plans being made to include more community representatives and fewer politicians.

(4) Under what criteria did the Government invite all Coalition Members and Senators, but not all Members of other political parties.

Mr Anderson—The answer to the honourable member’s question is as follows:

(1) The Regional Australia Summit as a whole provided the greatest opportunity to develop a better understanding of the needs and concerns of regional Australia. The Summit dinner played a part in this.

(2) There were more community representatives than politicians invited to the dinner.

(3) There are no plans at present to hold another Regional Australia Summit.

(4) The Reference Group, in consultation with the Minister considered it important that Summit participants had an opportunity to communicate their views directly with members of the Government.

Tax Reform: Trusts
(Question No. 2236)

Mr Latham asked the Treasurer, upon notice, on 7 December 2000:

(1) Did the Ralph Review of Business Taxation recommend a unified entity tax system in which all forms of companies and trusts would be taxed in the same way.

(2) Did the Government announce in 1999 that these arrangements were due to start on 1 July 2001.

(3) What progress has the Government made in implementing the recommendations referred to in part (1).

(4) With the company tax rate at 30% and only one-half of capital gains subject to tax, how will the Government prevent wealthy taxpayers from incorporating, using family trusts and transforming their incomes into capital.

(5) Are the incentives to engage in the financial activities referred to in part (4) now greater than when the Ralph process began.

(6) What action has the Government taken to improve the structural integrity of the business tax system and minimise avoidance.

Mr Costello—The answer to the honourable member’s question is as follows:

(1) I refer the honourable member to ‘A Tax System Redesigned’ – the report of the Review of Business Taxation.

(2) The Government’s position is outlined in my press releases of 21 September and 11 November 2000.

(3) On 11 October 2000, the Government released an exposure draft of legislation to tax non-fixed trusts like companies. The Government is now considering the submissions it has received on entity taxation.

(4) Measures were introduced in conjunction with the CGT discount regime to ensure that the CGT discount was not accessed inappropriately. These measures included:

• extending the general anti-avoidance provisions in Part IVA of the Income Tax Assessment Act 1936 to cover schemes which seek to transform income into capital so as to access the CGT discount;

• requiring a 12 month holding period before the CGT discount can be claimed;

• preventing taxpayers from transferring assets into a company or trust to bring forward access to the discount by disposing of the equity interests in the company or trust; and

• denying the discount to taxpayers entering arrangements that artificially extend the period of ownership to avoid the 12 month holding period test.
Also, the recent measures to address the alienation of personal services income will prevent individuals reducing their tax by diverting income generated by their personal services to a company, partnership or trust.

The Government does not intend to prevent the legitimate use of family trusts and companies for carrying on genuine businesses.

(5) No.

(6) The Government took considerable action to improve the structural integrity of the business tax system and minimise tax avoidance in its response to the report of the Ralph Review of Business Taxation. Measures have already been legislated to:

- prevent loss duplication on the transfer of revenue losses;
- prevent artificial loss creation from debt forgiveness;
- prevent tax avoidance through lease assignments;
- prevent loss duplication arising from defects in the continuity of ownership test for deducting company losses;
- apply the same business test to unrealised losses;
- prevent the transfer of loss assets resulting in the duplication of losses within a wholly owned group and the creation of artificial losses within a majority owned group;
- prevent avoidance opportunities by removing excess mining deductions;
- limit avoidance through the exploitation of non-commercial losses;
- restrict the ability of individuals to reduce tax through the ‘alienation of personal services income’;
- limit the use of ‘tax shelter’ arrangements by requiring the deduction of prepayments in respect of certain shelter arrangements to be spread over the period during which the services are provided, rather than being immediately deductible; and
- reduce avoidance opportunities by removing the inter-corporate dividend rebate on unfranked dividends.

The Government had already taken substantial action to combat tax minimisation and avoidance prior to the Ralph Review, including:

- funding the High Wealth Individuals Taskforce within the Australian Taxation Office to investigate the tax-driven activities of High Wealth Individuals;
- closing abuse of the Research and Development (R&D) tax concession through syndication arrangements;
- stopping abuse of luxury car leasing;
- closing the Infrastructure Borrowings Scheme;
- tightening thin capitalisation to address tax minimisation by foreign companies;
- measures to address tax avoidance through overseas charitable trusts;
- extending the general anti-avoidance provisions of the taxation system to combat withholding tax avoidance;
- preventing the trafficking of trust losses;
- taxing distributions disguised as loans from private companies;
- denial of artificially created capital losses;
- measures to prevent trading in franking credits and dividend streaming;
- correcting abuse of trusts and superannuation funds by taxing non-arms’ length distributions from trusts to a superannuation fund at 47 per cent;
- introducing measures to prevent tax avoidance in hire purchase and limited recourse debt finance arrangements;
- combating tax minimisation in the cash economy;
- introducing ultimate beneficiary provisions.