CHAMBER HANSARD

Condolences—
  Martin, Mr Vincent Joseph........................................................................ 25697

Questions Without Notice—
  Banking: Policy ........................................................................................ 25697
  Roads: Funding.......................................................................................... 25698
  Banking: Services and Fees ........................................................................ 25699
  Commonwealth-State Financial Arrangements ........................................... 25700
  Goods and Services Tax: Sanitary Products ................................................ 25701
  Australian Defence Force: Funding............................................................. 25703
  Australian Defence Force: Funding............................................................. 25704
  Banking: Services........................................................................................ 25704
  Economy: National Accounts ..................................................................... 25705
  Workplace Relations: Workplace Agreements ............................................. 25707
  Dairy Industry: Deregulation...................................................................... 25708
  Small Business: Unfair Dismissal Laws..................................................... 25709
  Telstra: Privatisation .................................................................................. 25709
  Education: Schools Funding ....................................................................... 25710
  Higher Education: Funding ........................................................................ 25711
  Foot-and-Mouth Disease ............................................................................ 25712
  Universities: Research Funding ................................................................. 25713
  Trade: Export Performance ........................................................................ 25714

Answers To Questions Without Notice—
  Aviation: Regional Problems ..................................................................... 25715

Personal Explanations.................................................................................. 25715

Papers.......................................................................................................... 25716

Matters Of Public Importance—
  Banking: Social Charter ........................................................................... 25716

Committees—
  Selection Committee—Report .................................................................... 25726
  Main Committee .......................................................................................... 25728
  Matters Referred to Main Committee ......................................................... 25728
  Bills Returned From The Senate ................................................................. 25728

Pig Industry Bill 2000—
  Consideration of Senate Message ................................................................ 25728

Excise Tariff Amendment Bill (No. 1) 2001 and
Customs Tariff Amendment Bill (No. 2) 2001—
  Second Reading ........................................................................................... 25732

Committees—
  Corporations and Securities Committee—Report ....................................... 25778

Lake Eyre Basin Intergovernmental Agreement Bill 2001—
  First Reading .............................................................................................. 25778

Adjournment—
  Goods and Services Tax: TPI Pension Recipients ....................................... 25779
  Education: Government Schools ................................................................. 25780
  Emms, Leading Cook Francis Richard.......................................................... 25781
  Banking: Fee-Free Accounts ...................................................................... 25782
  Workers’ Entitlements: Grenadier Coating.................................................. 25783
  Roads: Speed Cameras ................................................................................ 25784
  Sydney (Kingsford Smith) Airport: Noise.................................................... 25786

Questions On Notice—
## CONTENTS—continued

<table>
<thead>
<tr>
<th>Topic</th>
<th>Question No.</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Territory: Diversionary Programs</td>
<td>1752</td>
<td>25787</td>
</tr>
<tr>
<td>Australia Post: Drummoyne Post Office</td>
<td>2319</td>
<td>25789</td>
</tr>
<tr>
<td>HMAS <em>Westralia</em>: Trotter Report</td>
<td>2328</td>
<td>25790</td>
</tr>
<tr>
<td>Defence: Army Reserves</td>
<td>2330</td>
<td>25793</td>
</tr>
<tr>
<td>Defence: Armaments Containing Depleted Uranium</td>
<td>2346</td>
<td>25794</td>
</tr>
<tr>
<td>Defence Portfolio: Procurement Policies</td>
<td>2389</td>
<td>25795</td>
</tr>
<tr>
<td>Immigration and Multicultural Affairs Portfolio: Procurement Guidelines</td>
<td>2396</td>
<td>25796</td>
</tr>
</tbody>
</table>
Tuesday, 27 March 2001

Mr SPEAKER (Mr Neil Andrew) took the chair at 2.00 p.m., and read prayers.

CONDOLENCES

Martin, Mr Vincent Joseph

Mr SPEAKER—I inform the House of the death on Saturday, 10 March 2001 of Mr Vincent Joseph Martin, a member of this House for the division of Banks from 1969 to 1980. As a mark of respect to the memory of Mr Martin, I invite honourable members to rise in their places.

Honourable members having stood in their places—

Mr SPEAKER—I thank the House.

QUESTIONS WITHOUT NOTICE

Banking: Policy

Mr BEAZLEY (2.02 p.m.)—My question is to the Prime Minister. Prime Minister, now that the Commonwealth Bank, the National Australia Bank, the ANZ Bank and the Australian Bankers Association have agreed to work with Labor on our plan for better banking, I ask: isn’t it true that the only alternative to Labor’s plan is this 1½-page letter from the Minister for Financial Services and Regulation containing nothing more than platitudes? Prime Minister, if this is the best you can do on banking policy after five years, why not back Labor’s comprehensive plan to give Australians a decent banking service?

Mr HOWARD—He is not even serious about that question himself, Mr Speaker. He has got a smile all over his face.

Honourable members interjecting—

Mr SPEAKER—The House will come to order.

Mr HOWARD—We have just heard a question from the great plagiarist of Australian policy making. We have now unlocked the secret to Labor Party policy making: you get an industry group to brief you and—bang, bang—you have got a policy. That is exactly what happened. The Leader of the Opposition does not persuade anybody on this side of the House—and I dare say he does not persuade many people in the broader Australian community—with his new-found concern for Australian banking customers. It was a little different when he was in government. In politics it is always a question of, ‘Don’t do as I say; look at what I did when I had the responsibility to influence the affairs of the nation.’ When the Leader of the Opposition was the Minister for Finance in the Keating government, there was nothing wrong with big banking profits. In delivering the Sir Robert Garran oration on 23 November 1994 he even linked business confidence and high banking profitability. He may go out to the Australian public now and say, ‘For too long ordinary Australians have had to endure all these things as the banks pursued higher profits at the expense of their customers,’ but it was different back in 1994.

Mr Beazley—What rates were they charging then, John?

Mr SPEAKER—the Leader of the Opposition has asked his question.

Mr HOWARD—the Leader of the Opposition interjects and asks about levels. I will remind you of the level of interest rates when you were last in government. You allowed the banks of Australia to charge interest rates—

Mr Beazley interjecting—

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

Mr HOWARD—When you were in government, the average home buyer was paying 17 or 18 per cent.

Mr Beazley interjecting—

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

Mr HOWARD—Farmers were paying 22 and 23 per cent on bank bills. The Leader of the Opposition can wave pieces of coloured paper around in the parliament but I say to him, as I said yesterday, that the best banking policy is a low interest rate policy. The side of politics that has delivered low interest rates is the side of politics that I am very pleased to lead. The policies that we have
followed have given the consumers of Australia a better deal, with lower interest rates and lower inflation, than they had in 13 years under Labor. Do not listen to what Labor says. Look at what Labor did when it was last in government. When Labor was last in government, interest rates went to record levels; government debt went to record levels. Labor showed no concern for the customers. There was no social charter under the Hawke government or the Keating government.

You boasted about how you freed up the banking system, you boasted about how you deregulated the banking system, and now you come in here shedding your crocodile tears, pretending that you worry about the ordinary Australian battler. When you were in government you not only sent his interest rates through the roof but also you boasted about cutting his wages. You now have the temerity to try and pretend that you care about the Australian battler. You are displaying your monumental hypocrisy. Once again, it is not a question of listening to what Labor says in opposition; it is a question of remembering what Labor did and acted upon in government. The Australian people, the Australian banking consumers, remember that only too well.

Roads: Funding

Mr FORREST (2.07 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister inform the House of new developments in the federal government’s delivery of the Roads to Recovery program? How will these developments assist the eight local councils in Mallee with the development of their road network?

Mr ANDERSON—I thank the honourable member for Mallee for his question. Last night, I attended the Rural Roads Congress in Mildura, in his electorate, and I was reminded down there not only of the very high esteem in which he is held but also that, as far as I am aware, he is the only civil engineer in this House. As such, he has been a vociferous advocate of the need for better roads in rural and regional communities. He is therefore, of course, a strong supporter not only of his own community in Mildura, who are wanting us to consider a bypass—which I have undertaken to look at seriously—but also of the Roads to Recovery program.

Last night at the congress, I was struck by the overwhelming support of local councils from right across Australia for the federal government’s grants through the Roads to Recovery program. Many things about the program delighted people at the congress—particularly its flexibility and the way in which the Commonwealth government is interacting directly with local government. There are no intermediaries in the middle; there are no state governments to interfere, to overlay their priorities, to attempt to cost shift and to do all those things that unfortunately sometimes state governments do try to do.

We listened to local councils when we were devising the Roads to Recovery program. We are continuing to listen now. Last night I announced that the federal government will speed up Roads to Recovery payments to local councils wanting to get on with projects that involve large up-front costs. Certainly the money has been flowing quite well. Indeed, having announced the program only at the end of November last year, the first money started to flow on the last day of last month—the last day of February. Since then, some councils—in fact, quite a few—have been saying they want to complete several major projects under Roads to Recovery as early as possible. They have asked if it is possible to bring forward Roads to Recovery money to this financial year. The government are receptive to this. We want to help councils that would benefit from accelerated payments of their grants. I am currently looking at mechanisms by which we might be able to do that, possibly as early as next month.

We are also looking at ways of speeding up payments of the Roads to Recovery grant to councils that have quite small entitlements and have projects they want to progress, so that perhaps they can put it all together in
one hit. These developments again are reflective of us seeking to act on what local government wants to do. It means that valuable road projects, bringing jobs and other economic and social benefits together in a coordinated way, can be completed as soon as possible and in a more cost-effective way.

Of course, these benefits would never have been possible if the ALP was in control of the federal government’s roads program. The point was made to me repeatedly last night, by councils that I met and talked to, that, under Labor, as it was put to me, local roads were forgotten roads—right across Australia. Everyone remembers that. In case the Leader of the Opposition forgets, local roads are the roads right across this nation where virtually all of our exports, all of the things we value add, all of the things that create Australian jobs, begin their lives. They are also the roads that people depend upon to take their kids to school, to get to the doctor and to enjoy a normal social life. As such, they are incredibly important both socially and economically. It is not only federal Labor that has a poor record on local road funding. It has to be said that some state governments are almost as bad.

Government member—Queensland.

Mr ANDERSON—I hear someone saying, ‘Queensland.’ Indeed, that is quite correct. A recent report undertaken by the Bureau of Transport Economics points the finger at both Victoria and Queensland. They provide almost no assistance to local government for their local road network. One of the things we have been calling for is for state governments to demonstrate a commitment to local government of the same order that we have. We have not had that message reinforced once by those opposite, those new found champions of the interests of rural Australia.

Banking: Services and Fees

Mr CREAN (2.13 p.m.)—My question is to the Prime Minister. I refer to the government’s claim that Labor’s social obligation fund will force up bank fees for ordinary Australians. Isn’t it the case that your GST, according to your preferred modeller, Chris Murphy, imposed a cost of $430 million on banking? Isn’t it also true that you, through the ACCC, allowed the banks to recover these GST costs through higher fees? If it is okay for customers to pay $430 million in higher fees for your GST, what is wrong with setting up a fund that gives Australians a decent level of banking service?

Mr HOWARD—In reply to the Deputy Leader of the Opposition, there are a number of things that are true about the new tax system. One of the things that is true is that the financial institutions duty—which is a burden on many people: many consumers, many financial institutions, many ordinary Australians—will be completely abolished on 1 July this year. It is also true that, as a result of the other reforms that have been introduced—and, typically, the Deputy Leader of the Opposition seeks to focus his question on one particular aspect of taxation reform instead of giving proper credit to the aggregate impact of taxation reform—you will find that the average Australian is better off. The average Australian is better off because of personal income tax reform. The average Australian is better off as a result of the other changes that have been implemented.

Importantly, what the opposition have to explain—if they are going to impose, under their charter, additional obligations on the banks and are justifying the imposition of those obligations on the banks—is whether they are going to be able to guarantee that those obligations will not be passed on by the banks to the Australian public.

Mr Crean interjecting—

Mr HOWARD—I invite the Deputy Leader of the Opposition to have a look at the reaction of the Australian public today to the proposal of the opposition. The Deputy Leader of the Opposition is putting forward a proposition that additional obligations should be placed on the banks. Those obligations, if they are costly, will be passed on to banking customers. That is what will result from what the Deputy Leader of the Opposition and his
party are proposing. We are seeing a latter
day conversion by the Australian Labor
Party to concern and compassion for the
customers of Australian banks. When the
Leader of the Opposition and the Deputy
Leader of the Opposition were senior minis-
ters in the Keating government, neither of
them gave a damn about the interests of
banking customers. You were perfectly pre-
pared to sidle up with the chief executives of
every trading bank in Australia. You were
perfectly prepared to share their cigars and
go around reassuring them just how big
banking profits were under a Labor govern-
ment. You had no interest in banking cus-
tomers. You presided over astronomically
high interest rates, you have stolen a policy
from the Australian Bank Association, and
you expect the Australian public to believe
that you really care about their interests.

Commonwealth-State Financial
Arrangements

Ms GAMBARO (2.17 p.m.)—My ques-
tion is addressed to the Treasurer. Is the
Treasurer aware of calls for the independent
Commonwealth Grants Commission to ap-
portion more money to New South Wales
and Victoria at the expense of Queensland?
What is the government’s response to these
calls?

Mr COSTELLO—I thank the honour-
able member for Petrie for her question and
acknowledge her interest in the state of
Queensland and its financial relations. On
Friday of this week there will be a meeting
of the ministerial council which is part of the
intergovernmental agreement on Common-
wealth-state financial relations. Back in the
old days, these gatherings were called Pre-
miers Conferences and the Commonwealth
would put an offer to the states of the amount
of money that it would give them in the year
ahead. In fact, going back some years, it was
put under the door of their hotel rooms, late
the night before the conference. That has all
changed. The Commonwealth has now pro-
vided the states with a growth tax, which is
called goods and services tax. All goods and
services tax is paid to state governments. All
of the revenue from goods and services tax
ends up in the state capital cities of Brisbane,
Sydney, Melbourne, Hobart, Adelaide and
Perth. The Commonwealth collects goods
and services tax, it collects it on behalf of the
states, it puts it into a pool and it asks an in-
dependent grants commission to allocate it
according to a formula of need. If New South
Wales and Victoria believe that they are not
getting a fair allocation, they should con-
vince Queensland and South Australia to
change the formula. From the Common-
wealth’s point of view, we will follow the
formula and the outcome of the independent
umpire, the Commonwealth Grants Commis-
sion. The one thing the states can be assured
of is that, notwithstanding the way in which
it is distributed—and it will be distributed by
the Commonwealth in accordance with that
formula—they will be getting the full reve-
nue from goods and services tax.

In the first year, 2000-01, New South
Wales is estimated to receive $8.23 billion in
GST revenues. I pulled out the ABS gov-
ernment financial estimates—and I believe
they include specific purpose payments,
some of which would come from the Com-
monwealth—and, just to put that in perspec-
tive, the whole spending in New South Wales
on education in 2000-01 will be $7.4 billion
and the amount of GST paid to New South
Wales will be $8.2 billion. The GST will pay
the salary of every schoolteacher in every
classroom, in every school of New South
Wales in the forthcoming year. It will pay for
all of the curriculum, it will pay for all of
the training and it will pay for recurrent costs in
relation to the classrooms. When I heard
Premier Carr announcing his roads funding
on the weekend—the New South Wales gov-
ernment spends $2.4 billion on transport—I
thought, ‘And there’s the GST in action
again, building roads for New South Wales.’
The state of Victoria, in the current financial
year, will receive in GST $5.7 billion. The
state of Victoria spends on public order and
safety $1.7 billion. In other words, GST pays
the salary of every policeman on every beat
in the state of Victoria. It pays for the courts;
it pays for law and order. These state pre-
miers who run around as if the GST had
nothing to do with them—know nothing, see nothing—busily banking the cheque—

Mr Tanner—How much is Victoria paying?

Mr COSTELLO—as we speak on a monthly basis—

Mr SPEAKER—The member for Melbourne!

Mr COSTELLO—paying for the schools and paying—

Mr Tanner interjecting—

Mr SPEAKER—The member for Melbourne! The Treasurer has the call.

Mr COSTELLO—It is paying for the schools and paying for the police—

Mr Tanner interjecting—

Mr SPEAKER—The member for Melbourne for the third time!

Mr COSTELLO—It is paying for the schools and paying for the police and paying for the social services of all of those state governments. No wonder Premier Bracks has been so critical of the roll-back policy! He was asked on 13 March:

If Kim Beazley gets in you’ll have to negotiate the whole GST, won’t you, Mr Bracks?

Well, if there’s roll-back we’ll have to, that’s correct.

Because roll-back means this: fewer police on the beat, fewer schoolteachers in the schools, fewer roads.

Opposition members interjecting—

Mr COSTELLO—That is what roll-back means. If you are going to roll back the revenues, it means less for the states—and Premier Bracks said this.

Opposition members interjecting—

Mr COSTELLO—Premier Bracks said this.

If Kim Beazley gets in you’ll have to negotiate the whole GST, won’t you ...

Well, if there’s roll-back we’ll have to ...

So not only do we await the roll-back policy; we await the increases in income taxes and we now await the new Commonwealth-state financial agreement. I thought I should give the last mention to the member for Indi, who sent me a clipping today out of one of the Albury newspapers I believe. It was headed, ‘Miles of smiles as the treasurer delivers’. I thought this could be a good headline for me, and I read it as follows:

The cost of buying a new home has been made a little less painful for an Albury couple.

As first home buyers [they] were entitled to a $7000 grant for the purchase of a pre-existing home at East Albury ...

A cheque for $7000 was handed to them by the NSW Treasurer, Mr Michael Egan.

So this is the Labor Party which are so opposed to the GST that they run around with the proceeds handing out first home buyers grants of $7,000. Down in the state of Tasmania, Dr David Crean runs around with these cheques saying, ‘The GST, which we are so opposed to, has funded a grant. Why don’t you thank the Tasmanian government for introducing it?’ I table that document, which shows how GST is paying to help young couples into homes and how the Labor Party are trying to take the credit. This is the tax reform that was important for Australia, and only the coalition government had the courage to do it.

Goods and Services Tax: Sanitary Products

Ms CORCORAN (2.24 p.m.)—My question is to the Prime Minister. I refer to the admission by the Minister for Veterans’ Affairs that he has rolled back the GST on motorbikes for T&PI veterans by reclassifying the motorbikes as motor vehicles. Prime Minister, if you can get rid of the GST by reclassifying motorbikes as motor vehicles, why won’t you do something for millions of Australian women by reclassifying their sanitary products as health goods?

Mr HOWARD—There has been no roll-back of the GST on motorcycles—none whatsoever. What has occurred, as the minister pointed out yesterday, was the payment, through the Department of Veterans’ Affairs, of a subsidy of the order of $100,000 which will ensure the longstanding practice whereby an indirect tax burden does not fall
on vehicles, be they cycles or cars, of disabled veterans. We are talking here about a figure of $100,000, which will ensure that the treatment that has been afforded to veterans in this area on a consistent basis will continue. It is not being done by means of a roll-back to the GST. While I am on the subject of roll-back—

Ms Macklin—What about the second half of the question? What about sanitary products?

Mr SPEAKER—The member for Jagajaga! The Prime Minister has the call.

Mr HOWARD—let me again—

Mr Adams interjecting—

Mr SPEAKER—The member for Lyons is warned!

Mr HOWARD—The theme in earlier answers by me and the Treasurer, I remind the parliament again, is that the financial institutions duty, which is slated for abolition on 1 July—and that will represent a saving of $1.2 billion—

Mr Beazley—Mr Speaker, I take a point of order on relevance. There is a facility at the end of question time to add to answers. The second part of the question related not simply to the roll-back in relation to vehicles for veterans; it also dealt with whether or not they were prepared to contemplate roll-back concerning millions of Australian women by reclassifying these sanitary products as health goods. That was the question: are they going to do it?

Mr SPEAKER—The Leader of the Opposition has made his point and will resume his seat. The Prime Minister was asked a question about the impact of the GST on veterans and on—

Ms Macklin—Women.

Mr SPEAKER—The member for Jagajaga might at least have the courtesy to hear the chair out. The Prime Minister was asked a question about the impact of the GST on veterans’ facilities and on other goods.

Ms Kernot interjecting—

Mr SPEAKER—The member for Dickson! I would invite him to respond to the question.

Mr HOWARD—I was asked about roll-back, and I purposely mentioned financial institutions duty. I think under a policy of roll-back the abolition of the financial institutions duty would be at risk. That is the point I make. I have been handed a transcript of an exchange between a Mr Murphy—and I assume that is the Mr Murphy the Leader of the Opposition keeps referring to with affection and approval when it comes to matters relating to GST—and Senator Conroy in a Senate committee on 12 November 1999. Mr Murphy said:

But the customers get the benefit of the abolition of FID, which is worth over $1 billion, so their customers finish up ahead.

Opposition members interjecting—

Mr HOWARD—They do not like this.

Mr Beazley—Mr Speaker, I rise on a point of order. I go to relevance: there is ample opportunity for the Prime Minister to correct his answer at the end of question time.

Mr SPEAKER—The Leader of the Opposition will resume his seat. I am having some difficulty finding some relevance between the financial institutions duty and the specific question.

Mr HOWARD—I will explain the relevance, Mr Speaker.

Mr SPEAKER—I invite the Prime Minister to return to the question.

Mr HOWARD—The relevance is that roll-back is when you take the GST off something, and in order to pay for it you either have to cut spending, increase income tax, go into deficit or increase the rate of GST on the things that remain subject to the GST. That is the point that has been made by the Treasurer. The point I was merely making is that, if you have roll-back, all the benefits of the new tax system are under a cloud and under a threat, and I think that is very bad for the veterans, I think it is very bad for Australian women and I think it is
very bad for banking customers—in fact, it is bad for all Australians.

**Australian Defence Force: Funding**

Mrs Vale (2.30 p.m.)—My question is directed to the Minister for Defence. Would the minister outline to the House the 10-year funding plan set by the government in the defence white paper? Is the minister aware of alternative policies in this area?

Mr Reith—I thank the honourable member for her question. Through the government’s defence white paper, which was issued in December, the government has provided the most detailed and specific plan for defence that we have had in 25 years or more. It lays out the most specific long-term funding commitment given by any Australian government for decades. It provides the Australian Defence Force with a plan, it sets out the equipment which the Defence Force will need and, most importantly, it sets out the financial commitment of the government to achieve our objectives. This is a truly tremendous plan for the Defence Force. When I was asked by the Prime Minister to take over the Defence portfolio, I was genuinely pleased. The Leader of the Opposition wrote an article in the *Australian* on 29 December—

Mr Horne interjecting—

Mr Speaker—The member for Paterson is warned!

Mr Reith—where he basically said, ‘Reith’s got the Defence portfolio; all he’s got to do is implement the white paper.’ Really easy job—all you have to do is implement the white paper! I was entitled to assume that the Labor Party supported the white paper.

Dr Martin—Correct.

Mr Reith—‘Correct,’ is the interjection. Thank you. I will take that—

Dr Martin—So sit down then!

Mr Speaker—Member for Cunningham!

Mr Reith—I will take that on the piece of paper in Hansard—

*Dr Martin interjecting—*

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

*Mr Reith—That is what the opposition said. I was, however, entitled to ask how they were going to pay for all the other policy commitments that they had made in Defence. When you read their policy, they were committed to a couple of new submarines, with no money to be paid for them—the two free subs. There was a bombing range—a free bombing range—and a free ANZAC battalion. So we started to ask the question: how is the Labor Party going to pay for this? We were entitled to, because there was no greater financial bungler in Defence than the man who is today the Leader of the Opposition—the man who left us with a debt of $10.3 billion when he was the finance minister and when he was the minister for employment gave us 11.2 per cent unemployment. So, naturally enough, we are pretty interested in how the Leader of the Opposition might treat the Defence Force if ever he gets his hands back on the Defence portfolio from the Lodge.

So we started to ask some questions. On 9 March, we were told that Labor’s defence policy would not be decided until after the May budget. They have a policy, you ask them some questions and on 9 March they say that you will not hear it until after the budget. So we asked a few more questions the next day. As reported in the *West Australian*, a spokesman for Mr Beazley said:

... although it will reveal how much money a Labor Government would allocate to defence in general, it will not tell voters what it will be spent on until after the election.

First it was: ‘We have no policy until the budget.’ Then it was: ‘We have no policy until just before the election, but we won’t tell you how we are going to spend the money until after the election.’ Then, three days later, there was a new revelation of Labor’s policy. The shadow minister put out a statement which said that all Labor’s previous policies are ‘null and void’. Then he went on to say, ‘It wouldn’t be appropriate for us to tell you before the election what we
are going to do to Defence if we get in.’ Just to add insult to injury, this is after the opposition has lectured the government about our consulting with the public about our defence policy.

There is a final gem. He says, ‘We couldn’t tell you what we are going to do because, before we decide what we are going to, we have to ask the Defence chiefs what we should do to manage Australia’s defence.’ But the fact is that we asked the Defence chiefs how we should run Australia’s defence. We took their professional advice and put it into the white paper, and these people in one breath were saying that they support the white paper and now we find that, within two weeks of parliament being back for this year, all their policies are ‘null and void, and we’ll tell you after the election’. This is not good enough. We have the best white paper that we have had in this country for decades. The Labor Party have a national obligation, in my opinion, to support this white paper and to give support and certainty to Defence as to the funds that will be provided for defence in the future and, on top of that, to give certainty to the defence industry, which is going to provide the equipment we need and thus jobs in the Australian community. This is a very serious matter. It is incredible that a man who was defence minister for years and ought to know about defence has the gall and the arrogance to say to the Australian public, ‘We’ll tell you what our defence policy is after the next election.’ It is not good enough. It is time that you actually produced a detailed policy. If you were fair dinkum and genuinely interested in defence, we would see some substantive comment from you on the issue instead of your playing politics with Australia’s future defence needs.

**Australian Defence Force: Funding**

Dr MARTIN (2.35 p.m.)—My question is addressed to the Minister for Defence. Will the minister confirm that the government will cut defence funding by at least $200 million each year and every year, even if Defence does not achieve those levels of savings? Can he explain why those savings achieved by the ADF and the Department of Defence will not be reinvested in defence capability? Finally, will the minister explain why the government tried to deceive the Australian public and the members of the Australian Defence Force on this issue of funding when the Prime Minister announced the new white paper last December?

Mr REITH—I am delighted to respond to the shadow minister and advise him that the government will be implementing the white paper it released before Christmas and, furthermore, will be funding the commitments it has made. In respect of expenditure restraint and obligations on Defence to continue to ensure that they spend money wisely—and I share the comment about that matter which you made today—if you read the white paper, you will see that there is a requirement on Defence to continue the efficiencies that they can find.

**Banking: Services**

Mr CADMAN (2.38 p.m.)—My question is addressed to the Minister for Financial Services and Regulation. Would the minister inform the House of any recent initiatives that will help consumers get better banking services? How did this policy come about, and is the minister aware of any alternative banking policies?

Mr HOCKEY—I would like to thank the member for Mitchell for his question. Yesterday there were two policies released on banking—one was treated seriously and one was not. The one that was treated seriously—
Mr Howard—One was stolen and one wasn’t.

Mr HOCKEY—The one that was treated seriously in fact came from the banks themselves. I think the government welcomes the initiatives that the banks announced yesterday because, in the first place, they are going to deliver to five million Australians fee-free and low fee bank accounts. We welcome that for the most disadvantaged Australians. Secondly, the banks have indicated that they are going to develop a disability plan with HREOC which is going to provide better and more accessible services to people with disabilities around Australia. Thirdly, they have given a commitment to maintain face-to-face banking services in rural and regional Australia, and we welcome that. Fourthly, the banks have committed to put in place a protocol covering bank branch closures where they will consult with the local community for three months. Some credit for that—in fact, considerable credit for that—should go to the member for Wannon and his committee from the House of Representatives who made that recommendation some months ago, and the banks have reacted to that recommendation.

I have been asked as well about the second policy that was released yesterday, which is the Labor Party’s policy on banking. A little earlier the Prime Minister suggested, quite rightly, that the most important policy you can have on banking is low interest rates. In the Labor Party’s policy of eight pages, if you include the photo of the Leader of the Opposition—

Mr Anderson—No, we won’t.

Mr HOCKEY—Seven pages then—that is seven pages of content and one of no content. In the Labor Party’s policy on banking there is no mention at all of interest rates. There is probably a good reason for that. I was making some comparisons between interest rates under the Labor Party and those to date. Under the Labor Party, interest rates in March 1996 were 10.5 per cent; today they are 7.25 per cent. Today, interest rates for the average home loan are $270 a month cheaper. Of that $270 a month, $100 was the margin that the banks were charging under the Labor Party. I say again: of the $270 a month more the average Australian was paying for their home loan under the Labor Party in 1996, $100 a month was the banks’ margin.

There is no reference at all in the Labor Party’s banking policy to interest rates. What a surprise! What about interest rates for small business? What about personal home loans and interest rates? If you are looking for a documented hypocrisy, it is the Labor Party’s banking policy. The very best evidence of that is in relation to the monitoring of fees. Page 5 of the Labor Party’s policy states:

Labor will direct the ACCC formally to monitor bank fees and charges.

That is interesting. I was having a look through the records and I wondered whether the Labor Party had ever made a pledge on that. In 1983, there was no pledge; in 1984 and 1985, no pledge; in 1986, 1987, 1988, 1999 and 1990, no pledge; and in 1991, 1992, 1993, 1994 and 1995, no pledge. I found a pledge in 1996 on bank fees. Do you know what? They came out four days before the federal election. After 13 years—four days before the Labor Party lost government on 2 March—Ralph Willis pledged that he would write to the chairperson of the ACCC requesting formal monitoring of fees and charges of banks. In a revelation, the Labor Party are going to be tough on those banks; they are going to monitor fees and charges. After 13 years—and I am happy to table this document—the Labor Party did absolutely nothing on bank fees and charges. And they had the hypocrisy to put into their policy released yesterday that, should they be elected, they will monitor fees and charges. The Labor Party banking policy is a document in hypocrisy.

Economy: National Accounts

Mr CREAN (2.43 p.m.)—My question is to the Prime Minister and I refer to his claim that last quarter’s national accounts data was caused by the Reserve Bank’s interest rate policy. Have you seen the statement by Re-
serve Bank Deputy Governor Grenville rejecting that claim and stating:

The GST, exchange rate and oil squeezed cash flow and profits. When this is combined with the disruption and general choler associated with the introduction of the new tax regime, small and medium business confidence took a hit—and his comments about—and again I quote him:

... the degree of confidence-sapping annoyance with the administration of the GST.

Prime Minister, instead of blaming everyone else, why don’t you listen to people like the Reserve Bank deputy governor, who has now joined the growing list of people blaming your GST?

Mr HOWARD—I thank the Deputy Leader of the Opposition for that question. I will make a couple of points in reply. The first is that in the remarks that I made on radio in, I think, Perth the day after the national accounts figures were released, I did not, as the deputy opposition leader falsely—deliberately, probably—alleges, claim that I blamed the December quarter on the interest rate increases. I did not. What I did say in reply to a question regarding the interest rate rises last year is that I thought that there were errors in relation to them. But I further reply to the deputy leader’s question by saying: why don’t I listen to the deputy head of the Reserve Bank? I will do that and I suggest that the Deputy Leader of the Opposition listen to the same Dr Stewart Grenville and read his speech in toto. You will find out a number of interesting things. Firstly, you will find out that he claimed, in relation to the December quarter national accounts, that they revealed that effectively 95 percent of the economy continued to grow at close to four per cent. That is what Dr Grenville said. You will find that Dr Stewart Grenville said in that speech—and I invite the Deputy Leader of the Opposition to have a look at it—that the fundamentals of the Australian economy were extremely strong. If you read the speech, you will find that you should stop talking down the economy. That is another thing that Dr Stewart Grenville said. He said that you should stop talking down the economy.

Mr Crean interjecting—

Mr HOWARD—Now you should stop talking down the economy—both of you. You are the prime doomsayers of Australian politics at the present time. You think that you have a vested political interest in bad-mouthing the Australian economy but, in the long run, people who badmouth the national interest pay a very heavy political price. You may not be paying any political price at the present time but, in the long run, the damage you are trying to do to the Australian economy will catch up with you.

Mr Crean interjecting—

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

Mr HOWARD—I am glad that the Deputy Leader of the Opposition raised Dr Stewart Grenville’s speech. I thought that he might have raised it yesterday actually. I brought some notes along for it yesterday and I was a little disappointed. But I invite him to read it. I invite him to find Dr Stewart Grenville—

Opposition members interjecting—

Mr HOWARD—Dr Stephen Grenville—who is, first of all, ticking him off for talking down the Australian economy and, secondly, confirming the fact that according to their view—

Mr SPEAKER—The Chair is under an obligation to be as evenhanded as possible in managing debate. If I allowed the Prime Minister to interject as frequently as the Leader of the Opposition interjects, the place would be in turmoil. I expect the Leader of the Opposition to show more restraint. The Prime Minister has the call.

Mr HOWARD—Whether the Deputy Leader of the Opposition’s name is Simon or Stephen, he is still talking down the Australian economy. But I do invite the Deputy Leader of the Opposition, through you, Mr Speaker, to very carefully read the speech of the deputy head of the Reserve Bank because you will find in it confirmation of the analy-
sis which has been given by the Treasurer and confirmation of the analysis that has been given by me. What he drew attention to was the strong economic fundamentals of this country. He drew attention to the fact that the personal tax cuts overcompensated for the introduction of the GST; he drew attention to the successful interest rate policies of this government; and he drew attention to the fact that we had dramatically reduced national debt. It is very clear from a reading of that speech that he is a person who analysed with admiration the economic performance of this government and it contains, for the Deputy Leader of the Opposition—whatever his name may be—a stark reminder of the dangers of talking down your own economy.

Mrs Crosio interjecting—

Mr SPEAKER—The member for Prospect clearly will not be content unless she is warned.

Workplace Relations: Workplace Agreements

Mr ROSS CAMERON (2.50 p.m.)—My question is to the Minister for—

Mr Leo McLeay interjecting—

Mr SPEAKER—The member for Watson is warned! The member for Parramatta has the call.

Mr ROSS CAMERON—My question is to the Minister for Employment, Workplace Relations and Small Business. Can the minister update the House on progress in workplace agreements throughout Australia? How are this government’s policies helping Australian workers and their families? Is the minister aware of any alternative views?

Mr ABBOTT—I thank the member for Parramatta for his question. Thanks to this government, for the first time in Australia’s industrial relations history workers and managers can exercise a free choice in the workplace. I am pleased to say that there are now 155,000 Australian workers covered by Australian workplace agreements and some 240,000 workers covered by certified agreements to which unions are not party. This government is not against unions but we do not see why unions should control the pay and conditions of the five million Australians who choose not to join them. For the first time, this government has created a system which treats the workers and managers of this country as responsible adults who are capable of making their own decisions and running their own lives. As a result of what we have done, we have more flexible, more productive and more rewarding workplaces. I am proud to say that average weekly earnings under this government have gone up by 12 per cent after going up by just four per cent in the previous 13 years. Under this government, the basic award earnings of low paid workers have increased by nine per cent and, to the shame of members opposite, they actually fell by five per cent in the previous 13 years.

I have been asked about alternative views and policies. The Leader of the Opposition is more keen to publish his diet than he is to publish his policies, but some policies are finally seeping out and it is very clear that the Leader of the Opposition will abolish AWAs and non-union agreements, and that means that 40,000 Australian workers will lose the better pay and conditions that they have negotiated. It means that the workplaces of 400,000 Australian workers will be entered by the Leader of the Opposition and his cohorts—they will be going to the filing cabinets, rifling through them, finding the contracts and ripping them up. He will be abolishing the Office of the Employment Advocate, who stands between workers and organised thuggery. He wants to treat contactors as employees, which means that tens of thousands of decent Australian tradespeople and professionals will lose their independent status. Worst of all, he wants to exempt the unions from the secondary boycott provisions of the Trade Practices Act. He wants to allow industry-wide strikes, and that means that every workplace in this country can potentially be tied up by a dispute in just one workplace.

The people of Australia are entitled to ask: why is this so? It is because the Leader of the Opposition is the puppet of the ACTU, as
demonstrated by his attempts to find a retirement home for Jennie George. Until November, Jennie George was a constituent of mine, a resident of Manly, and the only Throsby she knew was the Throsby who occasionally interviewed her on ABC radio. This is the kind of candidate that he wants to foist on Labor voters.

Dairy Industry: Deregulation

Mr HORNE (2.55 p.m.)—My question without notice is to the Minister for Agriculture, Fisheries and Forestry. Minister, isn’t it true that not one federal government cent has gone into your dairy industry adjustment package? Isn’t it also true that, of the nearly $1.8 billion raised by—

Mr Hockey interjecting—

Mr SPEAKER—The member for Paterson will commence his question again and will be heard in silence.

Mr HORNE—Thank you, Mr Speaker. Minister, isn’t it true that not one federal government cent has gone into your dairy industry adjustment package? Isn’t it also true that, of the nearly $1.8 billion raised by your milk levy, up to $500 million goes to the federal Treasury as a result of farmers paying tax on their grants? Minister, doesn’t this mean that while consumers pay a tax on milk and farmers pay tax on their grants, your government reaps a profit of nearly $500 million?

Mr TRUSS—The interesting thing about the industry adjustment scheme provided by this government for dairy farmers in Australia is that it took the federal government to provide adjustment assistance because the states that deregulated the industry did nothing. They provided not a cent by way of compensation for quotas as requested by the industry. The states stood idly by after deregulating the industry, and were prepared to provide no assistance whatsoever to support dairy farmers. That is one of the real tragedies of the way in which Labor responds to the concerns of farmers right around Australia. This government responded fully to the industry’s request that we facilitate a $1.78 billion restructuring package funded by a levy of 11c a litre on milk.

The honourable member suggests that somehow or other the money that has been raised by this Commonwealth levy on milk is not government money, or that it is not government tax. That is a bit like saying that income tax is not government money, either. In a sense that is true: governments have no money of their own—they get it all from the taxpayers. In this particular case, the taxpayers are the consumers of milk and that is government money in the same way as all other taxes received from taxpayers are government money. This government has in fact acted and responded to the industry’s request.

The other quite erroneous comment that the honourable member has made is that he has parroted the New South Wales Labor agriculture minister with this quite extraordinary claim that the government has somehow or other got a huge tax windfall as a result of this arrangement. Let me first point out that, when the package was originally designed by the industry and the industry approached the government, they asked for a $1.2 billion package, but they wanted it tax free. There is no precedent for these sorts of adjustment packages to be tax free, and so the industry agreed that the scheme should be taxable but it was boosted by a further $500 million to ensure that no farmer would be worse off as a result of these arrangements. However, that does not mean that the federal government has collected $500 million worth of tax. In fact, Mr Amery, Mr Palaszczuk and the Labor ministers who like to peddle this line to cover up for the fact that they have done absolutely nothing themselves, know full well that an independent authority was commissioned to do a study on the taxation impact of this particular levy, and the conclusion of that study was that the revenue implications for the government were neutral. Mr Amery and Mr Palaszczuk know and they can tell the honourable member for Paterson, if he will listen, that the taxation implications of this for the government are neutral. There is no $500 million windfall, but there is $1.78
million worth of benefits for the Australian farmer—benefits that would never have been provided by Labor state governments, who ignored the dairy farmers of Australia even though they acted to deregulate the industry.

Small Business: Unfair Dismissal Laws

Mr SCHULTZ (3.00 p.m.)—Thank you, Mr Speaker.

Opposition members interjecting—

Mr SCHULTZ—Calm down, Comrades.

Mr SPEAKER—I think the member for Hume will come to his question or resume his seat.

Mr SCHULTZ—My question is addressed to the Minister for Small Business. What impact will last night’s rejection of the Workplace Relations Amendment (Unfair Dismissals) Bill 1998 [No. 2] by Labor have on job creation in the small business community? What is the government’s response to Labor’s attack on small business?

Mr IAN MACFARLANE—I thank the member for Hume for his question. I know from experience that he is keenly interested in affairs relating to small businesses in his electorate. The coalition are great supporters of small businesses and we believe that small business is the engine room of Australia’s economy. We go out and we listen to what they are saying and we act. But those who sit opposite just pay lip-service to small business. Last night’s rejection in the Senate of the amendments to the unfair dismissals bill is clear evidence of that lip-service the Labor Party pay small business. They sit there and they claim to want to help small business and yet they took the opportunity last night to make sure that those amendments were rejected. Amendments which Mr Rob Bastian, the head of the Council of Small Business Organisations of Australia, said would create 50,000 jobs yet the Labor Party opposed them.

When I travel around Australia, small business say to me that they want something done about the burden of unfair dismissal laws. They want something done to address the issues of unemployment. Those amendments last night would have done that but the Labor Party opposed them. The shadow minister for small business, the member for Hunter, agrees that unfair dismissal is an issue for small business. He said so in this House on 1 March and then went on and described the coalition’s pursuit of these amendments as futile—futile to create 50,000 jobs; futile for us to create 50,000 jobs.

Mr IAN MACFARLANE—Ask small business. We got it from small business because we go out and we listen to small business. The Labor Party are under the thumb of unions on this issue. If we want to see what will happen if the Labor Party get into government, we only have to look at where they are in government already. Look at what is happening in Victoria where they are trying to reregulate industrial relations. Look at what is happening in Western Australia where they are creating special conditions and special rights and privileges for unions. The Labor Party will trample over small business when they go into government. We will have a situation where the Leader of the Opposition will preside over a government that is dominated by unions, where the member for Hotham will be in charge of interest rates and the member for Batman and Jenny Craig will run the cabinet—

Mr IAN MACFARLANE—It is Jennie George!

Mr SPEAKER—I think the minister will resume his seat. I would remind all members that there can be no greater disgrace than to be asked to leave the House. It is a discipline that I impose as rarely as possible.

Mr IAN MACFARLANE—A Freudian slip—of course, I was referring to Jennie George. Labor are not fair dinkum about small business. If they were, they would have supported the amendments in the Senate last night. They did not and their fake concern about small business is a sham.

Telstra: Privatisation

Mr STEPHEN SMITH (3.06 p.m.)—My question is to the Deputy Prime Minister, Leader of the National Party and Minister for
Transport and Regional Services. Is the Deputy Prime Minister aware that section 8BUA of the Telstra Corporation Act 1991, introduced into the act by the government in 1999 as part of its Telstra privatisation legislation, requires that at least two Telstra directors have knowledge of, or experience in, the communications needs of regional areas? Deputy Prime Minister, following the retirement from the Telstra Board of Ms Celia Moar in November 2000, other than Mr McGauchie, which Telstra director or directors does the government say fulfils that requirement?

Mr ANDERSON—Mr Speaker, I will take that question on notice.

Mr Stephen Smith—I seek leave to table a list of the directors of the board of Telstra for the benefit of the minister.

Leave not granted.

Education: Schools Funding

Mr GEORGIOU (3.08 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Is the minister aware of alternative policies for school funding? What is the minister’s reaction to these and what impact would these policies have on educational opportunities?

Dr KEMP—I thank the honourable member for Kooyong for his question. I know he would want me to acknowledge the presence in the gallery of members of the National Youth Roundtable. In recent weeks, the Australian Education Union and the New South Wales Teachers Federation, in cahoots with the state Labor governments, have launched a million dollar campaign which is designed to undermine fair funding for schools in Australia. This is a disgraceful, dishonest campaign which is based on falsehoods. It is a campaign which never tells parents that the Howard government’s funding support for public schools is the greatest of any federal government ever. In fact, it goes around telling parents that the federal government is cutting funding to public schools, which is a barefaced lie. It never tells parents that each student at a government school is being funded at around $8,000 per head, whereas students at the neediest, non-government schools are being funded at just over $5,000 a head.

This is a grubby and outrageous campaign. One of the most disgraceful features of it is that children as young as five have been used by unions as propaganda couriers. Parents do not send their children to schools to be the bearers of political propaganda designed to elect a Beazley government. This political propaganda has been distributed in schools in Queensland and New South Wales in particular—

Mr Bevis—Like the letter you sent out!

Mr SPEAKER—The member for Brisbane is warned.

Dr KEMP—with the connivance and encouragement of the Labor governments in those states. This shows that the Labor Party is prepared to politicise any institution and abuse its responsibility to the children of those schools and to the parents for the sake of political propaganda and grubby political motives. The reason why this is happening was revealed very clearly by the President of the New South Wales Teachers Federation, Sue Simpson, when she was asked on ABC radio by the presenter:

Do you want the government to stop funding private schools in all shapes and forms?

Sue Simpson replied:

That is certainly the ideal position of the Teachers Federation.

In other words, this is a campaign which is designed to remove fair funding from the parents of the one million children in the non-government school sector. Today we have reports of a statement by the Victorian Labor Party Minister for Education, Mary Delahunt, announcing that she wants the federal government to abandon its funding for non-government schools through its fair and transparent model. ‘Abandon’ was the word she used!

It is now completely clear where the Labor Party is going. We know that the Leader of the Opposition wants to cut funding to schools such as the Bethel Community Centre in the electorate of Werriwa—he wants to
take $3,000 a pupil away from that community school. He is now under pressure from the Australian Education Union, which wants all funding removed from non-government schools. We find him, day after day, equivocating more and more on where the Labor Party stands. When he was interviewed some weeks ago, he said that they were just going to stay with the SES model, except for the former category 1 schools, but when he was interviewed two days ago, he said that they would be looking at changes to the model to make it fairer. There are no guarantees because it is a fair model. What you are doing is slipping and sliding. We are watching you because you are under pressure.

The Labor Party, as we know, is the union party. Every one of them is a member of the trade union movement and they are under pressure with Jennie George now coming into the retirement home over there for former trade union leaders. They are under pressure and the weak Leader of the Opposition is slipping and sliding away from positions he announced before. We are now seeing what it all means. It means $9 billion to be stripped away from the Catholic parish schools. It means over $5,000 per head being taken away from students and indigenous community schools.

This disgraceful union campaign is all about electing a Beazley government, that is all. It is about getting a Beazley government into power because it knows that a Beazley government would be cutting funding to schools and would be abandoning a fair funding model supported by all the Australian churches and by the entire non-government education sector. This would be a tragedy for millions of parents and students in Australia and this is what will happen if the Labor Party were ever to be elected to power.

Higher Education: Funding

Mr LEE (3.15 p.m.)—We are under so much pressure that I would like to ask the Minister for Education, Training and Youth Affairs a follow-up question. Does the minister recall issuing a press release on 14 February this year saying ‘Operating grants to Australian universities have not been cut’? Does the minister recall signing last year’s higher education triennium funding report? Minister, doesn’t figure 1.8 in that report show that your cuts to universities mean that from 1997 to 2002 universities will receive $3 billion less than if direct Commonwealth investment had been maintained at the 1996 level? Doesn’t this figure show so clearly that you are wrong, that you had it altered in this year’s higher education triennium report to try to hide your funding cuts?

Mr SPEAKER—The member for Dobell will come to his question.

Mr LEE—Finally, Minister, how can you expect Australians to believe that you will fix the problems in universities if you continue to use bodgie figures to hide the problem?

Dr KEMP—We can see from that question, Mr Speaker, why the Labor Party has no education policy and why the education shadow minister was excluded from the knowledge nation committee by the Leader of the Opposition. The Leader of the Opposition does not even value his advice. I must say that is one example of judgment that is not too bad.

Mr Lee—What about the bodgie figures?

Mr SPEAKER—The member for Dobell!

Dr KEMP—The fact is that that publication is an official publication by the Department of Education, Training and Youth Affairs. It is an official publication by the department of education—

Mr Crean interjecting—

Mr SPEAKER—The minister will resume his seat. The Deputy Leader of the Opposition will excuse himself from the House.

The member for Hotham then left the chamber.

Dr KEMP—The real value of the operating grants from the Commonwealth government to Australia’s universities has been maintained, and it has been maintained because we have been prepared to pay for ad-
ditional places in universities which the Labor Party was never prepared to fund. We have been prepared to pay for places over and above the fully funded Commonwealth places with marginal funding, and the universities have exercised their judgment as to how many of those places there will be. The effect of the additional Commonwealth funding for those places has been to fully maintain the real value of the operating grant funding for Australian universities. More than that, by freeing up the universities to raise funding, what we now have is universities raising revenue at record levels. The universities’ revenue this year is some $1 billion higher than when we came to office.

It is higher because of the policies that we have introduced. There have never been more students in Australian universities than there are today. The Australian universities have never had more revenue than they have today, and no amount of fantasising by the shadow minister for education is going to change those facts.

Foot-and-Mouth Disease

FRAN BAILEY (3.18 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. Would the minister update the House on the foot-and-mouth outbreak in the United Kingdom and Europe? Would the minister outline the number of passengers now being checked at airports and the increased surveillance under way of mail and cargo at Australian ports to protect Australia’s foot-and-mouth-free status?

Mr TRUSS—I thank the honourable member for her question. The number of premises in the United Kingdom infected with foot-and-mouth disease continues to grow and has reached 628, with no signs of abatement. There have been two cases confirmed in France, five in the Netherlands and one in the Republic of Ireland. All of these are linked with the UK outbreak. Perhaps honourable members may be interested to know, as a demonstration of how infectious this disease is, that the cases in the Netherlands resulted, it is believed, from a shipment of calves from Ireland that were rested briefly in France, and the cases in France are in the area where these animals were rested in transit. It is a highly infectious disease and it is obviously wreaking havoc right through the UK. In fact, the United Kingdom has estimated that this outbreak has already cost £12 billion in the United Kingdom. Its implications for the world are obviously very significant, and it certainly alerts us all to the importance of maintaining our own disease-free status. It is vital that all passengers observe Australia’s quarantine laws. We are boosting inspection arrangements. Five new X-ray machines have been installed this week and there are additional dog teams also deployed. This is not just at airports but also at sea ports and in our mail exchanges. Every effort is being taken to ensure that our disease-free status is protected.

This is Protect Australian Livestock Week, a week when Australia’s governments, state and federal, and our livestock organisations—24 parties in all—unite to promote the importance of being observant about symptoms of disease in animals in Australia. The slogan is ‘Look, check, ask a vet’. The campaign aims to increase public awareness about the importance of being observant. Obviously, if we are able to identify any disease symptoms early, our chances of being able to confine the impact of a disease outbreak are very much greater.

I would also like to comment briefly on a statement that has been made by a senior United Nations official in East Timor suggesting that—to use his words—foot-and-mouth disease is probably in East Timor. I want to emphasise to the House that we have no evidence at all that foot-and-mouth disease is present in East Timor. The North Australia quarantine strategy in July 2000 undertook a detailed survey and found no evidence of any cases, and Australian vets who have been working in East Timor have also found no evidence of foot-and-mouth disease in that country. Nonetheless, I am disturbed by the comments that have been made by the United Nations, and I have asked the director of quarantine to seek urgent clarification. The official has subse-
quently acknowledged that he has no evidence of any foot-and-mouth disease in East Timor, but an officer of my department will be travelling to East Timor to ensure that there is no substance to these claims.

I want to emphasise that Indonesia has been free of foot-and-mouth disease since 1983, and the world has accepted that both Indonesia and East Timor are free of foot-and-mouth disease. Nonetheless, it is very important for East Timor, for Indonesia and particularly for Australia that that country be kept free of foot-and-mouth disease. We have a high level of quarantine alert for passenger movements from East Timor. We are not prepared to take any risks because of the high status of concerns in relation to the range of pests and weeds that exist in East Timor.

At the last budget, additional resources were funded to enable much more extensive inspections, and there is 100 per cent screening of people and cargo coming from East Timor. It is our view that there is no foot-and-mouth disease in East Timor—no evidence has been presented to dispute that view—but we are taking absolutely no risks. The government will maintain and devote whatever resources are necessary to ensure that all practical steps are taken to maintain Australia’s disease-free status. It is absolutely essential for the future of our nation.

Universities: Research Funding

Mr LEE (3.24 p.m.)—My question without notice is again to the Minister for Education, Training and Youth Affairs. Can the minister confirm that the latest figures from his department show that last year Australian universities had 24,980 places for doctorates and masters by research? Can he also confirm that this year’s figures, again from his own department, show that the policies in his research white paper have been so successful that they have reduced this number by 3,336? Minister, why has your supposedly research friendly government abolished 13 per cent or almost one in every eight research training places at Australian universities?

Dr KEMP—One of the major problems that the universities faced in their research area as a result of the Labor government’s policies was that very large numbers of students were commencing research degrees and not completing them. In fact, across the system as a whole we have a completion rate of some 55 per cent of students who complete in seven years, and at some universities the completion rate was as low as 12 to 15 per cent. That is an enormous waste of resources. The white paper is designed to increase the number of students actually completing research degrees so that Australia has more postgraduate research students who have actually got their degrees and completed their research, by making sure that they have proper supervision, by making sure that they have excellent research environments and by encouraging first-class supervisors at Australian universities. The consequence of our policy will be a very significant increase in the number of postgraduate research students who actually complete their degrees over and above those that were the case under the Labor Party.

This again is an example of how the shadow minister for education has absolutely no idea of the substance of these issues, because you would think he would be interested in the numbers of postgraduate students actually completing. But, for years under the Labor government when the Leader of the Opposition was education minister, he did absolutely nothing about this. In fact, he made statements that there were too many students going into universities, that Australia did not need the number of universities that it actually had and that it was a mistake for people to think that they should aspire to go to universities. This is the lack of understanding that the opposition brings to these issues.

The white paper is a complement to the Prime Minister’s innovation statement, which is a very significant boost to Australia’s capacity to build on the ideas generated by our scientists and to make sure that those ideas come through into jobs. We will not do
this unless our postgraduate research students complete their degrees.

Trade: Export Performance

Mr McARTHUR (3.27 p.m.)—My question is addressed to the Minister for Trade. Is the minister aware of Australian export success stories and what they mean for jobs growth? Is the minister aware of any alternative policies?

Mr VAILE—I thank the member for Corangamite for his question. The government continue, unlike those opposite, to talk up the benefits of the changes we have made in the Australian economy in strengthening the opportunities for Australia’s exporters. We continue to talk up the achievements of Australia’s exporters, both nationally and internationally, in terms of what they have done for the Australian economy. We have seen significant growth. Last year, $142 billion worth of goods and services was exported out of Australia, which generated one in five jobs across Australia. For the interest of the member for Corangamite, one in four jobs in regional Australia is dependent on exports, and almost half of Australia’s export income is generated in regional Australia.

Last week I launched a publication called From Sheep’s Back to Cyberspace, which I understand has been circulated to all members and senators. I ask them to use that publication in their local areas to highlight the government’s policies and how they have benefited both in a trade sense in market openings and in the tax reform sense in strengthening the Australian economy to be more competitive in the international marketplace. This publication captures the diversification of the export base of rural and regional Australia from traditional rural and mining industries to a wide variety of manufacturing and service exporters, including the way in which cyberspace, in the form of e-commerce, is changing the way regional Australia and regional Australian exporters do business with the rest of Australia and the rest of the world.

It is important that we recognise some of those industries across rural and regional Australia. It is not just, as the name indicates, the wool industry which is now on the road back to recovery—where we saw exports grow by over 34 per cent in 2000. That will also be good news for the member for Corangamite, who represents that part of Victoria. There are other examples outlined in the publication that I implore members to use and I will start with Corangamite: a company in Corangamite that exports tree ferns—K. and M. Cole Ferns of Colac; dairy products from Bega Cheese in the electorate of Eden-Monaro; manufactured aircraft in the electorate of Hinkler—Jabiru Aircraft; grains from the electorate of Mallee; beef from the electorates of Capricornia and the Northern Territory; manufacturing products such as Australia’s impressive high-speed catamarans from Incat in Tasmania, which I think is in the electorate of the member for Denison; and tourism in the electorate of the member for Kalgoorlie. Of course, one of the significant growth sectors of Australia’s export effort, and an all-important one, is education. The publication highlights distance education from the university sector in the electorate of Groom.

Dr Martin—And Wollongong.

Mr VAILE—And Wollongong. The book highlights the electorate of Groom. Importantly for those 150,000 students, Australia’s education exports are now worth $4 billion. What we want to highlight in this publication are the government’s policies in terms of opening up markets, the government’s policies in terms of reducing interest rates, the government’s policies in terms of reducing corporate levels of taxation and the government’s policies in tax reform that have removed $3½ billion worth of indirect taxes from exporters and have helped strengthen the hand of Australia’s exporters in the international marketplace.

Those exporters are asking the question: what is going to be the impact of a Labor government if it implements its policies of roll-back? Which Australian exporting industries will a Beazley-led Labor govern-
ment have an impact upon in terms of taxation? From which Australian export industry is the Labor Party going to roll back that tax benefit and impose the burden of higher taxation and higher interest rates? It is important to note that our government is talking up the benefits of exports—talking up what it is achieving—while the Labor Party is talking them down.

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

ANSWERS TO QUESTIONS WITHOUT NOTICE

Aviation: Regional Problems

Mr ANDERSON (Gwydir—Minister for Transport and Regional Services) (3.32 p.m.)—Mr Speaker, I seek to add to an answer I gave to the member for Batman yesterday.

Mr SPEAKER—The Deputy Prime Minister may proceed.

Mr ANDERSON—Yesterday the member for Batman claimed that there was some sort of secret conspiracy between the Rockhampton office of the Minister for Regional Services, Territories and Local Government, the Liberal Party candidate for Capricornia and the President of the Aircraft Owners and Pilots Association. I am advised that the Liberal candidate for Capricornia, Mr Lee Taylor, and a member of Senator Macdonald’s staff, Mr Robert Mills, spoke to Captain Hamilton on the phone on 10 March this year. Apparently, Mr Taylor had heard part of an interview that Captain Hamilton had given on local radio and he wanted further information. Captain Hamilton presented his views at length and, at the end, Mr Mills asked him to put his concerns in writing, which he did. As politicians, one of our most important jobs is to listen to people. One of the reasons that we have electorate staff is to help people understand what is going on in the communities that we represent. Mr Mills listened to Captain Hamilton’s views and asked him to put them in writing. This is hardly a conspiracy. It is actually an electorate officer doing his job.

To turn to the specific comments made by Captain Hamilton in his letter, I want to say that they are not new. I had a long discussion with Captain Hamilton in Sydney about them just last week. Indeed, I had an earlier discussion late last year over dinner in this very building. I know and understand his passion for aviation. I acknowledge that I get reports—frankly, more than I would like—from time to time about some CASA officers and the way in which they relate to their clients. I think they are a little inclined to be high-handed. I will continue to—

Mr Tanner—This is serious stuff.

Mr ANDERSON—That is right. Captain Hamilton does have some concerns in that regard. They are not absolutely without foundation, and I have indicated to him—and I indicate to the House—that I will continue to press the board and the director to look at the way in which they relate to their clients; it is very important. The government’s policies are based around the commonsense proposition that CASA should be able to police the aviation laws effectively. I can understand the Labor Party’s cries of despair. We have a pretty radical departure from Labor’s approach to air safety, which was to turn a blind eye to safety problems in companies such as Monarch and Seaview. I am confident that the Australian people expect us to enforce the law.

In conclusion, the premise behind the question by the member for Batman is totally wrong. He has spent too long in the shadowy nether world of Labor Party politics where conspiracies are everywhere and where being called ‘mate’ is like receiving flowers from the Mafia.

PERSONAL EXPLANATIONS

Dr MARTIN (Cunningham) (3.36 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Dr MARTIN—Yes.

Mr SPEAKER—Please proceed.
Dr Martin—In question time the Minister for Defence claimed that I and the Labor Party did not support the defence white paper. Both the Leader of the Opposition and I have indicated Labor’s support for the white paper and funding levels associated with it. The minister’s claims are, therefore, incorrect.

PAPERS

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

Motion (by Mr Reith) proposed:
That the House take note of the following paper:


Debate (on motion by Dr Martin) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Banking: Social Charter

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

The need for the Commonwealth to secure and expand the commitments made by the Australian banking sector in a social charter on banking.

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 Beazley (Brand—Leader of the Opposition) (3.37 p.m.)—Amid all the flip-flops, backflips and U-turns this Howard government has been engaged in, the one constant you can always rely upon is it returning like a homing pigeon to the interests of the big end of town. Whether it happens to be in rich private schools, private health funds or petrol companies, this government is always prepared in the final analysis to rob ordinary Australians and benefit the wealthy. That is the absolute essence. It is like a laser-guided homing pigeon in the case of this government.

If you want to see an example of this in full-blown operation, take a look at the performance of this government in response to our policy initiatives, the bankers’ policy initiatives and the other propositions that are out there in the general community at the moment for reform of our banking system to make sure it operates in a way that is friendly to ordinary customers. On the one hand, the government gets up and says the Labor Party has no policy. Then it says that the policy that the Labor Party has is plagiarised. Then it says it has plagiarised the policy from the bankers it agrees with. Then it says that implementing the policy will impose costs that will raise interest rates but that nevertheless it supports the proposals that have come forward from the bankers. This is the complete confusion you get into when you operate in this business with mixed motives, when you operate not to genuinely benefit ordinary Australians but to react fearfully to the appalling electoral circumstances in which you find yourselves and somehow try to score a few points off the opposition but under no circumstances change in any way the behaviour that you are determined to pursue but just simply camouflage it.

Let me deal first with the accusation that in some way or another, in the policies which we announced yesterday, the Labor Party has come forward with a determination to plagiarise initiatives dealt with by others. Let me go to our policies at the last election and ask whether people see anything that has been stated in recent times that is in some way familiar to them, albeit stated by others as opposed to simply the Labor Party. Here were our policy initiatives in the 1998 election:
Labor will immediately institute the formal monitoring of bank fees and charges through the Australian Competition and Consumer Commission.

Do people remember that there was a bit of concern out there in question time today that somehow or other we had not discovered that the ACCC might perform a role such as this. That was there in the platform. The policy stated:

The ACCC will then have to publish every three months the results of their monitoring so that consumers have before them the information necessary to make informed choices as to where they want to bank.

The sad fact is that consumers can no longer rely on the banks to be up front in telling them what fees and charges they will pay. Further, in the second point on this issue, the policy said:

Labor will also insist that as a bare minimum banks will have to provide a no-frills banking service, with at least one free over the counter transaction a week available to the disadvantaged, the elderly and disabled Australians.

Where did we hear that in the course of the last couple of days when we were supposed to be plagiarising? We heard it from the Bankers Association. And what infuriates the government is that, in the absence of a government policy, it was prepared to have the Bankers Association provide one—hopefully, to slip out the detail of a letter that constitutes the only discernible document on banking policy that is around in circulation.

The government hoped to slip that out before the bankers came in with their set of propositions and ultimately claimed credit for it. What you hear is the screams of the one-upped. That is basically what you are hearing reverberating around the benches of the other side of the House—the screams of the one-upped. What you do not hear are the screams of the genuinely outraged at having a policy purloined. That is because the government has no policy.

The Minister for Financial Services and Regulation stood up in question time today and asked where in the ALP policy there was mention of the current level of interest rates or interest rate policy. There was a sort of claquers’ applause. The substantial policy statement of the ALP goes into considerable detail as to the history of bank fees and charges. If I get time later, I will point out that the history of gouging, as far as fees are concerned, is very recent history indeed.

I ask the following question. Where in this piece of correspondence to Mr Viney’s committee from Joe Hockey—this flimsy statement of policy that comes forward from him—is the reference to interest rates? Where, in this one-page document, is there a reference to interest rates? The government were concerned to attack us on that particular front. Where is the statement from them? Where, in this flimsy, one-page document, is a statement from the Minister for Financial Services and Regulation saying that—whatever else happens in relation to changes in banking practices to provide low cost services to social security recipients, the disabled and the community generally—it should not be paid for in any shape or form by an increase in interest rates? Where does it say it in this? Or where does it say, in any shape or form in this particular document, that the banks should extract the costs of this from other consumers? It does not say it at any point in this document.

This government knows—that though it desperately does not want to admit it—that we are dealing with institutions that are making, collectively, $9 billion profit per year. It has already imposed upon those institutions the cost of $430 million per annum of GST administration. Those institutions have come to the trough. They want to ensure that they do not lose any of that $9 billion. But they know that, when they are in the situation of having been so profitable for so long, they are in a position to provide these services. They can do that without increasing charges, without increasing interest rates, without increasing the impost on their general customers.

The government sought yesterday to imply that the propositions that we have, which of course are a much tougher set of propositions than theirs—though we welcome what the bankers have had to say—will be rejected
out of hand by the banks, that there will be no discussion with us at all on these matters and that, therefore, they will be irrelevant, null and void. I welcome the fact that at least three banks have already come out today and said that they are prepared to discuss these matters through with the Labor Party. We welcome that approach on their part. We have always been prepared to discuss these matters with the banks, and we continue to be prepared to discuss these matters with the banks. But the tip-off as to this government’s real attitude goes in the statement that, unless the banks talk to the Australian Labor Party, naturally the Australian Labor Party would not be in a position to do anything about it. That is where the government are essentially coming from: unless the banks tick off on absolutely everything we do, then do not do it. This is a bunch that want to convey the impression out there in the community that they are listening to the pain in the community about shut-downs and overexpensive services. But, if those who are responsible for that in any way, shape or form disagree in the consultation process, naturally nothing should be done. This is part of a government that are not listening. This is part of a government that have a cloth ear to anything other than the big end of town. If the big end of town were to complain, then do nothing. The only appropriate approach to the big end of town, as far as this government are concerned, is a begging letter based on the assumption that, having had a bit of a quick discussion with them, this is as much as they are prepared to do. That is what is going on here as far as this government are concerned.

But everybody is awake to them. Recently in question time, the government have been prepared to quote from the Australian Consumers Association to back up arguments that the government have been making about issues in relation to their goods and services tax. I see that we have been joined by ‘hogwash Hockey’.

Mr DEPUTY SPEAKER—The Leader of the Opposition will withdraw that.

Mr BEAZLEY—I withdraw. We have been joined by the Minister for Financial Services and Regulation. Let him explain away this one from the body that he has been prepared to quote so favourably in this parliament in the past—in other words, the Australian Consumers Association. What do they say about it? The Australian Consumers Association were quoted as saying:

ALP banking policy—right direction ...

Why do they say that it is the right direction? Because it is enforceable. It is one thing to get from the banks an agreement that they will provide these low cost services. It is one thing to get from the banks an agreement that they will be more sensitive when they are shutting down services. But it is another thing altogether to make absolutely certain that this happens. The essential features of the policies that we announced yesterday are that the banks will carry out the propositions that they have already effectively signed up to, and a few others as well, and that they will have them in a social charter legally enforceable by ASIC. It will be monitored by the ACCC; it will be monitored by a much more simplified operation as far as reporting and complaints are concerned in the financial sector, with a single financial services board and an ombudsman capable of looking at the totality of these things. It will not simply be an archive. This is enforceable policy. This guarantees to the Australian community that they will receive the services that the banks have said that they are prepared to provide but which we know that, unless they are obligated and those services are effectively documented and enforced, the banks will be slip sliding around at the margins the moment the opportunity arises and public scrutiny goes off them. That is why the ACA believes that the propositions that we have put forward—well thought out, well documented and well researched—are preferable to the course of action that the government are prepared to be dragged up to, the point at which they are prepared to reach but to go no further.

Why do these things have urgency now? Why is it more important now that the ACCC look at these matters than it was perhaps four or five years ago?
Mr Hockey—It is a good question.

Mr BEAZLEY—It is a good question, he says. That is because the income earned by the banks from these particular fees and charges have gone up, depending on where you care to name it and how you care to calculate it, by as much as 160 per cent since 1997. Some of these fees have gone up, since this government have been in office, by as much as 400 per cent! The fees were coming to the attention of the Australian public by the mid-nineties—not earlier than that. That was why we negotiated with the banks in 1995 a monitoring role and a reporting role for the ACCC. The banks agreed but then nothing happened. Why did nothing happen? Because in 1996 you were elected and the pressure instantly went off the banks. That is why the ACA, that is why Australian consumers, that is why Australian pensioners, want and have called for the sorts of enforceability for this social charter and have insisted that there is a social charter. That is why they have asked for these things. That is what we will deliver; that is what this government are running away from at a thousand miles an hour.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (3.52 p.m.)—It is good to know that the Leader of the Opposition has now become a recidivist. He has become a recidivist because he is now committing the very same crime that he was chucked out for in 1996—and that is gross hypocrisy. The hypocrisy is built on plagiarism, stealing the policies of the banks themselves. The Labor Party is so bereft of original thought that when it wants a banking policy it goes to the banks.

Mr Kelvin Thomson—Why won’t you sign it then?

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Wills!

Mr HOCKEY—In fact I want the member for Wills’s interjection there on the record. He says, ‘Why won’t the banks sign the social charter?’ We just heard for 15 minutes the Leader of the Opposition saying the banks are in fact going to sign the social charter. So who is right—the member for Wills, the shadow Assistant Treasurer, or the Leader of the Opposition? You have to ask this question. For five years the Labor Party has not had a banking policy. In 1996 the Labor Party promised to introduce a prices monitoring regime for banks, four days before the 2 March election—four days before they lost government. After 13 years in government, it took them until four days before D-day to commit to the monitoring of bank fees and charges. The Labor Party ask us what our policy is. Here, this report is our policy.

Ms Burke—It’s Wallis.

Mr HOCKEY—Wallis. This is the most substantial reform of banking undertaken in Australia in at least 30 years.

Ms Burke—What about Campbell?

Mr DEPUTY SPEAKER—The member for Chisholm will have her turn soon.

Mr HOCKEY—The reason why it is so significant is that it has completely redrawn the boundaries for the delivery of financial services to consumers. It is not only about what the Campbell report was about, opening up the Australian banking system to international competition; the Wallis report actually set up a new regulatory regime. It set up a new regulation system.

Mr Kerr—It really protected us against HIA, didn’t it?

Mr DEPUTY SPEAKER—The member for Denison! Order!

Mr HOCKEY—It set up the framework for the reform of Corporations Law but, most importantly, what the Wallis initiative reforms, delivered in March 1997, have delivered to the Australian public is competition in banking and services.

Mr Kerr—They love it in the bush! They really love it in the bush!

Mr DEPUTY SPEAKER—The member for Denison!

Mr HOCKEY—If you want evidence of that, you need look not only at the number of bank branches and the number of banks in Australia over the last few years but particu-
larly at the entry into the market of Elders rural bank, with 230 branches, and the development of the Bendigo community banks and ING Direct and AMP Bank and a number of others that have come into the Australian market. In fact, the other day I opened the Bank of Cyprus branch in Hurstville in Sydney—the Bank of Cyprus opening a bank branch in Hurstville in Sydney to service the local community—and its motto is, ‘Going back to personalising your banking’—on-the-ground service. The Bank of Cyprus is opening up 10 branches, I understand, around Australia in the next couple of years. But where banking most hurts is in the interest rates that people have to pay. As I said in question time, if you want any evidence of the difference between the Labor Party and the coalition on banking, do not just look at interest rates. In March 1996, when we came to government, interest rates for a family with a $100,000 home loan were $270 a month higher—$270 after-tax a month higher—under the Labor Party than they are today under the coalition. Of that $270 a month more that the average family with a $100,000 home loan was paying, $100 was going straight to the banks’ bottom line.

Mr Kerr—Are you suggesting their profitability has been reduced?

Mr DEPUTY SPEAKER—Order! The member for Denison has been called to order three times. The next one will be a warning; if he continues it will be a walk.

Mr HOCKEY—If you want any evidence of the difference in banking approaches, think about the impact not just on that family that has a $100,000 home loan but on the small business that has a $100,000 overdraft. Think about people who have personal loans to buy a car or to get some furniture and what the difference in interest rates means for them on the ground. That is the difference between the Labor Party and the coalition on banking—interest rates.

Yesterday the Labor Party produced their long awaited banking policy. That banking policy had three key components. The first component dealt with disability services. It dealt with access to fee-free accounts for people most in need. That first component of the Labor Party’s policy was lifted from the Australian Bankers Association. I will put it on the Hansard record: the Australian Bankers Association, after discussions with the government over a number of months, and in reaction to the Hawker report originally of two years ago—the report of the committee chaired by the member for Wannon—the banks said for the first time, ‘We need to start to listen to the community.’ They gave a confidential briefing to Senator Conroy last week, and then the Labor Party steal entire chunks of that policy, repackage it as their own and say, ‘Here’s the future of banking according to the Labor Party.’ Policy theft!

The second component of the Labor Party’s policy is to dust off old proposals, and the most notorious of those proposals is to give the ACCC a direction to monitor bank fees and charges. As seen in the press release from Ralph Willis that I tabled in the House—and I hope to receive a copy back—for 13 years the Labor Party did nothing about monitoring bank fees and charges until four days before the 2 March election. On that day, they pledged that they would direct the ACCC to monitor bank fees and charges. So that is the second component: the Labor Party just dusting off an old policy from March 1996.

The third component is a social charter. The idea of a social charter was first put to the government by the Finance Sector Union about two years ago. The union put forward the idea about two years ago. I had discussions with them about it.

Ms Burke—Yes, two years ago they talked to you—

Mr HOCKEY—The member over there is acknowledging that that is the case: two years ago the union came to me and we talked about a social charter. After considering the social charter, the government came to the very firm view that it was unenforceable. That it could not work, that in fact you needed the goodwill of the banks to make it work. Even if you had the goodwill of the banks, you needed somehow to encourage
financial institutions in Australia to work more closely with the communities, to put the interests of the community alongside the interests of the shareholders, because every board meeting of every bank, no matter how big or how small, will always look at the interests of the shareholders first. They have to do that in law—and that is the law that the Labor Party introduced in 1991 known as the Corporations Law. We are not going to change that either; it is a legal obligation to think of the shareholders first. What you need to do is penetrate the minds in the boardrooms and say, ‘Look, the interests of the community, the interests of your customers, are as important as the interests of your shareholders.’ We have spent months and months in discussions with the banks about that, and yesterday for the first time the banks acknowledged that they have a social obligation. That is a significant step forward. It is a first step but it is a significant step. We rejected the Financial Sector Union’s social charter because it was guff, because it would not work. Now a policy-lazy opposition has adopted it. So the third key component of the Labor Party’s policy has been written for them by the union movement. The banking policy of the Labor Party has been written by the unions. The first part was stolen from the banks themselves, the second part was a dust-off from 1996 and the third part has been written by the unions. This is the policy of the alternative government. Mr Deputy Speaker, do you know what they respond with? They say, ‘Well, if the banks aren’t going to sign the social charter, the Labor Party are going to force them to sign a contract.’ If I recall my contract law days correctly—and the Attorney-General, who is at the table, might be able to help me on this—to have an enforceable contract, you need two or more willing parties to the contract. That is my recollection of a contract: you need two or more willing parties to a contract. If the banks are not going to sign the social charter, then the Labor Party have no social charter. So they are back down the path of reregulation. How ironic it is!

You would think that even the Financial Review would have picked it up. In an interview in November of last year, the Leader of the Opposition said that the Labor Party would not be reregulating the banks. Yesterday he released a policy, which is already in tatters, which is full of stolen policy, where the Leader of the Opposition says that the only route to take is to regulate the banks. On the one hand, we are arguing for deregulation because we want greater competition. We have argued for deregulation because it has taken $100 a month off the average home loan in the last five years. That is what deregulation has delivered. On the other hand, the Labor Party are saying that they want to go back into the business of banking. I have a few questions for the Leader of the Opposition—it is a shame that we cannot reverse question time, because I have a few questions about his policy. I say this to the Leader of the Opposition: if you are reregulating the banks, is the $20 million that you pledge to levy on the banks enough? I say to the Leader of the Opposition: given that it costs about half a million dollars to set up a community bank, how many bank branches do you think that you can open and run for $20 million a year, given that in the last three years of the Labor Party in government 500 bank branches closed? Given that your policy, Mr Beazley, is committing the Labor Party to restoring bank branches all across Australia, how can you do that with $20 million a year? The second issue is: who is going to run these bank branches, because the Labor Party have a terrible history of running banks? If they are indicating that they are going to go back to running the banks, the first Labor Party policy in the lead-up to the election is proving what we have always said it was—that is, the Labor Party policy is a document in hypocrisy. (Time expired)

Ms BURKE (Chisholm) (4.07 p.m.)—It is certainly with great pleasure that I support my leader’s matter of public importance today. It is wonderful to follow the Minister for Financial Services and Regulation, who has just demonstrated for the last 15 minutes that the government know nothing and have
nothing to offer on this topic. He has put forward no ideas and no policies. He has actually articulated that in no way, shape, size or form will they talk to the banking community about coming to heel over bank fees and charges. So thank you for 15 minutes of that. I am sure that all of us can now go and cite how the government have dismally failed the people of Australia.

Not only am I keen to add my voice and that of my constituents’ to this debate; I am also keen to highlight the hypocrisy of both the government and the ABA on this issue. It has certainly been a long and hard road to Damascus for the government on banking reform. They have sat idly by as over 1,500 bank branches have shut since they were elected and as more than 40,000 jobs have been lost from the industry since March 1996. It pales into insignificance the little number the minister was quoting before. They have twiddled their thumbs as bank fees have risen by as much as 400 per cent, as revenue earned from deposits has increased by 44 per cent and as the income earned from transactions has increased by 160 per cent since 1997. They have sat on their hands while banks have collectively accumulated in excess of $9 billion profit and ruthlessly shed staff and slashed service levels, predominantly in the bush.

We have heard no criticism from this government about the outrageous fees charged on the accounts of everyday Australians and there has been no attempt to rein in banks as they deserted rural Australia and took ordinary banking services out of the reach of many older and disabled customers. What has been the government’s response to the report and to the recommendations by members of their own side? Where is the government’s response to Regional banking services: money too far away? The minister has referred to the ABA’s response, but where is the government’s own response to its own report?

So what have we heard from the government on this recent announcement? Nothing but a pathetic attempt to label Labor’s far-reaching policy as ‘stolen’, while at the same time misrepresenting the position of the Commonwealth Bank on Labor’s proposed charter. And where is the government’s bag of goodies on banking reform? Where is the Prime Minister’s policy to make angry Australians feel more comfortable and relaxed about banking services? Nowhere to be seen. Only very recently have the government conceded that banks even needed to lift their act when it comes to service delivery. Yet again, whether it is on petrol prices, the BAS debacle or the doubling of the first home buyer’s scheme, this is an example of the government playing catch up politics—Johnny-come-lately ride on down!

It is hard not to view the ABA’s announcement yesterday with a degree of cynicism. Labor have been promoting the concept of a revised banking code since the 1998 election, and the concept of low fee accounts is not a new phenomenon. In fact, it was the former Labor government that commissioned the then Prices Surveillance Authority to produce a report entitled Inquiry into bank fees and charges on retail accounts by banks and other financial institutions. The idea for a basic bank account was canvassed heavily in this report, and the then Labor Treasurer, Ralph Willis, had begun negotiations with the major banks on introducing basic bank accounts. But where have things gone since December 1996? Nowhere, absolutely nowhere—because, sadly, as we all know, Labor lost government that year. It is Labor who have credibility on these issues—on issues such as no-fee accounts. It has formed part of our policy since before the 1998 election. This PSA report has been around since 1995, yet it has taken the ABA and this government nearly six years to get on board with the notion of a no-frills bank account.

I would like to look a little more closely at the details of Labor’s banking policy, which was released yesterday, and the package released by the ABA. Labor have announced a comprehensive plan for better banking, including a social charter, affordable banking services, improved information and education, improved access to services and respon-
sible lending practices. I would like to look at a few of our announcements in detail. Labor’s social charter covers areas such as a basic bank account, a no-frills bank account, full disclosure of ATM fees and a plethora of other measures. I note that the ABA have announced their intention to review the code of banking practice. Whilst this is most welcome, it certainly falls short of what Labor have been calling for, which is a legally enforceable social charter. One only has to spend some time out with the community to know that ordinary people do not have any faith in the banks to regulate themselves. They want a government that will intervene on their behalf in the national interest. Labor’s social charter will be developed in close consultation with all major stakeholders, and the specially created Financially Services Advisory Board will monitor and review the banks’ record in meeting their social obligations under the charter. Our policy will give the banks an opportunity to meet their social obligations, and we are encouraged by their noises yesterday. I think it is critical, however, that Labor have the will to legislate if banks continue to ignore their obligations.

Labor’s policy includes, as does the ABA’s, a basic bank account to enable fee-free banking for those most in need. I commend the ABA on that—it could not have come a moment sooner. Older people, particularly pensioners, have been crying out for this sort of thing for a long time. Recently a constituent in my electorate, Mr Firman, rang to say that he was a little perplexed by this month’s pension payments, which came on 1, 15 and 29 March. While this is most welcome of course, the ANZ Bank, which he banks with, has a policy that, after your third withdrawal in a month, you are charged $2.50 to withdraw your pension. In his account he is actually going to be charged $5 because he operates a deeming account. So all those pensioners out there are actually helping banks’ profits by paying $5 to withdraw their pension this month. It is appalling!

The key thing when comparing Labor’s policy and the ABA’s proposal is that Labor’s policy goes further in addressing the need for simple, cheap accounts via our no-frills account for all customers. This will give access to all those battlers the Howard government no longer refers to—those not on pensions but who are struggling to bring up families and meet all their financial commitments. An account that entails minimal account keeping fees and some fee-free transactions will be a welcome relief to many people out in the real world.

The other aspect of Labor’s policy that I would like to touch on very briefly is access to credit. There is an alarming statistic since the Howard government was elected. Credit card debt has increased from $6.6 billion to $15.9 billion. So people are living off their credit cards. They are absolutely surviving only from day to day. The other appalling thing that is creeping in is something called payday lenders. The appalling thing is that they are not regulated by anyone. We have talked about that briefly in the policy. Why is this so? Again, it is another by-product of this wonderful government. There are a whole lot of people out there who cannot get full-time jobs. They are in casual employment; they are on rolling contracts. They cannot get a full-time job so as to be able to go into a bank and say, ‘Hey, look, I can actually repay this loan.’ They cannot get a loan of any shape, size or form, so they are resorting to these means. They are paying anywhere up to 100 per cent interest on payday lending just to meet their basic needs, to buy an item that they need. They will never get a deposit for a home loan and they will never get a loan to buy their own home even though they are actually in employment, because it is not permanent employment. I think it is one of the great aspects of our policy that we are looking at the needs of those people as well.

Yet again, today, the banks have demonstrated that they have already forgotten their new and improved image that was announced by the ABA yesterday. Today Westpac announced that it would be outsourcing
their mortgage processing function and this will result in many hundreds of job losses. Why? I would have thought that mortgage processing would be a pretty core part of a bank’s business. Westpac already have a state-of-the-art facility and they are at the forefront of technology. Why are they doing this? Of course, it is to make more money. It is not to make money—it is to make more money. Banks are not satisfied with billion-dollar profits. They want to make tens of billions of dollars of profit and each year they want to increase their profit return. You might not all have heard the industry standards—I have, time and time again. It is so competitive—all the cherry pickers out there and margin squeezing. Banks have really got it tough. This is bank speak that we have heard and what it means is that, yet again, staff are the ones who lose out. Yet again, Westpac staff are being treated with contempt. I have seen it time and time again. I know what the banks mean when they are talking about cutting costs. When I was with the Finance Sector Union—the one pilloried by the minister before—I had the experience one day of the bank telling me that 1,200 people were losing their jobs—and overnight the ANZ share price went up by 30c. That is what the cost is. That is what it is all about. It is about excessive profits. It is not about caring about their social obligations.

Yet despite the rather bad faith displayed by the big four banks over the last five years, the government wants us to accept that they will deliver on a guaranteed minimum safety net: basic bank accounts, a protocol for closing rural branches—hey, how about strip shopping centres in metro areas too, by the way—and a plan for servicing disabled customers just because they have had a change of heart. I do not think so. (Time expired)

Mr HAWKER (Wannon) (4.18 p.m.)—I am pleased to join with the Minister for Financial Services and Regulation in response to this matter of public importance. I must admit that I was rather curious to see why the Leader of the Opposition was so desperate to get this up. When you look at the fact that he seemed to have so little to say in his address today—that really was the most extraordinary performance—as I was watching it, I felt that it was a classic case of ‘Me thinks he protesteth too much.’ Clearly, I think if we start to look at Labor’s record and we start to look at what has occurred under this government and the most recent Labor response, frankly I do not think that the Labor Party have much to talk about. I am surprised that they would have the gall to come in here and try and put forward this matter of public importance.

It is interesting to hear the questions being raised about what the government’s policy is when we talk about interest rates. I would have thought that the results speak for themselves on interest rates. When we talk about achievements with banking and achievements in giving customers real service and results, it is all about the fact that we have got interest rates down. We have seen the situation during the time of this government where interest rates were at their lowest in 30 years. We can all recall those days—back in the really dark days of Labor—when the big ‘R’ word came up. We had 17 and 18 per cent mortgages and we had 22 per cent interest rates for business. This was the sort of banking system that Labor had provided for us. When we then look at the Leader of the Opposition talking about ‘the big end of town’, it is a funny thing that he says he has three banks agreeing to talk to him about his social charter. No doubt, as he admits, they are ‘the big end of town’. And then he is sitting there criticising them.

I want to demonstrate how banking has changed in the last few years. It would seem that a lot of people in the opposition have not
woken up to the fact that consumers are using a myriad new ways to do their banking—many of them are much more convenient and, in many cases, much cheaper too. Clearly, all of these new developments have occurred under this government. As the Minister for Financial Services and Regulation pointed out, with the implementation of the Wallis report, we have created a quiet revolution in the way banking services are delivered.

I was surprised, listening to the member for Chisholm—who basically tried to create a straw man and then knock it down. I think she ought to admit that there are already fee-free accounts. Yes, the Bankers Association are going to expand on them—and we welcome that—but they do already exist. Again I say that I welcome the Australian Bankers Association response. I welcome it particularly because parts of it are a direct response to the regional banking services report—Money too far away—which I tabled in this parliament over a year ago. When you look through this report, you can see that these are the sorts of things that the ABA is responding to. I think it is significant that the banking community and associated financial institutions are the ones that provide the services, not the government. They seem to forget that it was actually the Labor Party that sold the Commonwealth bank—a small point maybe.

I think it is also important to look at the Labor Party’s record. If you look at branch closures, under the Labor Party in the years from 1990 to 1995, 138 metropolitan branches closed and 228 country branches closed. When we look at banking agencies, the figures are even more stark: 204 agencies closed over that period in the metropolitan areas and over 600 closed in the country. I think that Labor seemed to very conveniently gloss over the fact that that was all occurring and they did nothing about it. We have done something about it. We have instituted a number of alternatives.

Following the Wallis inquiry we have seen the expansion of giroPost. It started just over five years ago and there are now 2,814 outlets of giroPost through Australia Post—a significant addition to alternatives. Incidentally, under this government we are now seeing the expansion of giroPost to include business banking. This, again, was a direct recommendation in this report on regional banking services and it is something that I would like to see a big expansion in. Remembering that there are some 4,500 post office outlets in Australia, the potential, as you can see, is great. But it goes further than that. We have seen the expansion of credit unions under this government. We have seen the development of community banks—the Bank of Bendigo. This is really quite exciting. I see the member for Mallee is here, and his electorate has the fine example of the first community banks—Rupanyup and Minyip—to open in Australia, and what a great success they have been.

Mr Ronaldson—And in Avoca.

Mr HAWKER—Yes, and in Avoca, for the member for Bendigo. I had the opportunity last year to open a new branch of the Bank of Bendigo. This was in Colac in the electorate of my good friend and colleague the member for Corangamite. The significant thing about this Bank of Bendigo branch was that it was a new building that had been purpose built from the ground up. They were not just renting an agency; they had actually built the building. That is the sort of change that has been occurring under this government and it is significant, of course, that it was in the country. Then we have seen the development of the Guild Bank through the pharmacy outlets. That is starting to develop under this government. Potentially, there are 5,000 outlets. It seems that this has escaped Labor as well because all they do is keep focusing on the old system that they remember, the one that was closing down a lot of its branches.

Mr Hardgrave interjecting—

Mr HAWKER—As the member for Moreton says, the financial services union only concentrates on the big ones. But it goes
on. There is the development of in-store banking. Then we have the development with Elders. Again, I had the opportunity to open an Elders branch in Hamilton in my electorate. We have quite significant numbers there—something like 240 branches of Elders in conjunction with the Bank of Bendigo. That means that people who have an account with Elders will also be able to use the Bank of Bendigo. If you add those two networks together you have over 400 new branches. These are the sorts of things happening. Then there is the rural transactions centre program, which this government has instituted—again recognising Labor’s failure to small communities—to bring forward a positive policy and get some results. When you look at it, this government has really done some terrific things. The change that is occurring in banking is something that the financial services union would not be telling Labor to do because, as we all know, Labor is very much beholden to the unions, having just endorsed the fourth ACTU President. It seems that this really is the superannuation lodge for the ACTU.

Look at what has happened in the last five years with the convenience options. Look at ATMs—teller machines. They have gone from 7,000 to 10,800 in the last five years. Look at the EFTPOS outlets. The growth there has been staggering. Over the last five years they have gone from 100,000 to 320,000. The alternatives that have grown up under this government are just incredible. It is not just the basic banking services—the traditional ones—but there has been the expansion of credit unions, community banks, the pharmacy network with the Guild Bank, in-store banking and, as I mentioned, Elders and the rural transactions centres. The list is very impressive. Now we add to this the response of the Australian Bankers Association to this report and the fact that they have taken it upon themselves to put forward three proposals, all of which are welcome—particularly the one for people with disabilities, to give them access to fee-free services, but also the no-frills services to be expanded and the code of conduct which, if you read it, is remarkably similar to recommendation 20 in this report. Whatever way you look at it, there is a very fine record under this government. It is one that all members of this government will be very proud of, and one that means that we have taken the whole question of banking very seriously.

I come back to that very significant point: when we talk about banking, we look at what interest rates have done under this government. They have come down dramatically. We can compare that with the dark old days of Labor, particularly when the big R word was around—when interest rates were more than double what they are today. Is it any wonder that people recognise the achievements of this government? Is it any wonder that they continue to support this government? Most significantly, is it any wonder that they are going to look at this motion put forward by the Leader of the Opposition and realise just what a hollow effort it is, what a weak effort it is, and really what an unoriginal effort it is. He has just plagiarised some work that has been done by the Australian Bankers Association, parliamentary committees and people like that. In fact, he does not really have an original thought and it is no wonder he is the Leader of the Opposition.

COMMITTEES
Selection Committee Report

Mr NEHL (Cowper) (4.28 p.m.)—I present the report of the Selection Committee relating to the consideration of committee and delegation reports and private members business on Monday 2 April 2001. The report read as follows—

Report relating to the consideration of committee and delegation reports and private Members business on Monday, 2 April 2001

Pursuant to standing order 331, the Selection Committee has determined the order of precedence and times to be allotted for consideration of committee and delegation reports and private Members business on Monday, 2 April 2001. The order of precedence and the allotments of time determined by the Committee are shown in the list.
COMMITTEE AND DELEGATION REPORTS

Presentation and statements


The Committee determined that statements on the report may be made—all statements to conclude by 12.50 p.m.

Speech time limits—
Each Member—5 minutes.

[Proposed Members speaking = 4 x 5 mins]


The Committee determined that statements on the report may be made—all statements to conclude by 1.00 p.m.

Speech time limits—
Each Member—5 minutes.

[Proposed Members speaking = 2 x 5 mins]

PRIVATE MEMBERS BUSINESS

Order of precedence

Notices

1 Mr Kerr to present a bill for an act to provide for a civil forfeiture scheme for the proceeds of criminal activity and for other related purposes. (Criminal Assets Recovery Bill 2001—Notice given 7 March 2001.)

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

2 Dr Theophanous to present a bill for an act relating to the human rights and fundamental freedoms of all Australians and all people in Australia, and for related purposes. (Australian Bill of Rights Bill 2001—Notice given 5 March 2001.)

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

3 Mr Charles to present a bill for an act to amend the Customs Tariff Act 1995, and for related purposes. (Customs Tariff Amendment (Petrol Tax Cut) Bill (No. 2) 2001—Notice given 26 March 2001.)

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

4 Mr Charles to present a bill for an act about Commonwealth revenue on certain petroleum products, and for related purposes. (States’ Contribution to Lower Petrol Prices Bill 2001—Notice given 26 March 2001.)

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

5 Mr Charles to present a bill for an act to amend the Excise Tariff Act 1921, and for related purposes. (Excise Tariff Amendment (Petrol Tax Cut) Bill (No. 2) 2001—Notice given 26 March 2001.)

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

[Note: Notwithstanding the provisions of sessional order 104A the Selection Committee understands that the Member presenting these 3 bills intends to speak for a total time of approximately 15 minutes.]

6 Mrs De-Anne-Kelly to move:

That this House:

(1) notes the Coalition Government’s commitment to renewable energy;

(2) notes the quality production of ethanol in Australia;

(3) notes the use of ethanol as a blend with motor spirit and the advantages this offers in terms of:
   (a) competitive cost of production;
   (b) opportunities for development;
   (c) environmental benefits;
   (d) motoring efficiency; and
   (e) import replacement;

(4) notes the use of ethanol blends in other countries; and

(5) urges the Government to continue its support for development of renewable energy resources and trusts that the use and production of ethanol will continue to be progressed. (Notice given 7 February 2001.)

Time allotted—29 minutes.

Speech time limits—
Mover of motion—10 minutes.
First Government Member speaking—10 minutes.
Other Members, respectively—1 x 5 minutes, 1 x 4 minutes.

[Proposed Members speaking = 2 x 10 mins, 1 x 5 mins, 1 x 4 mins]

The Committee determined that consideration of this matter should continue on a future day.

7 Mr Sercombe to move:
That, in the light of the strong views of many Australians, and particularly those in provincial and rural areas, the House calls on the Government to:

(1) clearly indicate that it will not proceed with the further privatisation of Telstra; and

(2) remove the proceeds of further privatisation from its Forward Estimates. (Notice given 26 February 2001.)

Time allotted—remaining private Members business time.

Speech time limits—
Mover of motion—10 minutes.
First Government Member speaking—10 minutes.
Other Members—5 minutes each.

[Proposed Members speaking = 2 x 10 mins, 2 x 5 mins]

The Committee determined that consideration of this matter should continue on a future day.

MAIN COMMITTEE

Mr DEPUTY SPEAKER (Mr Jenkins) (4.28 p.m.)—I advise the House that the Deputy Speaker has fixed Wednesday, 28 March 2001, at 9.40 a.m., or such later time as the Deputy Speaker takes the Main Committee chair, as the time for the next meeting of the Main Committee, unless an alternative day or hour is fixed.

MATTERS REFERRED TO MAIN COMMITTEE

Motion (by Mr Ronaldson)—by leave—agreed to:
That the following bills be referred to the Main Committee for consideration:
Electoral and Referendum Amendment Bill (No. 1) 2001
Primary Industries and Energy Research and Development Amendment Bill 2001

BILLS RETURNED FROM THE SENATE

The following bills were returned from the Senate without amendment or request:
Customs Tariff Amendment Bill (No. 4) 2000

PIG INDUSTRY BILL 2000

Consideration of Senate Message

Bill returned from the Senate with amendments.
Ordered that the amendments be taken into consideration forthwith.

Senate’s amendments—

(1) Clause 7, page 4 (after line 19), after the definition of Maternity Leave Act, insert:

Presiding Officer means:
(a) in relation to the House of Representatives—the Speaker of the House of Representatives; and
(b) in relation to the Senate—the President of the Senate.

(2) Clause 11, page 11 (lines 3 to 9), omit the clause, substitute:

11 Declaration of industry services body

(1) If a funding contract has been made that provides for payments to be made to an eligible body, the Minister may, in writing, declare that body to be the industry services body for the purposes of this Act.

Note: Subsection 33(3) of the Acts Interpretation Act 1901 provides for the repeal, variation etc. of instruments.

(2) A declaration under this section must specify the day on and after which the relevant body is to be the industry services body. That day must not be earlier than the day after the day, or the later of the days (as the case may be), that paragraph (3)(a) is complied with.

(3) The Minister must cause a copy of each declaration under this section to be:
(a) laid before each House of the Parliament or, if a House is not sitting, presented to the Presiding Officer of that House for circulation to the members of that House and tabling on the next sitting day, within 5 days after the declaration is made; and
(b) published in the Gazette within 14 days after the declaration is made.

(4) For the purposes of subsection (3), if a House has been dissolved and the newly-elected House has not met when a declaration is provided to the Presid-
The purpose of this legislation is to create a new pig industry services body that will provide for the integrated delivery of industry marketing and promotion and R&D functions. In addition, the company will undertake strategic planning and industry policy development functions. There were two amendments to the bill in the Senate both serving to increase the level of parliamentary scrutiny of decisions made by the minister when administering the new pork industry institutional arrangements. The first amendment relates to the declaration of the industry services body, a company which will deliver marketing research and development and strategic policy services to the pig industry.

New clause 11 provides for the minister to declare a body to be the industry services body if a funding contract has been made. The declaration will specify the day from which the body is to be regarded as the industry services body and cannot come into effect until after the declaration has been circulated. A copy of the declaration is to be laid before each house of parliament within five days of being made. If a house is not sitting then a declaration is to be circulated to the members of each house and tabled on the next sitting day. The declaration is also to be published in the *Gazette* within 14 days. If a house has been dissolved and the newly elected house has not yet met then the declaration is to be circulated to the former members of the house.

The second amendment relates to ministerial directions to the industry services body. Clause 12 provides for the minister to give a written direction to the industry services body with which it must comply. The direction must meet the criteria of being in the national interest because of exceptional or urgent circumstances. The ministerial direction is to be published in the *Gazette* as soon as practicable and tabled in each house of parliament within five sitting days. The annual report of the company is to include particulars of the direction and an assessment of its impact on the operations of the company. The tabling and publication do not need to happen if compliance would prejudice the...
company's commercial activities or would be contrary to the public interest. These changes are generally consistent with similar industry restructure arrangements and reinforce the already strong accountability requirements for the performance of the company to the minister, the Commonwealth and all Australians. The government will accept these amendments and I commend the Pig Industry Bill 2000 to the House.

Mr O'CONNOR (Corio) (4.33 p.m.)—The amendments we are debating here today to the Pig Industry Bill 2000 are the result of actions by opposition senators in the other place in proposing amendments to the bill to strengthen the accountability mechanisms and to achieve other purposes in line with what has been done in legislation relating to horticultural industries, the wool industry and others. Throughout this debate, the opposition has expressed its views on what the industry and the government have been attempting to achieve with this whole restructuring process. I can recall very early in my days as opposition shadow minister being visited by the then head of the Pork Council of Australia, Ron Pollard, who explained in great detail what the industry was attempting to achieve with the amalgamation of the three bodies into Australian Pork Ltd. That proposal went through an intensive period of consultation with the industry and with the government. The outcome is the legislation we are about to finalise in this House today.

In this debate, the opposition has expressed its reservations about aspects of the structure that has been proposed by the industry. We have done that. I think, in a constructive way, not seeking to undermine their intent or desire to amalgamate the research and development functions, the industry service function and the marketing function into one body. Our experience in the past in government has been that where you combine these marketing and research and development functions, problems can arise. History will judge whether this experiment taking place in this industry will yield the fruit that the industry hopes.

We have at all stages in the passage of this legislation, with our discussions with the government, attempted to strengthen the accountability provisions in the legislation to ensure that, where public moneys are allocated to the new industry body, those moneys are spent in accordance with the intent of the organisation and in line with the general accountability provisions that relate to corporate bodies of this type and their relationship to the parliament of Australia. It is very important that the parliament retains its capacity to inquire into the affairs of these new structures where those structures have the responsibility to spend money as a result of the decisions of parliament on behalf of the taxpayers of Australia. I think the amendments we proposed in the Senate have strengthened the legislation. Of course those amendments were in line with the recommendations of the Senate Scrutiny of Bills Committee. I am pleased that the government has seen fit to incorporate those amendments into the legislation.

We expressed in the Senate debates our concern about a particular aspect of the legislation—that relating to the definitions of agripolitical activity. This leads us into a very grey area as far as rural bodies of this type are concerned and the way they conduct their lobbying efforts to change aspects of government legislation or something that the government proposes to do. This is a grey area, which we will watch very closely from opposition. It will be of particular interest to us later in the year when we become the government of the day. 

We are not seeking to undermine the intent or desire of the industry to amalgamate the research and development functions, the industry service function and the marketing function into one body. Our experience in the past in government has been that where you combine these marketing and research and development functions, problems can arise. History will judge whether this experiment taking place in this industry will yield the fruit that the industry hopes.
Having said that, the industry has entered willingly into this arrangement with the government. We have attempted to have defined in this legislation just what would constitute agripolitical activity and what might cause government to intervene should an industry services body or a body representative of producers transgress that particular provision. It is a very difficult area, one that caused considerable angst for the industry in its negotiations with the government. Probably this was not the best arrangement for the industry to be in because we know that at one stage in its history it did engage in significant political activity directed against this government. So one can understand the sensitivities of the government on this issue. Nevertheless, we are entering new territory here, as we are with the structures that are being proposed in this legislation and in legislation relating to other rural industries. In coming months, we will watch whether this particular experiment is successful or not.

I wish the industry well. I was at the industry’s annual dinner last night, where particular thanks were given to Ron Pollard and Kathleen Plowman, who did a substantial amount of the legwork on this legislation. I say quite openly on the floor of this House: there are many people who come through a shadow minister’s office, as they do go through the minister’s office, but it would take quite an effort for many to match the integrity and sincerity of Ron Pollard. He has given great service to the pork industry in his time as President of the Pork Council of Australia and I wish him well in his new endeavours.

I thank the industry for the open way in which they conducted their discussions with the opposition on this bill, keeping us informed at every stage of the development of this proposal and at every stage of its discussion with the government. I record once again my disappointment at the government’s failure to provide the essential documentation to the opposition which has given effect to the new structure that is encapsulated in this legislation. It is particularly disappointing when you get a very important piece of legislation as far as rural industries are concerned, something very new and something important to the parliament. I would have thought, in the spirit of cooperation in this place, that a more open approach would have been to provide the opposition with the basic documentation well in advance of the time that the government did for us to develop our own views and express them in the houses that constitute this parliament.

It was only last week that I received the basic documentation, which outlines the contractual arrangements between the government and the new industry body. During the week, I happened to be on the road in the minister’s electorate in the town of Monto. While we go about our shadow ministerial responsibilities and the minister goes about his responsibilities, it is very difficult to get a handle on the complexities of a document like the constitution of the new body and the contract between the government and the industry body.

Far better would it have been for the government to provide those drafts to us in confidence at a very early stage. We know how to keep those confidences on this side of the House. The minister at the table may smile at that, but, if she would like to go to the pork industry representatives and ask them how the opposition has conducted itself in relation to this particular proposal that is encapsulated in this legislation, I believe she would get the answer that it has been a very open communication and discussion with integrity. That would have been our attitude if the minister and the government had taken us into their confidence and provided us with the basic documentation in relation to this legislation.

Having said that, I wish the industry well. We will watch this experiment with great interest. We hope that this industry, which has been through some difficult times over the last couple of years and which has now entered a positive era in its development, continues to grow. We hope that the aims and
objectives of the industry, as expressed in this legislation and in this new structure, are achieved over time for the benefit of those producers and those communities that depend on this industry for their survival.

Question resolved in the affirmative.

**EXCISE TARIFF AMENDMENT BILL (No. 1) 2001**

Cognate bill:

**CUSTOMS TARIFF AMENDMENT BILL (No. 2) 2001**

Second Reading

Debate resumed from 8 March, on motion by Mr McGauran:

That the bill be now read a second time.

Mr CREAN (Hotham) (4.46 p.m.)—

These bills, the Excise Tariff Amendment Bill (No. 1) 2001 and the Customs Tariff Amendment Bill (No. 2) 2001, contain another tale of GST deceit. The broken beer promise is buried in the petrol backflip. The government is trying to hold them to ransom over petrol. These issues, of course, should be brought by way of separate bills, just as they came to the House as separate proposals. Having deceived on the promise, the government now wants to deceive on its enactment. To expedite the conclusion of this issue, this sorry tale of deceit, Labor is proposing amendments in the House to have the government honour its promise. If the amendments fail, we will be moving in the Senate for the separation of these discrete items and seeking the concurrence of the House in that split.

Let us remind people of what the Prime Minister’s promise was in relation to beer during the election campaign. He said on the John Laws program, on 23 September 1998:

There’ll be no more than a 1.9 per cent rise in ordinary beer.

Six weeks earlier, on 14 August 1998, he said this on the Alan Jones program:

Across the board there is virtually no change in relation to alcohol. A tiny CPI equivalent rise in relation to ordinary beer.

That was his promise in advance of the last election, and that is the promise we want him to honour. So millions of listeners are told that their beer price rise is only 1.9 per cent. They were entitled to believe the Prime Minister. How wrong they were, because the never, ever man was at it again. The person who said there would never, ever be a GST was deceiving them about its impact and its application. There can be no doubt about the language used and no doubt about the intention of the Prime Minister. But then after the election we get the duplicity of the current proposal.

Who would be in a position to know what the real position was before the last election? Obviously members of the coalition caucus that discussed this issue ought to be in a good position to report accurately on it. What do we find from this quarter? The deliberate deceit is confirmed by a former member of the coalition caucus, Eion Cameron, the former member for Stirling, who lost his seat in the last election in the huge swing back to Labor. He spoke on Perth radio 6PR on 8 March 2000—after the Prime Minister’s deceit had been exposed, after he had been re-elected, after he felt this was no longer a core promise. This is what Eion Cameron had to say:

I was a member of the government that went to the 1998 election with that policy and I can tell you I was led to believe, by the powers that be, that beer would only go up by 1.9 per cent. There was no differentiation between stubbies, cans or middies. We were simply told a beer would go up by 1.9 per cent and it was a common question asked of me and asked of the government because many Australians love a cold beer, as we know. And it wouldn’t be proper for me to reveal what goes on in the government party room back then when I was an MP, but I can tell you what was not said.

There you have it from a person in the party room who, too, apparently, was deceived by his leader. This is a former member nailing the Prime Minister for fibbing to the public, in contravention of his own tattered code of conduct. Labor’s amendments therefore are designed to hold the Prime Minister to his promise. But you will not hear much honesty
from the other side in this debate. You will not hear them refer to the Prime Minister’s pre-election promises. If I could make a prediction, you will hear a lot of the following points made. I can say this with confidence because I suspect there must be some disgruntled members on the other side of the parliament in relation to the government’s duplicity on beer, because we happen to have had leaked to us the speaking notes prepared for government members in relation to this bill.

The reason I am so confident on this point that the government have so generously provided to us is that I want to go through the points that are referred to in their speaking notes and refute them. Let us see if there is any originality that comes from the other side; let us see if they are just sticking to this script. We know how the member for McEwen was caught out deceiving her electorate on the price of petrol. Let us see how she stands again.

Fran Bailey—Mr Deputy Speaker, I raise a point of order. I ask that the member withdraw that. I take objection to that.

Mr DEPUTY SPEAKER (Mr Jenkins)—Order! I think for the purposes of this debate the Deputy Leader of the Opposition should be very careful. It would assist the debate if he referred his remarks through the chair.

Mr CREAN—Through the chair, I am talking about the government’s deceit of which she is part. These are the hotels in the local communities that are being hurt. They are being hurt in McEwen just as they are being hurt all around the country.

These notes that we got are stamped ‘confidential’—I presume so that those opposite can deny that they need to table them in the parliament. What I want to know is whether the government members in this debate will depart from this script. There is a special part in the script that is completely false and which I would like to address at this point in the debate; that is the notion that Labor is opposing this legislation. That is untrue. Labor will be voting for this bill, but I will be moving amendments that seek to get the Prime Minister to honour his promise. But we are not opposing the bill. I have indicated what we will be doing in the Senate, and that is where we have the agreement with the Democrats to separate this bill—separate the two components out—and seek the concurrence of this House to that question.

The member for McEwen and other members on the government’s backbench have a choice: they can vote for the petrol one, now that they have backflipped on it, but they can also vote for honesty on beer. They can do it through this mechanism that we are proposing. But do not perpetrate another deceit in this parliament by saying that we will be opposing the bill. The only people being deceitful are government members, if they continue to talk about our opposing this bill—another example of continuing deceit about the broken promise as now revealed in the leaked document that we have. If they per-
petrate it, they will be speaking from a false script.

Let us go to some of the other points raised in this leaked document. It says that the government promised only 1.9 per cent on packaged beer, not on draught beer, and it goes on to say that the government did not make a similar commitment in relation to draught beer served over the counter. I have already quoted what the government said—through the words out of the mouth of the Prime Minister when he said ordinary beer would not go up by more than 1.9 per cent. I ask the member for McEwen: do you not think draught beer is ordinary beer? If you do, go and tell the people in the public sector, because they certainly think it is ordinary beer. Indeed, research commissioned by the brewers shows that over 80 per cent of Australians regard draught beer as ordinary beer. So it is a promise that the public expected to apply to draught beer. That is why over 850,000 beer drinkers have registered their protest on this issue by the biggest petition ever tabled in Australian parliamentary history.

Another point made in the leaked document is that the government promised that the alcohol tax reforms would be revenue neutral. If that is so, the government’s beer excise gouge—up nearly 90 per cent—will rip out nearly another half a billion dollars in revenue. That is GST and beer excise from beer drinkers. It is little wonder that the Daily Telegraph had as its banner headline back on 8 May ‘beer tax doubled’—some neutrality there is there! When this document says that the government promised the alcohol tax reforms would be revenue neutral, that is nonsense.

Another claim made in the leaked document is that the ACCC figures show that draught beer rose by seven to eight per cent on 1 July. We might hear that from government members as they rise to make their contribution to this debate. But, since indexation in August and February, draught beer prices have risen over 10 per cent, and the source for that information is the Australian Bureau of Statistics. When does the government stop the deceit? It peddles out this rubbish in terms of expecting its members to defend the broader deceit and perpetrates the deceit in the document itself.

The document then goes on to say that the government argues that draught beer prices have risen as a result of the service component of the GST. We might hear a bit of this, because this is what the Treasurer is so fond of defending. But what are the facts? This claim is absolutely untrue. If the government had simply replaced the old wholesale sales tax at 37 per cent with a retail based tax—that is a GST at 10 per cent—the price of beer in pubs and clubs would have remained virtually unchanged. It is the nearly 90 per cent increase in excise rates that has driven up the price of draught beer.

Another claim made in the leaked document is that setting a differential rate for draught beer will introduce administrative difficulties and open up avenues for potential abuse. The amendments that we are proposing suggest a different rate for 50-litre kegs. It would be easy to administer and would not be open to abuse. Indeed, taxing fuel in different containers through different excise rates already happens, so there is ample precedent for it. That is another deceit in the document. It goes further. It says that taxing draught beer at a reduced rate will create inequities with other alcohol products. It will not. The proposed amendments to the government’s beer excise rates will merely get us close to the status quo that applied before the GST and deliver on the government’s 1.9 per cent promise, as well as protect jobs in the hotel and club industries.

A further claim made in the leaked document is that the government says that, if its beer excise rates are not approved, it will cost the budget $820 million. If excise rates are introduced to deliver on the government’s own 1.9 per cent price promise, on an annualised basis the government is still ahead on the financial year 2000 figures by over $200 million. The brewers are only disputing approximately $200 million in annualised revenue—not the $820 million that the government’s document tries to assert.
The document also makes the point that the government is arguing that, in addition to draught beer, the price of packaged beer will fall by around 18 to 20 per cent and that this has public health implications. That too is utter rubbish because the proposed excise amendments will not impact on packaged beer prices. They apply only to draught beer. The price of draught beer will still rise, so there will be no public health issues. The government also says in this document that the brewers are trying to make beer cheaper, again with public health implications. Again, this is wrong because the proposed excise amendments will not impact on packaged beer prices. They apply only to draught beer. The price of draught beer will still rise by at least 1.9 per cent over the 30 June prices. So there are no public health issues whatsoever.

Here we have, as I have said, continuing deceit about the GST on the specific issue of beer, but not a single thing that the government have said about the GST has come true. They said that it would be good for the economy, yet in the first six months of the GST the economy went backwards after nine years of unbroken growth. The government argued that it would be good for jobs; yet since July the number of people in full-time employment has fallen. The government said the GST would boost investment; yet in the first six months of the GST business investment suffered its biggest fall since 1983. The government said the GST reforms would boost the dollar; yet since the GST came in the dollar has fallen to its lowest level on record. The government said the GST would not increase the price of petrol. It did, and they were forced to acknowledge this with last month’s 1.5c a litre backflip.

The government said that the GST would not increase the price of ordinary beer—the issue that we are also debating at the moment—by more than 1.9 per cent. It has gone up more than 10 per cent under the GST. The government said that the GST would cut business red tape. In fact, it has drowned business in red tape. The government have been forced to have another backflip—this time on the business activity statement—when they said, in terms of Labor’s proposal, that it could not be done. They were then forced to embrace it, but they still have not implemented it in the way in which Labor suggested.

The government also said that the GST would cut the cost of banking. I know that you, Mr Deputy Speaker Hawker, take a very keen interest in the banking sector through your important role on the committee you chair, but this was a claim made of the banking sector—that the GST would cut the cost of banking by $600 million. In fact—and it was a question that we asked earlier today in the parliament—it has raised the cost of banking by some $430 million, causing fees to rise, in some cases by the full 10 per cent.

The government also argued in relation to the GST that nothing would rise by the full 10 per cent. Of course, we know that is nonsense. The government said that nobody would be worse off, except for tax cheats. That was the Prime Minister’s oft stated quote. Yet polls show that over 70 per cent of people believe they are worse off under the tax system. That is an awful lot of tax cheats, if the Prime Minister is to be believed. It was very interesting that in question time today the Prime Minister debased that promise. Today he was simply saying that the ‘average Australian’ would be better off under the GST. That is a moot point as well. The interesting question is that he is no longer holding to the view that all Australians, bar tax cheats, will be better off. So here we have the Prime Minister slipping and sliding again, trying to craft some semblance of commitment to his earlier promises but knowing every one of them that he has made has not been delivered on. The legislation that we are dealing with today is further evidence of that broken promise.

We should also remember the history of the issue we are currently debating. At the time the GST was being introduced, the government were running around the country complaining about so-called hidden taxes. Members might remember the little red
booklet that they were so proud to hold up in
the parliament—and I know members oppo-
site were so keen to get out in their elector-
ates—which talked about getting rid of the
so-called hidden taxes. Remember that they
were going to abolish them? And why?—
because they said they were unfair. In this
booklet, which was distributed to every
household, that was the claim they were
making. The problem with this booklet is
that it does not include goods with excise on
them. Nowhere can you find in this booklet a
good which has an excise on it. It does not
cover beer and tobacco, for example.

As consumers now know, the GST did not
get rid of the hidden taxes; it made them
worse. The excise is a perfect example. If we
look at the budget papers—these are the
budget papers under the Treasurer’s name—
page 5-13 of Budget Paper No. 1 reveals a
massive increase in excise, a hidden tax in-
crease of close to 40 per cent. These were
supposed to be the hidden taxes you cam-
paigned to get rid of. Your own budget pa-
pers show that excise has been increased by
some 40 per cent. No wonder Max Walsh
says of this government—and again I quote
from his article in the Bulletin of 13 March:
By the time Costello brings down his budget ...
we will see that Howard is not only the largest
taxer in history but also the biggest spender.
This is Max Walsh, no friend of Labor’s. He
has done the calculations. Look at the tables.
Don’t look aghast, I say to the member for
McEwen; understand the deceit that is being
perpetrated by this government. It goes
around saying it wants to be low taxing and
low spending. But it is the biggest taxing
government in history. It is also the biggest
spending government in some time in this
country.

The 40 per cent increase that is revealed in
the budget papers so far as excise is con-
cerned is nearly a $6 billion annual increase
in excise, or a massive $300 per Australian.
The components of this windfall are a 13 per
cent increase in fuel tax, a 61 per cent in-
crease in beer and spirits excise and a whop-
ping 194 per cent increase in tobacco excise.
So much for getting rid of the hidden taxes.

But that is not all. Now, in addition to the
excise being hiked, consumers have to face a
GST on top of the taxes—a tax on a tax. That
is another promise that the government said
would not happen. It said there would be no
taxes on taxes. Remember it arguing that in
relation to its new tax system? It has not only
hiked excise by the proportions I have talked
about; it has put a GST on top of it.

In this debate, we should reflect as well on
the long path that has preceded it. The in-
dustry itself has undertaken a public cam-
paign to try to shame the government into
honouring its word. For example, full-page
ads were taken out in newspapers around the
country. There was also a television adver-
tising campaign, with Peter Costello’s hand
coming in between two drinkers in the pub;
when they looked down, the beer came out.
You would remember that campaign, be-
cause it had many amusing advertisements.
Indeed, the advertising campaign was
awarded the Australian Direct Marketing
Award.

Mr McClelland—The government tried
to buy it off.

Mr CREAN—Yes, that is exactly right.
We remember the night that Austin Powers
was on TV and the government was out
frantically buying up all the space to keep
the advertisements off the air. I remember the
other day on an ABC program we heard the
Treasurer reminiscing about his philosophy
in life—how he really believed in freedom of
expression, really allowing his libertarian
view to eat through. He was out there di-
recting the campaign budget to spend up so
that the brewers could not put their case to
the Australian public, because it was critical
of what he was doing.

Anyway, the message got through. Some
850,000 people who signed a petition cannot
be wrong. Petition signers, as you know, are
required to write their addresses. All the ad-
dresses can be broken down by electorate, and
all of them subjected to a very effective
direct mail campaign of a government that
promised that beer would go up by only 1.9
per cent but that has now whacked it up by
10 per cent. The member for McEwen might
have some explaining to do in her electorate when correspondence to that extent starts to emerge, when the campaign starts to emerge. This issue is now in debate. It will be interesting to see how you vote with this. I will be interested to see how you debate. I will also be interested to see if you depart from this script.

We also have the situation of the unprecedented circumstance of the Senate supporting a motion on 29 June last year calling on the government to honour its beer promise. The Senate was agreeing with us that the government should honour its promise on beer. This is important in terms of understanding where the debate is going in that chamber and the implications for what comes back. Yet the government persisted in being stubborn—getting the signal from the other signatories to the GST deal and ignoring it. We should also remember that the architect of the problem, Senator Lees, has publicly agreed that she never agreed to a rise in the price of ordinary beer of almost 10 per cent. This is one of the signatories being duded. What sort of a government is it? What sort of a government would go out, deceive the Australian public and then, as part of the exercise to get its deal through at any costs, deceive the joint signatories in relation to it? There is an interesting tussle going on in the Democrats at the moment, and time will tell what the outcome of that will be. But the Democrats have undertaken to stick to their position and hold the Prime Minister accountable.

We need to keep a final point in mind. The Treasurer claims this is an issue about big business versus the government. It is not. It is really about the government versus ordinary consumers. It is beer drinkers who are paying the higher taxes. The brewers are merely the collection points. But it is not just consumers that this government is in conflict with on this issue. It is also the retailers who are the victims. It is the clubs and pubs of Australia who have borne the reduction in business which this tax slug has caused.

Country pubs are a vital piece of social infrastructure. It is their business which has been most affected by this deceit. Sales have declined four per cent in total, but by much more in many areas. There is also another group—the micro brewers. We had the opportunity to campaign with Buffalo Brewery, which was about to go extinct, like the buffalo went extinct, because of this government’s tax policy, but we got a change that has kept them in business. They acknowledge that the Labor Party were responsible for getting that change. I visited their brewery at Boorhaman, just outside of Wangaratta. There are many such breweries around this country, and the amendments that we are proposing in this legislation also provide additional assistance to them. These are new, innovative industries that we ought to be encouraging, not taxing out of existence. There have been too many businesses taxed out of existence by the GST. Remember another promise that the Treasurer made: no small business would go out of business as a result of the GST. What a joke! This government cannot be believed on anything they have said about the GST. The Deputy Governor of the Reserve Bank has sheeted home blame to the GST, and the Prime Minister could not even get his name right in the parliament today! The Minister for Small Business could not get the former ACTU president’s name right, and the Deputy Prime Minister could not even remember the name of the regional representative on the Telstra board. Today could be called a ‘bad name day’ for this government, but they are being named all around the country for their deceit, and this bill exposes another example of it. This piece of legislation should be separated out and voted down in relation to the hike on beer excise. (Time expired)

FRAN BAILEY (McEwen) (5.16 p.m.)—I rise to speak in support of the Excise Tariff Amendment Bill (No. 1) 2001 and the Customs Tariff Amendment Bill (No. 2) 2001. Before going into the detail, I cannot let the opportunity pass without making some comment on the previous half hour or so in which we have been listening to the shadow Treasurer. Firstly, the shadow Treasurer blamed everything but the current weather...
patterns on the GST—and now, after making challenges to me during his contribution, he is of course leaving the chamber. The second point is: when exactly is the shadow Treasurer going to come clean about what taxes he would be looking to increase to pay for all these proposed roll-backs? The third point is that, in the half hour that I have been listening to the shadow Treasurer—and I did him the courtesy of listening, unlike what he is now doing to me—and after months of listening to him in this place and outside and after having him send many of his minions through my electorate talking about fuel excise, we come into this place to debate this legislation and the shadow Treasurer barely mentions the words ‘fuel excise’ and the reform that is contained within this legislation. I think that that shows him up to be exactly what he is—and I will leave it at that because I want to get on to the important point of what is contained in this legislation.

The most significant impact of this bill is that it gives effect to the government’s fuel tax reform. This includes a four-pronged attack on petrol prices, which is highlighted by not only an immediate 1.5c per litre reduction in petrol excise but also the abolition of all future half-yearly indexation of the fuel excise. Other features of the plan include introducing powers for the Australian Competition and Consumer Commission to properly monitor fuel prices and, most importantly, an inquiry into the fuel excise system—something that I have long campaigned for. Motoring organisations and consumers uniformly welcomed the announcement of the reduction in fuel excise and the abolition of half-yearly indexation across Australia. The NRMA stated that the abolition of six-monthly indexation was more significant than the 1.5c per litre excise cut. The Executive Director of the Australian Automobile Association, Mr Lauchlan McIntosh, said the AAA was pleased that the government had listened to motorists’ concerns. He said:

We are particularly pleased about the indexation decision ... It means motorists will no longer face six-monthly tax increases on petrol. As the Prime Minister noted, Governments will have to display greater discipline and will have to fully and openly justify any future decision to increase fuel tax.

Mr McIntosh went on to say:

While the immediate 1.5c cut in excise may not have been as much as we sought, when combined with an end to automatic tax increases and stronger powers for the ACCC to police petrol pricing, we believe it is a very good outcome for motorists and other road users.

The Australian Automobile Association and motoring clubs are also very pleased about the planned review of the fuel tax system. They observed that it presents an opportunity to reform the entire system which has been unfair to motorists for many years. The AAA noted that it looks forward to working constructively with the government on this review. Isn’t it a shame that those opposite, and in particular the shadow Treasurer, could not find it within themselves to give credit where it is due?

The Prime Minister acknowledged that a mistake had been made in not understanding how much high petrol prices have been hurting people and is determined to tackle the core problems that have contributed to high petrol prices and not just respond with a quick band-aid solution, which was all that was offered by the Leader of the Opposition and, in particular, the man who will not stay in this chamber, the shadow Treasurer. Of course, those on the other side of this House would well know that it was the Hawke government in 1983 that introduced the indexation of fuel excise in line with the CPI. Over its 13 years in power, the Labor Party increased petrol excise by 35 per cent per annum. The Labor Party took the excise from 6c in 1983 to 34c a litre by the time it left office.

Excise is a very simple tax both in an administrative and an economic sense, and there is little argument that it is a relatively simple way to collect revenue. But I believe that its simplicity masks an inherent inequity, and that inequity exists because anyone living outside the densely populated metropolitan areas pays a disproportionate amount of excise simply because of where they live.
They cannot walk down to the corner of their street and hop on a tram, a bus or a train; they must rely on their own motor vehicle as their primary mode of transport. The recent political stunts that the Labor Party have engaged in on the issue of fuel excise have really been the height of hypocrisy. In reality, the ALP’s proposed amendments had absolutely nothing to do with the issue of the cost of petrol. It was merely another attempt to roll back the GST with no information—in fact not one shred of information—as to how or where they would raise the revenue to pay for this roll-back, just as the shadow Treasurer in this very House today failed to say, if he ever got the chance to get into government, what the taxes would be that he would increase. He failed yet again.

Another point is that this is yet another example of the Labor Party not being prepared to tackle the real issue. In fact, once again they have shown that their only response to a very serious issue is both lazy and superficial. That is in stark contrast to the steps being taken by the government so that petrol excise will no longer be tied to the CPI. We have broken the nexus that was put in place by Bob Hawke 18 years ago with the abolition of the half-yearly automatic indexation. We have broken that nexus of government automatically relying on raising additional revenue without ever having to justify why it raised the extra revenue. The government will also be making sure that the cut to fuel excise will in fact be passed on to motorists through ensuring that the ACCC is given sufficient powers and funding to monitor this reform.

I mentioned earlier the inequity of the fuel excise system. It is regressive because people on low incomes are paying a higher proportion of their income in excise. This is compounded for people who live in rural and regional areas, such as those in my electorate, where they have little choice but to use their motor vehicle because of a lack of transport. They pay a disproportionate amount of the excise simply because they use more fuel as a result of the lack of access to public transport and the distances they must travel to access the employment, education and health services that people in cities take for granted since these services are virtually at their doorstep.

It was because of this inequity that I sponsored the Victorian Automobile Chamber of Commerce petrol taxes petition in November last year. A total of 58,843 signatures were collected over a short 10-day period, demonstrating how strongly the public felt about petrol taxes and the need to provide relief by cutting the fuel excise indexation. The disadvantage experienced by motorists outside the metropolitan areas is confirmed by the most recent analysis of the Australian Bureau of Statistics which shows that my electorate has one of the highest numbers of households with two cars. That means, of course, a higher use of petrol. Surveys that I have undertaken in my electorate indicate that families in rural and outer metropolitan areas spend an average of $50 per week on petrol—and this is only for local use such as getting to work, going shopping and taking and collecting the kids from school. This amount does not include any long distance travel. The measures outlined in this bill will give that much needed relief not just to the people in my electorate but also to those in similar circumstances all around our nation.

Most importantly, the government’s inquiry into the fuel excise system must explore ways to make the system fairer and to remove from people who live outside the metropolitan areas the burden of contributing a disproportionate amount to the excise collected. The action reflected in this bill reinforces this government’s commitment to ensuring that people outside the metropolitan areas are not disadvantaged by high petrol prices. The cut in the excise rates and the abolition of automatic indexation complement the government’s 24c diesel fuel rebate and the fuel sales grant of 1c and 2c per litre for the benefit of those in non-metropolitan and remote areas respectively where fuel prices are higher. The ALP has signalled quite clearly what it thinks of people living in these areas by opposing the 24c diesel fuel rate, and it has also stated that it will remove
the fuel sales grant subsidy which has amounted to over $800 million in fuel price relief for country people. Once again, the Labor Party has demonstrated a complete lack of understanding of the needs of people in country areas. Its recent stunt of attempting to roll back the GST on fuel was exactly that—a stunt. It was an exercise designed to divert attention away from the real issue, with not one ounce of genuine concern for the needs of people like those in my electorate.

State governments must now follow the lead of the federal government and take real steps to help alleviate the fuel price burden. State governments can no longer hide behind the fact that they too receive excise as well as the GST collected from fuel sales. The state governments are receiving excise payments equivalent to 8.35c per litre of petrol. Only Queensland passes the full 8.35c back to motorists. Other states—in particular, the state of Victoria—should immediately match Queensland and provide further assistance to motorists. I have already called on the Victorian government to forgo the excise that they receive from petrol and to provide assistance to Victorian motorists. So far the response has been one of deafening silence. If Premier Bracks and the other premiers fail to do this, then one of the terms of reference for the inquiry into excise must be, I believe, that the Commonwealth ceases to collect excise on behalf of the states. The state governments cannot have it both ways: they cannot continue to receive excise collected on their behalf by the Commonwealth, as well as the GST collected on fuel sales, while of course pretending that only the Commonwealth can provide any relief.

It is clear that recent steep increases in petrol prices have been a direct result of increases in the world price of crude oil and the fall in value of the Australian dollar. Over the past 12 months and more, I have consistently called for action to be taken to provide relief. The government is now delivering on all that I have fought for plus more. Those on the other side have mounted a concerted campaign against me, and we heard examples of it yet again today here in this very chamber from the shadow Treasurer. But now that the relief is being provided—and this legislation is proof of that—they are silent, just as the shadow Treasurer did not want to debate these improvements on fuel excise. In other words, they are unable to bring themselves to acknowledge that the right action has been taken, as opposed to their stunts, which at best were nothing more than bandaid solutions that would be lucky to last five minutes. Sadly, they are incapable of giving credit when and where it is due.

I know that people in my electorate would be interested to know that, of the 28c rise in excise under the previous government, 5c was legislated for in the 1993 budget. The Leader of the Opposition, who was Minister for Finance at the time, referred to this 5c increase as a ‘small adjustment’. That so-called ‘small adjustment’ of 5c extra per litre hurt an awful lot of people in my electorate, and they remember it. This government has listened to the Australian public’s concerns and has initiated action to ease the burden. I am very pleased that substantive action is being taken and that this government has shown that it is responsive to the issues that impact on people. Petrol is necessary in everyday life for the people in my electorate and across the country in general. These people have for too long paid a disproportionate share of the excise take. It is now time for that to change, and this legislation marks the beginning of that change. I support the legislation and commend it to the House.

Mr RUDD (Griffith) (5.33 p.m.)—I listened keenly to the remarks just made in the chamber by the member for McEwen and in particular to those parts of her speech which were read so eloquently from the confidential briefing paper which had been circulated by the government to its members for use in this debate. However, the member seemed to be particularly concerned—I hope she does not leave the chamber at this point—

Fran Bailey—I’m coming back.

Mr RUDD—about the number of times that members of the opposition have visited her electorate recently. The reason why we
often visit the electorate of the honourable member for McEwen is that we like it very much. We enjoy its surrounds so much that we intend to visit it a lot more. In fact, we like it so much that we intend to win it at the next election. That is why the honourable member will see more of us in the future and not less. But as I await the honourable member’s return to the chamber—she has just indicated that she may do so—I want to focus particularly on how she described the government’s policy backflip of 1 March this year as some sort of path-breaking piece of national economic reform. It was not reform; it was a backflip of which Harry Houdini would have been immensely proud.

I am pleased that the honourable member for McEwen has returned to the chamber. I suppose that what I should do in the debate to respond to the remarks that she made is to leave the honourable member with some questions to ponder. If her concern about the impact of the GST on the price of petrol in her electorate were so great, why didn’t she come across the chamber and support our bill when it was initiated in the chamber a month before the government’s announcement that the excise level would be brought down by 1.5c a litre? Her not doing that was to cost Australian motorists between $40 million to $50 million extra while the government fiddle-faddled during the entire month of February. Of course, we had to have the debacle of the Queensland state election and the impending debacle of the Ryan by-election to bring a bit of focus to those opposite, and at last it came forward. But had the honourable member for McEwen supported our piece of legislation—initiated in early February—not only would she have saved Australian motorists $50 million but she would have saved the motorists of the electorate of McEwen about $350,000 in terms of the extra amount of excise that they had to pay.

I would hope that the honourable member is not going to absent herself again from the chamber, because there are a few other questions that I would like her to ponder. Given the abolition of future indexation—to which she and the government are committed—I presume that she will make an equal commitment to her electorate that the government in the future will not use any other means to increase the excise level other than through the automatic indexation mechanism? But, mysteriously, the honourable member for McEwen has vacated the chamber again, and I imagine that it will be some time before we have an answer to that question.

Then there is the third question that I would have liked the honourable member to have been around to answer. The initial GST fiddle as it impacted upon the price of petrol was this: they drew down the excise rate by 6.77c a litre, whacked on a GST of 8.2c a litre and said that the difference would be made up through the enormous efficiencies to be gained there and then on 1 July 2000 as a consequence of the introduction of the ANTS package, all of us knowing that the wash-through effect of any efficiencies brought about by the package would take years to bring about. As a consequence, today we still have that additional 1.5c per litre revenue grab that was executed by the Commonwealth Treasury and imposed on the petrol price. My question and challenge to the honourable member for McEwen—she may have returned to her room by now and perhaps is observing this presentation on the monitor—is what would she propose to do about that. The bottom line is that the honourable member for McEwen has engaged in a series of electorate-specific stunts in order to take attention away from the fact that her failure to back Labor’s bill in this chamber more than a month ago resulted in the motorists of her electorate paying $350,000 more for the price of fuel than they would otherwise have had to pay.

The rest of the package of legislation before the chamber, which deals with both fuel and alcohol excise, goes to the heart I believe of what is at stake with the government’s credibility with the electorate at large. It goes to the heart of a question of a breach of trust. All of this begins with a central proposition in the political debate on the GST. The people of Australia actually believed Prime
Minister Howard back in 1996 when he said that there would never, ever be a GST. We know the government’s spinmeisters in responding to that down the track say, ‘Okay, we changed our mind, we went back to the people and got a fresh mandate.’ But if you are an average Australian citizen and listened to the Prime Minister’s pronouncement at the time and he said, looking squarely at the Australian people in the eye, that there would never, ever be a GST you did not hear him inserting a caveat, you did not see a little footnote down the bottom of the page saying, ‘Of course, subject to anything I might come up with between now and the next federal election, whereupon I might get a subsequent mandate to do a bit of it if I really feel like it.’ No, they actually took the Prime Minister at his word, and that is why the Liberal Party in part won that election in 1996.

I remember the election well. I was a candidate in that election and I lost. The Australian people took the Prime Minister at his word. And those opposite wonder why we have had such a calamitous result for the government in the federal division of Ryan, which is in my own city of Brisbane. It is because the people of Ryan have seen in this government a fundamental breach of trust—a promise that was made but that the government’s actions have breached.

When people are looking over the entrails of the Ryan by-election they look at the detail, for example, of the impact of the GST on petrol prices—and we have discussed that to some extent in the chamber already. We look at the impact of the GST and its consequences for compliance for small business and the nightmare delivered to small business through mark I of the business activity statements and the semi-nightmare which apparently is being delivered to small business through the revised business activity statements. We look also at the nightmare delivered to independent retirees as a consequence of the instalment activity statements. There is a temptation to analyse in great depth the precise quantitative impact of each of these measures on the core constituencies which they affected, and it is important that that analysis occur. But the analysis inevitably ends up somewhat wide of the mark, because these issues—whether it is the GST, whether it is petrol, whether it is BAS—all of themselves have become symbols of something much more fundamental. What is that much more fundamental thing? It is a breach of trust between this government and the community which, through its vote, gave it elected office.

These issues of trust were at stake also in the Queensland state election. They also have been reflected most recently in the way in which the voters of Ryan responded to the candidates on offer in the Ryan by-election held only a week or so ago. When the Liberal Party in Queensland now seeks to understand and examine what actually went wrong in the Ryan by-election I imagine they will sit down and they will commission their own wunderkind, Graham Jaeschke, the state director of the Liberal Party, to undertake some sort of post-mortem. Remember that, under Wunderkind Jaeschke’s stewardship of the Queensland Liberal Party, its representation in the state parliament of Queensland is now three seats out of 89 and, furthermore, with the loss of Ryan they have lost a seat which they have held since Bob Menzies won the prime ministership from Ben Chifley. But, assuming you would still want to go on and commission Wunderkind Jaeschke to undertake this sort of analysis, I think he too should save his money. He too should not in fact engage in too much profound and in-depth analysis of what the fundamental policy reasons were, because it comes back again to a very simple proposition—and that is a breach of trust.

The Liberal Party’s response to the Ryan by-election outcome is that hoary old Liberal key line and theme, ‘The Liberal Party now needs to listen more; we will embark upon a “Liberal listens” campaign.’ In fact, we saw that evidenced in the Prime Minister’s response to the initial count in Ryan, where his substantive response was, ‘Well, the government—and I myself as Prime Minister—may need to change our style but we do not need to change the substance of our policy
message.’ He went further to say that he needed also to become a bit more like Peter Beattie. Some of us took in a sharp breath at that point to contemplate the possibility—

Mr Brough—Mr Deputy Speaker, I raise a point of order. The bill is Excise Tariff Amendment Bill (No. 1) 2001. We are having a long lecture about the effects and after-effects of the Ryan by-election, which may be all very interesting in themselves but have no relevance whatsoever to this bill. I would ask you to bring the member back to the question at hand.

Mr DEPUTY SPEAKER (Mr Hawker)—I am sure the member for Griffith will come back to the bill.

Mr RUDD—Thank you, Mr Deputy Speaker. In fact, referring to the second reading speech associated with the legislation, it does go to the totality of the government’s tax package, and it is the totality of the government’s tax package as well which relates to each of the issues to which I give some reference in these remarks as they have been reflected on the ground in recent political events both in the Queensland state election and the Ryan by-election. But the thought of the Prime Minister, like Peter Beattie in Queensland, donning an aqualung and jumping into a fish tank or something like that as he seeks, through his stylistic exuberance, to take attention away from the core message, which was the voters being disenchanted with this breach of trust between the Liberal government on the one hand and the community of Brisbane on the other, is itself somewhat mind-blowing.

If we go to the substance of what is at stake in the legislation before the chamber, let us first turn to beer—again, of relevance to what occurred in Ryan. We find that the good burghers of Ryan are not simply sippers of Camparis and soda; they are not simply sippers of gins and tonic on the back patio; they actually like a cold beer on a hot day as well. In fact, if you have drunk at the Regatta Hotel or the Royal Exchange in Brisbane, they actually like a cold beer on a cold day as well. What became an issue in that election as well was this dissonance, this distance, which emerged between what the government had promised in relation to the GST impact on the price of beer on the one hand and what they actually did on the other.

The substance of what the government promised on beer was very clearly stated. The pre-election commitment of the government was that the price of ordinary beer would not rise by more than the general price level forecast at the time—namely, 1.9 per cent. While the ANTS package referred only to packaged beer, the Prime Minister made it a general commitment several times during the election campaign. For example, on 23 September 1998, he said on the John Laws program:

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

And with Alan Jones on 14 August 1998 he said:

Across the board, there is virtually no change in relation to alcohol. A tiny CPI equivalent rise in relation to ordinary beer.

That is what was promised the good burghers of Australia, the good beer drinkers of Australia and the good beer drinkers of Ryan. That is not exactly, however, what the government then proceeded to do. When it took off the WST—the wholesale sales tax—from beer, that was fine, but it whacked on an extra excise which exceeded the gap which then occurred, which, as a consequence, resulted in a substantial revenue grab for the Commonwealth Treasury. What is the result? As of 1 July 2000, the price of an average glass of full strength beer had increased by some nine per cent—interestingly, almost identical with the swing to the Labor Party in the seat of Ryan; but I will not dwell on that further, as it gives rise to some concern from the honourable Minister for Employment Services at the table. Furthermore, we have had indexation increases in both August 2000 and February 2001, meaning that the average price of a glass of full strength beer has now risen in excess of 10 per cent. Let us look at the difference in the cost of an actual glass of beer. Had the government honoured its promise, a glass of full strength beer would now be something in the order of
As a result of what the government has done, the price is now more like $2.28 per glass. This is a very substantial difference indeed. Remember, the promise was a 1.9 per cent increase; the reality has been a more than 10 per cent increase in the price of beer.

What has been the impact of this? There has been a measurable impact in terms of the profitability and business turnover of pubs and clubs, including in my own state of Queensland. In fact, I spoke this evening—through my office—with one of the managers at the Easts Rugby League Club in my electorate who told me that, as a consequence of this increase in the price of beer over the bar, there has been something like a 10 per cent fall off in sales in recent months. Of course, that club employs a substantial number of people in my electorate. It is also a club, I have to say, which has recently been adversely affected by floods in Brisbane and is going through a particularly tough time. On top of all that, it has had to cope with the impact on its normal turnover of the consequence of the government’s fiddling with the GST impact on the average price of a glass of beer.

So we have an impact on pubs and clubs. We have an impact on actual beer sales and we have an impact on employment. My question is this: where was Treasurer Costello during all of this? Surely his job was to honour the letter and the spirit of the undertaking given by the Prime Minister and the government to the community. But, he did not. The honourable the Treasurer, Mr Costello, has actually become, very effectively, the Treasury’s man in the government. His objective was to maximise the revenue take. His objective was not to ensure that the Prime Minister’s undertaking to the Australian community was honoured. I can imagine the sort of conversation which would have occurred between the Treasurer and the Treasury. The Treasury would have said to their minister, ‘We are sure, Treasurer, relying upon your keen political skills, you can force your way through on this one in the public debate. Use your charm.’ Unfortunately, he did use his charm and, as a consequence, we have had a near revolt from beer drinkers right across the country, not to mention from the brewers themselves.

That leaves us where we are at the moment in terms of the substance of the ALP’s amendment, which is to force the government to honour the commitment which the government, through the Prime Minister, gave to the Australian community—to force them to honour the 1.9 per cent increase in the average price of beer and to prevent them from continuing to rake in this 10 per cent increase as some sort of revenue windfall to the Commonwealth.

The other aspect which is, of course, covered by the legislation before the House, goes to the question of fuel, and we have already had an exchange with the member for McEwen on this matter prior to her early departure from the chamber. What we have with fuel is similar to what we have with beer—essentially, a revenue gouge by the Treasury, supported by the Treasurer, but in complete contradiction to the undertakings given by the Prime Minister and the Treasurer to the community. This is, again, an illustration of the theme I have sought to advance through my remarks this evening of a breach of trust between the government and the community which it has sought to represent. Remember the Prime Minister’s address to the nation in the 1998 election? I remember it well—I was a candidate. He said: The GST will not increase the price of petrol for the ordinary motorist.

What did the Prime Minister do? Despite the fact that the GST on fuel would result in an 8.2c per litre increase from 1 July 2000, what did the government do? It only drew down the existing excise rate by 6.7c per litre. As a result, we had this nice gouge of 1.5c per litre! I ran through the justification for this in the earlier parts of my remarks in terms of the wash-through effect of the other supposed efficiencies which were to arise from the rest of the ANTS package. But, in essence, what we had here was a cute revenue grab by the Treasury. They wanted to maximise Treasury. My question again is: where
was the Treasurer, Mr Costello? His responsibility, I would have thought, was to ensure that the government’s, the Prime Minister’s and his own commitments to the Australian people were honoured. Instead, he yielded to the Treasury impulse, which was to maximise the revenue outcome, and that is precisely what occurred. We have seen the consequences of that in terms of the decisions taken post the Queensland state election and prior to the Ryan by-election, and the policy backflip, which is also the subject of the legislation before the chamber at the moment. In terms of its political effect, of course, it failed. The Ryan electorate now lies safely in Labor hands for the first time and 52 years.

Mr Snowdon—Where it will stay.

Mr Rudd—Where it will stay, as my honourable colleague for the Northern Territory has just reminded me. This breach of trust I have just referred to—a Prime Minister who said that never ever would we have a GST, a Prime Minister who said that there would be no increase in the average cost of fuel for the average motorist as a consequence of the GST, a Prime Minister who said that the cost of beer would not go up by in excess of 1.9 per cent—permeates so much of what this government has come to stand for in its overall economic management. Let us look at the value of the Australian dollar. We have a Treasurer who derided the Labor Party for a 70c dollar in 1996 as a failure of economic management, but who now says that a 49c dollar is something just tickety-boo of which his government should be economically proud! And you wonder why the community raises this question of a breach of trust!

Let us look at net foreign debt. Five years ago, when our net foreign debt stood at $193 billion, the national debt truck was launched with great fanfare around the country by the then shadow Treasurer. Where does it stand now? Our Treasurer today is being somewhat coy—quiet, silently silent, missing from the field—because our net foreign debt today stands at $301 billion. What we have had with Treasurer Costello is our very own $100 billion man. We are being forced to ponder again the question as to why the community may have a concern about whether there has been a breach of trust between what the government says on the one hand and what is actually delivered on the other. It goes also to fiscal management. I draw the attention of honourable members to an excellent article by Max Walsh in the *Bulletin* of 13 March which catalogues the extent to which taxation revenue has increased overall for the Commonwealth under the Howard government, to an extent that has never ever been realised in the history of the Australian Federation. It is now lying at 25.7 per cent of GDP—under Hawke it was 24.4 per cent of GDP and under Whitlam it was 21.1 per cent of GDP. That is a fundamental chasm between what has been promised and what has been delivered. We have a breach of trust across the totality of government economic policy, whether it is debt, whether it is the value of the Australian dollar, whether it is this government’s overall taxation performance, whether it is the price of the glass of beer or whether it is the impact of the GST and the cost of petrol. Going back to the core proposition, this is a tax which was never ever to be delivered in the first place. (Time expired)

Mr Charles (La Trobe) (5.53 p.m.)—I rise to join in this debate on the Excise Tariff Amendment Bill (No. 1) 2001 and the Customs Tariff Amendment Bill (No. 2) 2001 as described in the *Notice Paper*. On 1 March of this year, the Prime Minister announced a package of cuts to fuel taxes which totalled a reduction of 1.5c per litre. Those two cuts are described in two bills—the customs duty reduction amendment bill and the excise tariff reduction amendment bill—as it requires both a reduction in duty for fuel oil, which we import, and a reduction in the tariff for fuel sold at the pumps in order to accomplish the outcome desired. The outcome is quite simply to reduce the price of petrol at the pumps for Australian motorists. I well understand community concern over the current high price of petrol. In historic terms, it is high for Australia and we are a big nation. I
can see the member for the Northern Territory here. I am sure he will be happy to tell us about the price of fuel at local stations in various parts of his far-flung electorate. I will not question the numbers he gives because I believe he is an honourable man.

What I am trying to say is that Australians are concerned about the high price of petrol. Let us put this all in context and go back to what has occurred in the first place. Notwithstanding the statements just completed by the member for Griffith, I have to say that it was always the intention that, when the GST was introduced, the price of petrol at the pumps need not rise because of GST. The question arises: how do you go about accomplishing that because, by definition, a goods and services tax is a broad based consumption tax on all or almost all goods and on all or almost all services? The exception is financial services. No country on earth has figured out how to bring financial services into the loop of a consumption tax. Outside of financial services, it is on either all or almost all. In Australia, we have exempted—that is, zero rated; no GST—certain items of expenditure by the community, that is, largely things to do with health, education, welfare and local council rates and water supply. For a long time, there has been excise on petroleum products. Part of that excise goes to build the roads that we need to move vehicles around this nation—cars, motorcycles and trucks—as we move people and freight. We travel such long distances and use such an amount of petroleum product per individual that petrol cost is a significant impost on the Australian community. I recognise and accept that.

With the reasonably sudden increase in petrol prices at the pump starting late last year, from time to time people in my electorate have contacted me by letter, email, fax or telephone and said, ‘You don’t care because you don’t even know what petrol costs. You don’t even have to buy petrol.’ That is wrong. I buy petrol for a car which I own and from time to time I buy petrol for the car, which my partner owns. I know what she pays when she has to go to the petrol pump. I take a very close interest in these things. I have had an interest in petrol price differentials for a very long time. The Australian Electoral Commission and most departments unfortunately describe my electorate, being a fringe electorate, as a metropolitan seat which, in fact, it is not. Much of my electorate is rural and regional, but it is on the fringe of the metropolitan area and some parts of it contain broadacre suburbs. There are other parts, though, which have little or no major public infrastructure that would normally be considered to be part of the everyday life and patterns of the inner metropolitan area, including such issues as public transport. It is very difficult to get public transport to operate to please everyone on Mount Dandenong and in the Dandenong Ranges.

We have a difficult topographic situation, which means that we can build very few more rail lines. Buses are hard to run on narrow, winding roads through the forests, and we do not want to cut down trees and create super highways, so we will never have the infrastructure. We like the lifestyle but we have noticed over a long period of time great volatility in the price of petrol from one small community to another small community only a few kilometres away—sometimes, up to 11c or 12c a litre. You might even see a brand in Belgrave—and I will not name the oil company here because they are all culpable—and the same brand in Emerald might be 12c dearer even though there are only a few kilometres between the two communities. It makes no sense whatsoever.

When the GST came in, we did promise that the price of petrol at the pump need not rise. That was a commitment and the government made every attempt to keep that commitment. On 1 July 2000, petrol excise was reduced 6.656c per litre. With the average price at the pump around Australia at the time—it varies all over the place so you have to strike an average somewhere—it was apparent that approximately 8.2c a litre needed to come off the excise of petrol if you were going to add on 10 per cent GST and come out with the same cents per litre at the pump.
at all the petrol stations. That 1.5c, by the way, contains such items as capital gains tax advantage to both the oil companies and the distributors, the reduction in company tax and the reduction which is due on 1 July this year in financial institutions duty. There were other issues that were taken into account when the 6.656c per litre was struck. Fortunately, on that date—1 July 2000, the date of the changeover—and on the next day and on the day after, the price of petrol at the pump did not rise; according to the ACCC the price of petrol at the pump actually fell for consumers. But, over time, it rose fairly rapidly because there was a change in the basic international pricing mechanism for fuel oil, that is, US dollars per barrel. It went up—it did not come down—so the price of petrol at the pump went up and consumers screamed. I do not blame them for screaming; I understand that.

The government listened and, on 1 March, the Prime Minister added the other 1.5c a litre, which in effect gives a bit of a windfall to the major oil companies, but be that as it may, it gives the pure benefit to consumers. The Prime Minister said, ‘We understand the pain you’re feeling. We will cut the price of excise by 1.5c a litre and, at the same time, we will freeze indexation where it is now and we will not continue with indexation from this point on.’ In all fairness, I have to say that the opposition members who have risen to speak on this bill have not managed to address petrol prices; rather they talked about beer and the electorate of Ryan. I would like to hear one of them—perhaps the member for the Northern Territory would be happy to oblige—defend the increase in excise by the ALP government from 6c a litre in 1983 to 34c a litre just before we took over the reins of government at the beginning of March 1996. It was unbelievable—from 6c a litre to 34c a litre over some 13 years. I would like to hear the member for the Northern Territory to justify that.

I do not know where it was that the ALP thought they gave the Australian public any compensation. I do not remember a cent’s worth of compensation. I do not remember it ever being discussed. Simply, through the mechanism of CPI increases on a biannual basis, together with very specific increases—such as in 1993 when 5c a litre was whacked on to petrol overnight, with no explanation to the Australian public—the petrol excise increased from 6c a litre to 34c a litre over 13 years. I have heard some nonsense in this place tonight about money grubbing Treasurers and all this rubbish about trying to rip off the Australian public, but I have never heard anyone from the other side of this debate explain that massive increase in fuel excise. It certainly did not go on roads, not in the Northern Territory. It did not go on roads at all; it went into consolidated revenue and got used for whatever.

The fact is that the high price of petrol is not due to the GST; the high price of petrol is due to the world price. We talk about world parity pricing. There are a lot of people out there who do not understand this. They think there is some government regulation that sets the price of petrol. In fact, there is no regulation at all. There is a recognition that the oil companies explore for resources here in Australia, they find and develop them, and they put their products through refineries and put them into the marketplace. They compete with the price of oil in the international community because they can sell their oil overseas today or tomorrow without any difficulty whatsoever. If all of our production suddenly disappears overseas, we would have no petrol for our own use. So the oil companies must use the international price or they are going to go bust or we will not have any oil—one or the other.

The OPEC cartel of oil producing nations is a scourge. We know that cartels do not work. The wool price cartel in Australia finally broke up, didn’t it? We finally woke up that we could not artificially set the price of wool and expect the rest of the world to like it or lump it. We wound up the wool cartel and—thank goodness—today, finally after several years in transition, wool is coming back into popular use again and, with the cuts in production throughout Australia, the price is rising. That is good for the sheep
farmers and it is good for the wool producers. I am pleased about that. If we tried to artificially control the price of petrol at the pumps across Australia, the oil would go somewhere else and the oil companies would stop exploring. We would not have any further exploration, and you had better believe that we would run out because there are not enough reserves in the world. That is a fact.

Our price at the pumps is low by international standards. You may say, ‘Who cares? We have this big country and we have to drive all those kilometres.’ The United States, Canada and, to the best of my memory, Mexico have prices which are lower than ours and that is because their taxing regime is lower—I accept that—but prices throughout the rest of the developed world are substantially higher. My understanding is that the excise alone in Great Britain is something like $1.60 a litre. That is without the cost of petrol included—just the excise alone is something like $1.60 a litre.

We fight another issue in Australia that is difficult for us. We built our oil refineries for Australian consumption; we did not build them to service export markets. Firstly, they are old and, secondly, relative to other modern refinery installations they are inefficient. We need to provide some incentive for the oil majors to upgrade those refineries and make them larger, more modern, more efficient and more productive. My understanding is that there is one refinery in Singapore whose output is equal to or greater than all our five refineries put together. That makes life pretty tough even for the oil majors.

Another issue that impacts on the price of petrol at the pump is the American dollar. Because oil is priced internationally at dollars per barrel in US dollars, the current situation where the value of the Australian dollar has fallen with respect to the US dollar—for a variety of reasons—has put upward pricing pressure on the price of petrol at the pump. That needs to be considered when considering this whole issue.

The Prime Minister has listened, and we have responded to community concerns to the best of our ability. We have reduced the price of petrol at the pump by 1.5c a litre and we have said, ‘Okay, no more automatic CPI increases—notwithstanding that pensions go up automatically and other government expenditure items in the social area go up automatically with increases in pension—we will freeze the petrol excise.’ But something has to give somewhere; the money has to come from somewhere. If you wanted to save 30c, 40c or 50c a litre on petrol, getting rid of excise altogether would be terrific but the only problem is that the Commonwealth budget could not then afford the services that the public expects from the Commonwealth. We would have to increase taxes—that is, income taxes, company taxes or capital gains taxes—or increase the rate of the GST. Something would have to increase to cover the billions of dollars of lost revenue because of the change to the excise revenue.

In 1973, the government at the time put up a referendum proposal to the public of Australia that the government be given powers to control retail prices. Do honourable members remember that? Do you know what happened? It was absolutely and totally rejected by the Australian people. In not one state did the people vote in favour of that referendum proposal. Very clearly, many Australians—well-intentioned Australians—are saying to the government, ‘Please bring the price of petrol down; just tell the oil companies they can only charge 60c, 70c, or whatever, a litre.’ However, the Australian government has no constitutional power to do that. The only way the government can affect the price of petrol is by reducing its taxation impost on petrol products. In fact, that is what the combination of these two bills sets out to do—to help ease the pain for Australian motorists and reduce the price of petrol at the pumps. I commend the bills to the House.

Mr SNOWDON (Northern Territory) (6.13 p.m.)—I will comment on the previous speaker’s remarks shortly in some detail. I am glad he said in his concluding remarks that this exercise was about decreasing the taxation take for petrol. You had better stay and listen, Comrade, because what you will
Tuesday, 27 March 2001

discover is that the taxation take for petrol has dramatically increased as a result of decisions taken by your government and the GST—as he walks out the door. The bottom line is that the Australian community is sick and tired and fed up to the back teeth with the lies, dishonesty and deceit coming from this government in relation to petrol, as well as in relation to beer. In relation to that beer question, I refer to quotes read by the shadow minister, Simon Crean, this afternoon. He referred to the pre-election commitment of the government that the price of ordinary beer would not rise by more than the general price level forecast at the time—namely, 1.9 per cent.

While the ANTS package referred only to packaged beer, the Prime Minister made a general commitment several times during the election campaign. He said the on John Laws program, as was said this afternoon, on 23 September 1998, 'There'll be no more than a 1.9 per cent rise in ordinary beer.' Sometimes things get difficult in this place. Sometimes the message gets confused. But that is a pretty simple message, isn’t it: there’ll be no more than a 1.9 per cent rise in the price of ordinary beer. Prime Minister, you are a liar, because you know, I know, every publican and hotelier and every club in Australia knows that the price of beer has gone up by 10 per cent or more.

Mr Brough—Mr Deputy Speaker, I raise a point of order. You can tolerate some things, but this is unparliamentary language, calling the Prime Minister a liar. I ask that the member withdraw unreservedly. At no stage in this place has that language ever been allowable.

Mr SNOWDON—I am happy to withdraw, Mr Deputy Speaker, for the purpose of the exercise. He has told a gross untruth. No one is fooled by it. It is the lie by any other name. If the member for Longman does not want to describe it as a lie, call it a mistruth, an untruth, an act of dishonesty, gross hypocrisy and dishonesty by the Prime Minister and the Treasurer—and he is advocating it in the parliament this afternoon. He will go back to his electorate and say there have been no lies told by this government. But a lie was told. It was said that the price of beer would not rise by more than 1.9 per cent. The facts are different. In my electorate, the price of a beer in a pub or club has gone up by over 10 per cent. I ask the member for Longman to subtract 1.9 from 10, tell me the difference and tell me that the Prime Minister was not telling a lie.

I want to mention those people in the pubs and clubs around the Northern Territory and the community.

Mr Brough—You aren’t mentioning fuel, are you? It is a fuel bill but you don’t want to mention that.

Mr SNOWDON—Sit and hold your breath. They have a unique place in regional communities. The new tax system has dramatic social implications for the institutions in the country town known as the pub, club, the RSL, the local footy club, the cricket club and so on. I know it and you should know it. These pubs and clubs in country towns and communities perform a vital service in providing much-needed social and recreational facilities. They provide sporting facilities for the youth in the community. They provide a focal point for community discussion. They provide support for members in need. Without them, there would be even greater demand for government services. Even the member for Longman should appreciate that. I mention those community pubs and clubs because the feedback I am getting from some club managers and presidents in the Northern Territory is that the first quarter of this year has been the quietest for years. For the sake of the member for Longman, the Prime Minister, the Treasurer and every one of the cheerleaders on the other side of this House, I will quote what one manager said:

The bottom line is that this new tax system, both directly through taxes on beer and wine and indirectly by leaving the average punter with less in his or her pocket at the end of the week, is resulting in lower turnover across the bar and in restaurants and bistros attached to pubs and clubs doing less trade.
Those clubs have done it hard in recent years. Videos, computer games and pay TV, changing employment opportunities and the drift to the cities have meant that the competition for entertainment in regional communities has never been keener. Club committees have had to work harder to attract sponsorship and be more creative with the proverbial chook raffles. The silver spoon types on the other side of this place would not know what a chook raffle was, but I have wandered around pubs and flogged meat trays over the years to raise money for sporting organisations and clubs and I know how hard it is to get the jerseys for the footy team, to pay the association fees, to get the netball team skirted out, and to take on the 1,001 other liabilities that these clubs and pubs take on in the name of community service.

Clubs now find it hard to approach local businesses in their town because they too are doing it tough. Last week I travelled around the Northern Territory with some shadow ministers, and it was writ large that the economy in Katherine, Tennant Creek and other parts of regional Northern Territory has stopped dead. Small business is doing it hard. They do not have the money to sponsor these organisations. Since the government increased excise on beer, sales across the bar at community based clubs have decreased. Basically, many punters can no longer afford to have a beer. The social beer or glass of wine after a game of footy, tennis or cricket is fast becoming a thing of the past. A family counter meal on Friday or Saturday night is becoming a less regular occurrence. Talk to any club manager, president or treasurer and they will tell you that 1 July 2000 was a dark day in the history of sporting and social clubs around Australia. These institutions across the country do much to give our country towns their soul, unique local history and distinct local character. They provide contact between generations of young and old. One only has to look at the popularity of the TV soap *A Country Practice* some years ago, with Cookie, Bob and Esme, these characters that we all know and some actually loved—or should I say we all have to put up with—to know how much Australians appreciate their local sporting or social club.

There is a danger that club life as we know it in smaller communities and those small community pubs will go the same way as the post office, the bank and small local businesses. It is not a simple question of beer and wine sales; if anything, they have remained constant. Bar sales are down—that is clear—but takeaway sales have increased. People are seeking out cheaper alternatives. Social drinkers, rather than go to the pub or down to the club, stay at home with a six-pack quickly purchased with the weekly shopping. Where is the community spirit in that activity? Clubs, to survive, are increasingly turning to gaming for income. What does the Prime Minister say about that? This development, I feel, is more dangerous than alcohol abuse in many of our small communities. It is very clear that in relation to this issue of beer the population of Australia have been absolutely deceived, let down yet again by the Prime Minister, the Treasurer and his other ministers.

I want to go to the question of fuel, as the member for Longman has implored me to do. I am pleased that what I will be able to demonstrate here is that the communities I represent—that is, the people of the Northern Territory—pay the highest prices for fuel in Australia and now pay the highest tax on fuel in Australia. I say this to the member for Longman and I note that the member for La Trobe was here earlier: this is about falling taxation. I note with some glee the 'confidential Excise Tax (Amendment) Bill document' prepared for your party room colleagues. On page 2 there is a table of unleaded petrol and diesel excise rates. This table tells us with great relish what the excise rate was on 30 June 2000—44.137c a litre—what it was on 1 August, what it was on 1 February and what it was on 2 March. On 2 March it was 38.143c per litre, which applies to every litre of fuel sold around Australia.

When the Deputy Prime Minister trotted into my electorate like the Lone Ranger prior to the last election, with his akubra slunk...
over his forehead, saying that the price of fuel would not rise as a result of the GST, he too told a massive untruth, a fib, a porky. It has been repeated time and time again by members opposite and, I might say, supported by the Northern Territory government. When the Prime Minister visited the Tiwi islands a month or so ago, he happened to pass a petrol pump where the price of fuel was $1.80 per litre. When this was pointed out to the Prime Minister, this was his response—as reported in a Northern Territory News article at the time:

It’s not something that can be specifically related to policy decisions of my government.

We all know that petrol prices have a range of influences, not the least of which is the falling Australian dollar that is the direct result of the mismanagement of the Australian economy by the Treasurer, the Prime Minister and those other people in the government. We all know that petrol prices have to do with the price of crude. But could you tell me, Mr Deputy Speaker, why it is that the people at Nguiu on Bathurst Island should have to pay not only the 38.143c per litre but also above 10c as a result of the GST? This is ‘less taxation on the price of fuel’ so we are led to believe.

When the Northern Territory Leader of the Opposition, Clare Martin, last month questioned the Chief Minister of the Northern Territory on this issue in the Legislative Assembly, Chief Minister Denis Burke said:

The effect of the GST on fuel prices is a fact of life.

I wonder if the member for Longman supports that proposition that the effect of the GST on fuel prices is a fact of life. It is a fact that Territorians pay more in Alice Springs, in Tennant Creek, in Katherine, in Darwin, and pay even more at every community in the Northern Territory, than elsewhere in Australia. But Denis Burke, and clearly the member for Longman, the Treasurer and the Prime Minister, cannot see this fact—they cannot see the difference in costs as a result of people living in regional and remote Australia as opposed to Bennelong or Kooyong. Denis Burke subsequently said:

I stand by my statement I said and that is that the federal government no is not responsible for the increase in fuel prices.

He is also telling lies, because the disproportionate burden that people who live in regional Australia have to bear as a result of the GST on fuel—how they pay substantially more tax on every litre of fuel than do their counterparts who live in the capital cities—is very clear. The Prime Minister, the member opposite and the Treasurer may deny it, but it is a fact of life.

The Treasurer may be interested to know that in Hawthorn today the price of fuel at a Shell service station was 91.3c per litre. On this, his constituents pay 8.48c GST and the total tax with the excise is 46.68c. In my electorate at Yuendumu, an Aboriginal community some 300 kilometres north-west of Alice Springs, the price of fuel is $1.35 per litre. On this, my constituents pay 12.2c GST per litre and that is a total tax of 50.41c. There is a difference of approximately 4c between the tax paid by the people of Yuendumu and that paid by the people of Hawthorn. Are you trying to tell me that the people at Yuendumu do not pay more tax as a result of the GST? Are you telling me that the people of Nguiu, who have to pay 10c a litre as GST, are not paying more tax than other Australians as a result of the GST on their fuel? The only people you are fooling are yourselves. Every motorist who travels around regional and remote Australia understands the impact of the price of fuel at the bowser. I have here a list of prices of fuel at the bowser and I can tell you how the prices range in my electorate. Today in Darwin it is $1.01 a litre, in Nguiu it is $1.80 and the price varies in between. Are you telling me that the difference in tax paid by each of these communities is not the direct responsibility of the federal government? Of course it is. People are not fooled by it, and no motorist in the Northern Territory is fooled by it. The only people who are fooled by it are the member for Longman and his colleagues on the coalition benches.
Mr Deputy Speaker, I realise we are closely confronting the dinner break so I will come back after dinner to finish my remarks.

Mr DEPUTY SPEAKER (Hon. D.G.H. Adams)—I point out to the honourable member that he may finish his remarks.

Mr SNOWDON—Thank you so much. I want to mention a couple of other things that relate to the way in which the GST has impacted on the Northern Territory. It is not only on fuel where the Northern Territory Chief Minister has very clearly indicated his strong support for the GST; he is on the public record as saying this:

The Northern Territory government support the GST because it’s good for Territorians.

Yesterday the headline in the Northern Territory News was ‘Exodus: 2100 Leave Territory’ and the article reported a net migration loss as a result of a range of things. However, this is what the chief minister said about people moving out of the Northern Territory: he dismissed opposition claims that his government’s policies have led to an exodus of people from the Territory. An article reported:

Denis Burke says a downturn in construction may have contributed to the figures.

Yes, it has, Denis. There has been a 70 per cent reduction in approvals for residential dwellings in Darwin as opposed to last year. What was the main event that caused that reduction in dwelling approvals? We all know what it was and it did impact on the construction industry: it was the GST. The Northern Territory government was warned about this prior to the federal election; the Northern Territory government was warned about this prior to 1 July last year; yet the Northern Territory government has continued to support the proposition that somehow the GST is good for the community.

We had the laughable situation in question time this afternoon when the Prime Minister said—words to the effect—that Australians are better off under the GST. Which Australians are better off under the GST? The people who work in the construction industry in Darwin who have now had to leave the Northern Territory, or those people out of jobs as a result of the GST? Unemployment in the Northern Territory has increased by almost two per cent, year on year, in January this year. Who is responsible for that? The persons responsible for that are the three people who have mismanaged the Northern Territory economy and the federal economy; that is, the Northern Territory Chief Minister, Denis Burke, the Prime Minister and the Treasurer of Australia. They are the people that are responsible. The Northern Territory community is feeling it hard at the moment as a result of the GST and a range of other factors, but principally because of the GST and its impact on small business.

Let there be no doubt about this: what we have seen writ large in this legislation is an act of deceit by the federal government on the issue of beer—where it is very clear that the price of beer has increased more than 1.9 per cent when the Prime Minister has said it would not. The fact is that it has gone up by in excess of 10 per cent. Beer sales over the bar around Australia are down—everyone acknowledges it—as a direct result of government policy.

We also know that in the Northern Territory at least, and I am sure in other parts of rural and remote Australia, the country-city divide in relation to fuel prices has been exacerbated by the impact of the GST on fuel. There is no question about it; it is statistically verifiable. Yet somehow or other the Prime Minister, the Treasurer, the member for Longman, the Chief Minister of the Northern Territory and the Treasurer of the Northern Territory all live in a state of denial. Well, you can deny no longer. You can fool some of the people some of the time but you cannot fool all of the people all of the time. That is very clear. The message should be coming through loud and clear to the federal government.

I want to say in conclusion that my children are involved in a range of activities including circus, gymnastics in the past and dance. They do a lot of funny things with their body—they stretch, they limber and they do somersaults. But I have seen more
contortions in this chamber in the last few months out of the Prime Minister and the Treasurer than I have seen in any gymnastics or circus display. Why is this? Because they know that they have dudded the Australian community and that they are trying to dig their way out of it. They will not succeed. They will be found out. They have been found out by the electors of Ryan, and, come other events later in the year, I hope to goodness the whole of the Australian community will mark them down as a result of their actions. \(\text{Time expired}\)

Sitting suspended from 6.34 p.m. to 8.00 p.m.

Mr St CLAIR (New England) (8.00 p.m.)—I relish the opportunity to stand here tonight to support the two bills before the House—one being the Excise Tariff Amendment Bill (No. 1) 2001 and the other being the Customs Tariff Amendment Bill (No. 2) 2001. I would like to concentrate on the issues relating to fuel in my electorate of New England in northern New South Wales, and particularly in country Australia, and the benefits that will be derived from this legislation. As members of the House would be aware, the bill seeks to reduce excise on fuel—petrol and diesel—by 1.5c a litre, which I know has been welcomed around the region, particularly when one considers what has occurred with the price of fuel over the last couple of years and the fact that we have some vast distances to cover in this country. Consumption in a country as big as ours is enormous.

I have just had an opportunity to read the latest 2000 Road Facts book produced by Ausroads. Some of the issues raised in this book relate to roads, the size of Australia and the amount of fuel consumed. I will refer to a couple of paragraphs because I think it will give people an indication of the vastness of this continent and, therefore, the importance of fuel prices being the lowest possible. Australia covers three time zones, from the Indian Ocean in the west to the Pacific Ocean in the east. It is similar in size to continental United States. Its widest point is about the same distance, east to west, as Madrid is to Moscow. Japan could fit into Australia’s borders some 20 times, the United Kingdom some 32 times and New Zealand some 28 times. The northern tip of Australia is only 1,000 kilometres south of the equator, but the same distance separates Macquarie Island, which is Australia’s most southerly jurisdiction, and Antarctica. There are rainforests, deserts and snowcapped mountains. That gives some indication of the size of this country.

This fuel excise cut is in addition to the 6.7c that has already been cut from excise with the introduction of a new tax system. We must bear in mind that the GST is then added to that figure to bring it back up again. The GST is an input to business and is fully refundable. I commend the government for introducing this significant measure to reduce excise. One has to keep in mind that it is the first time collectively that excises have been reduced in this country. We have to keep in mind that this government reduced excise on diesel for transport operators in Australia. Many members of the House have heard me speak of the importance of the transport industry to Australia.

The Diesel and Alternative Fuel Grants Scheme again reduced excise by some 18c a litre, plus the GST. In addition, we have been able to help country motorists by bringing in the Fuel Sales Grants Scheme. Between 1c and 2c a litre is paid to the retailers of petrol and diesel in the non-metropolitan and remote areas which suffer the higher fuel prices. I have noticed when driving around my electorate that the price of fuel varies substantially from town to town. I have noticed that it can vary substantially within each town. Quite often the fuel prices that are available to motorists can vary between 2c and 3c, and in some cases 4c, a litre around the very town itself. That is why an additional excise reduction of 1.5c is so important.

I know that we have dwelled on what has happened in the past. I would rather talk about what is happening in the future, but I do not think we should leave unsaid—and it should be said as often as possible—what
happened to excise during the period in which the Labor Party were in power in this country and the fact that there were substantial increases in excise from 1983 through to 1996 which moved the excise from about 6.1c or so a litre, as it was in 1983, to 34c a litre in March 1996. That was an increase of around 28c a litre, or 450 per cent. This was done without any regard for motorists. Compulsory indexation was brought into play to keep pace with the CPI—and I will get back to that in a moment—but the Labor Party had a number of simple budget rises that came through. They just said, 'We are going to increase the excise on petrol and diesel by 5c a litre, or 7c a litre for leaded petrol.' The quote which has been referred to quite often—but I think it needs to be said again—was given by the Labor Party, when they said it was just a small adjustment. A small adjustment of 5c a litre! This was at a time when, as I say, excise went from 6c right through to 34c.

One of the concerns that I have when we talk about the Labor Party relates to a commitment to keep many of the innovative things that this government has done in relation to fuel excise, particularly in relation to the reduction in prices and the Fuel Sales Grants Scheme. I still have not heard from the opposition a commitment to the people of Australia, particularly country Australia, that the Fuel Sales Grants Scheme of savings of 1c and 2c a litre would be kept. That is of great concern when we hear the opposition talk about roll-back should they come into power in this House. They may not necessarily ensure such schemes stay in place.

As I drive about the electorate I am surprised to see the substantial changes in prices. As I head north towards Tenterfield, heading to the Queensland border, fuel becomes cheaper. As we cross over into Queensland, there is a substantial cost saving. My motorists—my mums and dads who are lucky if they can travel that way once a year, but they may do it every couple of years—continue to raise with me the question as to why fuel is so much cheaper in Queensland than in New South Wales. I like to remind them of the fact that, in response to a High Court decision on state franchise fees that was struck down in 1997, the Commonwealth actually collects about 8.1c a litre—that was back in June; I think it is now about 8.35c a litre—for and on behalf of the states. The Commonwealth guarantees to pay to the states that amount of 8.35c a litre. Of course, that money from the Commonwealth is returned to each of the states. It is collected in all the states of Australia. It goes into general revenue in most of the states. In Queensland, the Labor government actually returns that money to the motorists.

Mr Lawler—One of the few decent things they do.

Mr St CLAIR—They do. As the member for Parkes says, they actually return it to the motorist—one of the few decent things they do. But in New South Wales they keep all the money. They do not give any back to the motorists at all. They keep it. That adds substantially, of course, to the cost of motoring in the large state of New South Wales. They could give some back. I am hoping that we will continue to pressure the Carr Labor government in New South Wales to return some of that. I know that even 1.5c a litre would be welcomed by the motorists of New South Wales. It is important. I was listening earlier to the member for McEwen, who was also suggesting that the Bracks Labor government in Victoria could take a leaf out of Queensland’s book and look at returning that money to the state of Victoria and to the motorists there.

As we go again towards an election later this year or early next year, there is a concern about what Labor will do with fuel. Coming out of the transport industry, as I do, I have seen the hard-fought gains that we have made in diesel fuel excise being reduced by about 18c a litre for people who operate vehicles of 4½ tonnes GVM or more in country areas. Will the Labor Party keep that scheme going? We have brought in all of these tax changes. The Australian public needs to be reminded—and should be reminded—that the Labor Party voted against all these changes. The Labor Party did not support the
transport industry in receiving these sorts of rebates. They did not support them at all. That is very disappointing. Transport operators and owners in meetings and people on the road ask me whether the Labor Party will keep the excise down, whether they will honour the grants scheme and support the transport industry. I hope they do.

In the case of the farmers that use diesel off road, there is great concern that, should the Labor Party ever get to power in this place, it would remove the excise exemptions and put an excise on diesel that is used on farm. That is of great concern to our farmers. Then in my electorate I have the foundry people who use diesel for their work—for their heating and for generating power. I have often mentioned in this place—and I need to repeat it—a foundry out of Uralla in my electorate. G&C Foundry uses 1,000 litres of diesel a day to generate power. It employs 21 people and it does not receive one cent in support. The support that we wished to provide was blocked by the Labor Party and the Australian Democrats. They voted against it. They said, ‘No, G&C Foundry, employing 21 people out of Uralla, should not get any support whatsoever. Nor should the fellow in Tamworth who has an engineering business, or a blacksmith who uses diesel to heat his furnaces to make springs. He should not get any support either.’ That is a real concern. And there are those in the construction industry, for example, who are using a lot of machinery and who do not get any support at all.

One of the great advances that this government has made on excise is the dumping of the automatic indexation on excise. It has been a bugbear for Australian people ever since it was introduced by the Labor Party in 1983. It added to the excise twice a year. It just snuck along without any reference to the Australian people. It just grew as inflation grew. Isn’t it nice at least that, since 1996 and we have been in government, the economy has been kept under control? But during the period 1983 to 1996 we saw what happened to inflation. We saw that, with a high CPI and with compulsory indexation, the price of fuel continued to rise.

Another measure being brought in is to provide increased powers to the ACCC to ensure that the benefits of that 1½c fuel tax cut are actually passed on to motorists and are not kept by the oil companies. I think that is a tremendous move forward. Fuel prices to the farming community, as I mentioned, are very high. In New South Wales, farmers did not pay the state levy at all. It was never there. It was an on-road tax or it was a franchise tax. During the changeover on 1 July, the farming community, particularly in New South Wales, has been disadvantaged again by about 8c. In my country in the north, in New England, the state government rebate system has cost farmers about 2c a litre. In fact, it is dearer for a farmer to buy fuel for his tractor to use on his farm than it is to buy fuel to put in his truck. These are the crazy sorts of anomalies that are happening, particularly in New South Wales, when you consider that the government there is not returning anything to the motorists.

In the couple of minutes remaining, I refer again to the Road Facts 2000 book by Ausroads. It is a very informative document. In preparing for tonight, I was concerned to see how prices overseas compared with Australia’s. Quite often we forget that, with the vastness of our continent, fuel prices vary from one area to another and that the amount of tax collected by governments around the world is quite different from ours. On page 69, the automotive gasoline prices in OECD countries for the March quarter 1999 are expressed. If you use Australia as the price relative index of 100, you find in a list of probably 20 or 30 countries that Australia has the third cheapest fuel. It is beaten only by Canada as an expression of 184 and the USA of 63. In some of the smaller countries, Norway is around 275 times more than Australia, the Netherlands is 259, the UK is 255, and Italy, Denmark, France and those sorts of countries are around the 243 mark. Even in places like Ireland, it is 194. In a reasonably large country such as Spain, which has a large road network, you are looking at prices
of 176, if you relate it back to Australia at 100. The percentage of the tax component in Australia's total excise bill—keeping in mind that this government has reduced excise substantially—is 53.4 per cent. In Norway it is 78 per cent of the price; in the UK it is 85 per cent of the price and is in fact a tax component; in Italy it is 77 per cent; in Korea it is 89 per cent; and in Spain it is 72 per cent. I commend the government for the bills that are being introduced tonight, one measure being to reduce excise by 1.5c a litre. (Time expired)

Mr O'CONOR (Corio) (8.20 p.m.)—The Excise Tariff Amendment Bill (No. 1) 2001 and the Customs Tariff Amendment Bill (No. 2) 2001 provide for three important aspects of the Howard government’s new taxation arrangements as they relate to alcoholic beverages and petroleum products. These bills amend the Customs Tariff Act and the Excise Tariff Act to implement the new tax arrangements for alcoholic beverages from 1 July 2000 and to provide for the reduction in excise for petroleum products from 1 July 2000, and of course to incorporate the recent announcement of a reduction in excise for petroleum products from 1 March 2001.

In this debate tonight, I wish to point out to the farming community of Australia and of course to beer drinkers in the electorate of Corio that in this legislation we have yet another broken promise from this discredited Prime Minister on the new tax arrangements in relation to draught beer. We ought not be surprised at the PM’s breach of faith on the GST and the new tax system’s impact on the price of draught beer. After all, he has real form when it comes to broken promises. If he were a horse racing at Rosehill or Flemington on a Saturday, you would have to back him in for a big win because, when it comes to his form on broken promises, this Prime Minister is well ahead of the pack.

This was the Prime Minister who said he would never, ever introduce a GST. This is also the Prime Minister who promised that the GST would not increase the price of petrol, yet here in this very legislation that we are debating tonight the Prime Minister is admitting the deceit of his government on the GST and its impact on fuel. This is also the Prime Minister who, making a promise on the John Laws program on 19 September 1998, had this to say:

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

We know that the promises of the Prime Minister and his arrogant Treasurer are not worth the paper they are written on, and we ought not leave out Treasurer Costello from his share of culpability on the government’s deceit. While he arrogantly smirked to the press gallery here in Canberra, he had his hands deep in the pockets of farm families, lining the coffers of the federal Treasury and accumulating a war chest for the election later on this year. More recently we have seen the Treasurer receive around $500 million in tax revenue from the dairy restructuring package without the federal government putting one cent of its own money into one of the nation’s largest rural industries. Of course, now he has his hands deep in the pockets of farmers on beer.

Before I canvass the matter of the PM’s broken promises on draught beer excise, let me spend a few moments on the petrol issue, because it is instructive as to how arrogant and out of touch the Prime Minister and the Treasurer are on the aspirations of ordinary Australians and farmers in particular. We all remember the Prime Minister’s promise on the GST and petrol. The opposition pointed out to the Prime Minister that mathematically he would not be able to keep his promise should the retail price rise above 77c a litre. The Prime Minister and the arrogant Treasurer then went into their cynical denial mode. With the rising retail price of petrol they knew they were on the budget revenue raising gravy train. With the GST spike on the fuel excise they knew they were on the take in budgetary terms but cynically thought they could tough it out in the post-GST euphoria and accumulate a nice windfall bonanza for the next federal election.

The Prime Minister was like a little ferret and he went deeper and deeper into the rabbit burrow and steadfastly refused to come...
out when we pointed out to him that there was no way he could honour his promise. We kept up the public pressure and we were joined by the National Farmers Federation and the Automobile Association of Australia. The government was on the take from farmers, from residents in the Corio electorate and from the Australian community generally to the tune of in excess of $1.5 billion a year. That was not a figure that we dragged out of the air; that was a figure calculated by the Automobile Association of Australia. When the Australian public and farming communities finally twigged to the Howard government’s deceit, they went hunting for themselves in a political sense. First there was WA, then there was Queensland and then there was the by-election in Ryan.

Let me explore the impact of the government’s betrayal and deceit on farm families in rural Australia. When the Australian farm sector gave its support to the introduction of the GST, it did so on the basis of the solemn promise and commitments made by the Prime Minister, and on the issue of petrol that particular promise was spectacularly broken. The Prime Minister may not know it but household expenditure on petrol constitutes a very important part of the cost structure of rural households and businesses. Farm families generally have to travel considerable distances to buy their groceries, run their kids to school, attend their local landcare group, run their kids around to play their sport and their music, display their produce at agricultural shows or attend their local doctor in the case of a farm accident. Not only do they have to travel extra distances; they generally have to pay a lot more for their petrol. So the Prime Minister’s broken promise on petrol resonates deeply with them.

Before the introduction of the GST, the government assured them that the new tax arrangements on fuel would lead to a significant drop in the price they would pay for many household goods. That was the commitment, that was the statement and that was the promise that was made day after day on the floor of this parliament by government frontbenchers and by enthusiastic backbenchers who now have terrible, horrible frowns on their faces, worried looks and concern for their future in the wake of the GST’s impact on the electorate. People know that the government led them up the garden path on the commitment that the GST’s introduction would lower the price of fuel and that that would work its way through the transport system to a lower cost for many of the goods on their supermarket shelves and elsewhere. They know now that was the greatest hoax of all. Is it any wonder they are angry when they see $500 million spent on a GST advertising campaign to sell the GST pup? The pockets of the advertising agencies of Sydney, Melbourne and Brisbane have been lined no doubt to the fullest by the government’s waste and its arrogance, and while that has been occurring farm families have been betrayed on petrol.

In the bill we are considering here this evening, the government’s backflip on fuel and petroleum products is in black and white for all to see. The Prime Minister is up on the political stage. He is, politically speaking, naked as a jaybird, ready to do a backflip. He is ready to roll backwards to try to please a disgruntled, disillusioned and very disappointed Australian electorate. Having been caught out on petrol, you would think that the Prime Minister would have some remorse. You would think that he would be able to say sorry to Australian farm families and people living in rural and regional Australia for the government’s deceit—after all, the buck stops with the Prime Minister—but ‘sorry’ is not a word that comes easily to this Prime Minister. We know that from other areas of policy, from his incapacity to lead on the issue of indigenous affairs. So in this legislation here today we have the Prime Minister once again showing no remorse, incapable of saying sorry for the political deceit of the GST. In this bill, the Prime Minister is at it again. The serial political offender when it comes to broken promises is at it again.

With regard to beer, the Prime Minister said that as a result of the introduction of the
GST and the new tax system there would be no more than a 1.9 per cent rise in the cost of ordinary beer. When a farmer in a rural community goes to a hotel, or when a worker in my electorate of Corio goes to the local hotel after work, they know that ordinary beer is what comes out of the tap at the hotel—the draught beer. Prime Minister, don’t treat them as if they are stupid by pretending otherwise. For farmers and their families, the local pub can be a focal point for their community activity. After a hard day’s work in the field and isolation from other human beings, a beer at the local pub for a farmer can be an important point of social contact. It can be a place where the family can securely go for a meal on Saturday night, where a farmer can take his family to a reasonably secure environment to have a meal with some friends. It is a place where ideas are exchanged in a social setting. It is often a meeting place for farmers as they participate in many groups in their community, be it Landcare or a local sporting organisation. It is a place where the local footy club gains sponsorship, sells its raffle tickets and conducts its footy tipping competition.

Where I grew up in the Western District—as you did, Mr Deputy Speaker Hawker—our local was the Ti-Tree Hotel in Warrion. I cannot claim to have spent a lot of time in the Ti-Tree Hotel down through the years, because my father was a teetotaller, but I did happen to sneak in on the coat-tails of my uncles, who were fond of a drop. It was there that one could hear the stories of the district, see the social interaction and the conflicts and hear discussions about politics, about new ideas and new crops and about what was going to happen at the footy or the cricket on Saturday. It was a place where all those things were discussed. These pubs perform a very important social function, but now their publicans tell us that they are under threat because of the actions of this government. It is a threat that comes as a result of the broken promise of the Prime Minister.

In my electorate of Corio, there are many hotels. I have been contacted by hoteliers in my community, and I have been contacted by beer drinkers who are very irate about what the government is doing in this legislation. I have many low income earners in my electorate who no doubt put their faith in this Prime Minister only to have it shattered on the GST, on petrol and now on beer. In my electorate, I have many pensioners and many casual workers who are not on large incomes. They took the Prime Minister at his word that the price of ordinary beer would not go up by any more than 1.9 per cent. But this is not a Prime Minister for ordinary Australians; this is a Prime Minister for the big end of town. One of the most cynical exercises is when the Prime Minister and his arrogant Treasurer come to this dispatch box and pontificate on how they are looking after the battlers of Australia. This Prime Minister would not know about the ordinary beer that ordinary people drink in a local hotel. If he did, he would not have made the promise that he made and, in a political sense, his government would not have deceived the beer drinkers, the working people, the pensioners, the people on low incomes in my electorate and elsewhere.

Let me turn in the time remaining to me to the issue of microbrewers, because I have been contacted by one brewer in my electorate who is concerned about the government’s legislation, its new tax system and its impact on his business. With the microbrewers, the beer is brewed on-site and is generally sold through the local pub. The government’s original proposals would have impacted heavily on these microbrewers. The opposition has forced concessions from the government on their original proposal, and as this legislation passes through the houses of parliament we intend to extend this concession to give encouragement to this small but important part of the industry.

The chickens are really coming home to roost for the government as far as the GST is concerned. Small business in this country has been ruthlessly betrayed—betrayed on the altar of the Prime Minister’s obsession, his
grand vision to introduce ‘just another tax’. It is a sad day when, as we turn to the new century, the extent of the leadership vision of the Prime Minister of the day is an obsession to introduce ‘just another tax’, an outdated sixties tax. What a sad commentary on the national leadership of this country. Of course, now the chickens are coming home to roost. The great political deceit is unravelling now for the government. Small business knows that it was deceived by the government on the issue of the compliance burden of the GST. We have seen the government in roll-back on petrol, roll-back on BAS—roll-back in areas that they said could never be rolled back.

We know the motivation behind it. The motivation is to save the political skins of those backbenchers who, like lemmings, followed the Treasurer and followed the Prime Minister to their political destruction. I say to those coalition members on the back bench and those from rural electorates: have a look at the TV program on Sunday and have a look at the dairy farmer who has voted for the coalition all of his life. He is waiting for you. He is waiting for you to call the election, because he is going to do to you what you have done to him. The day of reckoning is not far away. The day when you will get your just deserts politically for what you have done to rural and regional Australia and to the low income earners in my electorate is not far off. Those people cannot wait. (Time expired)

Dr SOUTHCOTT (Boothby) (8.40 p.m.)—What we have just heard from the member for Corio is what the member for Werriwa refers to as ‘scab lifting politics’ whereby you lift the scab, you exploit community fear but really offer nothing in return. We heard a lot about chickens coming home to roost and a lot about the government, but there was no vision about what the opposition would do and we heard no policies from what is a policy-lazy opposition.

The Excise Tariff Amendment Bill (No. 1) 2001 continues the reduction of the petrol and diesel excise by 6.7c which came into effect on 1 July 2000. If you remember on that day when the GST came in, the price of petrol fell. Reducing excise by 6.7c was good compensation for adding on the GST. Also, in this bill we will be reducing the excise by 1.5c per litre.

The ACCC has conducted an analysis to determine if the cost savings in the petrol industry have been passed on to motorists. It was found by the ACCC that fuel prices have not increased as much as expected on the basis of movements in the industry, including historical wholesale and retail margins. That is, the ACCC found no evidence of any gouging. In addition, 1c or 2c per litre is paid to retailers of petrol and diesel in non-metropolitan and remote access areas where fuel prices are generally higher, which helps to keep the price down.

If you look at the record of the Labor Party when they came to office in 1983 the excise on petrol and diesel was 6.155c per litre. When they left office in March 1996 the excise was 34.183c per litre. That was an increase of 28c per litre, or about 450 per cent. In fact, they also introduced—as you would remember, Mr Deputy Speaker—fuel indexation in 1983, but 10c of that rise was due to rises above indexation, rises above the inflation, and 5c of that was in the 1993 budget after the GST-Fightback election where they promised not to raise taxes.

I think it is widely accepted that the climb in world oil price over the past two years has been the major determinant of price rises at the bowser across Australia. What we do not often hear much about is the fact that Australia actually has one of the lowest levels of petrol prices in the OECD. We are the fourth lowest in the OECD. Late last year the motoring organisations in my state—the RAA of South Australia, I think the RACV and the NRMA—conducted a campaign amongst their members, and I received about 7,000 cards from members of my electorate of Boothby who were calling for the 1.5c indexation rise on 1 February to be frozen. What the government did was listen to the concerns of the Australian public and deliver what they wanted. So the coalition has helped to ease the burden by reducing petrol
excise by 1.5c per litre from 2 March of this year, and that is what this bill provides for.

The measure was also accompanied by increased powers to the ACCC to ensure that the full benefit was passed on to motorists. The government at that same time also announced the abolition of Labor’s automatic six-monthly indexation of fuel excise, and that will be implemented in a separate bill. But it sends a very clear message: if the Labor Party are so intent on playing the politics of petrol then they will have to deal with rises in petrol if they were ever to win government. So it is important that the Senate pass this bill and pass on this 1.5c saving to the motoring community. The bill needs to be passed by 29 June to give consumers the benefit of the excise reduction.

I move now to the Customs Tariff Amendment Bill (No. 2) 2001. The government’s commitment in the new tax system meant that the rate of excise on beer was set so that after the removal of the 37 per cent wholesale sales tax and the introduction of a GST, the price of a carton of full-strength beer need only increase by 1.9 per cent. That commitment has been kept. That is the commitment that was in the tax policy released in 1998. Draft beer—over-the-counter beer—is taxed quite differently, because it has a service component which was not previously taxed.

In moving to a broad based consumption tax we introduced services into the tax net. The government has compensated people for this price increase in draft beer through either the $12 billion in income tax cuts or the $2.4 billion increase in government payments. This gives people more money in their pockets and freedom to decide how they spend their money. There is a large value added or service component in the price of draft beer. There are also costs such as counter service and refrigeration which are included in the price. In much the same way, the price of other alcohol products such as wine and spirits, when purchased over-the-counter, is higher than when they are purchased off the premises.

The problem with the approach the opposition is taking is that treating beer separately depending on whether it is packaged beer or on-the-premises beer introduces administrative complexity and may open up avenues for potential abuse. It starts to introduce the sort of complexity that we tried to move away from when we were reforming the tax system. It also opens up inequalities with other alcohol products and the taxation of services more generally.

If the Senate does not ratify the beer excise rates contained in the bill by 21 June, then the pre-ANTS beer excise rates are going to apply. In relation to beer alone, this would cost $820 million this year. This could increase to $1.2 billion if the new spirits rates are not passed. It is important to mention that, if the Senate fails to pass this bill, then the price of draft beer is going to fall significantly, and that may have serious public health consequences by making alcohol cheaper and therefore more prone to abuse. Making beer cheaper, which would be the consequence of Labor’s opposition to these bills, will run contrary to Labor’s own stated policy of encouraging reduced alcohol consumption. The Australian National Council on Drugs recently called for the alcohol industry to pay more tax to combat the social costs of drinking. The Labor Party and the Australian Democrats in the Senate should pay more heed to the concerns of people like the Australian National Council on Drugs. Failure to pass these bills also has the potential to undermine the anti-drink-driving campaigns that have been run by the Commonwealth, state and territory governments over many years.

Taxation of alcohol was a mess before the Howard government’s reforms. When you look at the ready-to-drink market, you had pre-mixed spirits which were paying twice the excise of beer. Wine based designer drinks paid no excise at all and some were made as substitutes for pre-mixed spirits in order to pay lower tax. That sort of distortion of production decisions was one of the anomalies that we had in the previous tax system. Now, all ready-to-drink bottles with
ago back to a speech I made almost 12 months ago has been borne out today. I said it, because what I had to say almost 12 months ago has been quoted that speech and then add a bit more to it, than reinventing the wheel, I am going to the excise were going to have on it. Rather than uniform treatment for both imported and locally produced beverages, and the same applies to fuel. I commend the bill to the House.

Mr EDWARDS (Cowan) (8.50 p.m.)—In preparing to say a few words tonight, I went back to a speech I made almost 12 months ago—as a matter of fact, the date was 4 April 2000 and the bill on which I spoke was A New Tax System (Family Assistance and Related Measures) Bill 2000. During the course of debate on that bill I had a fair bit to say about the hotel industry and the impact that this government’s new tax system and the excise were going to have on it. Rather than reinventing the wheel, I am going to quote that speech and then add a bit more to it, because what I had to say almost 12 months ago has been borne out today. I said this:

The other matter that I want to speak about tonight in relation to this GST compensation package is the impact that the GST and the additional tax which the government will impose on the hotel industry is going to have on that industry. I had a good briefing from the WA branch of the Australian Hotels Association—a branch which has been around for a long time and is very credible and professional. It tells me that there are over 740 hotels and taverns in Western Australia, with 400 of those in country areas. Between them, they employ approximately 15,000 people directly in jobs and they pay approximately $268 million per year in wages. The total expenditure in the industry is about $1.3 billion per year. About 186 or 63 per cent of TAB outlets are within hotels or clubs. Hotels serve something like 16 million meals per year. There are over 380 hotels which have accommodation. There are 300 hotels with more than 15 rooms. There are 17,015 guest rooms and 46,938 bed spaces. Of the 212 conventions held in Perth last year, 70 per cent were held in hotels.

I do not know how Western Australia compares with other states, but the quantity of beverages consumed in Western Australia is as follows: beer, approximately 190 million litres per year; wine, approximately 36 million litres per year; and spirits, approximately 16 million litres per year. Western Australian government revenue per annum from hotels is this: liquor fees, $45 million; land tax, $11 million; payroll tax, $21 million; water rates, $11 million; energy costs, $72 million; local council rates, $14 million; and other government charges, $3 million—total state government revenue, $177 million. This industry makes a very big contribution to the economy of Western Australia. Despite that, it will—as from 1 July—be faced with the biggest tax impost that it has had in the entire history of the liquor industry in Western Australia. It is an impact which will be felt more strongly in Western Australia simply because the hotels over there do not have the added support of income from poker and other gaming machines.

I will give you the current cost of a beer: brewer’s cost plus profit, 32c; excise, 18c; wholesale sales tax, 18c; publican’s cost plus profit, $1.42—that works out to be $2.10 per glass. With the GST, which will replace the WST, the cost would be as follows: brewer’s cost plus profit, 32c; excise, 18c; publican’s cost plus profit, $1.42; and a full 10 per cent GST, 19c—that would bring the price of beer up marginally to $2.11 per glass. That is not the end of the story because the government wants to put an additional excise or a top-up tax on top of the existing excise. This is what it told the hotel industry it is going to do: brewer’s cost plus profit, 32c; excise plus top-up tax, 34c; publican’s cost plus profit, $1.42—that adds up to $2.08. Plus, on top of that—a tax on a tax—the 10 per cent GST means that the cost per glass of beer is going to end up at $2.29, and, by the time it is rounded up, $2.30. That is up nine per cent. I thought this was the industry which, before the last election, the Prime Minister said would not be affected in this way. But we have heard so many of those stories that have been told to so many industries.

The Australian Hotels Association also informed me that draught beer prices on premises are set to rise by nine per cent as a direct result of a top-up penalty adjustment to excise which will increase excise by 90 per cent. This price rise is
the result of an increase in the excise rate designed to replace the wholesale sales tax; it is not a result of the service component of the GST which the hotel will have to put on. Under the proposed arrangement, the federal government will collect an additional $500 million from the taxation of beer. Currently, approximately $2 billion is already collected annually from beer consumers across Australia. The federal government stated its intention to increase beer prices by 1.9 per cent. The original ANTS document released by the government also put forward only small increases. Beer and other products sold in hotels are already taxed at rates that are much higher than other industries and cannot sustain additional price increases. Draught beer prices are highly sensitive and, if the price increases by nine per cent, it is likely that the result will be a major downturn in on-premises sales and job losses, particularly in regional and country Australia. The majority of blue- and white-collar workers in Australia enjoy draught beer, and significant price increases will result in major consumer backlash. Economic modelling suggests that there could be up to 7,500 jobs lost as a direct result of this increase. I have already demonstrated the tremendous economic development that the Australian hotel industry contributes to the Western Australia economy. They are very concerned at the potential loss of some 7,500 jobs and, of course, many of the small business people are concerned about their capacity for survival post 1 July.

That is what I had to say 12 months ago. I want to refer back to the issue I raised then when I said that many people in the industry fear a downturn in on-premises sales and job losses. Unfortunately, that is exactly what is happening in the industry. An information sheet on beer excise put out by the WA Hotels Association says:

Mr Howard proclaimed ahead of the introduction of the GST that ‘there will be no more than a 1.9% price rise in ordinary beer’. From July 1 2000, when the GST was introduced, the typical price of a glass of ordinary beer rose by over 8%. This equated to a rise of 18 cents, with a middy of ordinary beer costing $2.85. The Federal Government took $500 million (up 25%) from beer drinkers’ pockets. The Federal Treasurer told the media that the price of beer at the bar must go up because of the service component of the GST, but that is not the full story.

I have already demonstrated that in what I had to say 12 months ago. It continues:

It is a massive increase in excise that has caused the price of beer to rise not, as the Government claims the service component of the GST. In addition to the GST increase the excise on beer is adjusted twice per annum in line with inflation. On top of the 8% increase in July, automatic indexation of the beer excise resulted in an increase in the excise in September, however the industry refused to pass on the costs.

A further automatic excise in Feb 2001 saw prices rise to $2.90 a middy. The industry has already accepted its responsibilities. It has absorbed as much of the cost as it can. It is like a lot of other industries in this nation. They have absorbed much of the cost of the GST; they have not passed it on. The WA Hotels Association did a survey and came up with some detailed findings. Under a heading ‘Effect of the new tax system on alcohol sales’, respondents were asked:

Please compare your sales of alcohol for the period of July to December 2000 adjusted exclusive of GST, with the period of July to December 1999.

The survey results indicate this. In the country, 19.1 per cent of respondents reported an increase in sales, with an average increase of 13.4 per cent. However, 70.6 per cent of respondents reported a decrease in sales, with an average decrease of 18 per cent. 10.3 per cent of respondents reported sales were unchanged. In the metropolitan area of Perth, 18.9 per cent of respondents reported an increase in sales, with an average increase of 12.3 per cent. However, 73 per cent of respondents reported a decrease in sales, with an average decrease of 14.1 per cent. 8.1 per cent of respondents reported sales were unchanged. The total is this: 19 per cent of respondents reported an increase in sales, with an average increase of 12.8 per cent. 71.8 per cent of respondents reported sales were unchanged. The total is this: 19 per cent of respondents reported an increase in sales, with an average increase of 12.8 per cent; however, 71.8 per cent of respondents reported a decrease in sales, with an average decrease of 16.1 per cent; and 9.2 per cent of respondents reported sales were unchanged. That 16.1 per cent was a figure that the shadow Treasurer, Simon Crean, used when he spoke on this matter earlier. It is evident to me that
Simon Crean has this Treasurer on the run. This Treasurer does not know whether he is coming or going, in part because he is trying to deal with promises made publicly by the Prime Minister, promises which, just as quickly as he made them, he has turned his back on. To some degree, the Treasurer has been forced to pick up these misleading statements and deal with them.

The second part of the survey looked at the effect of the new tax system on gross profit percentage. When respondents were asked, ‘Please compare your gross profit percentage for the period July to December 2000, adjusted exclusive of GST, with the period July to December 1999,’ the survey results indicated the following: in country areas, 21.2 per cent of respondents reported an increase in gross profit percentage, with an average increase of 5.8 per cent; however, 67.3 per cent of respondents reported a decrease in gross profit percentage with an average decrease of 10.1 per cent; and 11.5 per cent of respondents reported that the gross profit percentage remained the same. In the metropolitan areas, 19.6 per cent of respondents reported an increase in gross profit percentage, with an average increase of 8.8 per cent; however, 69.6 per cent of respondents reported a decrease in the gross profit percentage, with an average decrease of nine per cent; and 10.9 per cent of respondents reported that the gross profit percentage remained the same. In total, 20.4 per cent of respondents reported an increase in gross profit percentage, with an average increase of 8.3 per cent; however, 68.4 per cent of respondents reported a decrease in gross profit percentage, with an average decrease of 9.7 per cent; and 11.2 per cent of respondents reported that the gross profit percentage remained the same.

How can members opposite come into this place and claim that they are listening and that they have the interests of the industry at heart? How can these bleeding hearts claim they have the interests of people who live in the scrub at heart? What hypocrisy. This government is good at looking after the big end of town. You would have thought that, after the result of the elections in Western Australia, in Queensland and in Ryan, this government might have learnt, but it is apparent from the speakers we have had come in here tonight that they do not have one iota of individual thought, that they do not have one spark of spirit for their electorates, particularly those who come from the scrub, but that they have been given a set of papers with a series of points and they have been told to reiterate those points. It is a bit like teaching a parrot to speak. Perhaps they feel that, if they keep on repeating that which has been given to them, people will believe them. I have much more faith in the people of Australia and I am sure that they will see through that which this government is trying to serve up to them.

It is a pity that some members opposite like to give the lie in the scrub that they come to Canberra and they represent their constituents with energy, honestly and with a degree of vitality. It is simply not true. It does not stand up. If they are going to turn their backs on this industry, particularly in the scrub, they are asking for a lot of trouble.

The member for Corio, the shadow spokesperson for agriculture, made some very good points, some very telling points. What happened when he finished his speech? He was denigrated by the person opposite from the government who then got up to parrot some more of these so-called facts that they have been given to put before the House tonight. So much for the spirit of independence and the spirit of those people who claim to support the people of the scrub.

One of the great problems associated with the figures I have given tonight is that there are going to be further job losses. I think the WA Hotels Association have said that 54 per cent of pubs across WA have cut staff. They simply had to. They did not want to do it, but they have had to absorb much of the costs that have been passed on to them. However, their sales are down and their profits are down and, unfortunately, so too are jobs down. In the scrub, where jobs are scarce, that is part of a bigger problem.
I am not sure whether many members were at the Australian Hotels Association dinner that was held in the Great Hall here a couple of weeks ago, but it was a good dinner and I thought they made some very good points. I thought it was a very good move of theirs to have this dinner here and to put before members of the parliament—on all sides of the political spectrum—the sorts of issues that they are dealing with. While they were very polite, and while they put on a very good dinner, they also made some very good points and they did not pull any punches. I was pleased to see that.

One of the speakers was Professor Geoffrey Blainey. I really appreciated his speech that night. I do not have a lot in common with Geoffrey, but he certainly did an immense amount of work in researching the industry and he made a number of very good points. One of the points that he made was this: he said that the hotels of yesterday were the web sites of today—and it is true. It is where people went to get their messages, to get information about where the jobs were, who was shearing, who was ploughing and who was harvesting. That is where they went. Those hotels formed a very important part of country life. They were indeed the web sites of yesterday.

If the government does not understand the sorts of flow-on problems that they have created for hotels, not just in the scrub but in the cities as well, then they have not been, and are not, listening. If the Prime Minister had any decency at all, he would fulfil the promise he made when he said that there would be a 1.9 per cent—I think—an increase in the cost of beer but that Australian drinkers were, in the main, not going to have to put their hands any deeper into their pockets. That has proven to be an untruth; he has misled the people of Australia as he did in so many instances in the lead-up to the introduction of the GST. What he ought to do is give the people of Australia the GST he promised. If we can help him by moving amendments or by limiting the increase to that which he said would occur, then I reckon we ought to do it.

Mr LAWLER (Parkes) (9.10 p.m.)—I listened with interest to some of the comments of the members opposite, and especially the most recent speaker. The government was very clear going into the election what GST they wanted to deliver. If members opposite wanted to assist the government delivering the GST they promised they would deliver, they would not have voted against every single part of the tax package. That would have been a major step forward and we would not have had some of the difficulties that we have had—for example, with the diesel fuel grants scheme where we were forced to negotiate with the Democrats, who oppose a decrease in taxes on fossil fuels.

We are here talking about the Excise Tariff Amendment Bill (No. 1) 2001 and the Customs Tariff Amendment (Petrol Tax Cut) Bill 2001 (No. 2). I would like to make a few comments on the fuel situation. Talk about hypocrisy! I have to close my mind so that I do not burst out laughing when I listen to some of the ALP members criticising the government for the changes on fuel taxes. They seem to have very short memories. Under the ALP, when they were in charge for 13 years, the excise on fuel increased by over 400 per cent. The opposition not only introduced the indexation of excise they also, several times, increased the excise on top of that automatic indexation. They had absolutely no fiscal responsibility, no control whatsoever, when they were in charge of the country’s finances.

Time after time they needed extra money. It became such a habit—they had to raise taxes or make some other effort to make money—that they were unable to turn the tap off. They would sell assets and spend the money. They would increase the WST and spend the money. They would increase petrol excise and spend the money. They would get the indexation of excise and spend the money. The would promise tax cuts, l-a-w law tax cuts, but not deliver and spend the money. After all of that, there was still not enough to spend so they borrowed and borrowed. When this government came to
power in 1996 we found we had a government deficit of thousands of millions of dollars. You can see how I have to stop myself laughing when I listen to some of the opposition members making comments on fuel excise.

As I said, the ALP increased excise on petrol and diesel—and we need to compare some of the attitudes of the opposition in relation to fuel and the government in relation to fuel—from 6c a litre in 1983 to 34c a litre in March 1996. Of this 28c excise, 10c resulted from Labor’s budget increases—which occurred without providing any compensation; there was no talk of compensation to motorists—and 5c of these budget rises came through the 1993 budget, after Labor went to the election promising not to increase taxes. The member for New England reminded the House, and I will do it again, that the now opposition leader talked about a 5c excise jump as a small adjustment. Do not forget that at the same time the opposition were in power they were presiding over inflation rates of between five and 10 per cent. Automatic indexation meant that every time there was an indexation increase the increase was more than any of the amounts we have been talking about the government addressing over the last six months or so. Where are the state governments on this? Everybody knows that the state governments receive 8.35c a litre from the Commonwealth after the High Court ruled that they were unable to collect that tax.

Why is it that in Queensland under Premier Beattie, who is admittedly one of the most popular men in the country at the moment, petrol is significantly cheaper than it is in New South Wales? It is simply because in New South Wales every cent of the 8.35c a litre the federal government contributes to the states goes into consolidated revenue—every last cent. Automatic indexation meant that every time there was an indexation increase the increase was more than any of the amounts we have been talking about the government addressing over the last six months or so. Where are the state governments on this? Everybody knows that the state governments receive 8.35c a litre from the Commonwealth after the High Court ruled that they were unable to collect that tax.

One of the most important parts of the government’s recent announcements was not really the 1.5c a litre decrease but the abolition of Labor’s automatic six-monthly increase in fuel excise. I understand that is going to be implemented in a separate bill. What do we actually have fuel excise for? I guess the primary reason is to raise revenue, and it is something I have questioned in this place several times before. One of the other parts of this package that is not being debated tonight but was announced at the same time as the Prime Minister announced the 1.5c a litre fuel cut is the setting up of an inquiry into Australian fuel taxes in general. It has always struck me as a bit odd that, in a country with a population as sparsely spread as here in Australia, we should have such an unholy reliance on fuel excises to contribute to consolidated revenue. That is exactly what fuel excise does: it contributes to consolidated revenue. Just as a comparison, fuel excises in 2000-01 are projected to raise about $13 billion. In comparison, the GST is expected to raise $24 billion. So petrol and fuel excise make a hugely significant contribution to government funds. One of the difficult things about taxing fuel is that, because fuel is an input in the production of goods and services, petrol and diesel excises can reduce living standards by removing resources from industries that use these fuels relatively intensely. Reductions in excise under the new tax system will reduce these effects. Moreover, petrol and diesel excises are regressive: people on low incomes pay a higher proportion of their incomes in the form of excise than do people on high incomes, given the same level of fuel use.

Prior to the last six or 12 months, much of the population has been under the misapprehension that fuel excise is in some way related to spending on roads. That is where I believe this proposed inquiry can make some sort of commonsense recommendations that governments on both sides might accept. For example, I think the general population would accept fuel excise being raised to
spend money on roads, infrastructure, research into all forms of alternative fuels, development of bio-diesel and solar energy and all that type of thing. I think people have had the understanding that fuel excise really was hypothecated for a certain reason where clearly it is not being used that way. From 1926 to 1959 and again briefly, I understand, in 1982, all or part of the revenue raised by petrol and diesel excise was hypothecated to fund expenditure on roads. For example, when first introduced in 1957, revenue from diesel excise was hypothecated to road funding. Yet successive Commonwealth governments of both colours have seen petrol and diesel excises as a source of general revenue available for spending for general government purposes, not just for roads and related purposes. I think that is why the public have reacted so strongly in the last few years to the changes in excise.

I mentioned before that the Hawke government introduced the indexation of petrol and diesel excise in the 1983 budget, simply because inflation was eroding the real value of the rates. Until now the rates have been indexed to the CPI and changed in February and August. I guess the reason for indexing excise was that it saves governments on both sides—this government has been in for five years but the previous government had been in for a lot longer than that—having to go before the parliament and before the people to debate whether fuel excise should rise year after year. It was a convenient measure that allowed the Treasury to get into the pockets of Australians without the government really having to be transparent. So this move to abolish the automatic indexation of fuel excise, in my view and I think in the view of the public, will lead to a lot more transparent government in the future. It was never really clear why these rates were indexed when other taxes were not indexed. Personal income tax rates, for example, were not indexed to prevent people moving into higher marginal tax brackets as a result of inflation. Again, governments from both sides of politics have taken advantage of this.

Having said all that, I think it is important to note the percentage of taxes in unleaded petrol prices across the world. I think most people now know that Australia is very low on the list. In Australia about 53.4 per cent of the money we spend on fuel goes in taxes. Canada and the US are at the top and Australia I think is third. It comes back to the situation I mentioned before, that it does not really make sense in the eyes of Australian people and does not really make sense to me that a country that is so sparsely populated should have such reliance on fuel tax for the consolidated revenue. After one of the longest and loudest media outcries in recent memory, the federal government have moved to cut the excise by 1.5c a litre and have abolished the whole indexation system. At the same time we have empowered the ACCC to ensure that the small savings that were announced are passed on to motorists. In addition, the government vowed to radically review the whole idea of how and why we gather revenue from fuel sales in the first place.

I am a member from western New South Wales, and we have particularly wide spaces in New South Wales where country people are seriously impacted by fuel prices. For someone who lives in the country, a change in the fuel price has a greater impact than it does for someone who lives in the city, for several reasons. First, there is usually no alternative. Country people do not have the opportunity to jump on a subsidised public transport system to go to the doctor, to seek legal advice or to do their banking. Many people, especially in the smaller towns, have to jump in their cars. Most of them are on low incomes. Most of the seats that we in the National Party represent are made up of the people with the lowest household incomes in the country. They usually have old, petrol-guzzling cars, which chew up a lot more petrol than newer cars, and they usually have to drive further. The impost on country people, as I said, is far greater than on city people. So the savings to country people, even though we are only talking about 1.5c, will be significant.
I guess it was hoped that when the new tax system was introduced the major fuel companies might play their role in assisting to pass on the savings that they had made under the new tax system. But, when that action failed to eventuate, it was appropriate that the government moved to shoulder the responsibility instead. As many predicted, the public emotion involved in seeking the 1.5c cut did not match the reaction when it was finally delivered, simply because, as many of us have said, the 1.5c really is not much in the grand scheme of things.

From my viewpoint, the announcement of the scrapping of indexation and the signalling that government revenue may no longer be tied to fuel income are the most important planks of the plan, although, interestingly, neither of those was heavily reported in the media—the same media that had been clamouring over the last few months for this 1.5c cut. Of course, raising ever-increasing amounts from fuel sales was originally an ALP scheme, but governments of both sides have happily overseen the arrangement until now.

It is a poor reflection on the standards of our national media, including certain talk-back radio hosts, that, following their crusade to simply cut fuel by 1.5c per litre, scant mention has been made of the fact that, as predicted, the saving was almost immediately absorbed. The member for New England mentioned—I am sure we all share the same experiences—how service stations within a town or within a suburb vary by far greater than 1.5c per litre at any one time, let alone from week to week. Had this government followed that simplistic line, the result would have been disastrous, but, by axing indexation and reviewing the entire framework, this administration has instead reinforced its reputation for sound fiscal judgment.

With that indexed source of revenue now scrapped, the question is whether this will eventually cost us in terms of services such as health, education or infrastructure in the long run. Obviously, for a government to be fiscally responsible, this cannot happen. The Prime Minister’s move to overhaul the fuel excise system, to offer a far superior long-term situation to fuel price anger, has not changed the fact that this little cut at the bowser that was demanded from numerous quarters will have a cost.

The promised review of the whole fuel tax scheme to address whether we should rely on fuel as a major revenue source may eventually suggest a more equitable way of raising funds. With the ending of the automatic increases and the move to investigate the government’s reliance on fuel as a major income source as well, the long-term solution we had all hoped for effectively has materialised. It is a credit to this administration that it was able to heed the public call for relief in an economically responsible way that offers long-term relief for motorists without jeopardising the government’s financial position. It is hoped that the 1.5c discount made some difference for those people in the small towns that I mentioned and in the rural areas who regularly cover great distances just going about their daily business, getting prescriptions filled, and taking the kids from their property to school and back. On the plus side is the fact that low income earners would have reaped most of any savings because they spend, as I said, a disproportionately higher amount of their income on fuel.

But, overall, the federal government’s moves to address the impact of high fuel prices have involved appropriate receptiveness to public opinion from a position of economic strength that provided the scope for the long-term, unique approach that has eventuated.

I am happy to support the government on this bill. I welcome the 1.5c per litre cut and, even more importantly, I thoroughly welcome the legislation because the abolition of the automatic indexation brings a great deal of transparency on any government. I also welcome the announcement of an inquiry into just why we in Australia have such a reliance on such a tax as fuel tax for our consolidated revenue.

Mr Emerson (Rankin) (9.26 p.m.)—You know a government is in decline when it continues to blame the previous administra-
tion for everything that goes wrong under its own watch, especially when that government has now been in power for more than five years. In question time, on radio and on television, whenever a government minister or a backbencher is asked to explain the latest debacle, the first explanation is always that it is the fault of the Labor Party; it is the fault of the previous government; Labor were in for 13 years, and they did this or did that and failed to do something else. It is never the fault of the government. They get the big bucks for being on the front bench and for being on the government side, but they take no responsibility—all care and no responsibility. You also know a government is in decline when it says that its policies are good but it needs to communicate them a bit better; it needs to get the message out there; it needs to explain to people why its policies are excellent and how the people of Australia are misguided in their interpretation that these policies are not in their best interests. You also know a government is in decline when it blames the media: everything would be fine if it were not for the media.

This is a government of broken promises. It is a government that is out of touch and it is a government that governs for the big end of town, that governs for the few against the interests of the many. The Excise Tariff Amendment Bill (No. 1) 2001 implements yet another set of broken promises on the part of the Howard government. Before the last election, the Prime Minister promised this in an address to the nation on 13 August 1998:

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

The Prime Minister’s promise was repeated by Treasurer Costello, also before the last election, when he said this in a media release of 7 September 1998:

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

Neither of these could be regarded as a slip of the tongue. They were very deliberate and calculated statements to reassure the Australian motorist that the GST would not increase petrol prices. But, just to cement the position, after the election, the Prime Minister reiterated that commitment, that promise, on Radio 2BL on 28 March 2000 when he said:

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

Yet, after the GST came into force, the Prime Minister denied in the federal parliament that he had ever made the promise in his pre-election address to the nation. The Prime Minister told the parliament on 15 August last year:

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

In front of the entire House of Representatives the Prime Minister denied that he ever made that statement in an address to the nation, and he wonders why people do not trust him. The fact is that the GST has increased petrol prices to motorists. There is an excise in place. On 1 July last year the excise was reduced by 6.7c a litre and a 10 per cent GST was added to that lower excise. At the relevant price, the strike price of 90c a litre, the GST added 8.2c a litre. The difference was 1.5c a litre. The decision that came into effect on 1 July last year was a decision that increased the price of petrol by 1.5c a litre, thereby breaking the Prime Minister’s promise in his address to the nation that the GST would not increase the price of petrol for ordinary motorists.

In seeking to explain this duplicity on his part, the Prime Minister said, ‘Well, there are savings from the new tax system of 1.5c a litre. Treasury has told us that these savings exist and the oil companies should pass on those savings on 1 July.’ Those savings did not exist. We have just heard government speakers blaming the oil companies and saying, ‘They should have passed on the 1.5c a litre savings from the abolition of other taxes.’ The wholesale sales tax was abolished. Not many other taxes were abolished. But how often does an oil company replace its petrol tanker fleet? Certainly not once a day, as was assumed by Treasury and the Prime Minister’s modellers. How often are the bowsers replaced? Certainly not every
day. How often are the underground tanks replaced? Certainly not every day.

The government conveniently sought to blame the oil companies and said, ‘You have to pass on these mythical 1.5c a litre savings to the motorists and, if you don’t, we will blame you. We are quite sure that we won’t get the blame from the general public.’ They were wrong about that because they did get the blame from the general public. Mr Chris Murphy of Econtech actually advised the government publicly, subsequently to this, that the 1.5c a litre savings could not be achieved on 1 July. It was a matter of commonsense that he reached this conclusion. He also urged the government not to proceed with the fuel excise indexation increase on 1 February and pointed out that there were precedents for this—a precedent that was set in February 1998 by the Hawke Labor government when it discounted the automatic fuel excise increase.

The Prime Minister’s preferred modeller—Mr Chris Murphy of Econtech—was saying, ‘No, the 1.5c savings would not occur on 1 July and the excise indexation increase should not proceed.’ The government ignored all that advice and, in doing so, it applied the GST as a tax on a tax—something it said it would not do. The GST was applied on the excise. The GST and the excise itself are adjusted twice a year for inflation. The GST causes inflation. The GST, therefore, caused the excise to go up. So we had the ridiculous situation of the GST and excise acting in a vicious inflationary spiral as a tax on a tax—something the government said it would get rid of, and it did not.

The Labor Party, as well as the broader community, sought to exert as much pressure as it possibly could on the government in relation to keeping its promise not to increase the price of petrol as a consequence of the GST. At that time—towards the end of last year—the Prime Minister said, ‘It is impossible. There is no fuel tax windfall. There is no capacity in the budget to do anything but go ahead with the full indexation increase on 1 February.’ That was untrue as well, and he wonders why the people of Australia no longer trust him. There was a fuel tax windfall and it is that windfall that has been accessed by this government in its final, belated, spectacular backflip of a decision not to proceed with—or in fact to abandon—the fuel excise increase of 1 February, which is something that it said it did not have the capacity to do but ultimately did do.

Of course we know why the government did it. It was because the Liberal Party lost the state election in Western Australia, it was routed in Queensland and it was fearful of the outcome of the Ryan by-election. As it turned out, it was right to be fearful of that outcome because it lost the seat of Ryan for the first time since the seat was created more than 40 years ago. The point I am making is that there is no sincerity in what the government has done. It does not believe in this policy. It is the policy of panic, not the policy of conviction. Every time now that motorists go to the petrol bowser they know that the government has broken its promise on fuel tax increases and, in particular, the promise that the GST would not increase the price of fuel for ordinary motorists.

Another promise in relation to fuel has also been broken, and that is a promise made by the Liberal Party that the GST would not widen the city-country price differential. I quote from a statement by the Liberal Party on 6 September 1998, less than a month before the last general election:

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

Again, the government sought deliberately to mislead the Australian people by this public statement that it made. It is a matter of fact that the city-country price differential has widened under the GST.

Mr Cadman—Prove it.

Mr Emerson—the member opposite has asked me to prove it. I will go to an authoritative source on this matter, Lauchlan McIntosh, Executive Director of the Australian Automobile Association. In a media release of 19 February this year, he said:
We also have concerns about the Country Fuel Grant Scheme. When it was introduced in July it seemed to work well. The gap between average city and country prices fell across Australia but since then it has widened considerably in all States.

I think that is pretty reputable proof that in fact the city-country price differential has widened under the GST, breaking yet another promise of this government—that that would not happen. The GST, because it is a 10 per cent tax, a percentage tax, is a tax on distance, a tax on remoteness. It is well known that the price of fuel in country areas, particularly in remote areas, is higher because of higher transport costs and because of a lack of competition. The GST adds 10 per cent on top of that. It follows that country motorists, particularly those in remote Australia, pay more GST per litre of fuel than city motorists. So the GST is a punitive tax. It is a discriminatory tax on people living in rural and regional Australia. It is a tax on distance; it is a tax on remoteness.

The other major element of this legislation is the excise arrangements for beer. I have to report yet again another broken promise. Before the last election, the Prime Minister said:

There'll be no more than a 1.9 per cent rise in ordinary beer.

The Prime Minister said that on the John Laws program of 23 September 1998. He subsequently said, ‘Of course, I was talking about packaged beer; I was not talking about draught beer.’ If we have a look at that statement, I cannot see any reference to packaged beer. He calls it ordinary beer. I would think, when you go into a pub and you ask for a beer, that is an ordinary beer. The Prime Minister again misled the Australian people in saying that beer would increase in price by only 1.9 per cent. Just in case we think that that was a slip of the tongue, he also said this:

Across the board there is virtually no change in relation to alcohol. A tiny CPI equivalent rise in relation to ordinary beer.

He said that on the Alan Jones program on 14 August 1998. He was very concerned to reassure Australian beer drinkers that the price of beer would increase by no more than 1.9 per cent and thereby make sure that they were still comfortable with the idea of voting for him. A majority were not comfortable with the idea of voting for him, but nevertheless the government was returned. After the election, Treasury officials predicted that beer prices over the bar would rise by seven per cent. That was confirmed by the Prime Minister. That is exactly what has happened. Beer prices have gone up by much more than the 1.9 per cent the Prime Minister promised before the last election.

They are not the only costs that have gone up. If you go for a night out to a pub or a club, the cost of taxis has gone up, as well as the cost of buses and trains. Meals at pubs and clubs have a GST on them. So do club membership fees and admission fees to nightclubs. It just brings to the fore a litany of broken promises of this government in relation to the GST. In relation to education, the government made promises in full-page advertisements in the major newspapers on 23 August 1998, before the last election. The advertisements said:

Health, education, child care services and nursing homes will be GST-free.

It is a matter of fact that that has proved to be completely untrue. A whole range of basic education expenses are taxed by the GST. These include school uniforms, school shoes, stockings, socks, a range of books, exercise books, writing pads, pens, pencils, paintbrushes, public transport, school bags, cases and some excursions. Another broken promise! It goes on. There is the promise in relation to health. That was also in full-page advertisements in major newspapers before the last election, paid for at taxpayers’ expense. The advertisements said:

Health, education, child care services and nursing homes will be GST-free.

Here are some of the health items that are not GST free: skin creams, tampons, sanitary pads, feeding pads, breast pads, baby bottles and cleansing equipment, pregnancy kits, sunscreens below 15 plus, spectacle frames, contact lens solutions, first aid kits, band aids,
bandages (unless doctor prescribed), antiseptics, lozenges and many non-traditional health services and medicines. Yet another broken promise in relation to the GST! On this matter, the Minister for Health and Aged Care, Dr Wooldridge, when asked if tampons should be GST free, said:

As a bloke, I’d like shaving cream exempt, but I’m not expecting it to be ... I wasn’t aware that menstruation was an illness.

How arrogant is this man! The journalist said:

So tampons shouldn’t be exempt because they don’t prevent illness?

The minister said:

Well, shaving cream isn’t exempt, soap isn’t exempt, toilet paper isn’t exempt ...

It is a mark of the arrogance of this government that the health minister can say these things about women’s sanitary products. There is another promise that would be of interest to all Australians who were led to believe that 10 taxes would be replaced by this GST. This was supposed to be the great virtuous tax that was going to get rid of all of these inefficient, hidden, indirect taxes. That is exactly what the government promised. It said, again in the same major newspapers, where full-page advertisements were placed on 23 August and no doubt on other occasions before the last election:

Ten hidden indirect taxes will be replaced by a flat 10% GST.

In fact, only four taxes have been abolished: the wholesale sales tax; the bed tax that applied to some hotels in New South Wales and the Northern Territory; and, from 1 July this year, if the government goes ahead with it, stamp duty on shares and financial institutions duty. That means a total of 16 major taxes are staying in place, plus the $26 billion GST. Of the 10 taxes that were supposed to have been abolished, six are staying. When added to another 20 taxes, that is 26 taxes that are staying. Only four are being abolished, and one of those is the bed tax in the Northern Territory and in some hotels in Sydney.

The broken promises go on. The Prime Minister promised the GST would be good for the economy. He said, at a doorstop interview on 13 August 1998:

The tax plan is good for Australia ... It will boost the growth and strength of the Australian economy. It will generate more jobs.

The Treasurer said very similar things. The Treasurer promised the GST package would create ‘bigger exports, more trade, more jobs, more growth’. He said that at a doorstop interview at Ringwood on 25 September 1998. What has happened to growth? We have already experienced a negative quarter of growth. A recent ACCI-Westpac survey of industrial trends reported in the following terms:

While high interest rates and energy prices have impacted both series, the GST effects in Australia have pre-empted the US weakness.

The ACCI-Westpac survey was explaining the quarter of negative growth that we have already experienced. So much for the GST creating a spurt in economic growth and jobs! What has happened to jobs? Professor Peter Dixon of the Centre of Policy Studies at Monash University told a Senate inquiry, which was conducted after the election and before the introduction of the GST, that the GST would be ‘job destroying’. Nevertheless, the government went ahead with it. In just four months, 87,000 full-time jobs have been destroyed. The Prime Minister and the Treasurer said that this GST would create jobs. How can a $26 billion new tax create jobs? Of course it cannot create jobs. When the government are replacing four taxes with the GST instead of the 10 they promised, it is not hard to see how the GST would be job destroying, as foretold by Professor Peter Dixon but as ignored by this government. Unfortunately for the holders of those 87,000 full-time jobs, the prophecy of Professor Dixon and the Labor Party has turned out to be true: the GST is indeed job destroying.

What has happened to small business? What has been the impact of the GST on small business? The Treasurer was very reassuring about this on ABC radio in Perth on 18 May 2000 when he said:
I don’t think anybody will go to the wall as a consequence of the GST.

What is he saying about small business? Is he saying the reason that small businesses are going broke has got nothing to do with the GST? Is he saying that small businesses have never had it so good? There are bankruptcies going on all over the place. The Australian dollar was supposed to go up as a result of the GST; instead, it has depreciated against 150 countries, including Botswana and Swaziland. (Time expired)

Mr CADMAN (Mitchell) (9.46 p.m.)—Tonight we are debating the Excise Tariff Amendment Bill (No. 1) 2001 and the Customs Tariff Amendment Bill (No. 2) 2001. These bills really set about putting in place the government’s policy changes on excise relating to the introduction of the goods and services tax. It is very simple really, despite the confusion of the opposition. The government reduced fuel excise to the value of a 10 per cent goods and services tax. The total government tax take from a litre of fuel remained the same and the government collected two elements of taxation valued at exactly the same amount: one part excise and one part goods and services tax. The tax on fuel did not increase. In fact, after the introduction of the goods and services tax on 1 July, we found that the price of petrol fell. The ACCC in its inquiry examining fuel prices determined that the price of petrol for consumers actually fell. That is what the government predicted would happen. This House is debating tonight the reduction in petrol and diesel excise of around 6.7c a litre which came into effect on 1 July 2000. I do not know why we are debating it so much after the event. I believe one of the difficulties this House confronts is the pressure and activity of a reforming government in making changes—improving the environment and improving the economy—and tonight we are putting into law a situation which has applied since 1 July 2000.

The government has fully met its commitment that petrol pump prices need not rise with the introduction of the goods and services tax. There is a cut of 6.7c per litre in excise and the petroleum industry will benefit from substantial cost reductions as a result of the introduction of the tax changes. The estimated benefit to the petroleum and refining industries is approximately 1.5c per litre, and hence the reduction in excise of the balance of the 10 per cent, which is approximately 6.7c per litre. In total, motorists received compensation of around 8.2c per litre. The ACCC in its fuel price monitoring report for the September 2000 quarter stated: The Commission’s analysis suggests that actual fuel prices have not increased as much as expected on the basis of movements in underlying factors, including historical wholesale and retail margins. This is not inconsistent with the suggestion that cost savings from the NTS (New Tax System) changes have been passed on.

The Labor Party are saying tonight that they do not believe the ACCC made an honest assessment of fuel prices at that time. They are saying, ‘We do not believe the ACCC.’ Where do the Labor Party stand on the consumer protection mechanisms that are law—the ones that they have agreed to since the introduction of the Trade Practices Act, the ones that they have endorsed step by step in every change to the Trade Practices Act? There has been a bipartisan approach to the way in which consumers have been protected in Australia through the changes in trade practices. Yet the Labor Party are saying that the Australian Competition and Consumer Commission was not honest when it monitored for changes in fuel prices after the introduction of the Trade Practices Act, the ones that they have endorsed step by step in every change to the Trade Practices Act? There has been a bipartisan approach to the way in which consumers have been protected in Australia through the changes in trade practices. Yet the Labor Party are saying that the Australian Competition and Consumer Commission was not honest when it monitored for changes in fuel prices after the introduction of the goods and services tax and said that there has been no impact of the goods and services tax on fuel prices. But subsequent to that time, after 1 July, there were changes. Of course there were changes, but they were not changes brought about by the goods and services tax. They were changes brought about by the change in the value of the Australian dollar compared with the United States dollar. All international fuel prices are based in American dollars. There is a disadvantage, but not overall, in a falling Australian dollar because it helped increase fuel prices. There was also the decision by the OPEC nations that they wanted to maximise their profits and returns on oil
during the European winter, so they started jacking up prices.

None of this has anything to do with the introduction of the goods and services tax. By comparison, I would like to draw to the attention of the House the changes that were made by the Australian Labor Party. This is not seen by everybody to be a justifiable argument but I think it is a fact that needs to be recognised by the Australian community about the tax rip-off that was introduced by the Australian Labor Party over their 13 years in office. The Labor Party increased excise on fuel—petrol and diesel—from 6.155c per litre in 1983, the year they were elected, to 34.1c in March 1996, an increase of 28c or over 450 per cent in that period of time. That is a rip-off.

The hypocrisy of the Labor Party in saying that there has been a change in petrol prices because of the GST! That is just so much bunkum and rubbish. It cannot be demonstrated. If they keep running that argument, they have to say that they will dump the ACCC, because they are saying that the ACCC was dishonest when it assessed prices after the introduction of the GST; or they have to say, ‘We’re going back to the old days and we’re going to jack up prices by 450 per cent.’ They have to be prepared to use petrol prices as a taxing mechanism or they have to make a decision about the ACCC. One way or the other they are caught in this argument, because they are trying to come to this with clean hands and they cannot. Kim Beazley, who was the minister for finance at the time, called the 5c jump that they introduced in the 1993 budget a ‘small adjustment’. Five cents a litre in one hit from the Australian Labor Party—can you imagine that?

This bill includes not only the adjustment, the reduction, of excise by 6.7c per litre but also the reduction of 1.5c per litre in petrol and diesel excise that came into effect on 2 March 2001. The government took that decision and brought in a package. The government said, ‘We’ve heard what the community are saying. We want to make sure that we can never be blamed again for effecting increases in fuel prices.’ The way we are going to do that is by wiping out the increase of 1.5c indexation that was introduced in January and by cutting out indexation altogether. Indexation was another Labor Party initiative. The Australian Labor Party are brilliant taxers: they love taxing people. We are also going to put the ACCC on to the oil companies to monitor the wide range of price fluctuations—as much as 10 per cent on the same day on the same city road. So the package that the government has put together removes the automatic increase in fuel prices related to indexation, reduces excise by an additional 1.5c, and puts the ACCC on to the oil companies to inquire into the taxing system and to monitor the variations in prices.

The fact of the matter is that, if the Senate does not pass these bills, consumers will be denied the benefit of the petrol and diesel excise reductions and that will lead to a significant increase in prices at the petrol pump. I would like to indicate to the House that unleaded petrol and diesel excise rates on 30 June 2000 were 44.1c per litre; on 1 July, one day later, they were 37.4c per litre; on 1 August 2000, 37.4c per litre; on 1 August 2000, 38.1c per litre; and on 2 March, 38.1c per litre. So the government has been consistent in its approach. It is not grabbing more tax through excise, and it is applying a GST not on top of an excise but as a substitute part of taxation.

The government has acted to take into account the community’s concern about the increasing price of petrol and diesel fuel and has given grants and rebates to long distance road transport and to people living in remote areas, together with a one or two per cent subsidy, depending on the distance of more remote areas from a city, to assist with the cost differentiation. The government has also pointed out to the state governments that, if they are serious about their concerns on fuel excise, they also ought to be doing something about them. The difference between the states is quite remarkable. The states levied taxes on fuel, including diesel, but that was knocked over by the High Court in 1997. They were taxing fuel at 8c per litre. The High Court said that they could not do that
and that the business franchise fees were unconstitutional, so every state in Australia lost the 8c per litre that they were charging on fuel; that had to be abolished. By agreement the federal government effectively took over these taxes and said to the states, ‘We will put on the 8c a litre as part of our excise charges and return all of the money gained by that process to the states.’ The states agreed.

It is very interesting to look at the ways in which they dealt with the revenue gained from the 8c a litre excise applied for them by the federal government. For example, in Queensland, where there traditionally has been no fuel tax, the Queensland government took all of the 8c per litre that it got back from the Commonwealth and returned it directly to motorists via a subsidy at the pump. That is fairly typical of the Queensland government and the way in which it traditionally has handled taxes of this type. In contrast, the government of New South Wales kept 7.2c per litre of the 8c collected for it by the Commonwealth and returned 0.8c per litre to motorists. You cannot even measure that amount. In proportion to the cost of a tank full of fuel, it is about 50c—if that. If they had returned 8c a litre as the Queensland government did, it would have meant a significant difference in the cost of fuel for motorists in New South Wales. The motorists of New South Wales are concerned, and rightly so, when they see the difference between the cost of fuel in New South Wales, my home state, and the cost of fuel in Queensland, where there is an easily identifiable 8c to 10c a litre difference. That is a matter for the state governments, and they ought to deal with it because they have the money in their pockets, collected for them by the federal government. They ought to return it to the motorists. Victoria kept 6.6c per litre and returned 1.4c per litre. Mr Bracks is pocketing 6.6c per litre of the 8c a litre that he could give back. The New South Wales government is pocketing 7.2c a litre; Western Australia is pocketing 6.2c per litre, South Australia is pocketing 6.3c and the Tasmanian government is pocketing 5.9c per litre. Of course, as far as the GST is concerned, every bit of it, every cent of the GST collected on fuel, goes back to the states and territories of Australia. So the states and territories are the winners in this process.

In this legislation, we have a decision by the federal government to properly and ethically apply the goods and services tax instead of an excise tax to petrol and diesel fuels. I also need to mention a number of other significant changes in the bill. Amendments to the bill relating to aviation kerosene, also known as avtur, give effect to the measure announced in the 2000-01 budget to increase the rate of excise duty of avtur by 0.036c per litre. These regulations came into effect on 13 May 2000 and will provide $900,000 per annum to fund regulatory arrangements within the aviation industry.

I know that there has been interest for some years in the uneven taxing processes on alcoholic beverages. With this legislation, the government has taken the opportunity to tax in absolute equality the alcohol content of all beverages, whether it be wine, beer or mixed drinks. From a health position, that is an impeccable standard. So a three-tiered system has been introduced. It is a reasonable approach and one which has a good health outcome.

I have talked about the petroleum industries, the tax reform package, the way in which the Howard government’s plan for a new tax system has been introduced and the ethical manner in which the goods and services tax has been applied as a substitute for the excise collected on petrol and diesel fuel. Also within this bill is a product stewardship proposal which relates to the oil industry. Also in relation to the fuel tax reductions, there is the announcement made by the government on 2 March 2001 that excise duties were to be reduced by 1.5c per litre. The cost of fuel really does worry all Australians, because we travel long distances and we are dependent on oil and the oil industries for much of our transport and for the movement of goods. The cost of fuel is a dynamic fea-
ture of our economy, and every family and every business feels the impact of oil prices.

If the government’s original proposal—the proposal that we went to the Australian people with at the last election—had been introduced in full, there would have been considerably more advantages to businesses from the changes in fuel prices and the introduction of the goods and services tax. However, the changes that have been made are very substantial. They mean that prices did not increase for the average motorist. The ACCC verified that within days of the change from the previous tax system to the current tax system. Anybody who says that that is not the case will have to present to me a reason why they should disbelieve the ACCC, because if they disbelieve the ACCC on this issue they will disbelieve it on every issue. The ACCC has been unequivocal in its confirmation of the veracity of the government’s contention that the GST was not a cause for any increase in petrol prices or diesel prices. It was in fact other factors: the OPEC countries’ decision and changes in the value of the Australian dollar.

Our dependence on oil, petrol and diesel makes us sensitive to price shifts. The government have heard that concern and have removed any government influence for increasing prices. We have ditched forever the incredibly onerous provision put on the Australian motorist by the Labor Party with the automatic indexation linking inflation with the cost of fuel—a crazy and unreasonable provision which meant that the more expensive things became the more costly the transport component became. *(Time expired)*

Mr COX (Kingston) (10.06 p.m.)—The Howard government has adopted the practice of attaching titles to legislation that owe more to the government’s desire to advance a political argument than they do to an accurate picture of what is contained in them. I was therefore surprised that these bills are titled *Excise Tariff Amendment Bill (No. 1) 2001* and *Customs Tariff Amendment Bill (No. 2) 2001*. On the form of this government I would have expected them to have been titled something like ‘keeping our promises’. They of course do the opposite: they break the government’s promises in relation to the effect of the new tax system on the prices of beer and petrol. Also mentioned in the explanatory memorandums to this legislation is the taxation of wine, because it also is subject to inadequate compensating adjustments that the government has made which it pretended equalised the tax for the effect of the GST but which in fact increased it. The wine equalisation tax was not an equalisation tax; it was a wine increase tax—another area where the government has broken a promise. These broken promises have resulted in a great loss of public trust for this government.

Hundreds of millions of dollars of taxpayers’ money—public money raised by taxation—was spent by this government on a propaganda campaign to deluge the community with misleading and incomplete information, to convince them of what? First, an inaccurate claim that the GST would be good for the country—proved wrong now by even the Deputy Governor of the Reserve Bank, Dr Grenville, who has admitted that it is a factor in the government having brought more than nine years of continuous economic growth to an abrupt and premature end; second, that everyone would be better off as a result of the GST—an absurd proposition with a major restructuring of the tax system—and, third, that in relation to certain sensitive products, such as petrol, beer and wine, the new tax system would not result in an increase in prices. In fact, in all of these cases it has resulted in an increase in prices. Using the best propaganda techniques, the government ensured that these simple messages were repeated hundreds of thousands of times in the newspapers, on radio and on TV. Because of the power of the modern media and as a result of its breadth and frequency, it put any wartime propaganda campaign to shame. Government propaganda was delivered direct to households in the guise of public information. All of this propaganda was paid for using our taxes. The Prime Minister also used unpaid media to spread these simple and unqualified mes-
sages about how beer and petrol would not increase in price.

What this information did not contain was the qualifications to these simple messages that voided them. That information was hidden in a heavy book on the new tax system that had to be purchased from a government bookshop at a price most people could not afford. Even if you had access to this book, you would require substantial technical knowledge to interpret it, and for such a substantial volume it was more remarkable for how little, rather than how much, information it conveyed about the new tax system. The underlying philosophy was to provide as little information as possible to reduce the scope for critical analysis and public debate.

It was one of the most carefully orchestrated campaigns of public deception in Australian history. That taxpayers’ money was spent on it in defiance of every democratic convention is a scandal. Now the GST has been implemented and people have found out by bitter experience what they were not told, there is anger in the community, and it is anger that is totally justified.

For example, we will take the Prime Minister’s comments on free-to-air radio about what the GST and the new tax system would do to the price of beer. The Prime Minister told John Laws on 23 September 1998—this, of course, is well before the October election:

‘There’ll be no more than a 1.9% rise in ordinary beer.

He did not describe what ‘ordinary beer’ was. He did not say that ‘ordinary beer’ was not the beer that you have when you go into the pub and you ask for a schooner or a middy. ‘Ordinary beer’ was packaged beer. It was a special sort of ordinary beer. Previous to that, on Alan Jones’s program on 14 August 1998 the Prime Minister had said:

‘Across the board, there is virtually no change in relation to alcohol ... A tiny CPI equivalent rise in relation to ordinary beer.

Once again, ordinary beer is apparently—unsaid—packaged beer; it is not the beer that you buy when you go into the pub or the club. And the 1.9 per cent of course was the government’s totally bogus assessment of what the GST effects were going to be across the board on the CPI. They did not take into account spending patterns of individuals dependent on their income, and they assumed that everybody who was going to be affected by the GST was going to be affected equally. They ignored the fact that people on high incomes would actually have a large part of their income which they saved not affected by the GST, that those people on high incomes bought luxury goods that were subject to a wholesale sales tax that was higher than the GST and they would therefore enjoy a significantly different and smaller average level of indirect taxation than people on lower incomes would.

Similarly, the government’s ANTS policy made some statements about wine. It said that wine and beverages, consisting primarily of wine, would become subject to a wine equalisation tax to replace the difference between the current 41 per cent wholesale sales tax and the proposed goods and services tax. That statement turned out to be overly simple. I have got to say that it was not just the ordinary people drinking their ordinary wine in their ordinary pubs and clubs who felt deceived about that one. The cognoscenti of the wine industry felt deceived about that one. Somebody in one of the highest positions in the wine industry said to me at a hearing of the Labor Party wine tax committee that he was extremely angry about what the government had said about the taxation of wine. He said, ‘They lied to us and they lied to our customers.’ And they certainly did, because the policy that was eventually brought down delivered a tax rate equivalent to a wholesale sales tax of 46 per cent. That was a 12 per cent increase in the rate of taxation—12 per cent being the five per cent difference between 41 and 46 per cent. The WET is actually applied at the rate of 29 per cent at the moment, with GST on top of that. If it were a wine equalisation tax, it would be applied at the rate of 24½ per cent. Again, the messages were hidden—in this case, totally hidden—where
nobody could reasonably be expected to find them.

Moving on to petrol, the Prime Minister realised that petrol was going to be a very sensitive issue, so it was one of the things that he thought he should best cover off in his address to the nation on the GST, which he made on 13 August 1998. In that speech he said:

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

Again, this specious ‘ordinary’ person who was not going to be affected by any tax increases.

The Labor Party set up a petrol inquiry and one of the first things that we did—

Mrs Draper—Four people turned up in Makin.

Mr Cox—We did turn up in Makin, yes. I was there at that inquiry and I can assure the member for Makin that there were many more than four people there. We examined this non-increase in the price of petrol for the ordinary motorist and we found that, since the GST has been brought in, there have, in fact, been four increases in the taxation on petrol.

The first increase in fuel taxation occurred on 1 July 2000 upon the introduction of the GST. The government reduced fuel excise by 6.7c per litre but added a 10 per cent GST that was equivalent to 8.2c per litre. The government’s refusal to drop the fuel excise by the full extent of the GST caused petrol to rise by 1½c per litre on 1 July 2000. That was the first increase.

The second increase in fuel taxation occurred on 1 August 2000 when the fuel excise was automatically adjusted for inflation during the first six months of 2000. To the extent that the GST had forced prices up ahead of its introduction—examples being insurance policies and businesses raising prices in anticipation of the GST—the GST had contributed to a further increase in fuel taxation. The fuel excise adjustment on 1 August 2000 was 0.675c per litre and the GST added a further 10 per cent to this increase, taking the total increase on 1 August 2000 to 0.74c per litre.

The third increase in fuel taxation occurred, of course, as a result of the GST adding 10 per cent to increases in fuel prices caused by other factors. For the first time, Australia now has a fuel tax—the GST—that is a percentage tax. Consequently, as other factors such as rising world oil prices and a depreciating Australian dollar contribute to increases in fuel prices in Australia, fuel taxation increases automatically with the GST, adding a further 10 per cent to any increase in fuel prices. That is, the government pockets 1/11th of the excess over the strike price of 90c per litre.

The fourth increase in fuel taxation—the fuel excise indexation adjustment flowing from the inflation outcome for the second six months of the year 2000—occurred on 1 February 2001. The GST caused much of that inflation. By causing inflation, the GST increased the taxation on fuel on that occasion by 1.525c per litre.

The Labor Party in its petrol price inquiry interim report, delivered at the end of January, recommended that that last indexation adjustment not proceed. The Prime Minister, recognising his political peril, finally did a backflip in March and decided that he would reduce the excise on petrol by 1½c—not quite the 1.525 cents that the Labor Party had effectively recommended. Nevertheless, the Prime Minister made his best and belated attempt. We are not sure whether it was to compensate people for the February fuel excise indexation adjustment or whether it was to compensate people for the first tax hike that he made—a totally calculated and deliberate act to increase government revenue—when he failed to adequately adjust the excise arrangements for the full effect of the GST.

I think we are going to find that this issue is not going to go away over the course of the year. The price of petrol will continue to fluctuate—it is typically fluctuating in about a 10-cent range in Adelaide and that means that people are suffering anywhere from a 2.2c per litre increase at the bottom of that range to a roughly 3c per litre increase at the
The GST, particularly the petrol tax increases and the increasing price of fuel, have caused enormous distress to people in outer metropolitan areas who have to commute very long distances to work, and the government’s belated efforts have done little to stem people’s anger or concern at these increasing imposts.

The government’s earlier attempt to placate them was to increase the amount of funding available for roads. One of the things that I think I should mention tonight is a letter I got from the Leader of the National Party, John Anderson, telling me precisely how much money was going to be allocated to the councils in my electorate, which were, of course, grateful for that extra funding. Then he said that there was an extra $400 million that had not yet been allocated and that it would be allocated to urban arterials in outer metropolitan areas. (Extension of time granted) I immediately asked my local councils to identify some projects, which this money could be applied for. We put together a series of proposals. They included a particularly dangerous area on the Lonsdale Highway at Hallett Cove, the upgrading of the Commercial Road at Seaford and the upgrading of Majors Road, which skirts the northern boundary of my electorate. No sooner had I done that than I found myself engaged with the Deputy Prime Minister in a little public debate during the course of January because the Prime Minister had told everybody at the local government national conference that this money was in fact not for outer metropolitan urban arterials—it was for the national highway system and for roads of national significance. That means that, once again, the compensation for the high price of petrol and the extra taxation on it is being given to a limited number of constituencies in this country—most particularly, country constituencies—and not to the people in the outer metropolitan areas who do not happen to be on the national highway system.

Dr Stone—They have alternatives.

Mr COX—They do not have alternatives, I point out to the Parliamentary Secretary to the Minister for the Environment and Heritage. They do not have excellent public transport systems that they can easily access to get to work in some quite difficult locations. They do not have public transport systems that will get their kids to sport. They have very long distances to travel and they are on quite modest incomes and they are being forced, under these taxing arrangements, to bear a disproportionate burden as a result of the Prime Minister’s increased taxes on fuel. They are not being compensated in the same way that people in Liberal seats and National Party seats which happen to be on the national highway system are. That is a fact of life that they will note at the next election.

Debate (on motion by Mrs Draper) adjourned.

COMMITTEES

Corporations and Securities Committee Report

Mr DEPUTY SPEAKER (Mr Nehl)—Mr Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:

That the time for the presentation of the report of the Parliamentary Joint Committee on Corporations and Securities on the provisions of the Corporate Code of Conduct Bill 2000 be extended to 24 May 2001.

LAKE EYRE BASIN INTERGOVERNMENTAL AGREEMENT BILL 2001

First Reading

Bill received from the Senate, and read a first time.

Ordered that the second reading be made an order of the day for the next sitting.

ADJOURNMENT

Motion (by Dr Stone) proposed:

That the House do now adjourn.
Goods and Services Tax: TPI Pension Recipients

Mr RIPOLL (Oxley) (10.27 p.m.)—This evening I wish to discuss the government’s covert clawback of the GST. The term ‘clawback’ is accurate to explain the government’s current attempt to repair its reputation among the electorate as a mean-spirited administration. While clawback has been given many guises by this government, it is an overwhelming acknowledgment that many Australians are hurting under Howard’s GST. Unfortunately, the warning signs have been ignored by the government for many months. Whether it is at the bowsers, the ATMs or the supermarket checkouts, many Australians know that they are not better off under Costello’s or Howard’s GST, or this government. Conciliatory concessions such as the waiver of the February CPI increase on petrol excise did not compensate for the government’s ignorance of how everyday people live every day. However, I feel I am being generous in using the term ‘ignorant’ when discussing the government’s introduction of the GST. Many elements of the GST have been deliberate and underhanded, impacting on a majority, but crippling individuals. The particular deceit that I want to highlight this evening is the one that was raised yesterday by the shadow Treasurer—the GST rebate recently awarded to TPI veterans when purchasing a motorcycle as their chosen form of transport.

I think most of us know that what the Howard government gives with one hand is taken easily with the other and, as in so many instances, the veterans of Australia were a target group under the GST. They were targeted because the government deliberately excluded motorcycle owner veterans from a sales tax exemption. They were targeted because the loss of sales tax exemption for TPI veterans who choose to purchase a motorcycle over another form of motor vehicle was the result of supplementary changes to the definition of motor vehicle as GST exempt was queried, the question entered the bureaucratic loop between the ATO, the Department of Veterans’ Affairs and the minister for several months before TPI veterans were able to clarify that they were actually being taken for a ride—pardon the pun. An observation of mine of the Howard government is that certain portfolios and backbenchers are held to ransom by the egos and ambitions of particular headkickers. How else do you explain the blatant disrespect shown to our veterans by the removal of an entitlement that the minister himself advised this House yesterday every Australian government since 1948 had granted to our totally and permanently incapacitated veterans? In true dogged fashion, rather than acknowledge that their policy judgment was flawed and rectify the anomaly immediately, the Howard government is forcing TPI veterans to wait for their GST rebate until the Veterans’ Entitlement Act is accordingly amended through the parliament. The sales tax exemption that TPI veterans have been entitled to since 1948, which this government denied TPI veterans under the GST, has to the best of my knowledge never been defined by the Veterans’ Entitlements Act.

Mr Hardgrave—Why?

Mr RIPOLL—‘Why?’ the member for Moreton might ask. I will tell him why. After ripping the life out of our higher education sector, destabilising workers’ rights, undermining our social welfare network that protected the less advantaged, punishing the aged, giving Australia the Howard legacy of the GST and, finally, losing their safest seat in Queensland, this government still believes it has a mandate to shaft the minorities, to bluff the punters and treat them all as fools. Arrogance and a cunning ignorance sustain the Howard government and Costello status quo, and the Australian people will punish them when it comes to the next election.

To truly appreciate the thought process behind the deliberate and calculated move to exclude TPI veterans from an entitlement that they have had since 1948, you must understand the blundering backflip that the
Minister for Veterans’ Affairs made when he had to once again embarrassingly admit his government had got it wrong. This GST roll-back—let me say it again, GST roll-back—is another example of a government in policy panic mode. It is a government now distinguished by its $2.6 billion rush to introduce the Ryan fuel rebate in a panic attempt at saving its own thin skin in Ryan, where 20 per cent of the total Queensland Liberal Party membership actually reside. It is a government further distinguished by its disgraceful and bumbling attempt to save a few measly bucks by taking away benefits from our veteran community.

Well might we say that this government will be judged and judged harshly. The member for Moreton might scoff and think it is funny to attack the T&PI veterans of this country when you deliberately went out of your way to exclude them—you had to take a deliberate act of parliament to exclude them—and you should be ashamed of your actions. (Time expired)

Education: Government Schools

Mr BARTLETT (Macquarie) (10.32 p.m.)—The week before last on March 15 we saw a celebration around the country of public education, a celebration that was quite rightly due. We have in this country—I think it is probably the envy of most of the world—a free, universal, quality public education system. I for one can vouch for the fact that I owe my education to the local state public school and the local public high school. The celebration in the Blue Mountains part of my electorate on March 15 took place with a community celebration at the grave side of Sir Henry Parkes, who is buried in Faulconbridge in my electorate. Sir Henry Parkes, as well as being the father of Federation, was well known as a champion of public education. Parkes saw public education as an essential foundation of an egalitarian, democratic society. He pushed hard to ensure that leading into Federation we had a strong public education system.

That celebration at the grave side of Parkes on the afternoon of March 15 was a great celebration. We had a good time. We had representatives from a number of the local public schools, including the local high schools. The students who took part were a great credit to themselves, to their schools and to public education generally. They spoke with commitment and compassion about what they felt about their schools, and about the valuable work that their schools and their teachers were doing for them. I endorse the valuable role that our public schools and our public schoolteachers play in our community. They are doing a tremendous job. They are mostly committed, professional people who care for our children and are preparing our children for life and for the work force. Our non-government schools are also doing a valuable job. There is no exclusion in this. We hear too much in this debate that it is one versus the other. It does not have to be like that. Our public schools are providing a great service for our young people and our non-government schools are also providing a tremendous service for our young people.

I was sad to hear that in other areas the day was politicised. At some of the schools in my electorate representatives from the Teachers Federation were handing out political propaganda—deliberate, provocative, Labor Party inspired, union inspired antigovernment propaganda—at the gates as young people were leaving to go home. This upsets me on three fronts. Firstly, it was most inappropriate to use young schoolchildren as pawns in a propaganda campaign by the Teachers Federation and the Labor Party. They do not care, they think it is funny; and it is disgraceful. I had a teacher phone me on that afternoon very upset that his primary school child had come home with a leaflet of blatant political propaganda. He had not even looked at the content of it and he said, ‘It is most inappropriate that my child be used as a pawn in a political game by the Labor Party and the Teachers Federation.’ On that count, it was wrong.

Secondly, it was wrong because the Teachers Federation, the teachers union, is not doing our schools or our children any favours. They are talking down public edu-
cation. They are talking down the great work of most of their colleagues in wanting to help our young people. Most of our teachers in our public schools are doing a tremendous job. They are being undermined. The rug is being pulled out from underneath them by some of their union representatives. I was most disappointed for a third reason, and that is that what they were saying was wrong. They were saying that this government, the Howard government, is not supporting public education. They could not be more wrong if they tried. This government is spending this year 36 per cent more on public schools than the last Labor government was in 1995. This year it is spending $562 million more for public schools than the last Keating government spent.

This government, the Howard government, is strongly committed to public education, and the lies, the deceit, the dishonesty and the misrepresentation of the teachers union and the Labor Party is a great shame. Not only have we spent 36 per cent more this year; in the states grants bill we have allocated an extra 21 per cent over the next four years so public education will continue to grow, continue to thrive and continue to prosper under this government. We are providing not only that extra direct funding but also indirect funding over and above that. (Time expired)

Emms, Leading Cook Francis Richard

Mr SIDEBOTTOM (Braddon) (10.37 p.m.)—John Bradford, in his book In the Highest Traditions, details RAN heroism in the raid on Darwin by Japanese aircraft in February 1942. He cites a letter written by Lieutenant Commander Alex Fowler, CO of the Boom Defence Squadron in Darwin in 1942:

His has been a shining example of the courage that must be shown by all if we are to beat this determined enemy.

These words are contained in a moving letter written to the widow of a sailor who had been mortally wounded in the stomach and back while defending his ship HMAS Kara Kara against waves of Japanese fighter planes during the murderous raid on Darwin in February 1942. Later, Lieutenant Commander Fowler wrote a citation in support of this brave sailor, Leading Cook Francis Richard Emms, who received a posthumous award for his valour and selfless sacrifice. Fowler wrote:

For courage and devotion to duty in action. Whilst seriously wounded he continued to fire his machine gun on HMAS Kara Kara during a continuous machine gun attack by enemy aircraft thereby probably saving the ship and many of the ship’s company. He eventually succumbed to his injuries.

In September 1942, Emms’s gallantry was recognised by the award of posthumous mention in dispatches. Richard Emms’s story of bravery is little known, unlike that of his fellow Tasmanian Ordinary Seaman Teddy Sheean. Author and naval historian John Bradford tried to correct this neglect and wrote an article for a local newspaper titled ‘Northern Tasmania’s “Unsung” Naval Hero’. Strangely and sadly, it was not published.

Richard Emms was, proudly, Tasmanian. Born in Launceston in November 1909, Emms joined the RAN in March 1928. He served in the cruiser HMAS Canberra and later, in 1935, he was one of the crew of HMAS Sydney when she sailed from England to Australia and was diverted to the Mediterranean and the Suez Canal because of the Abyssinian crisis. Emms’s eyesight unaccountably deteriorated while he was in the Suez Canal, so much so that he faced permanent shore posting once his ship docked in Sydney in August 1936. But Emms was a sailor through and through and loved the sea. He retrained as a cook to ensure he could continue to go to sea. Emms’s love of the sea, the Navy and his country eventually claimed his life. He died defending his ship, his mates and his country. His extraordinary valour earned him a posthumous mention in despatches.

Richard Emms’s story should be told and, in telling it, he forms part of another extraordinary maritime story related to northern and north-west Tasmania. You see, Francis Richard Emms has strong claims to be counted in
the same league as the three fellow northern Tasmanian sailors whose names grace three of the Royal Australian Navy’s new Collins class submarines: Vice Admiral Sir John Collins, 1899 to 1989, was born at Deloraine, half an hour west of Emm’s home town of Launceston; Captain Emile Dechaineux, 1902 to 1944, was from Launceston itself; and Ordinary Seaman Teddy Sheean, 1923 to 1942, was from Lower Barrington, one hour west of Launceston in my beautiful part of Tasmania. Sheean, Dechaineux, Collins and Emms grew up in a small corner of Australia and in the same part of Tasmania, only an hour away from each other. Each of them was wounded and three of them died from those wounds. Each of them demonstrated great valour and selflessness. I am proud to tell their stories and, in particular, to highlight the untold story of Francis Richard Emms, RAN, MID. I am indebted to John Bradford for his scholarship on this matter.

With a touch of irony, I note that in 1942 a British admiral declared his opposition to the granting of posthumous awards other than the Victoria Cross and mentions in despatches. This admiral argued that all relatives of those posthumously mentioned in despatches knew that they, the MIDs, were equivalent to any honour less than the VC. The man who held these views was Admiral Sir Hugh Binney, Tasmania’s first postwar governor. I am not sure the families of Teddy Sheean or Francis Richard Emms would agree with Sir Hugh’s conclusions. I know the Royal Australian Navy has been confronted and confounded by confusion ever since.

Banking: Fee-Free Accounts

Mr HARDGRAVE (Moreton) (10.42 p.m.)—I welcome the banking industry’s decision to give low income earners access to fee-free banking. Up to 35,000 residents in my electorate will benefit from this decision by the banking industry, which has come after pressure has been applied by this government and via the excellent work by the member for Wannon and his committee in the inquiry into banking charges and fees. Local residents who are Commonwealth government health care concession card holders will be eligible for fee-free accounts. Holders of the Commonwealth government health care card, the seniors card or pensioner concession cards and those who are on Newstart allowance and youth allowance will also be eligible. Thirty-five thousand local people will benefit from the bank’s gesture which is long overdue and very welcome.

The thing we all have to keep an eye on is that the banks, to pay for these initiatives, then do not punish the rest of us with higher fees on the accounts that we hold. Moves like charging small businesses in my electorate to deposit and count cash are certainly issues that need great attention. I believe we need a protocol established, with a moratorium of three months, so that banks can properly consult with the local communities to prevent the closure of community branches in electorates such as mine.

I have many reasons not to trust the major banks in this country and so do most Australians. I think of a constituent of mine, Keith Smith from Robertson, who 15 or 16 years ago was in the National Australia Bank branch at Sunnybank and was allowed to sign as guarantor on a loan document which he thought he was witnessing. In fact, the manager was in cahoots with the person who borrowed the money and allowed him to sign and go guarantor. There were only tens of thousands of dollars involved, for a company which last year made $2.4 billion profit or whatever it was—not much money. But National Australia Bank, which has a hide thicker than the proverbial elephant’s, could not care less and never has. In fact, the banks made over $5 billion in profit last year. It is certainly time they gave something back to the community.

A lot of people wonder, and I certainly do, why there is a three-day clearing period involved with bank cheques. What happened to high-technology, high-speed banking? In fact, even electronic payment such as BPay can still take up to 10 days to process. Why are we paying exorbitant fees for services
that are not up to scratch? The answer is that the banks take your money before you hand it on through a cheque to somebody else and invest it and make lots of money for their shareholders. The banks have been encouraging people not to go into bank branches for years by charging high over-the-counter transaction fees, and then they use the excuse that people are not going into bank branches to close down more branches, and they are doing it daily around this country.

Just in the last week or so the National Australia Bank made a five past two fax announcement to me that they were closing down the Moorooka branch, a massive branch in the middle of my electorate. As the local paper commented, they are lopping branches and leaving customers high and dry and without adequate banking services nearby and handy. The Brisbane City Council have not responded with changes to bus services to allow those people who find the convenience of a suburban branch no longer there to go elsewhere. So there are all sorts of social problems that are occurring all around my own electorate as a result of decisions of major banks that are making $9 billion profit a year and not caring about customers. In the trade, NAB are known as ‘Nasty Australia Bank’, and they have also in the last couple of weeks announced that they are going to purchase the Bank of Scotland—or certainly try to. This particular company, the biggest banking company, has over half its business offshore. Why would they care about what happens in downtown Moorooka? The headquarters are currently in Melbourne, and if they buy the Bank of Scotland they will probably move their operation to London, which is even further removed from the reality they say they have by calling themselves National Australia Bank. NAB in fact should drop the word ‘Australia’ from their title. They do not deserve to have the endorsement of this country’s name within the title of their organisation.

Of course, governments can do just so much. The idea of trying to bring in some kind of charter and protocol, as the opposition has suggested, fails when you do not have one party to a contract agreeing to sign it. Customers need to take their money out of banks that take their banks out of their local area. They need to put their money into banks that are staying in their local area. The only thing banks will understand is the withdrawal of funds and deposits and taking them somewhere else. In my own area we have seen new banks arrive, like Bendigo Bank and International Commercial Bank of China, a Taiwanese company. Both of those organisations have now got branches at Sunnybank in my electorate. While the NAB, the Commonwealth Bank and the ANZ pull out and Westpac go into in-store banking, which makes them the best of the bad big four, I think customers need to more and more take their money somewhere else. (Time expired)

Workers’ Entitlements: Grenadier Coating

Mr BRERETON (Kingsford-Smith) (10.47 p.m.)—I rise to support the 61 textile workers from my electorate who have been mounting an around-the-clock picket line after being told by their bankrupt employer, Grenadier Coating, that they are unlikely to receive the $600,000 in unpaid entitlements owing to them. The Matraville factory fell into the hands of the receivers nearly three weeks ago with debts of some $5 million. The workers are owed their annual leave, their superannuation payments, including voluntary superannuation contributions, and redundancy pay. The factory failed to pay its employees for the days worked in the lead-up to their 8 March sacking. Two employees are owed more than $30,000 in legally accrued entitlements. These entitlements have taken years of hard work to build up. I am informed that in one case child support payments of $399 a fortnight garnisheed from one worker’s wages had not been passed on to the Child Support Agency, leaving five children without money since February. To add insult to injury, the bankrupt company has hired outside labour while the former employees picket the company, fighting to get back what is rightfully theirs.

Together with the Textile, Clothing and Footwear Union, the sacked employees have
vowed to fight until they get back the money that they are legally entitled to, and so they should. When I visited the picket line last Wednesday, I was reminded of just how many lives are affected as a result of this employer’s disgraceful behaviour. One particular worker has been with Grenadier since 1991. His wife is hospitalised with angina. The bills just keep building up, but he is determined to fight for the $17,500 in entitlements owed to him. Another employee is owed $32,000 in entitlements and has five children to clothe and feed. ‘I just borrowed $1,000 from my neighbour so I can keep up my rent payments,’ he told me.

I am advised that the Minister for Employment, Workplace Relations and Small Business, Tony Abbott, visited the Grenadier Coating factory early last week. But did he go there to support the workers on the picket line in their efforts to get back what is rightfully theirs? Not for a moment. Mr Abbott in fact came to visit the administrator, who is apparently an old friend of his. The minister’s advice to the sacked workers on the picket line was that if they wanted to see any of the money owed to them it would be in their best interest to return to work.

It is a tragedy that the textile workers at Grenadier have joined a long list of Australians who have not been paid their legally accrued entitlements. They have joined workers from the Oakdale Colliery, the Woodlawn mine, the Grafton meat workers and the workers at Cobar’s copper and zinc mines. The House will recall that it took the insolvency of John Howard’s brother’s company, National Textiles, owing $3.5 million in employee entitlements, for the government to introduce its Employee Entitlements Support Scheme. This taxpayer funded scheme is capped at $20,000 per employee. It does not guarantee workers 100 per cent of their entitlements and particularly disadvantages employees who have worked for a company for a long period of time. It is a bandaid scheme initiated to quell public anger and deflect media attention. I think it is typical of the Howard government. Time and again we have seen scant concern for employees’ rights from a government more interested in the big end of town. With Minister Abbott now responsible for industrial relations, Australian workers have every reason to be concerned.

Last week the National Centre for Social and Economic Modelling and KPMG released a comprehensive report on ways to guarantee workers’ entitlements. The report supported what Labor has been saying all along, that it is possible to introduce a national scheme to guarantee workers 100 per cent of entitlements. As the member for Brisbane, Arch Bevis, stated last week:

The Labor Party supports a dual approach to the problem of loss of employee entitlements, the implementation of a national scheme where all employees are covered for unpaid wages, accrued annual leave, long service leave, termination and redundancy arrangements and superannuation payments, and a crackdown on irresponsible corporate behaviour which leads to the losses in the first place.

That means company directors having to face their own personal responsibility. Last week Mr Abbott dismissed Labor’s calls for reform as a pipe dream. He said the legislation introduced in the wake of the National Textiles liquidation had gone far enough and there was no need to tighten laws, making company directors personally responsible for failing to make superannuation and other entitlement payments. I can say to the minister, on behalf of the sacked workers at Grenadier and the thousands of other workers who have not received their entitlements, that Australian workers and their families deserve better, and later on this year they will have the opportunity of voting in a Labor government with a commitment to introducing adequate legislation to guarantee their protection.

Roads: Speed Cameras

Mr BAIRD (Cook) (10.52 p.m.)—I rise tonight to express my concern at the New South Wales government’s misdirected efforts to combat the high incidence of fatal road crashes on the state’s roads. I make my comments particularly in the light of the recent tragic Christmas road toll in New South
Wales of 40 deaths over the holiday period—17 more than in the holiday period for the previous year. This was 20 deaths higher than the state’s holiday average of the previous five years. The number of fatal crashes in New South Wales in December last year was up by 48.8 per cent on the same month in 1999.

The New South Wales government’s response to this was simply to announce the installation of a significant increase in the number of speed cameras across the state. This is meant to discourage motorists from speeding. Last year in New South Wales 140,000 motorists, according to the RTA figures, were caught by speed cameras in New South Wales. In fact, it is unusual to find a family in New South Wales who have not been caught by speed cameras. It is one approach in terms of reducing speed; but the urban speed camera completely ignores the fact that a disproportionate amount of road accidents in the state are occurring on difficult stretches of rural road where the traffic is two-way, undivided.

In 1997—the most recent figures available at this point—the figures show that 88 per cent of all fatal rural crashes occurred on two-way, undivided roads and eight per cent on divided roads. In every year of the 1990s before that, the statistics are comparable. In urban areas this difference was less steep: 68 per cent of fatal crashes occurred on two-way, undivided roads and 27 per cent occurred on divided roads. The number of fatal accidents in both city and country were almost the same in nearly every case, despite there being far more people and cars on the roads in the city. Clearly, greater attention and funds should be focused on improving dangerous roads in the country.

When I was New South Wales Minister for Transport, we quickly realised that a disproportionate amount of road accidents in the state were occurring on difficult stretches of road and where the traffic was two-way and undivided. Accidents often occurred as cars were attempting to pass other traffic and trucks, et cetera. Wider and straighter sections replaced dangerous curved sections of road and single-lane highways were converted to dual carriageways. This reduced the number of deaths at some of the worst black spots.

Minister Scully’s plan, on the other hand, is focused on the more visible process of installing more and more speed cameras in the city. It is an increasingly accepted fact that speed cameras do little to deter drivers from speeding on our roads. Anecdotal evidence would suggest that receiving a fine in the post six weeks after the event does not result in lessons being learned or, following on from this, improved safety on the roads. Actual statistical evidence shows that, in 1998-99, speed cameras caught over 1,200 drivers travelling at 40 kilometres per hour over the designated speed limits. This is a significant number of people for whom, it would appear, speed cameras act as no significant deterrent. The mentality and general approach of drivers need to be addressed, as well as the quality of the roads.

Further to this, an editorial in the Australian on 4 January this year pointed out that half of all drivers believe that police should ignore people who exceed rural speed limits by 10 kilometres per hour, despite the chance of a country person being involved in a fatal crash already being 50 per cent higher than for city dwellers—another indicator that people’s general approach to speeding needs to be addressed. A further statistic that suggests that the real problem does not lie with city roads is that pedestrian deaths have declined by 27.1 per cent since 1995. Pedestrian deaths are largely attributable to accidents that occur in the city.

There is no doubt that speed cameras do have an impact. But to have that as your single focus and to boast about the huge increase in the number of locations of speed cameras throughout the metropolitan city, which significantly adds to the revenue from these speed cameras, ignores the reality behind what they are meant to achieve. The fact is that they are about saving lives. The figures are very clear: in 1997, 79.4 per cent of all deaths occurred on two-way, undivided roads; in 1996, 77.1 per cent; in 1994, 66.9
per cent; in 1992, 64.8 per cent; and, in 1990, 65.4 per cent. The percentage is increasing. The real problem is in terms of two-way, undivided roads. *(Time expired)*

**Sydney (Kingsford Smith) Airport: Noise**

Mr MURPHY (Lowe) *(10.57 p.m.)*— Prior to the 1996 federal election, the now principal private secretary to the Prime Minister, Mr Tony Knutt, authorised in February of that year a disgraceful and dishonest Liberal Party election brochure, which I am holding up here in the House tonight, that was widely distributed through the electorate of Lowe. This brochure is entitled ‘This is not Liberal policy; You can’t trust Labor!’ The other side is headed ‘No new areas in Lowe will be affected by aircraft noise’ and further down it says, ‘Paul Zammit and the Liberals have the answer. We will halve the number of planes over Lowe.’ It also quoted from a press release of the then Leader of the Opposition, John Howard, dated 8 February 1996.

This brochure was issued in response to the truthful message of the then member for Lowe, Mrs Mary Easson, to the electorate that the election of the Howard government would create new flight paths to and from Kingsford Smith airport and would bombard the electorate from Drummoyne to Homebush West. In relation to this brochure, I directed question No. 2449 on the Notice Paper to the Prime Minister on 8 March 2001. It is disgraceful that this particular brochure was allowed to be distributed prior to the 1996 election. The Howard government has broken all its promises in relation to aircraft noise over Sydney.

It gets worse, because tomorrow we have the *Sydney Airport Demand Management Amendment Bill 2001* coming into the House to be debated. I will be back here tomorrow—have no doubt about that—to deliver a scorcher to the government. This bill will be debated very vigorously in this House, because it attempts to consolidate the government’s announcement on 13 December last year, which effectively means that the government want to expand Kingsford Smith airport and expand Bankstown Airport and break all the promises that they have given to the electorate of Lowe and to the people of Sydney at large. It is disgraceful.

This is against the background of my having had no opportunity in this House this year to voice my concerns on behalf of my residents—nor at the Sydney Airport Community Forum, because Dr Brendan Nelson, the member for Bradfield, has resigned as the Chairman of the Sydney Airport Community Forum. The Sydney Airport Community Forum has not met, and no-one in the government is doing anything about getting the concerns of the people of Sydney voiced through that community forum.

Mr SPEAKER—Order!

Mr MURPHY—It is a disgrace, and I will be back tomorrow to hammer the government on the Sydney airport demand management bill.

Mr SPEAKER—Order! It being 11 p.m., the debate is interrupted. The member for Lowe will not be back tomorrow unless he does recognise that the debate is interrupted.

*House adjourned at 11.00 p.m.*
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Northern Territory: Diversionary Programs**  
(Question No. 1752)

Mr McClelland asked the Attorney-General, upon notice, on 14 August 2000:

1. Are there guidelines about how the $20 million of Commonwealth money over 4 years for diversionary programs in the Northern Territory is to be spent; if so, (a) what are they and (b) by whom or by which Department were they developed.

2. Are there acquittal guidelines for the Commonwealth monies; if so, (a) what are they, (b) who or what Department developed them and (c) when were they developed.

3. Has the Department of the Prime Minister and Cabinet given any direction to his Department about how the first instalment of $5 million, or any of the Commonwealth grant monies, is to be spent by the NT Government; if so, what were those directions.

4. Do the guidelines require that some of the first $5 million go towards the provision of an Aboriginal interpretation service.

5. Will that interpretation service be an extension of the current NT interpretation service or will a new service be created.

6. Will a new service be funded; if not, why not.

7. What sum is to be directed to an interpretation service and what proportion of that sum will be (a) Commonwealth and (b) NT money.

8. If the money is used to expand the current Northern Territory interpretation service and fund other organisations to be able to access that service, will organisations currently funded by Commonwealth money, for example, the Aboriginal Legal Service, be funded by the extra Commonwealth money to access the interpretation service.

9. Will the number of Aboriginal languages offered by the interpretation service be expanded; if so, how.

10. Will more interpreters be trained; if so, where.

11. Will any of the $5 million of Commonwealth funds be used to increase police numbers in the NT; if so, will those positions specifically target diversionary programs; if so, how.

12. Has the format of the diversionary programs that the NT intends to implement been agreed upon; if so, (a) what is that format, (b) who will run the programs, (c) which juvenile offenders will be targeted and (d) where will those programs run.

13. Does his Department have any expertise or specialist knowledge in diversionary programs for Aboriginal juvenile offenders; if so, how is that expertise being used in terms of developing the NT program.

14. Is his Department consulting with any non-government agencies or bodies in the NT about the scope or the form of diversionary programs.

15. Is he able to say whether the NT Government is consulting with non-government agencies about the scope or format of diversionary programs.

16. What is the timetable for commencement of all or any of these diversionary programs.

Mr Williams—The answer to the honourable member’s question is as follows:

1(a) Under the agreement between the Commonwealth and the Northern Territory signed on 27 July 2000, Commonwealth funding of $5 million per year will be applied to:

- a range of community-based diversionary programs including drug and substance abuse diversionary programs;
- a Juvenile Diversion Unit in the Northern Territory Police Force which administers the diversion process and which conducts family conferencing and other programs;
a jointly funded Aboriginal Interpreter Service, including recurrent funding for training of interpreters;

- direct funding by the Commonwealth of Aboriginal Legal Services to enable them to purchase interpreter services;

- $250,000 extra in the first year for training of interpreters (in addition to the recurrent funding for training); and

- review of the agreement.

A copy of the agreement is attached.

(b) The framework for the diversion scheme contained within the agreement was developed during discussions between the Commonwealth (represented by the Department of the Prime Minister and Cabinet and the Attorney-General’s Department) and the Northern Territory.

(2)(a) Under the agreement, for each year of the agreement the Northern Territory will provide the Commonwealth a proposed allocation of funding, with such estimates to be agreed by the Northern Territory and the Commonwealth. The Northern Territory will also provide to the Commonwealth annual audited statements of accounts of the expenditure of funds, with any non-expended funds to be returned to the Commonwealth.

(b) The agreement was developed during discussions between the Commonwealth (represented by the Department of the Prime Minister and Cabinet and the Attorney-General’s Department) and the Northern Territory.

(c) Discussions between the Northern Territory and the Commonwealth that led to the agreement on 27 July 2000 took place from May to July 2000.

(3) There were no specific directions by the Department of the Prime Minister and Cabinet but that Department has been involved in the discussions with the Northern Territory.

(4) Yes.

(5) The Aboriginal Interpreter Service is an expansion of an existing service, operated by the Northern Territory’s Office of Aboriginal Development.

(6) It is not necessary to fund a new service. The Aboriginal Interpreter Service is based on a pilot in 1997 which involved considerable consultation and was viewed positively by stakeholders.

(7) In the first year of the agreement, the establishment and running costs of the Aboriginal Interpreter Service are estimated to be $1,045,020. An additional $250,000 in Commonwealth funding is for interpreter training and $400,000 will be provided by the Commonwealth directly to Aboriginal Legal Services to purchase interpreter services.

(a) In the first year of the agreement, Commonwealth funding towards the Aboriginal Interpreter Service is $522,510 (which is 50% of the estimated establishment and recurrent costs) plus $250,000 for additional training and $400,000 for Aboriginal Legal Services to pay for Aboriginal interpreters.

(b) The Northern Territory will provide 50% of the establishment and recurrent costs of the Aboriginal Interpreter Service, which will be $522,510 in funding in the first year of the agreement.

(8) Yes. Commonwealth funding will be provided directly to Aboriginal Legal Services to enable them to pay for Aboriginal interpreters.

(9) As a result of the funding allocated to training of Aboriginal interpreters, it is envisaged that the Aboriginal Interpreter Service will be able over time to offer interpreting services in an increasing range of Aboriginal languages. As at 14 December 2000 there were 136 interpreters registered with the Service, covering 104 languages.

(10) Yes. More Aboriginal interpreters will be trained through the allocation of recurrent funding to annual training costs, and the additional funding in the first year for the training of interpreters. It is expected that training will occur in locations across the Northern Territory via workshops and professional development, as well as through courses in urban educational settings.

(11) A proportion of the $5 million in Commonwealth funding per annum will go towards the operations of the Juvenile Diversion Unit in the Northern Territory Police, involving specialist police
diversion personnel. A proportion of the funding will also be used by the Northern Territory police to conduct family conferencing and other diversionary programs. The specialist police personnel, including a number of Aboriginal Community Police Officer positions, will be responsible for the development and implementation of the juvenile pre-charge diversion scheme.

(12)(a) Under the agreement, the diversion scheme provides different levels of response to juveniles apprehended for offences such as verbal and written warnings, formal cautions, family conferencing and diversion programs including community based programs. The selection of individual diversion programs is the responsibility of the Northern Territory.

(b) As of 30 November 2000, 60 existing programs had been approved by the Northern Territory Police as suitable for diversion referrals. These programs are run by a wide range of agencies and focus on different areas including counselling, life skills, job skills, sport and community work. Which organisations will be responsible for running new individual diversion programs is a matter for the Northern Territory.

(c) There will be a requirement to divert juveniles apprehended for minor property offences (as defined in the agreement). Juveniles apprehended for other offences may also be included in diversion scheme, depending on the circumstances.

(d) Existing programs already approved for the diversion scheme mainly operate in Alice Springs and Darwin. Consistent with the terms of the agreement between the Northern Territory and the Commonwealth, the location of individual programs set up as a result of the agreement will reflect priorities and needs identified through extensive consultations with key and relevant people within communities, particularly Aboriginal people.

(13) Expertise within the Attorney-General’s Department, in relation to the diversion of Aboriginal juvenile offenders, has been drawn upon in discussions with the Northern Territory prior to finalising the agreement and will continue to inform future activities, such as performance monitoring and the review of programs.

(14) The Commonwealth will undertake consultations with relevant agencies and bodies about the scope and form of diversion programs as part of the first year review of programs.

(15) The agreement states that the Northern Territory recognises that consultation with key and relevant people within communities, particularly Aboriginal people, is imperative in the development and operation of community based and driven diversionary programs. I understand that the Northern Territory has received considerable information from non-government agencies about the scope and format of diversion programs and its Juvenile Diversion Unit has been consulting communities about suitable diversion programs.

(16) Interim policy guidelines for the diversion scheme were gazetted by the Northern Territory Police Commissioner on 24 August 2000, with relevant legislative amendments passed in the Northern Territory Parliament in October. The Northern Territory Juvenile Diversion Unit has been consulting community organisations to identify existing programs suitable for the diversion of juveniles. By 30 November 60 programs had been approved, with more expected to be identified as suitable in the near future. The introduction of new programs will be linked to identified gaps and community needs. Family conferencing is also available facilitated by a number of trained police and non-police mediators.

**Australia Post: Drummoyne Post Office**

(Question No. 2319)

Mr Murphy asked the Minister representing the Minister for Communications, Information Technology and the Arts, upon notice, on 6 February 2001:

1. Is the Drummoyne Post Office to close; if so, when.
2. Is the Drummoyne Post Office to be amalgamated with another Post Office or another business.
3. Will any amalgamation of the Drummoyne Post Office result in any diminution of postal or other services, particularly to constituents living in Drummoyne; if so, which services will be affected.

Mr McGauran—The Minister for Communications, Information Technology and the Arts has provided the following answer to the honourable member’s question:
Based on advice received from Australia Post:
Australia Post has advised me that there are no current plans to close or amalgamate the Drummoyne Post Office.

**HMAS Westralia: Trotter Report**
(Question No. 2328)

Mr Price asked the Minister for Defence, upon notice, on 6 February 2001:

(1) Further to the answer to question No. 1781 (Hansard, 10 October 2000, page 21204) and the Trotter Report, when was the Trotter Report finalised and accepted.

(2) What were the deficiencies in administration and training identified by the report.

(3) What were the recommendations of the report.

(4) Were any recommendations rejected; if so, which recommendations and why.

(5) How are the recommendations being implemented and in what time frame.

Mr Reith—The answer to the honourable member’s question is as follows:

(1) The Trotter Report was submitted to the Chief of Navy (CN) on 16 May 1999.

(2) The areas that were found to be deficient and investigated by Commodore R Trotter, RANR, were:

- Change Management;
- Quality Assurance;
- Selection and Appointment of Personnel to Technical Management Positions;
- The RAN Technical Regulatory Framework;
- Configuration Management; and
- Safety Management.

(3) There were 27 recommendations. These are as follows:

Trotter Report Recommendations

1. Implementation of organisational changes should not be effected unless the new business rules, policies and procedures have been designed and documented and staff are trained in them.

2. A strategy should be developed to re-establish an intuitive Quality Assurance (QA) capability throughout the Navy. The strategy should consider the following aspects:

   a. Developing a program to certify all support elements to ISO 9001/9002 as appropriate with an early emphasis on elements involved in design, engineering management and the management of maintenance contracts.


   c. Including elements of ISO QMS in Naval training.

   d. A program to establish and resource an internal audit capability.

   e. Coordinating with other Australian Defence Force elements in re-establishing a QA monitoring capability across the Defence Force.

   f. Developing a program of internal QMS audits, and

   g. Developing a program to audit contractor QM.

3. QA provisions of contracts should clearly specify that contractor procedures should reflect:

   a. The type, complexity and criticality of the system, and

   b. The need to integrate with Navy procedures and comply with Navy policy and instructions where appropriate.

4. A program of audits of contractor QA systems performance should be introduced in the Class Logistic Executive (CLE).
5. Until there is a proper level of expertise and capacity especially that required for external audit, consideration should be given to contracting capacity and expertise.

6. Personnel Training:
   a. Director General Career Management—Navy should be given responsibility for Pre Joining Training (PJT) completion.
   b. Director Naval Officers Postings (DNOP)/Director Sailor Career Management (DSCM) should continue to give six months notice of postings even when no locality change is necessary.
   c. PJT to be undertaken during the period of posting notice should be limited. A cumulative period of 28 days over the six-month period should be adopted as the maximum. Where authenticated requirement is greater than 28 days, PJT should be undertaken between postings.
   d. Posting instructions should include a requirement for the losing authority to forward confirmation that PJT has been arranged and DNOP/DSCM should audit progress to gain confidence that it will actually happened.

7. Acknowledging that the process is underway, especially in Maritime Command, all aspects of billet prerequisites (BPR) require review. The review should consider the following:
   a. BPRs should reflect the true competencies required for acceptable performance when starting work in that billet.
   b. To the maximum extent possible, reasonably common or generic BPRs should be met by ensuring the training is covered by general naval and branch/category and management training and experience.
   c. Job specific competencies only should be provided by PJT and then only of a reasonable duration and timing in relation to its importance to the required duties; and
   d. With shore billets, where the above conditions are not met, the use of uniformed personnel should be questioned.

8. The Royal Australian Navy (RAN) should place greater emphasis on getting the right person into the right job. The skills required to meet functional performance requirements should have priority over career management considerations and personal preferences.

9. Selection processes should be reviewed to ensure mismatches and standards are measurable. Extending the system of paneling, or even interviewing, may remove some of the inconsistencies.

10. To increase overall experience levels of the organisation and individuals, charge officers and sailors, and deputies, should complete a full operational cycle in their sea postings.

11. The requirement to cycle professional officers through the sea charge program predominates and creates most of the pressures on the system. Increasing the number of non-professional officers in a planned way might ease some of the strain, therefore, there is merit in reviewing the requirement for professionally qualified officers at sea.

12. The whole process of selection and training of personnel, including BPR determination and PJT planning needs a system of continuous review to measure relevancy and conformity in each element of the process. A system similar to a QMS or the International Safety Management (ISM) Code would provide this assurance.

13. A proper analysis of the skills needed to operate and maintain HMAS WESTRALIA should be undertaken and appropriate training courses arranged for personnel as PJT.

14. The same analysis should be undertaken in all ships bought as entities for the RAN outside the normal procurement strategies.

15. Training in Classification Societies and the maintenance of ships to Class should be provided to all key personnel posted to such ships or in their Class Logistics Office (CLO).

16. Introductory training in Classification Societies and how ships are maintained in Class should be provided to all officers at an appropriate time in their naval training.
17. All personnel who may be required to operate, or decide to operate fixed safety systems, such as firefighting, should receive training in their operation and maintenance.

18. High priority and visibility should be given to implementing DI(N) Log 47-3 across the RAN. This should include the following:
   a. Confirmation that Director General Naval Materiel Requirements (DGNMR) has the management resources to dedicate to the task, and
   b. The development of a program of certification and audit.

19. The Technical Regulation framework should include an emphasis on the professional standards to be achieved by personnel to perform engineering work, especially the exercise of engineering delegations. To maintain conformity with community standards, the Navy should establish admittance to the National Professional Engineers Register as the benchmark.

20. DGNMR should be placed in the Navy Program with direct responsibility to CN.

21. The concept of single point management of configuration should be reinforced by an instruction that only the Class Logistics Manager (CLM) may approve changes. The present practice of Temporary Installation Proposals (TIPs) in the Maritime Command should be discontinued.

22. A system that recognises and records urgent unit level changes that become necessary during operations should replace TIPs. The QMS process of Production Permits/Concessions is suitable for this purpose.

23. The system of prioritising change proposals, especially those originating at unit level, should be reviewed. Such a system should have the following features:
   a. To save on nugatory effort, proposals should firstly be broad and preliminary in nature.
   b. Simple proposals that in the view of a competent professional (including an appropriately qualified ship's officer) have no negative effect on safety, maintainability or supportability and do not require changes to BPR and PJT should be cleared immediately with funding and implementation to be arranged between the Commanding Officer and the CLM.
   c. More complex proposals should be sentenced in accordance with a clear milestone such as practicality of incorporation at the next major Depot Level Maintenance activity or known obsolescence cycles.
   d. Originators should be informed within three months of the outcome of preliminary discussions.
   e. For “no go” or low priority proposals, the originator should be given the opportunity to perform competent engineering development to increase chances of implementation.
   f. Where competent engineering development work is carried out by, or on behalf of the originator and included in proposals, work in the CLE should be limited to the QMS fundamentals of checking legitimacy of the work rather than repeating it for bureaucratic purposes; and
   g. Full discretion should be given to CLMs to contract development of changes to avoid congestion in the design areas of Support Command.

24. To introduce a better universal understanding, training in Configuration Management (CM) should include its system engineering basis as well as its administrative procedures.

25. All Engineering Branch officers and senior sailors, and their Supply colleagues likely to serve in CLOs should receive advanced training in the science of CM.

26. CM policy and instructions should be produced in plain English and given wide circulation to assist in a wider understanding of its importance.

27. The ISM Code should be adopted as the RAN’s safety management system.

(4) All recommendations were accepted and are in the process of being implemented.

(5) All recommendations are being systematically implemented and actively managed by Naval Systems Command. Reports on the progress of the implementation of the recommendations are provided to my office, through the Deputy Chief of Navy, every two months.
There is no specified time frame for completion of these recommendations as the systemic nature of the problems identified in the Trotter report and the complexity involved in identifying and implementing acceptable solutions, has resulted in progress on these recommendations being apparently slow. This is unavoidable, as the recommendations deservedly require significant consideration and resources.

**Defence: Army Reserves**

(Question No. 2330)

**Mr Price** asked the Minister for Defence, upon notice, on 6 February 2001:

1. Further to the release of the Defence White Paper, are the Army Reserves to be retasked; if so, in what way.
2. Was an Army Reserve Conference held in Canberra in 2000; if so, what were the outcomes.
3. Under what circumstances will reservists be utilised to fill slots in the Regular Army (so called “Slot Theory”).
4. Has any commitment been made to utilise the Army Reserve in formed units; if so, when, by whom and to what degree.
5. Has any recent study or project been undertaken to better utilise the Army Reserve; if so, (a) when and when was it completed and (b) is it publicly available.
6. Has there been any change to the readiness requirements of the Army Reserve; if so, what change.
7. Are there increased training requirements of the Army Reserve; if so, what.

**Mr Reith**—The answer to the honourable member’s question is as follows:

1. The Army Reserve may be retasked in the future, subject to legislation which is yet to be considered by the Senate. The way in which the Army Reserve could be retasked is an issue under consideration as part of a current study by Army Headquarters into the Roles and Tasks of the Reserves.
2. An Army Reserve Seminar, convened by the Chief of Army, was held in October 2000. The aim of the conference was to consider “How can Army make the best use of the Reserves in the future?”, the outcomes of the conference were:
   - Understanding of the potential capability contribution from the Reserve, as part of the total Army.
   - The direction and planning guidance to Army staff to enable further analysis of potential roles and tasks for the Reserves.
3. Individual reservists on full time service have been used and will continue to be used to meet manning requirements within Regular Army units, as well as to augment units that have been deployed on operations. Reservists on periods of full time service are also utilised to fill temporary vacancies and to participate in various projects in units and headquarters in Australia. There are currently 119 officers and 411 other ranks on full time service. The proposed future contribution by Reserves also requires a contribution to the generation and sustainment of rotation forces.
4. No commitment has been made to deploy Army Reserve units. Under current legislation, reserve units and formations cannot be called out on operations, except in circumstances of defence of Australia. Individual reservists may volunteer for periods of full time service. For example, when 6 RAR deployed on operation in East Timor, positions in the unit were filled by individual volunteer Reservists from units throughout Australia. It is also of note that the current staff rotation of the UN Military Hospital in East Timor is comprised of individual volunteers from several medical units. Although as many as 55 volunteers on full time service are from the same medical unit based in Adelaide, the unit itself did not deploy.
5. A number of studies are currently under way into the utilisation of the Army Reserve as part of the total force structure, including the study into the Roles and Tasks of the Reserves. These studies will inform the implementation of the Defence White Paper.
   - A number of studies and papers have been completed, including:
   - A study into Sustainability of the Reserve Component of the Enhanced Combat Force, completed in December 1998, and
   (b) The documents are classified, and are therefore not publicly available.

6) There have been no changes to the readiness requirements of the Army Reserve since the release of the Defence White Paper. Readiness requirements may change in the future to meet operational requirements.

7) There have been no increases in the training requirements of the Army Reserve since the release of the Defence White Paper. There have been increases in the training requirements of individual reservists as a result of the introduction of competency based training and assessment (CBTA). Defence has accepted and is incorporating the principles of CBTA in accordance with the National Training Framework (NTF) guidelines and the Australian National Training Authority standards for the development of competencies. CBTA aims to deliver learning outcomes that produce workplace competent and job ready personnel. Under the NTF and CBTA guidelines, workers employed in a common workplace must have the same competencies. For Army, this means that both Regular (full-time) and Reserve (part-time) recruits should be trained in the same competencies.

Defence: Armaments Containing Depleted Uranium
(Question No. 2346)

Mrs Irwin asked the Minister for Defence, upon notice, on 7 February 2001:

(1) Are Australia’s armed forces issued with armaments containing depleted uranium; if so, (a) where is this material stored and (b) what special measures are taken with this material.

(2) Do members of Australia’s armed forces come into contact with depleted uranium materials when operating with the armed forces of other countries.

(3) Are any procedures laid down for members of Australia’s armed forces dealing with depleted uranium materials.

(4) Has his attention been drawn to concerns raised in the armed forces of some European countries which point to leukemia and other cancer related deaths among personnel who had served in Bosnia and came into contact with depleted uranium materials.

(5) What steps is the Australian Defence Force taking to monitor the health of existing and former defence personnel, including civilians, which could detect the effects of exposure to materials such as depleted uranium.

Mr Reith—The answer to the honourable member’s question is as follows:

(1) No.

(2) Members of the Australian Defence Force (ADF) operating with other armed forces might come into contact with depleted uranium munitions but this would be limited to specific missions and situations.

(3) Australian Defence Force Publication (ADFP) 724 - Ionising Radiation Safety Manual provides specific occupational health and safety guidance for all sources of ionising radiation. Depleted uranium would be a very minor risk and the safety principles endorsed in ADFP 724 would provide the necessary protection against this risk. In the very specific instances where ADF troops operate with other nations using depleted uranium (primarily the UK and the US), our forces would implement the force protection measures for depleted uranium as directed by the host nation.

(4) I have noted the initial concerns amongst some European nations concerning leukemia and cancer related deaths from peacekeepers who served in the Balkans. These allegations have been shown to be false thus far. Recent medical and scientific reports from both a NATO medical committee of experts from 19 nations and a separate medical committee of 50 nations have found no evidence to support claims that depleted uranium munitions cause cancer.

(5) The ADF has undertaken a screening program to assess the risk of potential depleted uranium exposure to its members. Chief elements of this program include a directed range of health tests, a questionnaire, and a fact sheet to educate personnel. The information collected will be shared with
the Department of Veterans’ Affairs and the Repatriation Medical Authority in case future studies become necessary. Future medical tests will be conducted as part of routine, five-yearly medical examinations, or more frequently based on the outcome of the health tests, questionnaires, and clinical indications.

Defence Portfolio: Procurement Policies
(Question No. 2389)

Mr Sidebottom asked the Minister for Defence, upon notice, on 1 March 2001:

(1) Is the Minister’s Department, or are agencies within the portfolio, large purchasers or consumers of office paper.

(2) How are Commonwealth procurement guidelines being adhered to by the Minister’s Department and agencies within the portfolio.

(3) What methodology or weighting criteria does the Minister’s Department and agencies use to determine the importance of the core principles which underpin the procurement guidelines, namely (a) value for money, (b) open and effective competition, (c) ethics and fair dealing, (d) accountability and reporting, (e) national competitiveness and industry development and (f) support for other Commonwealth policies.

(4) What weighting criteria are used to implement the mandatory provisions in the guidelines which state that agencies must be able to demonstrate that Australia New Zealand (ANZ) suppliers have had a fair opportunity to compete.

(5) In inviting suppliers to tender for the provision of goods, are suppliers advised that they must offer ANZ goods.

(6) If the Minister’s Department or agencies within the portfolio do not have weighting criteria for determining the principles, will the Minister take steps to ensure that they provide an appropriate means to demonstrate their compliance with Commonwealth procurement policy.

Mr Reith—The answer to the honourable member’s question is as follows:

(1) Yes.

(2) The Department of Defence ensures adherence to the Commonwealth Procurement Guidelines via the following:

- the development and implementation of comprehensive procurement policies, which explain the application of the Commonwealth Procurement Guidelines. The policies are contained within, inter alia, the Chief Executive Instructions, Defence’s Procurement Policy Manual and local management instructions. All procurement officers are expected to adhere to these documents and to satisfy statutory obligations;
- the implementation of procurement training programs for all procurement staff; and
- the insertion of the principles contained within the Commonwealth procurement guidelines into industry solicitation documentation.

(3) (a) to (e) Defence regards all of the principles underpinning the Commonwealth Procurement Guidelines as core purchasing principles, which should be adhered to as part of Defence’s procurement strategies. Value for money is considered to be the overriding principle of the Defence procurement process. The other core principles are followed to ensure that value for money is achieved. The Defence Procurement Policy Manual provides detailed instruction on how best to achieve these core principles.

(4) When exercising delegations under the Financial Management and Accountability Regulations (FMAR) and in accordance with the Defence CEI’s, financial approvers must comply with the policy on buying Australian to foster the development of local industry and the role it plays in support of a self-reliant defence force. Defence has undertaken a number of initiatives to fulfil the requirements of the Commonwealth procurement guidelines and to encourage the development of local industry. Specifically, Defence has established a ‘Buying Australian’ reporting regime. The purchasing officer for each contract of $100 000 or more is required to complete a statement advising the measures taken to provide Australian industry with opportunities to win the contract, and the estimated Australian value-added components in the contract.
(5) Defence policy on Australian industry involvement focuses on encouraging suppliers to provide Australian and New Zealand goods and services to nurture the development of local industry. However, in accordance with the overarching principle of value for money, there is no requirement that suppliers must offer ANZ supplies.

(6) The core purchasing principles contained in the Commonwealth Procurement Guidelines are currently followed by, and actively promoted in, the Defence procurement environment. Defence considers that it has appropriate measures in place to ensure compliance with the Commonwealth Procurement Guidelines.

**Immigration and Multicultural Affairs Portfolio: Procurement Guidelines**

(Question No. 2396)

Mr Sidebottom asked the Minister for Immigration and Multicultural Affairs, upon notice, on 1 March 2001:

(1) Is the Minister’s Department, or are agencies within the portfolio, large purchasers or consumers of office papers.

(2) How are the Commonwealth procurement guidelines being adhered to by the Minister’s Department and agencies within the portfolio.

(3) What methodology or weighting criteria does the Minister’s Department and agencies use to determine the importance of the core principles which underpin the procurement guidelines, namely (a) value for money, (b) open and effective competition, (c) ethics and fair dealing, (d) accountability and reporting, (e) national competitiveness and industry development and (f) support for other Commonwealth policies.

(4) What weighting criteria are used to implement the mandatory provisions in the guidelines which state that agencies must be able to demonstrate that Australia New Zealand (ANZ) suppliers have had a fair opportunity to compete.

(5) In inviting suppliers to tender for the provision of goods, are suppliers advised that they must offer ANZ goods.

(6) If the Minister’s Department or agencies within the portfolio do not have weighting criteria for determining the principles, will the Minister take steps to ensure that they provide an appropriate means to demonstrate their compliance with Commonwealth procurement policy.

Mr Ruddock—The answer to the honourable member’s question is as follows:

(1) The Department and other portfolio agencies annually purchase approximately 48,000 reams of paper for general office use at a cost of around $250,000. As procurement in the portfolio is predominantly undertaken by the Department, responses to the remaining questions focus largely on departmental practices.

(2) The Department closely adheres to the Commonwealth Procurement Guidelines (CPG’s) through:

- standard tender documentation embody the requirements of the CPG’s;
- Chief Executive Instructions providing direction on the application of the CPG’s;
- centralised procurement advice on all facets of procurement activities;
- staff training through a series of internal and external contract management courses covering the requirements of the CPG’s; and
- CPG’s being readily accessible electronically and in hard copy from the Department’s Central Procurement Unit.

(3) The principles are not weighted.

Four of the principles, open and effective competition, ethics and fair dealing, accountability and reporting of business opportunities and support for other Commonwealth policies relate to the conduct of procurement processes and are regarded as threshold issues. Value for money and national competitiveness and industry development are used as evaluation criteria in assessing tender responses, with value for money being the prime determinant.
Reporting obligations are a key measure throughout the life of the contract. These are also addressed at the completion of the procurement exercise through gazetral requirements, annual reporting obligations and internal auditing of processes.

(4) Australia New Zealand (ANZ) suppliers are provided with opportunities to compete for the provision of services/goods to the Department through the use of competitive procurement processes and advertising for respondents publicly where appropriate. New business opportunities are also advertised on the Government publishing system (GaPS).

Tender documentation generally includes participation of ANZ suppliers as part of the evaluation criteria, particularly in relation to the provision of goods. Compliance with this aspect of the guidelines has been the most difficult to achieve because of the definitional ambiguities as to what constitutes ANZ industry. For example, ANZ content could be identified by a number of factors including ownership of the company, number of employees engaged in Australia etc. The Department has asked that guidance be given on this issue in the revision of the CPG's.

(5) No. The use of ANZ goods is encouraged through evaluation criteria used in the tender documentation and through contractual negotiations with suppliers. For example, contractual negotiations has led to the majority of paper used in the production of departmental forms and the majority of paper products supplied through the Department's stationary and stores contract being sourced in Australia.

(6) The Department currently complies with the CPG's which do not require weightings.