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

GOVERNOR-GENERAL LEGISLATION AMENDMENT BILL 2001

First Reading

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

Second Reading

Mr REITH (Flinders—Minister for Defence) (9.31 a.m.)—I move:

That the bill be now read a second time.

This Governor-General Legislation Amendment Bill 2001 is to set the salary to be payable to the next Governor-General. Section 3 of the Constitution precludes any change to the salary of a Governor-General during the term of office, and whenever a Governor-General is to be appointed, changes to the salary of the office must be made by way of amendment to the Governor-General Act 1974 prior to the appointment. The salary must be set at that time at a level that will be appropriate for the duration of the appointment.

On this occasion, in conjunction with the prescription of the salary to apply to the next Governor-General, the government has taken the opportunity to update the taxation provisions applying to the Governor-General and to state governors. This will involve removing the exemption from income tax that has long applied to official salary and overseas sourced income. The exemption will be removed for governors with effect from the next appointment of a governor in each state. Removal of the income tax exemption makes it necessary to set the salary for the Governor-General at a higher level than has previously applied.

The bill also makes a number of changes to ensure that the superannuation surcharge on the retirement allowance payable to governors-general will apply in the same way that it applies to the rest of the community. It also provides an option for post-retirement commutation of the allowance to meet surcharge liabilities as is being done in other defined benefit superannuation schemes.

Salary

The salary proposed in the bill has been set in line with the convention applying since 1974 under which the salary of the Governor-General has been set with regard to the salary of the Chief Justice of the High Court of Australia. In the past, the Governor-General’s salary has differed from that of the chief justice in being exempt from income tax and in not being able to be changed during the period of an appointment. Because of these differences, the comparison of the two salaries has necessarily been of after-tax equivalent incomes over a notional term of appointment.

The salaries of successive governors-general have been set by calculating the after-tax equivalent of the chief justice’s salary at the time of appointment of the Governor-General, projecting its likely future movement, and then estimating the average after-tax salary for a notional term of appointment of a Governor-General of five years. The practice has then been to set the Governor-General’s tax-free salary at a level estimated to moderately exceed the projected average after-tax salary of the Chief Justice of the High Court over the notional five-year term of the Governor-General. In proposing a salary for the next Governor-General, the government has maintained the link with the chief justice. I note that the chief justice’s salary is determined annually by the Remuneration Tribunal, a body that is independent of government.

The tax-free salary calculated for the Governor-General when Sir William Deane was appointed in 1996 was $135,000, which was reduced to $58,000 to take account of a pension he received as a former High Court judge. This represented an increase of $40,000 from Mr Hayden’s salary of $95,000, set in 1989, on the basis that Mr Hayden’s parliamentary pension was suspended during his appointment. When the change in tax treatment is taken into account, the increase now proposed in the Governor-
General’s salary will be of the same order as the increase in 1996.

It is proposed that the Governor-General’s before-tax salary should be $310,000. This compares to the present salary of the chief justice of $276,800 and takes account of the fact that the chief justice’s salary will be adjusted periodically while the Governor-General’s salary will remain unchanged during the Governor-General’s term of office. If, as anticipated, the salary for the chief justice continues to increase in line with recent trends, it will be significantly ahead of the salary being proposed for the Governor-General at the end of the notional five-year term.

Income Tax

Section 51-15 of the Income Tax Assessment Act 1997 presently provides for exemptions from income tax of the official salary and any income derived from outside Australia of a taxpayer who is a vice-regal representative. The proposed amendment will remove these exemptions by the deletion of section 51-15 of the Income Tax Assessment Act.

The exemption for the official salary has existed at least since 1922 and the exemption for income from outside Australia at least since 1936. When these exemptions were introduced, vice-regal appointees were normally drawn from the United Kingdom and for income tax purposes they were treated in the same way as non-diplomatic representatives of foreign governments or organisations. Today, the Governor-General and state governors are invariably Australian citizens and there is no longer any reason to continue to treat them like foreign representatives.

There has also been an additional change relating to taxation payments by the Crown. In the 1920s, the Crown did not pay income tax but since 1993 Her Majesty the Queen has voluntarily paid both income tax and capital gains tax.

In the context of these changes, the government considers it appropriate to remove the income tax exemptions for vice-regal representatives.

Transitional provisions will ensure that the amendment does not apply to the current Governor-General or to incumbent state governors. Removal of the exemption will take effect with the appointment of the next Governor-General and, in each state, when a new appointment is made to the office of Governor.

Superannuation

The current provisions in the Governor-General Act relating to superannuation require amendment. In addition, and as is being done in other public sector defined benefits superannuation schemes, it is desirable to provide for post-retirement commutation of pension to meet surcharge liabilities. In general, the changes will ensure that the surcharge applies to the Governor-General in the same way that it applies to the rest of the community.

The Governor-General Act was amended in 1997 to implement the superannuation surcharge. Under these provisions, the extension of a Governor-General’s term of office or an early retirement could cause some anomalies in the recovery of surcharge liability. I note at this point that this scenario is by no means hypothetical, as three of the five most recent governors-general have had their terms of office extended and one retired earlier than the notional five-year term used to calculate salary and retirement benefits.

The amendments proposed in this bill would ensure that the rate of reduction in a Governor-General’s retirement allowance would not exceed the maximum 15 per cent surcharge rate, regardless of the timing of retirement. Changes with similar intent are being considered for the Judges Pension Act scheme.

It is also possible in some circumstances that a notice or notices of assessment of surcharge liability may be issued after the retirement of a Governor-General and at present there is no provision for payment of these liabilities by reduction in the retiring allowance. The bill proposes such a provision, and I note that provisions with similar intent are increasingly common in defined benefit su-
perannuation schemes and are being made in other Commonwealth public sector schemes.

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

Debate (on motion by Mr Horne) adjourned.

RECONCILIATION AND ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

First Reading

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

Second Reading

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (9.39 a.m.)—I move:

That the bill be now read a second time.

The purpose of the Reconciliation and Aboriginal and Torres Strait Islander Affairs Legislation Amendment (Application of Criminal Code) Bill 2001 is to amend certain offence provisions in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio legislation to provide for the application of the Criminal Code.


The code will apply to all Commonwealth offence provisions from 15 December 2001. Many offence provisions in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio legislation predate the code, and their meaning and operation may change following the application of the Criminal Code if the appropriate amendments are not made. Those provisions must be harmonised with the code to preserve their current meaning and operation, and to ensure compliance and consistency with the general principles of the Criminal Code.

This bill harmonises offences in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio legislation by making a number of largely technical amendments.

First, the bill makes it clear that the Criminal Code applies to offence provisions within the portfolio legislation.

Second, the bill clarifies whether certain offences are strict liability offences—that is, an offence where the prosecution does not need to prove any fault on the part of the defendant. The bill does not create any new strict liability offences.

Third, the bill clarifies the physical and fault elements for certain offences, including removing and replacing inappropriate fault elements where appropriate. The code envisages that offences will comprise three physical elements—conduct, circumstance or result—each of which attracts a corresponding fault element. Some provisions in the Reconciliation and Aboriginal and Torres Strait Islander Affairs portfolio currently use inappropriate fault elements and the bill removes and replaces these. The bill will improve the efficient and fair prosecution of offences by clarifying these elements.

Fourth, the bill will change the burden of proving matters relating to certain defences in the Aboriginal Councils and Associations Act 1976 and the Aboriginal and Torres Strait Islander (Queensland Reserves and Communities Self Management) Act 1978. At present, the legal burden of proving those defences rests with the defendant. The bill amends those provisions to change the burden on the defendant from a legal burden to an evidential burden. This will ensure conformity with the policy underlying the code that defendants should bear only an evidential burden.

Fifth, the bill removes parts of offences, such as aiding and abetting and the defence of lawful excuse, which duplicate the general offence provisions in the Criminal Code. The bill will repeal these superfluous provisions and instead place reliance on the Criminal Code’s provisions.
Finally, the bill makes certain changes consequential to the expected passage of the Law and Justice Legislation Amendment (Application of the Criminal Code) Bill 2000, as well as removing gender specific language in the Aboriginal Councils and Associations Act 1976, the Aboriginal Land Rights (Northern Territory) Act 1976 and the Aboriginal and Torres Strait Islander (Queensland Reserves and Communities Self Management) Act 1978.

This bill does not change the current law and does not create any new strict or absolute liability offences. Rather, it ensures that the current law is maintained following the application of the Criminal Code in December this year.

The Criminal Code is a significant step in the reform of our system of justice, and the harmonisation process will bring greater consistency and clarity to Commonwealth criminal law.

I table the explanatory memorandum.

Debate (on motion by Mr Horne) adjourned.

SPACE ACTIVITIES AMENDMENT (BILATERAL AGREEMENT) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (9.44 a.m.)—I move:

That the bill be now read a second time.

The Space Activities Amendment (Bilateral Agreement) Bill 2001 gives effect to certain aspects of the agreement between the government of the Russian Federation and the government of Australia on cooperation in the field of the exploration and use of outer space for peaceful purposes. Passage of this bill is necessary before the agreement may enter into force.

The bill amends the Space Activities Act 1998. The bill creates a new part—part 5A—to provide a framework for the implementation of specified space cooperation agreements, and includes in part 5A power for the Governor-General to make regulations for the purpose of implementing certain aspects of the agreement.

The agreement was signed on Wednesday, 23 May 2001. The agreement provides a legal and organisational framework for the transfer to Australia of sophisticated launch vehicle technology, information and other space related technologies. It will also facilitate Australian access to Russian technical expertise, and enhance collaboration between our two countries in scientific research and technology development.

The agreement is a milestone in Australian-Russian cooperation, and is a symbol of Australia’s increasing engagement in international space activities.

There are at least three serious launch projects being proposed that would utilise Russian space technology, and this agreement is crucial to other prospects for success.

Consistent with the government’s policy of promoting the development of a commercial space industry in Australia, the agreement was framed with a view to encouraging Australian companies and other organisations to participate in the agreement, and hence access its benefits.

The new regulation-making power provides a mechanism to enable both private and public sector organisations that are not parties to the agreement to voluntarily access its benefits.

Participation by organisations will be on a completely voluntary basis. Where organisations choose to access its benefits, however, organisations must also accept certain responsibilities.

In accordance with the regulations made under this new power, the Minister for Industry, Science and Resources will be able to nominate organisations to participate in the agreement, subject to the agreement of the Russian government. This authorisation would also be conditional on organisations satisfying certain conditions that will be set out in regulations made under this power. These conditions are necessary to ensure that
authorised organisations act consistently with the obligations that the Commonwealth has undertaken.

These conditions will include requiring suitable arrangements to be put in place in respect of project specific agreements, intellectual property, protection of physical property, liability, transmission of scientific and technical data, and dispute settlement procedures. More detail is provided in the explanatory memorandum to this bill.

In summary, passage of this bill will enable the Commonwealth to nominate private organisations to voluntarily access the benefits of the agreement, subject to certain preconditions being satisfied.

Passage of this bill will also ensure that Australia fulfils its obligations under the agreement, and is necessary for the agreement to enter into force. Once the agreement has entered into force it will facilitate the transfer to Australia of sophisticated space related technology and technical expertise, and enhance collaboration between Australia and the Russian Federation in scientific research and technology development. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Horne) adjourned.

HEALTH LEGISLATION
AMENDMENT (MEDICAL
PRACTITIONERS’ QUALIFICATIONS
AND OTHER MEASURES) BILL 2001

First Reading
Bill presented by Dr Wooldridge, and read a first time.

Second Reading

Dr WOOLDRIDGE (Casey—Minister for Health and Aged Care) (9.48 a.m.)—I move:

That the bill be now read a second time. The first part of the Health Legislation Amendment (Medical Practitioners’ Qualifications and Other Measures) Bill 2001 addresses the arrangements for the collection of pathology specimens for the performance of pathology services eligible for Medicare benefits. The present arrangements for the licensing of collection centres exclude the public sector, do not place sufficient emphasis on the quality of service and facilities at the centre and are generally unnecessarily cumbersome in operation. The proposed amendments address these issues to permit the introduction of a national approval system for specimen collection centres that is fair and open and emphasises quality. In addition, it uses the level of Medicare pathology activity of an approved pathology authority as the normal basis for determining the number of collection centres that can be operated in each year.

The bill introduces a simplified procedure whereby approved pathology authorities apply for approvals for specimen collection centres. This replaces the existing system involving the granting of units of entitlement. Approvals will be granted in respect of a financial year and the processes will be subject to approval principles determined as a disallowable instrument under the act. The approval principles will be able to deal with matters such as the method for determining the maximum number of approvals that can be granted to an approved pathology authority in respect of a financial year, compliance with quality guidelines, the duration of approvals and the review of decisions.

It is intended that the approval principles will prescribe a general method for the determination of maximum approvals in a financial year. This will be based on the experience of laboratories operated by an approved pathology authority over a specified 12-month period as reflected in Health Insurance Commission data. This is in contrast to the previous system of allocating units of entitlement by reference to a fixed pool.

A four-year phase-in period is proposed to allow the industry time to adjust to a less regulated environment. The present policy of allowing additional approvals where collection centres are located in designated rural and remote areas will be continued.

The amendments will apply to both the public and the private sectors from a date to be fixed by proclamation. An approved col-
lection centre will be required to comply with the collection centre guidelines published by the National Pathology Accreditation Advisory Council and developed by the council and the Royal College of Pathologists of Australasia. With the inclusion of the public sector in the new arrangements, the amendments require the same level of quality for all pathology specimen collection centres at which collections are made for Medicare eligible services.

The design of the new arrangements, which will be administered by the Health Insurance Commission, has been jointly agreed with the Royal College of Pathologists of Australasia and the Australian Association of Pathology Practices and is based on the framework contained in the 1999 Pathology Quality and Outlays Agreement.

The bill also simplifies and clarifies the rules relating to temporary resident doctors and overseas trained doctors and the circumstances in which they can access Medicare. At present, temporary resident doctors are not medical practitioners for the purposes of the act and are therefore not entitled to provide services which attract Medicare unless they obtain an exemption. Overseas trained doctors with Australian citizenship or permanent residence are subject to a 10-year moratorium which restricts their access to Medicare benefits unless they are granted an exemption. However, the new legislation will reduce the inequities between the treatment of permanent and temporary resident doctors and streamlines the procedure to establish eligibility for Medicare benefits. The bill will also reduce complexity of regulation regarding access to Medicare.

In addition, the bill makes a number of technical amendments. These include amending the definition of ‘quality assurance activity’ to include a reference to the Health Care (Appropriation) Act 1998. The definition of professional services will be amended to clarify that a dental practitioner who is able to render a Medicare payable service in respect of oral and maxillofacial surgery must have been approved for this purpose by the minister in writing. The definition of ‘relevant offence’ will be broadened to include offences under sections 23DR and 23DS of the act, and an obsolete reference to section 21 of the Crimes Act 1914 will be deleted.

The last part of the bill I would like to discuss is an integral part of the measures that the coalition has put in place since 1996 to encourage more doctors into rural areas. Since its introduction in 1996, section 19AA of the act has required graduating doctors who wish to obtain access to Medicare rebates for work in private practice to meet a qualification requirement. They can do this by simply obtaining a general practice or specialist fellowship, by taking part in a postgraduate training program in order to get a fellowship or, in the short term, by participating in programs such as the Rural Locum Relief Program, which is confined, obviously, to rural areas.

The so-called provider number legislation was designed to work in conjunction with the other major initiatives to address areas of doctor shortage and oversupply and to improve the training of doctors, thereby enhancing the quality of health care service delivery in Australia. Indeed, this provision is largely responsible for the 14 per cent increase in doctors in rural Australia that has occurred between 1995 and 2001. The sunset clause was originally inserted in the legislation to give us an opportunity to consider whether section 19AA was disadvantaging junior doctors. When the legislation was introduced, there were concerns that there would not be enough training places for doctors and that doctors would not be able to find work. Indeed, at the time, the Australian Medical Association was saying that 400 doctors a year would be unemployed. According to those figures, by now we should have 1,600 doctors out of work because of the operation of this legislation.

When this part of the act was reviewed by former New South Wales health minister Ron Phillips, he worked hard and could not find a single doctor anywhere in Australia out of work, the AMA’s claims of four years ago being merely scaremongering. We have
worked hard to ensure there are plenty of opportunities for junior doctors, and I am pleased to be able to say that, after the independent review and success of annual reports on training, there are substantially more training positions each year than there are doctors graduating. So we now have a surplus of training positions, a growing number of well-trained doctors in general practice and in specialties, a high demand for Australian medical graduates to fill vacancies in public hospital systems and an emphasis on rural training and local experience. It would be a disaster if this sunset clause was not removed. It would be particularly hard on rural communities and the Rural Locum Relief Scheme would come to an end. Given these positive results, it is important that the sunset clause be removed as soon as possible. I commend the bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Horne) adjourned.

**CUSTOMS TARIFF PROPOSAL No. 4 (2001)**

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.56 a.m.)—I move:

Customs Tariff Proposal No. 4 (2001), which I have just tabled, contains an alteration to item 17 in schedule 4 to the Customs Tariff Act 1995. Item 17 provides concessional re-entry for imported goods that have been exported from Australia and returned in an unaltered condition. The item provides separate sets of entry conditions for each of a number of different reimport transactions. An item 17 re-import concession is currently available for goods imported using duty credits issued under the export facilitation scheme for the automotive industry.

The amendment to the item introduces a new reimport concession for goods, or parts of goods, which, when first imported, utilised duty credit owned under the Automotive Competitiveness and Investment Scheme (ACIS). ACIS commenced on 1 January 2001, with duty credits first issued under the scheme from 1 April 2001. A summary of the alterations contained in this proposal is being circulated for the information of honourable members. I commend the proposal to the House.

Debate (on motion by Mr Horne) adjourned.

**EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2001**

Second Reading

Debate resumed from 24 May, on motion by Mr Vail:

That the bill be now read a second time.

Mr BRERETON (Kingsford-Smith) (9.58 a.m.)—I am pleased to speak on behalf of the opposition concerning the Export Market Development Grants Amendment Bill 2001. The bill extends the EMDG Scheme for another five years, until the end of the financial year 2005-06, and provides for a review of the scheme, with the results to be made public by 30 June 2005. It provides a number of modifications to the scheme arising from the review conducted by the Austrade board. The EMDG is a very longstanding and successful government program. The primary objective of the scheme is that set out in the EMDG act:

... to bring benefits to Australia by encouraging the creation, development and expansion of foreign markets for Australian goods, services, intellectual property and know-how.

The EMDG Scheme was first established in 1974. That is a long time ago now—a quarter of a century. It was introduced by the Whitlam Labor government.

Mr Horne—A Labor initiative.

Mr BRERETON—Yes, it was a Whitlam initiative. EMDG’s current form was of course moulded by the Hawke and Keating governments. It was really a very important part of the commitment of those governments to modernising and internationalising the Australian economy. It will continue to be a key element of my party’s efforts to build a dynamic internationally competitive economy.

The scheme is designed to support small and medium sized Australian businesses as they get a foothold in export markets. A
thrusting export culture is very important to Australia. The Australian market alone is too small to sustain our many businesses. Numerous studies have shown that exporting companies provide better paying and more interesting jobs than those that rely solely on the domestic market. The latest analysis of Professor Bewley of the University of New South Wales showed that each $1 provided under the EMDG scheme results in approximately $12 in additional exports, so there is a marvellous multiplier factor here. Of course, the professor’s figures do not reflect on the employment, the tax revenue and the many other positive economic spin-offs. It must be said that, despite the scheme’s long track record of success and the Howard government’s declared support for the scheme, EMDG has in fact been slashed over the past five years. This is despite the fact that the world trading environment has grown increasingly competitive and smaller businesses still face considerable obstacles in establishing export markets.

Mr Horne—And they have slashed it.

Mr BRERETON—Yes, as the honourable member says, it has been slashed. Real funding for EMDG in 2001-02 will be more than 35 per cent lower than the funding in 1996-97, the last operational year of Labor’s version of EMDG. The number of grant recipients under the scheme has also declined steadily since the beginning of the Howard government. Using Professor Bewley’s analysis, it has been estimated that if Labor’s level of funding had been maintained an additional $90 million would have been available under the scheme for the year 2001-02, resulting in over $1 billion in additional exports and $16 million in additional tax revenue.

It must be said that this government’s very tepid support for EMDG is no surprise to Australia’s small business sector, a sector that is struggling with the GST. EMDG can only help businesses that have made a commitment to export. To make that commitment they need marketing capital. Many small businesses which would otherwise be potential exporters are not going to make it to that first base because they find themselves mugged by the GST. Current exporting conditions are generally good and the low dollar is part of that; better commodity prices are another. But small and medium sized businesses cannot take advantage of these conditions unless they can get themselves established in the market, and that is what EMDG is all about.

Leaving aside the funding question, the bill takes up some of the Austrade board’s recommendations for modifications to the scheme. Labor supports these measures, some of which will be warmly welcomed by the export sector. I must say that we do not know why the government took so long to commit to them and we will have to see whether or not they have the desired results. There are certainly grounds for thinking that the EMDG scheme is still very bureaucratic in its operation. The declining number of applicants suggests it is still too difficult for small businesses to access. Perhaps it is a case of too much bean counting and not enough export promotion. EMDG needs to be very strong on the needs of small businesses considering export for the first time.

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We will support the bill, but the government’s administration of the scheme leaves a good deal to be desired. It will be the job for a Labor government to put export promotion back on track. In conclusion, I move the following second reading amendment on behalf of the opposition.

That all words after “That” be omitted with a view to substituting the following words: “whilst not declining to give the bill a second reading, the House deplores the Government’s neglect of export promotion, noting that:

(1) the Government has not taken the measures necessary to improve the Export Market Development Grants (EMDG) scheme’s effectiveness in encouraging small and medium sized Australian businesses to develop global markets;

(2) the real level of funding available to exporters under the EMDG scheme has declined over 35% since 1996-97; and

(3) the number of applicants and recipients of grants under the EMDG scheme has fallen steadily since the Howard Government came to office.
Mr DEPUTY SPEAKER (Mr Jenkins)—Is the amendment seconded?

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

Mr HARDGRAVE (Moreton) (10.05 a.m.)—I am pleased to rise in support of the Export Market Development Grants Amendment Bill 2001 before us today. I note that the Australian Labor Party spokesman’s contribution to the debate lasted seven minutes, so the export marketing development expertise of Australian small business is worth seven minutes of time for the member for Kingsford-Smith, which I think in itself is very sad indeed. All I know is that over the past five years that I have been the member for Moreton, $12½ million—that is not counting what has happened in this calendar year—has been given to small businesses and businesses of a medium size in my electorate to help them generate more business for Australia as a nation and more business for the Australians who are part of those businesses involved in export trade.

We all know, as we look at our trade deficit figures that have been legion in this nation for decades—although we note that the most recent one shows a surplus, a bettering of the position, and we hope that that can be sustained—that exporting goods and services offshore is the secret to our success as a nation. We need to sell more of what we make, more of what we can provide as far as advice and other services are concerned—educational services is one that immediately springs to mind—to reverse the circumstance of this nation being an importing nation rather than a major exporting nation.

The Export Market Development Grants Scheme is the principal financial assistance mechanism the Commonwealth provides to exporters to reward them for their efforts and encourage them to do even more. In fact, we provide up to 50 per cent of the money spent by exporters during a financial year on export promotional activities, generating interest in us as a nation. Of course, this takes on a lot of different spheres. Minister Vaile, who is doing a superb job in the area of trade, has put together the magnificent document From sheep’s back to cyberspace, which sums it all up as far as Australia’s changing export position is concerned.

In my own electorate, schools as diverse as Mount Gravatt State High School and Redeemer Lutheran College through to my alma mater, Griffith University, are actively exporting their services to a range of people in other parts of the world, encouraging them to spend money on what we can provide as education in this nation. Just the other day I heard of a rather exciting prospect from Garden City Christian Church, which has put together a 350-strong choir which performed at Southbank last Christmas and produced record attendance figures there at that time. They see themselves as offering something as far as export potential for this country is concerned, be it not just the CD recording of their performances or the performances themselves but also the videos and the prospect of exciting more people about Australia. They are looking at ways and means of perhaps being able to access the Export Market Development Grants Scheme for the products and services they believe they can offer people in other countries.

This is a very important bill for the amendments that are being made as a result of the review process undertaken by Price-waterhouseCoopers and Professor Bewley of the University of New South Wales which recommended an extension of the scheme. The bill contains findings of that review, including the provision for the payment of export market development grants to businesses that promote attendance by foreign residents at conferences, meetings, conventions, exhibitions and sporting, cultural and entertainment events held in Australia on behalf of the owners of those events. In other words, this grant is now taking on a real understanding of the changing export environment and exciting more people to want to connect with Australia in more and different ways. I applaud the measures in this bill. I agree it is only right that we do extend it into those areas because that recognises the way things have changed.
The sort of export this country is about is no longer something ploughed up in a field or picked off a bush or shorn off a sheep’s back, placed into a container, trucked to the ports, fighting its way through the Maritime Union’s best delaying efforts, and sold offshore. It is no longer about digging it out of the ground, crushing it, putting it on a coal train and sending it off through a port to somewhere else. It is about e-business, education, cultural activities and biotechnology, which I would like to spend a bit of time talking about. So this government is understanding the real world and making the necessary improvements to a scheme that has essentially been redefined and that is working extremely well as a result of the efforts of this government over the past five years.

This amending legislation also extends the range of export promotional expenses which are eligible under the EMDG Act to include transport, accommodation and meal expenses incurred in relation to the visits to Australia of overseas buyers or potential overseas buyers. When I look through the list that has been compiled in my own electorate of the record of achievement of this government, it deals with everything from the marvellous biotechnology company Alchemia, which I will talk about a little more in a moment, through to Tube Specialist, Filter 2000 and so many other companies. There are hundreds of companies that have products and services ranging from agriculture, clothing, furniture, jewellery, sporting, technical and engineering services, health, education, retail, industrial, medical, machinery and equipment, dairy, grocery and soft drinks right through to communications, household appliances, publishing and media, and chemicals. You name it, it seems to be coming through companies in my electorate. People are out there selling those goods and services, trying to excite more trade for Australia, more jobs for Australians as a result, and less debt for all of us to put up with in this country.

This bill and the measures in it deserve support from those opposite. I am pleased that the opposition, while making only a small contribution to the debate, are going to support this bill. The review the government commissioned found that the EMDG Scheme had been an effective tool for encouraging businesses to seek out and develop export markets. Australian businesses enjoy being able to access this and feel a sense of justification in the way this scheme operates and the way it can improve the business plan of a company. We believe extending the scheme for another five years highlights the government’s support for Australia’s export sector, its commitment to encouraging small and medium enterprises into export and, of course, to providing some great certainty to those grant applicants that have already made good use of the export market development grants to date.

Sometimes, though, I think a lot of small businesses forget that they are able to access this. I have a constituent who runs a small sandstone mine outside my electorate, but he lives within the electorate of Moreton. He came to see me recently about his efforts and his expense in heading off to Europe, taking samples of his sandstone with him, to attend a marvellous exhibition where people from around the world who are into sandstone and masonry are getting together. That is taking place in Germany at the moment. This gentleman has seen it as part of his role to expand his business offshore because he sees its huge potential, but he had not realised that access to EMDG may have been something he should have taken up. I have sent him down that path and I would be optimistic that his own entrepreneurial flair, backed by the government once he makes a submission for assistance, will generate even greater possibilities than he would have generated from his own initiative. So one critical comment I would make is that there is a need for more marketing of the EMDG Scheme to more small businesses to make them realise there is the potential of government assistance which will enhance their own efforts, on behalf of themselves and their employees, to grow their business by taking business offshore.

The main amendment bill also gives small business far better access to the scheme by reducing the minimum expenditure threshold
from $20,000 to $15,000, essentially adopting the ‘little fish is sweet’ principle and encouraging even very small businesses to understand that an investment in themselves can be supported by government. That expenditure threshold reduction will be welcomed by many in my electorate. We have also removed the requirement to register before applying for a first grant, so that they can come back to us and make a submission on an expenditure based claim and get that support from the government once they have established their qualifications.

We are also giving access to the scheme to professional conference organisers, as I said, which means that we will encourage another raft of businesses—people who are out there advocating for Australia, its cause and all the things we have to offer as a nation—by offering them some of the assistance that is given to those who produce tangible items. These sorts of services are generating real jobs. Consider the number of major conference venues that are being built and the magnificent conference facilities that are being installed all around Australia. I am thinking of the Clunies-Ross Centre at Eight Mile Plains in my own electorate—a building that is constructed in the midst of the Eight Mile Plains Technology Park, a place where a lot of EMDG money has gone over the past few years and a place which offers a magnificent venue in Queensland for people to come to learn about space technology and the initiatives of space launch platforms, but also a place where there are now professional services—something that was not there a few years ago—providing facilities that people from overseas can be attracted to, and all the more so because of the changes made in this legislation.

The fact that we have made claimable the transport, accommodation and meal expenses for bringing overseas buyers to Australia is really only dealing with the real world. It will assist Australian businesses of all kinds to promote their exports by bringing buyers to Australia, by showing them what they are getting and where they are getting it from. A company called Australian Sandstone Industries, which is different from the one I was talking about before, has the Helidon sandstone mine in the electorate of Blair—therefore it is out of my own electorate—and is owned by a Chinese gentleman who is becoming a permanent resident in this country but is in the process of signing a one-quarter of a million dollars contract with authorities outside of Beijing for the construction of new civic facilities there, using sandstone out of Australia. It has promoted hard its product in that country. It has brought people over this week from China to inspect the mine itself, to make the decision to purchase, sign the contract, leave, generate jobs and improve Australia’s balance of trade. These are real-world examples of what this legislation is attempting to assist.

For the tourism industry, a mainstay of the economy in my home state of Queensland, we are unable to take our beaches overseas to show and market them to people and have them enticed enough to come back here and spend money; and so we need to bring here prospective buyers and people who want to see and help promote and in fact sell Australia overseas as a product and a place of great goods and quality services, and this legislation is liberating them from some of the difficulties that have happened in the past.

As I said at the outset, $12½ million injected into small and medium sized businesses in my electorate of Moreton is worth a lot of jobs to people who live and work in the electorate. It is supporting tremendous organisations and companies such as Alchemia, which just four or five years ago was operating out of the back bedroom of one of its founders’ homes in my electorate. It is now in a multimillion-dollar building at Eight Mile Plains and is working hard to use carbohydrates within DNA as a way of breaking down some of the causes of disease and to find cures for disease. Money coming to that company from AusIndustry—$2.1 million in 1998; and last week I witnessed the signing of an agreement for $4.6 million to also come from AusIndustry—has been used to great effect by that organisation. Its efforts, using EMD grants to promote what it can do as a biotech company, are growing jobs in my electorate. There are dozens and
There are out there a lot of other people like Tracie Ramsdale, who runs Alchemia in my electorate. They are people who have an idea and who find a way to develop that idea. In four years, Tracie took her idea from her back bedroom at Tarragindi and turned it into a multimillion dollar complex at Eight Mile Plains.

*Mr Anthony interjecting—*

**Mr HARDGRAVE**—It is a fantastic result, Minister. It gives me an enormous sense of pride as the local member to know that I am part of a government that has backed that kind of personal initiative and personal investment and that something has been realised out of our investment in those people.

*Mr Anthony interjecting—*

**Mr HARDGRAVE**—Thank you for that observation, Minister. At the end of the day, these are very good local people who have tremendous ideas that will have world shaping and world changing consequences and who are attracting attention to themselves because of their own ability. Their initiative and drive in marketing that ability offshore, backed by the government and by processes such as those contained in this bill, are driving an agenda that is creating more jobs—jobs that were not there just a few years ago. To Tracie Ramsdale and to all the team at Alchemia, you are now ‘a light on the hill’, to paraphrase those opposite. They are not the only ones with a hold on that phrase. At the end of the day, we need to back personal initiative and personal investment. EMDG moneys and the amendments made by the government updating the real world consequences of export as contained within this bill are certainly matters worth supporting. I commend the bill to the House.

**Mr FITZGIBBON** (Hunter) (10.24 a.m.)—I was pleased that the member for Moreton was able to identify firms in his own home state that have been beneficiaries of the Export Market Development Grants Scheme. I can only wonder how many more may have benefited if this government had not frozen the growth in real terms of the program over the last five years. I am pleased because in November 1974 it was
dozens of jobs that were not there last year, and close to 100 jobs that were not there five years ago: this company has research potential backed by government and, by developing a product promoted by itself and assisted by government, it has in fact been able to attract tens of millions of dollars of investment and joint ventures in its business from overseas, mainly American, pharmaceutical companies.

This government has certainly put its money where its mouth is with a company such as Alchemia, which picked up $60,000 in export market development grants last year—which proves, of course, that it would have spent all of that again, at least, to get access to the money that has come through the EMDG. Of course, the biotechnology applications of Australian industry and the way that biotech is growing as an industry segment and the way that new jobs are being generated as a result of biotechnology initiatives, such as those from Alchemia, are all part of Australia’s bettering trade position, all part of the change that we have in this nation in the sorts of products, goods and services that we provide for sale offshore. We are, as the minister’s fine document said, no longer just on the sheep’s back: we are dealing with e-business—and the way that we promote ourselves offshore is instantaneous, as a result of new technology—and dealing with biotechnology, encouraging more sustainable agricultural products, improving agricultural productivity through some efforts, and finding new technology that will provide the secrets to horrible diseases and ailments such as cancer. This is the work of Alchemia and other organisations.

As genetically modified products are traded more and more, biotechnology will pose a number of issues for producers and exporters in regional Australia. There are a number of great threshold issues to be thought through for those who have done their way of business, in a traditional sense, for many years. These issues will be worked through as personal initiative and drive as people’s own incentive is backed by government on a daily basis.
Gough Whitlam’s minister Jim Cairns who introduced the Export Market Development Grants Bill to replace the export incentive arrangements which expired on 30 June 1974.

The emphasis in the new scheme was on market development rather than on perpetuating payments on exports. Under the previous arrangements—the Export Incentive Grants Scheme and the Export Market Development Allowance Scheme—the bulk of the benefits went to a few large companies. Moreover, because the benefits under the schemes took the form of rebates on income tax and payroll tax liability, many small exporting firms and other bodies engaged in export, such as statutory marketing authorities and cooperatives, were disadvantaged. Jim Cairns’ scheme overcame this problem by operating through grants rather than through rebates and by giving particular financial encouragement to small and medium sized firms.

Today the Export Market Development Grants Scheme continues to encourage the creation, development and expansion of export markets. More particularly, the scheme continues to encourage small to medium firms to establish and develop export businesses. There could not be a more important public policy objective than this. In addition, the lion’s share of EMDG goes to the tourism sector. Therefore no-one should be surprised to see me in here taking a deep interest in the Export Market Development Grants Amendment Bill 2001 before us today. The bill extends the life of the scheme for another five years, and naturally the opposition support that proposition. We also support the various provisions in the bill which embrace the recommendations of the Austrade review of the scheme, including the extension of the eligibility criteria to include seminar costs, widening the definition to include conference managers, the improved integrity measures and the lowering of the eligible expenses threshold from $20,000 to $15,000.

The EMDG Scheme has been with us, as I mentioned, since 1974—another excellent Whitlam government initiative. Never has it been so important to the Australian economy and in particular to the small business and tourism sectors. The new global environment in which we find ourselves presents both opportunities and challenges for the two sectors. The aggregation and internationalisation of our large corporations will present new opportunities but will also expose small business to new competition. In my own electorate, small firms which have traditionally serviced coalmines, for example, are finding themselves suddenly exposed to international competition as large companies, like Rio Tinto and Glencore, who together now own almost every mine in the Hunter Valley, take advantage of improved technology, transport and purchasing power. They use firms now on an international basis. Firms servicing coalmines in the Hunter Valley do not just come from the Hunter Valley but come from a broader cross-section of the Australian community and in some cases are international operators. These are new challenges for small businesses. What is happening in my local area is a good example.

At the same time, the government must strive to give every assistance to small business seeking to grow their business by establishing export markets. The EMDG Scheme is an important tool in this quest to provide small business with those opportunities. The same can be said of tourism, 85 per cent of which is small business. In 1998-99 around 20 per cent of EMDG funding went to the tourism industry. Hopefully, the provisions contained in this bill extending the eligibility matters will assist that further. I am relieved that the government has accepted the case for tourism, which has been in and out of the scheme on a number of occasions, to remain eligible for the scheme on an ongoing basis.

Tourism is at the crossroads. The GST, new competition, the loss in purchasing power of the ATC as a result of the decline in the Australian dollar and the post-Olympic effect are together presenting a huge structural and economic adjustment for the industry. That is why the sector is so angry over the government’s refusal to accommo-
date its request for a mere additional $10 million over four years. That request was denied of course in the government’s most recent budget. To rub salt in the wound, the government declared in its budget that it would increase the passenger movement charge from $30 to $38 and use that money to fund its foot-and-mouth disease response initiative.

The tourism sector had identified an increase in the passenger movement charge as a possible source of additional funding for the ATC—and I am delighted the Minister for Sport and Tourism has joined us at the table, because no doubt she has been lobbied heavily on this issue. I also note that the member for Cook is in the chamber. I acknowledge his deep interest in tourism matters, and no doubt people from the ATC, the Tourism Task Force and other interested tourism bodies have spoken to him about this issue. The ATC, its supporters and the industry generally had identified the passenger movement charge as a possible source of additional funding for the ATC, so you can imagine their anger, Mr Deputy Speaker, when they learned that, notwithstanding the fact they had been denied additional funding in the budget, the passenger movement charge had been increased, though not to assist tourism but to fund the government’s foot-and-mouth program. Not that I am critical of the program—it is an important program for the integrity of Australian shores and the protection of our agricultural sector—but to take money away at the expense of tourism without any consultation with the tourism industry did not go down too well in the tourism sector.

I want to turn to the greatest disappointment of all in the bill and that is the failure of the government to ignore Austrade’s warning that a continuation of the $150 million cap imposed by the Howard government will result in a diminution of the value of the grants for more than 1,000 recipients each year over the period to the year 2005-06. Since the election of the Howard government, funding for the EMDG Scheme has been reduced by 37 per cent in real terms. Using econometric analysis commissioned by Austrade and undertaken by Professor Bewley, an additional $90 million would have been allocated in the year 2001-02 if the former Labor government’s funding levels had been maintained. This additional money would have resulted in $1 billion in additional exports and some $16 million in additional tax revenue for the government. These facts would not be lost on a small business community already struggling with the impact of the GST but also abandoned by the Commonwealth’s 2001-02 budget.

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is an inclusion that should have been put into effect around five years ago. Indeed, the meetings industry had secured a commitment for partial recognition from the former Labor government in September 1995, only to be denied that recognition by the newly elected Howard government in 1996. In a nutshell, it fell victim to the Howard government’s ruthless budget cuts of that year. The meetings industry is a major export industry, earning around $1 billion in foreign exchange annually. Just last week, along with the minister at the table, I attended the Australian Tourism Exchange in Brisbane. It was a fantastic event and I would like to take this opportunity to congratulate the Australian Tourism Exchange in these proposals and to expand the definitions for the tourism industry. The member for Hunter takes a strong interest in tourism—perhaps not as strong as that of the minister at the table, who has been doing great things, not least of which is the See Australia campaign, one of the great successes of this government and this minister; we certainly look forward to the continuing success of that program—and I noticed that he talked about the decrease in funding for the ATC and the decline in the value of the dollar, without recognising that clearly something is going right because the numbers continue to increase. This year the forecast is for 5.2 million international visitors, partly due to the decline in the dollar. It cuts both ways; it makes Australia much more attractive as a tourist destination.

Mr Fitzgibbon—You know that’s not the industry’s view.

Mr BAIRD—I rise today to support the Export Market Development Grants Amendment Bill 2001 and to congratulate the Minister for Trade for bringing forward this bill. It contains a number of very significant amendments. I would also congratulate the minister at the table, the Minister for Sport and Tourism, for her recommendation to include the meetings industry in these proposals and to expand the definitions for the tourism industry. The member for Hunter takes a strong interest in tourism—perhaps not as strong as that of the minister at the table, who has been doing great things, not least of which is the See Australia campaign, one of the great successes of this government and this minister; we certainly look forward to the continuing success of that program—and I noticed that he talked about the decrease in funding for the ATC and the decline in the value of the dollar, without recognising that clearly something is going right because the numbers continue to increase. This year the forecast is for 5.2 million international visitors, partly due to the decline in the dollar. It cuts both ways; it makes Australia much more attractive as a tourist destination.
What I would have liked to have heard from the member for Hunter when he was talking about the inclusion of tourism in the EMDG bill was mention of when tourism was included in the EMDG Scheme. When did it actually start? It started when this government came into office. It started under the sponsorship of the former Minister for Trade, namely Mr Tim Fischer, the member for Farrer. It was a significant change. In terms of the comments of the member for Hunter, it is particularly interesting that it was this government that included tourism in these proposals. It is this government that is putting the meetings industry in the EMDG Scheme. It is a significant step forward.

The member for Hunter also said that people who are organising conferences will have to pay GST on hotel costs. That ignores the fact that 67 per cent of visitors come through Sydney. There used to be a 10 per cent bed tax in Sydney—and there was one in Cairns and the Northern Territory—but that bed tax will now be removed. I see that the member for Hunter is now removing himself from the chamber. He is in retreat because he knows the record of this government in including the tourism industry in the Export Market Development Grants Scheme. It is a great success for the minister, who pushed for this, and certainly the Minister for Sport and Tourism should be very pleased at her success in the inclusion of the meetings industry.

I also congratulate the Minister for Trade for having championed the whole EMDG Scheme and the broadening out of the program. Looking at the success of this minister, we see that last year exports went up by no less than 25 per cent. This is one of the biggest record increases in many years. It is the best export growth that Australia has had in over 20 years, and it happened under the Minister for Trade, Mark Vaile. What a success. I would have thought that the member for Hunter would have been coming into this chamber and saying that he congratulates the minister on his outstanding success and achievement in export promotion and on the fact that the trade deficit has been more than halved—sliced from $16.6 billion down to $7.3 billion. That happened under this minister.

There has also been the removal of $3.5 billion of hidden wholesale sales taxes from Australian exports. So we can go out in the marketplace now without the imposition of the wholesale sales tax—sometimes 22 per cent, sometimes 32 per cent—as we try to compete in the international marketplace. The comments I hear from the business community in Sydney are that this government has really put the export industry on the map. It has taken away the tax impost that was there before, it has made us competitive and now we have the broadening out of the EMDG Scheme.

This week the minister has had success in his negotiations with the Japanese, which will result in talks on an important trade and investment facilitating agreement with our major bilateral partner. Also, we have seen the favourable ruling by the appellate body of the WTO, the World Trade Organisation, in support of overturning hostile US lamb import restrictions against Australian exporters—quite an achievement for the minister and, of course, the minister before him, John Anderson.

The EMDG Scheme has been running for 26 years. As someone who was a former trade commissioner in both Germany and New York, I know how well this scheme works. It gets the exporters out there in the marketplace, especially many of the smaller ones who are out there trying to develop their market where the costs are high. Once they are very successful, then the assistance declines. That is what it is about: providing the stimulus and incentive to get them into the international marketplace. Each export market development grant reimburses about 50 per cent of the moneys expended by an exporter in the promotion of their product to an overseas market. On average, about 3,000 grants averaging $45,000 are awarded around the country each financial year, making the EMDG Scheme worth about $150 million. That, of course, has gone up significantly. It is a great incentive and a
great assistance to business right across the board.

Of the 3,000 grants awarded last year, almost one-third went to companies receiving assistance for the very first time. Those 3,000 businesses that received grants generated $4.5 billion in exports for this country. If you look at the causal factor and ask, ‘Would it have happened anyway?’ in some cases the answer would be yes, but in many cases the answer would be no. So the standard of living that we enjoy today in Australia can often be directly attributed to this very successful program, supported by both sides of the House and of course brought to a new level by this government. Those involved in the Export Market Development Grants Scheme employ some 54,000 Australians specifically to fulfil their export orders. The scheme remains an excellent supporter of Australian small businesses, right across Australia.

Looking at the statistics for our exports, we see the scheme is one of the drivers of our export sector. As an illustration of this, nearly two million Australians owe their jobs to an exporting company—or, to put it another way, the jobs of one in five Australians arise directly from exports. I think that is important. Of course, the minister at the table is well aware of that, because tourism, both directly and indirectly, accounts for one million jobs. It is great to see the member for Farrer coming into the chamber, as I was congratulating him before for widening the EMDG Scheme and including tourism in it. That was very well received by the tourism industry and is one of the great reasons for the continued expansion and success of that industry. We want to congratulate you, the member for Farrer, for the great job that you did when you were in that portfolio. You showed great leadership in terms of not only tourism but trade overall.

Interestingly, a recent survey undertaken by Austrade, along with the Australian Bureau of Statistics, shows that Australian exporters on average pay their employees $14,700 more per annum than non-exporters. So that is incentive enough to get people out there into the marketplace and gain the returns that are appropriate. Austrade research also shows that less than five per cent of non-farm businesses in Australia are exporting. Yet this same group is earning up to $143 billion and contributing 20 per cent of our GDP. The potential for growth here is limitless, with a worldwide market of over five billion people, generating huge demand. So I think what the export sector can do for our economy is particularly significant. We are also yet to see the full impact of the great contribution of the former Minister for Trade, the member for Farrer, in the removal of GST from our exports.

Part of the reason of course we saw that huge jump of 25 per cent in exports last year was due to the incentives that exporters can now see. This government is doing the maximum possible to assist the export industry—taking away the tax burden, providing the incentives across the board, widening the scope of the EMDG Scheme, bringing in new sectors and lowering the threshold expenditure level from $25,000 to $15,000. I think bringing in that new limit is appropriate. Just making everybody eligible does provide a stimulus to those who pick up a few ugg boots and some opals—who drive out to Coober Pedy and pick up a few opals—and then claim their trip down the Rhine or travel around the wine region of France as an export deduction. The fact that they are unsuccessful in selling off some of their opals might be a different scheme, but I think it is important that we have that criterion. So a $15,000 limit is appropriate, and one of the reasons that that criterion has been established is so that we see more and more genuine assistance given to exporters.

In New South Wales as a whole over 1,000 companies received a total of $51 million from the scheme last year, and companies in my own electorate received $440,000 of that. Companies receiving these export incentives under the EMDG Scheme include Australian Surgical Design and Manufacture, located in Miranda, which produces medical equipment; Ibbco Trading Pty Ltd in Cronulla, which produces meat products; Henry James Pty Ltd in Sylvania Heights, which
produces fish and seafood products; Svenic Australia in Caringbah, which produces chemicals; the Learning Institute in Miranda, which produces educational materials; and Manta Surfing Products in Kirrawee, which produces surfing products. This of course is a microcosm of the activity which operates right across Australia.

So the exporting culture has very much caught on in my area. We recently held an Austrade seminar in the Sutherland shire on the South Pacific, where local businesses were briefed by trade commissioners from the various South Pacific countries to provide an incentive and get the local manufacturers and small businesses to ‘think export’. And that of course is part of the whole program. It is not just providing the incentives but trying to get small business into the marketplace—to ‘think export’, to think of the opportunities—and providing case studies. As the sitting member of an electorate with a strong small business component and a relatively high number of exporters, we certainly welcome the extension of this legislation. The mechanics of the legislation indicate that the scheme is going to be extended to 2005-06.

The bill does a number of things. I mentioned before that the expenditure threshold has been lowered from $20,000 to $15,000. That is going to bring a number of new companies into the criteria. The trade fair category has also been broadened to include seminar costs and in-store promotions. I think that is very worthwhile. Specialised trade fairs across the world are now one of the main means of getting into the export market. Of course, personal contact remains the key criterion—getting out there and making the contacts—but specialised trade fairs can provide great assistance, particularly in Europe, including Germany and the UK, and in the US.

Mr Tim Fischer—More than the generic trade fairs.

Mr BAIRD—that is right. They have been very successful in getting exporters into the marketplace. They bring the buyers to one location and a whole range of products is available. With government assistance, and led by government, Australia is able to show the range of different products. Trade missions are often provided at the same time. It is a huge success. When the member for Farrer was minister I know he led many missions and saw trade fairs in various parts of the world, and we want to see that sort of thing continue. We have in-store promotions, whether they be in Harrods, Saks Fifth Avenue or some of the big stores in Japan. The former minister for tourism, when he and I were in Japan, visited one of the stores and saw the in-store promotion. The member for Farrer and I visited a department store in Korea and saw the promotion of Australian product, which was very successful. The wine show in London was one example of a very successful trade show. The mining expo in San Diego is another example of this.

The possibilities arising from trade fairs and the widening of the definition of what can be included under the scheme are most important. Seminar costs are also significant in getting people out to Australia and running the seminars. The major banks often run seminars for the mining companies in South America. To have them come to Australia, where the types of mining equipment available here and the assistance that can be provided by consultants are demonstrated, is an excellent initiative.

Thirdly, the legislation requires that all applicants for EMDGs have an ABN in order to be eligible, and that is consistent with the government’s strategy that the ABN be the main identifier for companies in their dealings with the federal government. That is appropriate and ensures that we limit the black market operators. Fourthly, the bill excludes the payment of any grants to any promotion of the export of pornographic material, and I am sure we would all agree with that. There are a number of minor technical amendments, and the bill provides more consistent treatment of service exporters and streamlines the application of the EMDG Act’s insolvency provisions.

One of the important aspects of this bill, as has been mentioned by other speakers, is
that, for the first time, EMDGs can be used to financially support attendance by overseas nationals at conferences, conventions, seminars or events held in Australia on behalf of the owners of the events. This allows conference organisers and other businesses that engage in foreign delegate boosting to have access to the scheme. This not only provides more revenue but also adds significantly to the kudos of events. It is a huge boost to the Australian meetings and conventions industry, Jenny Lambert, the head of the Meetings Industry Association of Australia, will be here today talking the Treasurer, and I am sure that one of the things she will want to congratulate the Treasurer on is the inclusion of this provision in the EMDG Scheme. It is worth $1 billion a year to the convention industry, and the expansion is very significant.

The second government amendment extends the range of eligible export promotional expenses to include transport, accommodation and meal expenses incurred in relation to the visit of overseas customers or potential overseas customers to Australia. That is important if you look at the Australian Tourist Exchange. The minister at the table would know more accurately about this than I would. I think it involves about 2,000 people. The key tourism operators from around the world are brought to Australia for this magnificent event, where they see Australia first-hand and meet all of the Australian suppliers. This amendment will cover their expenses travelling within Australia. If we want to get them up to the Barrier Reef or if we want to get them out to Ayers Rock, they will have the costs included in this scheme for those who are developing the program. Finally, this EMDG expansion provides better support for businesses that need to promote in this way.

I just say in conclusion that this government has come up with the goods. This government has shown its strong commitment to exports, and that dramatic increase last year in the level of exports that we have achieved in this country of over 25 per cent is a huge hallmark; it is a paradigm shift in Australia’s economic life. The widening of this scheme brings in a whole new range of operators. It is disappointing that the Leader of the Opposition in responding to the budget made no mention of exports as such. This is the engine of the Australian economy. It is this government which is committed to exports, it is this government that is committed to the EMDG Scheme and it is this government which has provided this very significant widening of the scope of the EMDG Scheme which will do much for small businesses and exporters right across Australia. I commend the bill to the House.

Mr ZAHRA (McMillan) (10.57 a.m.)—I welcome this opportunity to contribute to the debate on the Export Market Development Grants Amendment Bill 2001. This is an important debate we are having in terms of how Australia sees itself and how we see ourselves competing in an increasingly globalised world. Exporting is close to the hearts of all rural members of parliament. Rural districts have been great contributors to Australia’s export effort for generations. When we talk about the pursuing of export markets on behalf of Australia and the pursuing of industries which can be based in regional parts of our nation, which can be great exporters, these are the things which drive us as rural members of parliament, these are the things which we are most interested in, because we can see the great link in the same way that we do. So much of our future in regional areas has to do with the successful pursuit by Australia of those new export markets, because that is where our jobs are, that is where our future is—increasingly, that is where Australia’s future is. In a globalised world we need to be able to face Australia to the rest of the world. We need to encourage the corporations, the companies and the businesses within Australia to not just look out onto regional markets, state markets or national markets but look out and face the world and see the opportunities which the world presents for them in this increasingly globalised marketplace.

We have had a number of great success stories in my region in relation to export.
Most people who come to my electorate as my guests usually end up, at some point during their visit, at the Tarago River Cheese company, which is about 15 or 20 minutes drive north of Warragul. This is a very remarkable company. It is run by Laurie Jensen, who has been a great builder over the years of a number of businesses, including Jindi Cheese, which he was instrumental in developing as a business. He has now moved on and is running the Tarago River Cheese company. This company is no small employer, with a team of 37 or 38 staff. In Neerim South, that would have to make it probably the largest employer in that district. This company is export focused and has not restricted itself to providing goods to the local marketplace. It has had a look at the options which exist in the world marketplace and has identified key markets and tough markets to get into. It is now exporting its cheese products into New Zealand and into South-East Asia. I will repeat that: the Tarago River Cheese company in my electorate is exporting its cheese products into New Zealand.

All honourable members in this place will be as proud as I am of an Australian company that is beating the New Zealanders at what they claim to do better than anyone else. So it is a mighty effort by Laurie and his team of 38 staff, and it is something which we draw a lot of pride from. I think Laurie Jensen and the team at Tarago River Cheese company, and the other speciality cheese manufacturers which I have in my district, are really showing the way not just for other cheese manufacturers in Gippsland but for cheese manufacturers throughout Victoria and throughout Australia. If we can produce cheese that is good enough to beat the New Zealanders in their own domestic market then we are doing pretty well, and it is my contention that Australian speciality cheeses are the best in the world.

We also have in my electoral district a very well-known company called Gippsland Aeronautics. You might recall that in 1998 the Leader of the Opposition, Kim Beazley, came to my electorate at my invitation to launch Labor’s regional development policy on the shop floor of Gippsland Aeronautics in Morwell. It was an incredible day. This business was still going through its development phase and still pursuing export markets. The whole of the Canberra press gallery was there for the launch and we provided that company with a little more exposure to promote their business. What that company is doing is pretty remarkable when you think what aviation has been historically in this country, and in particular the type of success we have had in producing aircraft. It would be fair to say that we have not been a country which has been characterised by a number of companies successfully producing aircraft. Certainly, we have never really produced any type of aircraft which we have been able to export successfully. However, I am pleased to report that this has all changed. The good work of the people at Gippsland Aeronautics has now led to their aircraft being exported to the United States and also to a number of countries in South America. These are tough markets.

I mentioned that it is of great pride to us in our district and I think to Australians more generally to see that we have a cheese company in Australia which is exporting cheese into the New Zealand market. It is similarly a source of some pride for us all that we have an aircraft manufacturer in our country which is exporting its products into probably the toughest market in the world, the United States of America. So it has been a mighty achievement by them, and I think it is appropriate in this debate that we acknowledge the effort which they have made over a number of years to secure those new markets, to develop their products in the way that they have done and in doing so to create a number of new jobs for us in the Latrobe Valley. I am sure you have heard me say before that our most important public policy task in the Latrobe Valley is to provide a way to reduce the unemployment rate which we face over there. It is unacceptably high in the Latrobe Valley, and the way to reduce it is not through a subsidy or a pork barrel but rather through providing incentives and opportunities for the likes of Gippsland Aeronautics to develop their business further, to develop
their advantage and to help them get on with the business of developing a successful export focused company which will employ more and more people as the business expands to meet international demand.

I am pleased to report to the House that Gippsland Aeronautics now employ some 50 local people in their business based in Morwell and the number is growing. Manufacturing jobs are the types of jobs which soak up unemployment, which are secure and which attract those people who are the great builders in our community. Because people have a secure job in manufacturing, they are able to buy a house or get a local contractor to come and build a house, to send their kids to the local school and to buy things for their kids. These are the people who drive local economic development and these are the types of jobs which we want to see more of in our district.

Another great local success story is Drouin West Timber, which is based in West Gippsland in my electorate. I have been there a couple of times. It is a great business and is focused on world markets. Unfortunately, we have not seen anywhere near enough of this focus in the timber industry. I have had some exposure and involvement with the timber industry, probably over 11 or 12 years. I grew up in the Latrobe Valley, which is a district that has a lot of the timber industry in it. But what we have not really been doing enough of is focusing that industry on the world markets which exist for Australian made timber products.

Drouin West Timber employ 80 people. They are successful exporters of glue laminated products into Japan, successful exporters of kiln dried timber into China and successful exporters of furniture components into Japan. This is no small feat. Everyone in this place would understand that the Chinese and Japanese markets—and the United States as well, which I should have mentioned—are difficult markets to get into. There is stiff competition over there and more than just a little bit of argy-bargy and protection in the way that those governments run their trade policy. To their credit, Drouin West Timber have been able to get into those markets. They have very good product. One of the things that struck me when I was over at Drouin West Timber was the fact that they are doing more with the product which they have had for some years through employing new technology to develop new products. This is an important development in the timber industry, because over the coming years we will see greater focus on maximising the benefit we get from allowing companies to access the timber resource. Companies will have to do what Drouin West Timber is doing—that is, minimising waste and maximising the value which they get from their timber products.

When I was there with my colleague and great friend the member for Lyons, Dick Adams, I noticed that they have a finger joining machine, which, Mr Deputy Speaker Nehl, you have probably seen in the course of your travels throughout regional Australia. The finger joining technology which the timber industry uses nowadays creates a join which is stronger than any other part of the timber product. We tested that out and, sure enough, if you tried to break a bit of flooring that was joined using a finger join, it would break everywhere except at the finger join itself. Traditionally, short pieces of timber would have been thrown out or sold as firewood—that was about it. This is beautiful Australian timber. I think Australia has the most beautiful timber in the world and more people in the world are becoming aware of the fact that our feature grade timber, in particular, is quite special, unique and remarkable. Through employing this new technology and applying their combined effort and intelligence to this task, they have been able to do more with the product that they have and have been able to secure new export markets.

It is also worth mentioning that some 220 people are employed in a company called Energy Brix in Morwell in my electorate. People might know this company by its original name, which was the Morwell Briquette Factory—it was part of the old State Electricity Commission of Victoria. This place has a lot of history. They are exporting their briquettes to a number of new markets,
most notably Korea. Korea is a country which we acknowledge in this place to be a substantial new market for Australia. In my electorate, we have—I am very proud of this fact—a company which has forged links with Korea and is doing its bit to develop credibility in the relationship which needs to exist for new relationships to blossom, as the relationship between Australia and Korea grows stronger over the next five or 10 years. So 220 people are employed at Energy Brix, creating briquettes and exporting them successfully to those countries.

It would be remiss of me not to mention some of the potential we have in our companies to develop themselves into successful exporters. I want to mention briefly the Piano Hill Cheese Company in West Gippsland in my electorate. It is one of a cluster of speciality cheese manufacturers in the West Gippsland district. It is a fantastic family owned company. They have invested a great deal of money in developing their business, which employs six or seven people, all members of the family, and produces some absolutely fantastic cheese. They work to a very strict environmental code and have a Demeter classification—basically a very stringent and very strict set of environmental guidelines within which they have to operate their business. This is the future which they see for the dairy industry—speciality cheese manufacturing and strict environmental control which will enable them, as their business grows, to consider export markets which focus on that type of product.

Increasingly, people are turning to Australia, largely as a result of the successful marketing we have employed over a number of years of our clean, green image. Piano Hill Cheese, with its very strict environmental controls and Demeter classification, will be well placed to pursue these markets overseas as they go through that stage of their business of developing perhaps larger capacity so as to supply world markets, and as they go through that next stage in marketing their product internationally. That is the real test for us. We need to be able to provide programs which are administratively simple and straightforward so that they are not a huge burden on business and small family based companies with great products, like the Piano Hill Cheese Company, can access those programs without thinking, ‘If I try to get onto this program, I am going to be crushed by paperwork.’ That is not the right way to go. We have to make sure that these programs are streamlined, simple, straightforward and easy to access for small family based companies. They might employ only six people right now, but they have a great product and there is a great world market to get into. If they are able to do that, their growth could be limitless. They could become the next great employer in West Gippsland, which we would very much like to see.

In discussing matters to do with trade and export market development, it is appropriate to consider some of those things which we do not always give a lot of consideration to when we talk about traditional export markets, and that is, of course, the export market which exists in terms of education. I am very fortunate, and our district is very fortunate, to have an outstanding campus of Monash University based at Churchill in the Latrobe Valley. It is one of our largest employers and it has a large number of international students. We are better off in the Latrobe Valley for having these international students in our district. By all accounts, they have a great time when they are with us. The Latrobe Valley is well known for its hospitality and for its welcoming of new people to our district. These students come to us as new people to our country and they really enjoy the three or four years that they are based in the Latrobe Valley doing their studies. They develop great friendships with local people, which further enhances and develops the relationship that exists between our nation and those countries from which they have come. Of course, it is a substantial earner for Monash University. Having those international students at Monash University provides Monash University with more revenue, which enables it to do more things for the other students as well as for those students who come to us as international students. We
need to look at new ways of developing more of that sort of thing.

In particular, we should be looking at ways in which we can develop regional universities and regional campuses, like mine, as perhaps the preferred destination within Australia for those international students. A lot of international students come to this country and, in my view, we should have more of them. They are fantastic contributors and they build that relationship between countries, as I mentioned. I would like to see a greater focus, in particular, on those universities based in rural and regional parts of Australia. They have a particular advantage in terms of offering a view of Australia which is quite special and unique, and something which those international students would particularly enjoy.

We are a great export focused district. Our district has made a very good contribution to Australia’s export effort. We want to see more of it. We see our future in export, and we want to see more effort made by the government to develop the potential of regional areas, in particular, to face the world, to develop export markets successfully for their businesses and to create those jobs which are so important to us in districts like the Latrobe Valley and West Gippsland.

Mr PROSSER (Forrest) (11.17 a.m.)—I rise in the House today to support the Export Market Development Grants Amendment Bill 2001. The bill has a number of provisions which make the Export Market Development Grants Scheme, or EMDG, more flexible. However, the bill’s most important function is that it extends the scheme for another five years. The EMDG Scheme was set to end, with the final grant year under the existing legislation being 2001. The extension of the program for another five years to 2005-06 follows the review conducted by the Austrade board, with advice from Professor Bewley of the University of New South Wales and from PricewaterhouseCoopers. The scheme provides support to business with funding for international promotional activities, by partly reimbursing the expense that eligible businesses incur in promoting the goods and services they want to export. World markets are extremely competitive and, as consumers from all countries become more discerning and are faced with more complex choices, it is important that Australian firms have the opportunity to promote their goods and services internationally.

The EMDG review found that the scheme encourages business to seek and develop export markets. The barriers to export are often great and include finance, cultural barriers, Australia’s isolation and remoteness geographically from other nations and a lack of knowledge about exporting opportunities, just to name a few. These obstacles increase the cost and time to enter into export markets and sometimes act as a deterrent.

Australia is a great trading nation. For the past five years Australian exports of goods and services have grown on average about 17 per cent. Exports of goods and services account for some 19 per cent of our gross domestic product—an increase of four per cent since the mid-1980s. This reflects diversification of exports and a shift to leading edge manufacturing and services.

Australian businesses are working harder and smarter. I saw a fabulous advertisement on an Ansett flight back to Perth just the other day. It was done by a group of business consultants. Essentially, the scene is the running of the bulls, except that it is not bulls that are chasing down and injuring the runners but squirrels. One runner, clearly overcome, says at the end of the ad, ‘The squirrels are quick and even though they are small they cannot be underestimated.’ I think that Australia’s SMEs are in much the same position. We have many competitive advantages in Australia, and it is important that we as a government support our SMEs, and the EMDG Scheme is one effective way of doing that. The EMDG Scheme delivers about 3,000 grants per year, averaging some $45,000 for smaller firms. As a regional member, I am delighted that 21 per cent of these grants go to regional and rural Australia.

In my own electorate of Forrest, in the 2000 grant year 13 firms shared in $362,562
of EMDG funding. Many members would realise that my electorate is perhaps the most famous for its wine, with winegrowing regions such as the Margaret River and the new region of Geographe. I am sure it is no surprise that some smaller wineries in my electorate are receiving these grants. Other south-western firms have also received funds—firms involved in engineering, sporting goods, meat products, tourism, pharmaceuticals and toiletries. Over the last five years, 34 businesses in my electorate have received $3,359,000. For every dollar paid in EMDG grants, $12 in additional exports is created and therefore it is not unfavourable that there has been a boost to exports in excess of $40 million. This is good for all communities in the south-west of Western Australia.

This amendment bill has a number of important provisions which I believe will prove popular with small businesses in my electorate seeking to develop export opportunities. The provision to lower the minimum export requirement from $20,000 to $15,000 should improve access to the scheme by smaller firms. Reducing from five years to one year the period that family members need to be employed in the business before travel expenses are reimbursed should also be of great benefit to many small business owners. Small businesses are built on the foundation of hard work and sacrifice of a family unit. The bill also seeks to remove the provision that first-time applicants must register their intention to lodge a claim for a particular grant year. Currently, applicants must register their intention to apply for a grant by 30 June of the relevant grant year. This was to ensure that applicants received education and to ensure the efficient administration of the scheme. However, as with most things designed to serve administration, it has often proved to be inconvenient for those seeking to utilise grants. The end result was that those who missed the cut-off date could not be considered for funding despite the likelihood that they would have been eligible. This represented lost opportunities for businesses, for the communities in which those businesses operated and ultimately for Australia.

These three initiatives alone will mean greater access for and be of particular benefit to regional businesses such as those in my electorate of Forrest. Austrade will still conduct a first-time registration and education program, but it will now be on a voluntary basis. Australian businesses, if they are to compete effectively, are required to be flexible and Austrade, which delivers government support to these businesses, should be no less so.

The bill also seeks to remove the requirement that expenses claimed by consultants should be only for short-term consulting arrangements, merges the consultants’ expenses category with the overseas representation category and limits the combined eligible expenses to $250,000 for a grant year. Applicants will be able to amalgamate two years expenses, with a limit of $250,000 for combined expenses in the grant year and the year preceding it. This will be of benefit to many businesses engaging consultants on a long-term basis and those incurring costs above the previous $200,000 cap. The trade fairs expenses category will be expanded to include seminars, in-store promotions, international forums, private exhibitions and similar promotional events. The Hon. Clive Griffiths, a previous Agent General for Western Australia in London, was a driving force for organising in-store promotions of Western Australian products. These in-store promotions exposed Londoners to the freshness and outstanding quality of Western Australian produce, including food and wine, and resulted in a boost in trade from Western Australia.

The bill seeks to focus EMDG funding on small business by requiring turnover to be less than $25 million, provides increased flexibility for the time in which applicants for EMDG funding provide further information to Austrade, streamlines insolvency provisions and requires EMDG applicants seeking funding to hold an Australian business number. The increased flexibility and the extension of the Export Market Devel-
opment Grants Scheme—combined with the new business tax system, under which exporters are not taxed like they were under the wholesale sales tax system—show that the government is committed to exporting businesses and ultimately mean that Australian exporters can now be more competitive. If you have competitive exporters, it means you get results such as the first trade surplus since 1981, which was recorded in the June quarter. This has great benefit to those businesses who are exporting, to the employees of those exporting businesses and ultimately to communities such as those in my electorate who support these export successes.

I do not think there would be anyone in the south-west who would not be proud of our local businesses shining on the world stage. This brings me to the subject of world trade and globalisation. Our lives are at a very fast pace these days and there is a temptation to try to make the world stand still or slow down so that we can catch up. Many people want to get off the treadmill. Globalisation is a buzz word; it does not mean much, and many people have their own understanding of it, but it has become a label that people use to express what they think is wrong with a whole range of issues. Barely anything is ever said about the flip side of the so-called globalisation issue—the importance of the role of exporters in my communities in the south-west, and indeed in communities across Australia, and the contribution they make. I want to place on record my support for the Minister for Trade in his efforts to increase the profile of exporters in Australia and knowledge of their importance to our economy. I think the key to a happy medium is to explain and to have an open dialogue and a constructive dialogue about these important issues, without ridicule from either side. It is a testament to the robustness of our democracy that we can have a debate on these issues.

Finally, I want to place on record my admiration and congratulations for all those firms in the south-west exporting their goods and services to the world, taking advantage of excellent economic conditions provided by the federal government, such as lower interest rates and lower taxes. Our exporters are helping to build our communities, and assistance such as the Export Market Development Grants Scheme is worthy of support. The exporting success of Australian companies is very well known. The role of many small firms in my electorate and many other electorates needs to be commended. People in them work hard and try hard. We need to get our products into many markets. Australia has a reputation of being clean and green, and we should build on that. We have great opportunities in world markets, but we need to promote the good things we do and get them into the markets.

I commend the Minister for Trade for the work that he has been doing to get access for our products to many world markets—world markets that we were previously locked out of. We now have a great focus from this government and this minister to be able to penetrate those markets, to gain access to those markets for our produced goods, for our export goods. Many successes in regional Western Australia, whether it is in furniture manufacturing, cheeses—as my colleague previously mentioned—wine exports or other food products, are helping to generate jobs in regional areas and export growth for Australia, with great input to jobs and communities. I commend the bill to the House.

**Mr Griffin (Bruce) (11.31 a.m.)—**We are here today to debate the Export Market Development Grants Amendment Bill 2001, which has the support of the opposition. I would like to talk a bit about the actual scheme itself—what it does—and then make some comments, in particular with regard to what has happened to the scheme over the last few years under the current government. I am going to quote extensively from some information provided by the Parliamentary Library to make some points in respect of that.

The bill extends the life of the current Export Market Development Grants Scheme for five years until the end of the 2005-06 financial year. The bill also affects aspects of the administration of the scheme which are intended to improve access to the scheme by
smaller Australian businesses. The EMDG Scheme has provided support to Australian exporters since 1974. It has been reviewed and modified on a number of occasions. The last review was undertaken in 2000 at the request of the Minister for Trade. The 2000 review was conducted by the Austrade board with the assistance of a steering committee comprising representatives of industry and other government agencies. The results of the review were published in June 2000 and included a review of the EMDG Scheme by PricewaterhouseCoopers and an econometric analysis of the effectiveness of the scheme by Professor Ronald Bewley of the University of New South Wales.

The current EMDG Scheme provides direct financial assistance in the form of tax-able grants to small and medium sized businesses to assist their export promotion activities. This is paid as a 50 per cent subsidy for marketing and promotion expenditures. Eligible SMEs may receive eight grants of up to $200,000 in total. The budgetary cost of the EMDG Scheme is fixed at $150 million per year, as are administration costs which are fixed at a maximum of five per cent of budget funding, which is $7.5 million. Around $143 million is therefore available to new and existing exporters each year. Since the grants are taxable, currently up to 36 per cent of grants could return to consolidated revenue in the form of company tax. In 1998-99 there were over 3,000 recipients of EMDG Scheme grants, with the average grant being around $45,000.

Grants are available to Australian based businesses—individuals, partnerships, companies, associations, cooperatives, statutory corporations or trusts—which are developing export markets for Australian goods, services, intellectual property rights and know-how. More specifically, eligible goods and services, intellectual property and know-how include: goods made in Australia that have at least 50 per cent Australian content; goods made outside Australia, of which at least 75 per cent of their components have 50 per cent or more Australian content; services delivered outside Australia; services delivered within Australia to non-residents and inbound tourism services; trademarks owned, assigned or first used in Australia; and know-how resulting from substantial research or work performed in Australia.

For a business to be eligible for a grant, it must: be spending at least $20,000 a year on eligible export promotions—for the first year, a business may combine two years expenses to meet the threshold; have annual export earnings of less than $25 million; have a total income of less than $50 million; have received less than eight grants; and not be under insolvency administration. There are six categories of eligible expenses under the scheme: overseas representation—the cost of maintaining ongoing and long-term representation; market visits—$200 per day travel costs allowance for accommodation, entertainment, et cetera; communications; the provision of free samples; trade fair literature and advertising; and short-term marketing consultants. Expenses that cannot be claimed include those that: relate to trade with New Zealand; are of a capital nature; are commissions, discounts and sales related expenses; are subject to reimbursement by a third party; and are fraudulent or related to an illegal activity—fair enough.

This scheme dates back to 1974 under the Whitlam government and was reviewed by all governments since but it was particularly adjusted into its current form under the Hawke and Keating Labor governments. It really shows the commitment of those governments to modernising and internationalising the Australian economy. We need to look at the question of how we can develop our export capacity, particularly utilising what I think has been the strength of the Australian economy over the last four or five decades, and that is the development of innovative small and medium sized businesses that can go out and compete—particularly in niche market opportunities, which is where I think many of us see the principal future that we have on an industry basis in developing export capacity and possibilities. That thriving export culture is very important to Australia. Our market is too small to sustain our businesses. Studies have consistently shown that exporting companies provide better
paying and more interesting jobs than those that rely solely on the domestic market.

I mentioned the analysis by Professor Bewley which showed, as I understand it, that every $1 provided under the EMDG results in approximately $12 in additional exports. That does not take into account other issues around the question of tax revenue and other positive economic spin-offs and employment in other areas. The funny thing is that despite its success this particular scheme has been slashed by the Howard government. The real level of funding in 2001-02 will be 37 per cent lower than funding in 1996-97, the last year of Labor's administration of EMDG. The number of grant recipients under the scheme has also declined steadily since 1996. If we look at Professor Bewley's analysis we find that, if Labor's levels of funding had been maintained, an additional $90 would have been available under the scheme in 2001-02, which would have resulted in over $1 billion in additional exports and $16 million in additional tax revenue.

We see here another example of what the Howard government has done in relation to small business. It talks about being a government of small business; but when it comes to the crunch and we look at the GST and decisions taken on grants schemes such as this, we see that the real agenda of the Howard government is to talk about assistance. In the end, talk is basically what businesses have been getting—talk and more paperwork. When we look at the effect of the GST and at what could have happened with schemes such as this but has not occurred, we see a great missed opportunity for the future. The scheme needs to focus a lot more clearly on the needs of small businesses that are considering exporting for the first time. Often those businesses will need very basic assistance in order to be able to export and to have the opportunity to take advantage of schemes such as this. If that opportunity can be taken up, and if those circumstances can be picked up by government schemes such as this, we can see a situation where small and medium sized businesses will do a much better job in exporting in the future. That is what this bill is about, but it is inadequate; it does not go far enough. More will need to be done to the scheme, and after the next election it will be done because we will be looking at the scheme, making changes and ensuring that it has better capacity and is a much better vehicle for small businesses in Australia to go out and earn export dollars.

Mrs MOYLAN (Pearce) (11.39 a.m.)—I rise to speak on the Export Market Development Grants Amendment Bill 2001. There is little doubt that for an island continent with a small population base the future living standards of all Australians rely on the capacity of our business sector to expand small domestic markets into the growth areas of export. History has demonstrated that any country that tries to live in an economic vacuum by ignoring the imperatives of the global marketplace is destined to remain an economic basket case. There have been many studies conducted that demonstrate the importance of developing export markets in maintaining and raising the living standards of people in this country. At a personal level, export earnings are relevant to work opportunities, to income and, indeed, income levels; at a macro level, they are vital for healthy balance of trade figures.

Studies by Austrade released in June last year in a report titled The review of the Export Market Development Grants Scheme found that exporting companies paid their workers an average of $17,400 more per annum than non-exporting companies, and they were also more likely to provide staff with safer, healthier workplaces, more training and a greater commitment to career development. So there are many ancillary benefits from developing and expanding our export market responses. The above average wages paid to employees of exporting firms, as
outlined in the review, are not confined either to larger organisations. About 30 per cent of small exporting businesses with fewer than 20 employees pay above average weekly earnings, compared to 12 per cent of non-exporting businesses. The report also revealed that exporting businesses provide a greater share of full-time jobs: 91 per cent compared to 69 per cent for non-exporting companies. Similar differentials were evident in permanent jobs—for example, 90 per cent for exporting companies and 72 per cent for non-exporters. Startling figures were revealed by the report in regard to innovation of management. Exporting companies, for example, were more connected to the new economy, with 69 per cent using the Internet services compared to 28 per cent of non-exporting companies. Studies have revealed that knowledge transfer is a very significant benefit that flows from operating in an international environment and is also a good economic reason for exporting.

Australia has doubled its export growth in the last decade and diversified both in terms of geographic areas to which it exports and in terms of industry sector breakdown in the types of goods and services exported today. In the past, commodities and manufactured goods have featured prominently in our export mix. Some say, of course, that Australia rode on the back of the sheep because we had a huge trade in wool. That continues, and my electorate contributes significantly to exports of wool, wheat, barley and other grains. Canola, for example, is a huge export now coming out of my electorate. But today we have a wide range of people, and an individual in my electorate has become an internationally renowned musician. This individual has been the recipient several times of export development grants and so he has been able to develop his expertise in a particular area of the music industry and has done extremely well. The bill also covers tourism, and I am very pleased to see the bill take particular note of the requirements in this scheme of people who want to export more of our tourism products. Our wine has increased in value as an export product, and horticulture, agriculture and manufactured goods, all exported from my electorate, are making a contribution to our export outputs.

For most small and developing businesses, entering the export market is an enormous commitment, with arguably greater risks to a small corporation perhaps less able to absorb mistakes that can easily be made when one ventures into export markets. Export markets take longer to develop and, in most cases, small businesses need to launch into export markets from a solid domestic base. An investment of both time and capital is required to reach export markets. Apart from the normal commercial considerations, there may be additional hurdles: cultural, language and special geographical needs have to be considered, and this takes special entrepreneurial dedication, commitment and skill.

The bill extends the life of the Export Market Development Grants Scheme for another five years, and it makes important improvements to the operation of the scheme. The Minister for Trade has considered the recommendations of the review in relation to small businesses, and these improve the operation of the scheme, particularly for small businesses, new technology enterprises and tourism. A number of businesses in the electorate of Pearce have benefited from this scheme in the past, and there are some outstanding success stories of people now internationally recognised in their field. Businesses to benefit in my electorate...
receive significant levels of assistance in a wide range of exporting businesses delivering goods and services to various countries.

Overall, the Export Market Development Grants Scheme provides $150 million per annum to support export promotion activities by eligible businesses. It partially reimburses the expenses incurred in promoting exports and 3,000 grants are made each year, averaging $45,000 each, to small firms in all parts of the country. These businesses generated $4.5 billion in exports for this country and employed approximately 54,000 people, specifically to fill export orders. Twenty-one per cent of the grants go to businesses in regional and rural areas. This is absolutely imperative. We are seeing more and more value adding businesses setting up in rural and regional areas. Only very recently in Brookton in my electorate I went to visit a new hay processing venture. The owners had put $5 million into the development of the venture and it is enormously successful. Importantly, it is providing an additional income stream, from processing hay, to the local farmers who are primarily in the business of selling grains. Seeing these grants going to help develop regional and rural export businesses is a very important point that should be noted.

The scheme is widely supported by the business sector and by the Austrade review. It was a very thorough review and I congratulate everyone who was involved in putting that review together. It has been very instructive for the minister and for the government in bringing this bill to the House, and it was a job very well done. It overwhelmingly supports the continuation of the scheme. Professor Bewley concluded in the review that in 1997-98, the $133.7 million provided in grants resulted in $135 million in additional export promotion, and this resulted in an estimated $1.69 billion in additional exports for Australia. So no-one can argue that this is not money well spent. It is. Most of the findings in the report have been accepted by the government and, hopefully, this bill will now deliver the means to continue this effective support for our exporting businesses.

I want next to turn briefly to the main elements of the bill, apart from the extension of the scheme by five years, with a review to be completed then. It is important that we are constantly looking at what we are doing and seeing how we can better develop these schemes in light of modern or contemporary trade. Things are changing very rapidly in the world of trade today, and we need to be responsive. So the idea of extending the scheme for five years and then conducting another review is enormously important to ensure that we maximise the dollars spent by government in trying to improve our export capacity.

The bill reduces to $15,000 the $20,000 minimum expenditure threshold that was part of the former scheme, while providing for a $2,500 minimum grant. This provides small business with a starting point to export, better access to the scheme and an incentive to increase their export market effort in future years. There is no doubt that we have seen some amazing successes: I have outlined one or two from my own electorate where there have been very small businesses, almost micro-businesses, that have been able to succeed as a result of this scheme. I am pleased to see that the minister has recognised the contribution that small businesses can make and has ensured that they can participate in the scheme. The bill also removes the restriction that consultants must be short term only and has merged the overseas representation and consultants categories and capped them at $250,000, thus allowing grant claimants greater flexibility in the range of activities that they may undertake and claim grants in relation to.

It broadens the trade fairs category by including seminar costs, in store promotions and so on. That recognises that our exporters often need to promote their products through events which are similar to but not the same as traditional trade fairs. It denies grants in relation to any form of X-rated material. It makes holding of the ABN an eligibility criterion, which is consistent with the government’s strategy that the ABN be a primary identifier for business dealings with the government.
There are a few other amendments. Again, they are very helpful to small businesses, but they are also particularly helpful to the tourism industry. This bill provides for the payment of grants to businesses that promote attendance by foreign residents at conferences, meetings, conventions, exhibitions and sporting, cultural and entertainment events held in Australia. For the owners of these events, this is a very important move forward in this bill. This gives access to the scheme to professional conference organisers and similar businesses that engage in boosting the numbers of foreign delegates. It also extends the range of export promotional expenses which are eligible under the scheme to include transport, accommodation and meal expenses incurred in relation to visits of overseas buyers or potential overseas buyers to Australia. This is certainly important in the tourism industry where we cannot always take the product to the marketplace. Sometimes the marketplace has to be brought to the product, as is very often the case with tourism. If we want overseas buyers to promote Australian tourism abroad, we have to bring them here and we have to show them what a fantastic country and tourist destination we are. This bill is very important in that respect. It provides better support for businesses that need to invite potential buyers to Australia to see their products; as I have said, this is especially so with tourism.

In response to industry representation, the requirement that first time claimants must register with Austrade before applying for a grant will be removed. There are a couple of technical amendments to this bill which are also quite important. There are also some especially helpful aspects to this bill which will assist small business further. The government is providing the $2,500 minimum grant and is lowering the threshold from $20,000 to $15,000 to improve small business access. Bringing into the scheme firms spending only $15,000 on export promotion will encourage them to invest more heavily in export promotion in future years. Small businesses also benefit because most applicants to this scheme are small businesses—for example, 90 per cent have export earnings under $5 million, 70 per cent have a turnover under $5 million, 70 per cent have a turnover under $5 million and 65 per cent of applicants to the scheme employ fewer than 25 employees. They are important steps to further assist the small business sector.

Some people argue: with the low Australian dollar, do we need to be spending government money on the Export Market Development Grants Scheme? We do need to keep encouraging businesses to export and, really, there is no better time—and that is particularly so for our small businesses. We need more Australian businesses to be exporters for all the reasons that I outlined at the beginning of my address today. With the Australian dollar low, it is a very good time to be encouraging exporting businesses. We have just come off the back of the Olympics, which have given Australia a very high profile and have helped many of our exporting businesses. I believe the impact of that will continue for some time to come. There is a good argument for making sure that we do everything we can to encourage our businesses to enter into the export market. Not only do they as corporations and as small businesses benefit but also there are tremendous benefits to the employees of the companies and to the wider Australian public.

I know there are always issues about the amount of money that is put into these grants schemes and the previous speaker mentioned that. The fact is that there is never an open chequebook or a bottomless pit in relation to these things. The important thing is that, according to the minister, most of the applications that meet the criteria—and there have to be strict criteria—receive grants. It is important that, in the expenditure of taxpayers' money in these schemes, there are no loopholes that allow people who are not genuinely engaged in the business of exporting access to this support. It is important that, in the expenditure of taxpayers' money in these schemes, there are no loopholes that allow people who are not genuinely engaged in the business of exporting access to this support. It is important that schemes like this have strict guidelines and that those guidelines are properly applied, so that people who are genuinely engaging in the development of export businesses can receive the kind of assistance they need.

The scheme has demonstrated that it has worked well, and there is always a need to
continue refining and improving these schemes. I congratulate the minister and all of those who have been involved in this very important review, which has led to this bill which will put into place measures that will help our exporters to go forward with confidence and which will continue to provide greater wealth and better standards of living for all Australians. (Time expired)

Dr THEOPHANOUS (Calwell) (11.59 a.m.)—I wish to speak in general terms in favour of and to support the Export Market Development Grants Amendment Bill 2001. However, in doing so, I want to disabuse the House of some of the self-congratulation that everybody has been going on about. If you listened to the minister and the government members you would get the idea that we were performing so wonderfully in the area of export development and trade that we had virtually reached our maximum. The member for Pearce, in her concluding comments, said that many more companies need to get into the Export Market Development Grants Scheme. Yes, they do, but many more companies needing to get into it, using logic, we should say therefore that we can do a lot better in both trade and export development. I am very concerned about some of its shortcomings. It seems to me that it is one thing to have this grants scheme but another thing to ensure that the direction in which it goes does in fact increase our genuine exports, especially to those countries where our exports should be higher and are not.

In November last year, I visited some countries in Europe, in particular three countries in eastern Europe, and I was absolutely appalled to see the low level of exports and generally trade between those countries and Australia. Our performance in eastern Europe is just abysmal. Do you know what the funny thing is? Austrade itself agrees with that. I venture to say it is not the only part of the world in which we have a problem. There are some areas of the world—the Asian region, for example—where we are doing relatively all right, but the whole eastern European market seems to have been abandoned by us in really achieving anything. Do you know what the sad thing about that is, Madam Deputy Speaker? It is the fact that we have many communities from eastern Europe living in Australia. For example, we have a very substantial and important Croatian community, and I was astounded to find that the exports to Croatia in 1999-2000 were—and you will not believe it—$2 million, and the imports from Croatia were only $10 million. These are Australian figures. How can it be that we can have such a huge Croatian community—very vibrant, very active—and then, when it comes to trade with such a country, our performance is so pathetic?

You might think that this is just a one-off—that it is just Croatia—but go next door to Hungary. What do we find in Hungary? We also have a very big Hungarian—although not as big as the Croatian—community here in Australia. You might think that with such a cultural link with Hungary we might have a very substantial export situation. The total exports to Hungary in 1999-2000 were $7 million. Pathetic! Hungary did better: they exported $78 million worth to Australia. But that trade between Hungary and Australia is still pathetically low, especially since Hungary is one of the most dynamic of the eastern European economies. We do better with another country that I visited, Romania—$62 million—but most of the exports are raw materials. They are not anything processed or anything substantial; they are just raw materials. The pattern that I have just mentioned is repeated throughout the whole of eastern Europe: you can take a whole range of countries, have a look at the statistics and see that our performance is therefore appalling.

Why is this happening? We have export market development grants. Why are we not getting export market development in the eastern European region, especially since we have so many people from those countries living here as Australians of ethnic background? Could it be that Austrade itself and the Department of Foreign Affairs and Trade generally have failed to use Australia’s multicultural resources in the promotion of trade? I would put it to you that it is. I put it to you that there is a failure of the depart-
ment and a failure of Austrade to use qualified people from these different backgrounds to actually move the process of exports to these countries along. We have various chambers of commerce from some of these countries, but do they get any assistance or support from the government? Does the government even have much to do with them? We have qualified people from these backgrounds in the Public Service. Why are some of them not at least involved intimately in the department of trade and Austrade to promote trade with the eastern European countries?

This is going to be a growing market. I have emphasised this because I happen to have studied it quite a bit when I went on a trip to eastern Europe last year. It was a matter that I took a special interest in. I talked to the trade development sections of each of the governments that we visited. I talked to them about trade development, and they are absolutely bursting to have more cooperation with Australia, more investment by Australian companies, more trade, more exchanges—and, meanwhile, we have this pathetic outcome. There are millions of people in eastern Europe, especially if you include Russia. Even if you do not include Russia, even if you just include all the eastern European countries, there are millions and millions of people who have needs and we can supply their needs—not just in raw materials but in a whole range of products and services. The fact that we have the English language should be a major positive, especially in computer related and high-technology industries. There is a crying need for those sorts of services in the English language in these countries. Why are we not doing something about this? Why are we not exporting, for example, educational services to these areas? I was wondering—it is not clear from the bill—whether educational institutions are able to get access to the export development grants in order to export their educational services to these places, which have a very big need not only for the teaching of the English language but, more broadly, for the teaching of computer skills and skills in high technology. We could have sections of our colleges and universities working in these areas and exporting our products and services and even our educators.

It seems to me that one of the most important things is not merely to expand the export development program but to target the program to encourage business. What is Austrade going to do—simply sit there and wait for people to come to it? Why does it not actually encourage people to make applications? Why does it not do more in that area? I know that it says that it does some things, but I am very disappointed with the outcome in eastern Europe. I am wondering in what other parts of the world we may have a similar problem. Perhaps we have been so obsessed with focusing on the Asian market alone that we have ignored some very important markets in other parts of the world.

Let us talk about the Asian market. We started off quite well in the Asian market, but we are starting to go backwards. There are many other countries now trying to seize a chunk of the Asian market, especially in major industries. Look at the competition in China between companies, for example. There is huge competition from companies all over the world wanting part of the Chinese market. The government says that it wants to promote tourism, the government says that it wants to promote investment in Australia, but let us say that we have a Chinese businessman who wants to come here on a so-called short-term business visa to have a look at possible investments, possible purchases of products from Australia or perhaps a joint venture where they produce something that is exported to China. What happens? To get a short-term visa, that person is subjected to some of the most extraordinary processes. I have raised this matter before, but I raise it in the context of the contradictions in the government’s policy.

The Chinese press in Australia is constantly reporting stories about potential delegations of business people who are rejected for visitors visas or short-term business visas
to come and have a look here for investment purposes or for buying products. If you know anything about how the Chinese market operates, very few people are prepared to buy products unless they come and see the product, see where it is produced and see the individuals who are responsible for the export—that is just the way they do business—and we always say to them, ‘You want to bring a delegation of so many people? Well, the department of immigration thinks that maybe one of them might skip; therefore, we’re not going to give you the visitors visa or we’re going to hold you up for three months until you get the visa.’ And yet, if you apply to go to Canada or the United States, you go there and you get the visa the same day.

It is like the tourism issue: we signed a special agreement for tourism with China and we said that we wanted to promote tourism from China. But China is not in the ETA system, like so many other countries—dare I say, like countries in western Europe, not eastern Europe—where people can automatically get tourist visas. No, they have to go to the embassy and get a tourist visa. The problem with that is that a huge number of them, an unconscionable number, are rejected. It is not just those who are rejected; those who are approved are subjected to a lengthy process and virtually have to tell their whole life story, all their circumstances—for what? For a visitors visa.

Mr Slipper—Do you know why that is?

Madam DEPUTY SPEAKER (Hon. J.A. Crosio)—Order!

Dr THEOPHANOUS—Look, you are not about to tell me anything about this. I have studied this, and I know all about it.

Madam DEPUTY SPEAKER—Order! Member for Calwell, any comment will come through the chair. We will stick to the debate on the bill. If the parliamentary secretary wishes to speak on the bill, I will give him the call. The member for Calwell has the floor.

Dr THEOPHANOUS—The Parliamentary Secretary to the Minister for Finance and Administration raises a question from a position where he ought to be doing the job of talking to the immigration department about the problems created in economic terms—never mind the humanitarian issues—regarding business and economic links with China, to name just one country. There are a number of other Asian countries where this applies. We are losing out. We are losing out in eastern Europe, as I mentioned, because we are not using our people properly. In Asian countries, we are starting to go backwards after a relatively good start.

Let me give another example—and these are actual concrete cases. Let us say that a Chinese businessman comes to Australia—he manages to get a visitors visa—and decides that he is going to invest $5 million in a project. He invests $5 million in Australia and then says, ‘Look, I want to apply for a permanent visa so that I can live in Australia, because I want to run this business more in Australia.’ What happens? He is told, first of all, that he cannot get a permanent visa; he can get a two-year or a four-year visa, depending on the circumstances. Then he is told that, if he gets that visa, it applies only to him and his spouse and children; it does not apply to his parents, his brothers and sisters—even if he wants them to help him with the business—or other relatives. In other words, even if he is allowed a longer-term temporary entry visa, he is not allowed any family reunion.

Mr Slipper—How many should he be allowed to bring in?

Dr THEOPHANOUS—Why don’t you have a look at what Canada and the United States are doing?

Madam DEPUTY SPEAKER—Again, I call to order the member for Calwell and the parliamentary secretary. Address your remarks through the chair, member for Calwell. I remind you that we are talking about the Export Market Development Grants Amendment Bill. All comments will go through the chair.

Dr THEOPHANOUS—I am talking about how we can develop our exports. In order to develop our exports, we have to have the circumstances to develop links be-
tween those people who want to export and those people who are going to receive the exports—people in other countries, businesspeople, who are having all these problems in coming to Australia and being able to bring their relatives here. And let me tell you, since the honourable member raised the issue, this is a real issue. If somebody comes here, even if they get permanent residence, and cannot bring their father, mother, brother or sister and they are investing a lot of money, they are not going to be interested in staying here because other Western countries are offering a lot better conditions. There is competition for the people who are making these key decisions—the people who own the factories and the commercial enterprises in China and other countries in Asia and indeed in the rest of world.

I have raised two issues about this, and I want to conclude by raising one more matter. It concerns the issue of small business and encouraging small business people into the Export Market Development Grants Scheme. I am concerned that such a large number of small business owners of ethnic background are not in this scheme who could be. We have, as you know, many small businesses—some of them having several millions of dollars in turnover—who could be doing more in export development and who are not. I would be interested to know what actions Austrade and the Department of Foreign Affairs and Trade are taking to publicise these schemes properly. I do not just mean putting an occasional advert in an ethnic newspaper; I mean actually going out and talking to ethnic businesspeople about these opportunities and what they can do to link in to their countries of origin especially but also to associated countries. I believe that more can be done in this area.

I know that they put some advertisements into the ethnic media, but you can put advertisements into the ethnic media in other ways. It is not good enough! Austrade presumably have access to all, or a vast majority, of the companies operating in Australia. They could ring up and talk to people in these areas and say, 'Look, let us see if we can promote together; let us see if maybe you can apply for an export market development grant so we can get into this market in this particular country. Let us do more in this area.' I very much support the scheme—

**Mr St CLAIR (New England) (12.19 p.m.)—**I rise today to support the Export Market Development Grants Amendment Bill 2001 and am certainly pleased to see the bipartisan approach that there appears to be to this legislation. I see that this bill has attracted some 17 speakers, with about the same number from either side. I think that shows the bipartisan support for the concept of the addition and the continuation of the amount of money available under this scheme and the fact that it is so important to all of our electorates.

Madam Deputy Speaker, as you will be aware from the contributions of previous speakers, the EMDG Scheme provides $150 million per annum to support the export promotion activities of eligible businesses by partially reimbursing the expenses that they now incur in promoting their exports. A plethora of companies around Australia are exporting—I see them in my electorate of New England in particular; and I will go into some of those shortly—even in the few years that I have been in this place and have been able to get hold of some of the figures and see what is happening in the boom to export.

Australia has always been a strong exporting nation. It has shifted its product base a little from the days of wool and beef and other agricultural products, but certainly they still form a very valuable contribution to exports in this nation and will continue to do so. I think anybody getting into business or looking to expand their business would say that Australia is a relatively small market. We have about 19 million people but an export market potential that is just huge. As people become much more aware of schemes like this, which are put in place by this government to assist businesses to export, they will take advantage of them.

I notice in the few notes that I have got here that this scheme delivers about 3,000 grants each year in Australia, averaging
about $45,000, to smaller companies right around the countryside. These businesses generated in the vicinity of $4½ billion in exports. Again, we are an export driven market, and this shows that, when we talk about employment opportunities and ways of creating employment opportunities, particularly in country Australia, some 54,000 Australians are involved and employed to fill those orders. About one in four people in the country now are employed in the export trade, and that is a significant figure for regional employment, as you, Madam Deputy Speaker, are more than aware.

Twenty-one per cent of these grants, as mentioned, go to businesses in regional Australia. As I look at the grants to my electorate under the previous scheme, I see some $¾ million has been attracted to firms operating out of New England over the last three years, from 1998 through to now. When I look down the list of those companies that have been recipients of grants, I see some very strongly managed companies that are looking to attack overseas markets. They are not the old order takers of the past; they are the salesmen of today. Instead of sitting back waiting for the orders to come, they are actively out there in the marketplace chasing those orders, doing those deals and making sure that the products that we produce get out there.

Amongst the companies that were able to benefit from these EMDGs in the past, one firm in particular, a major lamb processor in the New England electorate, has even got to the point now where, because of its successes in export, one of its plants at the moment is employing about 300 people. It processes about 5,000 or more lambs a day out of this place, for both the domestic and overseas markets. It believes so much in the export market and the drive that all of us are pushing for that it is actually constructing a brand-new processing plant right now in Tamworth. That alone in that city has the capacity to employ about another 250 people.

I know that you, Madam Deputy Speaker, have a keen interest in regional Australia because of your past experience. You know that businesses look to invest their own money in processing plants to provide those employment opportunities which benefit not only the area—in this case, Tamworth—and the region but of course Australia because of its ability to employ people and generate wealth. I congratulate them. It was terrific to have meetings with them and to have the Minister for Trade actually in Armidale the other day to meet specifically with that group so that he could be made aware of this expansion and this absolute commitment by the Jackson family to increase their exports and therefore increase employment opportunities.

Can I just add how important it is and how good it is for Australia to actually have a trade minister that comes out of small business and has a background in stock and station agency work, to be able to know what it is like to meet with large processors here in Australia, to be aware of what they are doing and the magnitude of what they are doing and also to have that experience transferred into the marketplace, whether it is in the middle of Tokyo, London or Paris or indeed in the regional and provincial areas of Europe, where he is able to sell the message about the quality of Australian exports. All praise to him, because he is out there selling Australia’s products.

I remember coming into this House when my colleague the member for Farrer was the Minister for Trade, again a person who comes out of country Australia and who has a very clear understanding of the importance of trade to Australia. The challenge that trade ministers have is that they are hardly ever in Australia, and that makes it exceptionally difficult for them to be even in their own electorates. I have certainly felt for the member for Farrer in the past and I certainly feel for the member for Lyne, the current trade minister, and his difficulties. He cannot, naturally enough, be the trade minister if he has not been elected. It is important that we make sure that the people in his electorate of Lyne understand the important job that the minister is doing on behalf of all Australians.
Mr Fitzgibbon—This reflects some feelings of vulnerability.

Mr St CLAIR—As the shadow minister for small businesses is saying, it is important to make sure that the people of Lyne understand that the work that he is doing overseas on behalf of Australia is also directly benefiting people in his electorate of Lyne. It is very important indeed.

When I look at some of the other recipients of the EMDGs in New England, I come across a little company called Ruddweigh Australia. Ruddweigh Australia happen to be in my home town of Guyra, which is a very small town of about 1,800 people. They have embraced export as a way of increasing their market share and of being able to employ a large number of people within that small town and create new businesses. Ruddweigh Australia is now, I think, in 26 countries around the world selling their weighing equipment. To see them able to take advantage of the EMDGs is a great thing. To see them actually going into joint ventures now in many other countries has been certainly a thrill for all of us in New England, because they are wealth creators, and employing people in this program certainly assists them.

Someone in this place made the comment before that many members may not be aware of grant recipients within their own electorates. I certainly am, and I know many of my colleagues are, aware of these particular industries because they are so vital. Another recipient industry in Tamworth is Jakab Industries, which produce vehicle bodies for ambulances which are exported all over the world; in fact, a large number of them are exported to the United Kingdom. Jakab Industries have been a significant recipient of the grants scheme, and I know that they are certainly part of the creation of wealth and employment opportunities in country Australia.

Mr Sercombe interjecting—

Mr St CLAIR—The ambulances produced by Jakab Industries—for the benefit of the honourable member interjecting—have a number of applications. They have been used as military ambulances in South-East Asia, and have been very well received there. They have also had tremendous acceptance within the United Kingdom—to the point where they have actually been able to invest in the UK in a stretcher making company as an ancillary business—and have been able to access the European market because of the European Union. I think we are all seeing in our electorates innovative companies that want to market their product and create employment opportunities.

The member for Calwell talked about education and about attracting students to Australia, but he was not sure whether the scheme provided opportunities there. It does. From my list of those involved in the scheme, I notice that British Aerospace Flight Training, which is a very large organisation in Tamworth, is providing training for both military and non-military overseas pilots. It is a huge wealth creator and employment generator in Tamworth, in my electorate of New England. It has been a recipient of grants under the scheme. Earlier, I was advised that some of the technical amendments to this bill are to ensure that education exporters are properly accredited under CRICOS. That system is in place to ensure that Australian institutions providing courses to overseas students are on a Commonwealth register. That is important. It might be of interest to the member for Calwell to look at this book put out by Austrade in which an illustrative graph shows that about 150 overseas students have come to Australia to study those courses. That has been very good.

Last year, the Austrade board conducted a comprehensive review of the scheme. I think it is important that all of our schemes are continually updated. It featured broad industry consultation, a survey of the scheme’s clients, and independent analysis by Professor Bewley of the University of New South Wales and by PricewaterhouseCoopers. The independent submissions overwhelmingly supported the continuation of the scheme. That has been the feedback from the people in my electorate of New England. I have spoken to other businesses around Australia that are exporting and they certainly want to see those sorts of things continued. An inde-
dependent analysis by Professor Bewley concluded that in the 1997-98 year nearly $134 million provided in grants resulted in about $135 million additional export promotion, which resulted in nearly $1.7 billion of additional exports from Australia. That is what we are starting to see in the figures for our exports.

The government have decided to accept most of the review findings and to implement them through this bill, which includes an extension of the scheme by five years. I will be out in my electorate selling that message and making sure that our small business operators understand that it will continue. In fact, last week I was with the Minister for Trade visiting Midlands Agriculture, which is a small family firm just out of Guyra that produces smoked trout and smoked eel. I remember visiting that business some four or five years ago when the family was beginning to diversify away from traditional agriculture such as wool and prime lamb and cattle. Four years ago the family were just setting up their tanks—which were outside tanks because they had a lot of land—for their trout growing, et cetera. Yet last week when we visited Midlands Agriculture, we saw the transformation of that small family business. In four years, I have seen that business grow from a small farm growing trout as a sort of hobby and selling their product to local restaurants into an organisation that is now employing not only the whole family but also extra people, and they are looking to export. We are going to do some work with them to see whether we can assist them to get their products into South-East Asian markets such as Singapore. They are supplying major catering and hotel firms in Australia. I think that what Les and Judy Sole, their son Tom and his wife Karina have created is an A-class product that is at the top of the market and that there is big export potential for that market. They are going to be able to access this scheme because it is being extended by five years, and it reduces the minimum $20,000 expenditure to $15,000 while providing for a $2,500 minimum grant. That is good news for them.

The bill removes the restrictions that consultants must be short term only and merge the overseas representation consultants categories, capping them at $250,000. It certainly broadens the trade fairs category by including seminar costs and in-store promotions. I know that Jakab Industries are very much into promotion at some of the very big trade fairs in the UK and in Europe where they can put their wares on display. I know that they will certainly be part of that.

It denies grants in the relation to any form of X-rated material, and so it should—I am sure there would not be any objection to that on either side of this House. There is a necessity to deny those grants, and it makes holding an ABN an eligible criterion. Another finding coming into the bill which is being discussed is the payment of export market development grants to businesses that promote attendance by foreign residents at conferences, meetings, conventions, exhibitions and sporting, cultural and entertainment events held in Australia on behalf of the owners of these events, thus giving professional conference organisers and similar businesses which engage in foreign delegate boosting access to the scheme. I think that is good. Looking back at my list, I note that one of the great companies in my electorate is the one Peter Lloyd is involved with, Australian New Frontiers, which is bringing potential buyers from overseas into this country. I have certainly been part of hosting them here in Canberra so that they can see our national capital. More than that, we are now able to help people access the export market development grants to help them with those sorts of things.

The bill extends the range of the export promotion expenses which are eligible under the EMDG Act to include transport, accommodation and meal expenses incurred in relation to the visits to Australia of overseas buyers or potential buyers. This is about selling Australia; it is not about being an order taking culture. We must get out there and aggressively market ourselves to the world, and that is what our small business people are doing. Again, I take heart from the fact that both sides of the House support it. In
response to the industry representation mentioned earlier, the requirement that first time claimants must register with Austrade before applying for a grant will be removed. In the few seconds remaining, I put a plug in for Austrade. Austrade is the body assisting our businesses to tackle the world. It is an aggressive world marketplace, particularly in Europe and in South-East Asia. We need professionals out there to assist these businesses. I commend the bill to the House. (Time expired)

Mr SERCOMBE (Maribyrnong) (12.39 p.m.)—In rising to speak on the Export Market Development Grants Amendment Bill 2001, I note that the member for New England indicated that the Export Market Development Grants Scheme has bipartisan support and he takes heart from that. We on this side of the House take heart that the government is continuing to support this scheme because, after all, it was a Labor government which introduced this scheme in 1974 and it was this government which in its first term posed a very serious threat to the continuation of the scheme as part of the cost-cutting frenzy in their early days. How times change: they are now spending money like a drunken sailor. Back in those early days, the Export Market Development Grants Scheme was one of the programs clearly under very serious and significant threat from this government. It was the role of the Labor opposition in defending the scheme and selling its merits that contributed quite significantly to its continuation. When the scheme comes back before the parliament for renewal, it ought not surprise the member for New England that we support it.

Very few issues are more vital to a prosperous and vigorous future for our country than continued development of our exports to a diverse range of markets and through a diverse range of goods and services. There is no doubt that this idea of diversity is fundamental in terms of both markets and the range of products and services we have on offer. Obviously, fluctuations in prices and the long-term decline in prices for commodities that this country has traditionally exported put a very high premium on the need for us to be looking continually and creatively at diversification of products. Also, in a world that is rapidly changing in all sorts of ways, there is obviously a need to continually pay attention to opening and growing market opportunities and not to rely on one particular segment of the world for our exports. This scheme is an important component in encouraging that diversity and creative approach.

An export culture also contributes significantly and in quite complex ways to the vibrancy of Australian business. The report produced last year on the review of the EMDG Scheme has some interesting discussion on innovation in Australian business and clearly demonstrates a correlation between positive, best practice outcomes in relation to networking of similar sized and focused firms and strategic alliances, increased R&D commitment, quality assurance, business planning, development of new products, introduction of substantially changed products and regular training of staff. All these things are very important to a vibrant business culture and business environment and correlate very positively with the propensity of a firm to engage in export activities. The benefits of an export culture extend well beyond just the most obvious benefits that arise from our trading position. There is certainly no room for complacency in relation to our trade position. Once again, this illustrates why the renewed commitment and focus on this scheme and other schemes is important. The Financial Review on 24 May carried an interesting article headed ‘Trade in surplus, but that may not last’, which says:

While merchandise exports fell by 10 per cent, a larger 12 per cent fall in imports resulted in a trade surplus—

not necessarily the best basis on which to achieve an improved situation. The article goes on:

But economists have expected export growth to slow from the very fast pace that began midway through 1999.

Against that backdrop there is no room for any complacency. In an article in the Age on
1 June, Louise Dodson talks about one aspect of trade:

Already Australia's trade deficit in IT and telecommunications at around $9 billion in 1998-99 was equivalent to 60 per cent of the total trade deficit.

So in a whole range of areas it is very important that there be no complacency in relation to the importance of this country making continual and creative efforts in relation to this activity. The Export Market Development Grants Scheme has been and will be into the future a very important part of achieving this situation. As I said before, the opposition welcomes this continuation, but it is not continuing at the sort of level that it has in the past. For example, as I understand the statistics, some 3,000 firms are presently deriving benefit from the scheme, but that is some 500 fewer than has been the case in the past, particularly under Labor administrations. Some 59,000 jobs in Australia are presently supported in exports by this program, but that is some 17,000 fewer than in other times. So there is plenty of scope for improvement. As I said before, this program was started in 1974 under the Whitlam Labor government and it is vital, especially for small business, that it be consolidated. It is particularly important that confidence in the scheme run at a high level, given the fairly vandalistic approach this coalition government took to the scheme in terms of raising doubts about its future in the early days of the first term of the government. But this is welcome.

My colleague in the Senate Senator Cook was recently quoted in the following terms:

After dithering for nearly a year the Government has finally agreed to fund a continuation of the Export Development Grants Scheme. But despite its success, the EMDG scheme is still capped, at the same level of $150 million per annum, as it was when it was irresponsibly slashed in the first Costello budget. As a consequence the real value of Government assistance to Australian exporters continues to fall.

Senator Cook goes on:

Mr Vaile is good at riding with the successes of Australian exporters doing well from an ultra-competitive A$. But his job is to create new markets through trade policy and to win the necessary support for trade within Cabinet. On these he can now be judged a complete failure.

I think that is a fairly accurate assessment. We do have a situation, I repeat, where the scheme has been substantially cut back in terms of its potential. Its capping at $150 million is fully 37 per cent less in real terms than was available in 1996-97. Worse, the scheme is to be capped at the current levels for the next five years, thereby eroding its effectiveness. This is particularly disappointing when one realises the more specific benefits that flow from this type of scheme. For example, Professor Ron Bewley of the University of New South Wales, in a study that forms part of the review process, has shown that, on average, a dollar spent on the Export Market Development Grants Scheme resulted in $12 worth of new exports. A PricewaterhouseCoopers survey found that exporters also rated the scheme as highly effective. If the $150 million annual export limit is not lifted—and I think this is a finding of PricewaterhouseCoopers—more than 1,000 exporters will have the value of their grant entitlement reduced over the period. We are saying to the government very clearly that this has been a successful scheme. It is one that clearly produces on a benefit-cost basis a substantial benefit to the Australian economy, yet we continue to have a situation where the government has got its foot well and truly planted on the brake in its approach to these things. Frankly, that is not good enough.

We are not talking here about rarefied things; we are talking about real Australian businesses. When we talk about 1,000 Australian businesses possibly having their entitlements reduced and their capacity to create jobs reduced, we are not talking rarefied economic theory; we are talking real people and real jobs. An article in the Australian Financial Review of 2 May makes a very strong and accurate observation about Australian business and Australian industry. It says:

If a locally made product can flourish against import competition in the Australian market—
and we know it is a very fiercely competitive market—
it is highly likely—
that is, the product—
to be successful in a variety of export markets ...
Australian business certainly can, with the right incentives, the right partnerships and the right support from government, be a fierce competitor overseas, but it does need that encouragement.

The member for New England referred to a number of businesses in his electorate. I would like to read from the review report a little vignette of a particular business from the north-western part of Melbourne, which is where my electorate is. This company is called Va Vite Pty Ltd. Va Vite employs 26 staff. It has its own production facility which is specifically designed for the production of dusters. The review says:

In 1986 Va-Vite received its first EMDG grant. Since then the company has received 7 grants, totalling over $174,000. Mr Neville Miles—the head of the company—
states that, “Without the assistance of EMDG, it is most unlikely that our company, with such a narrow product list and relatively small domestic market, would have had the financial strength or confidence to have been able to target export markets so early in our development”.

The report continues:

“After more than thirty years developing the international lambswool duster business, Va-Vite now finds itself in a mature market with only slow growth prospects. In order to continue growing, they have identified sheepskin paint rollers as a new product line. The marketing of paint rollers will commence—
would have commenced—
in the second half of 2000 with the focus on both the European and US markets.”

So right throughout Australia, including in the north-western suburbs of Melbourne, we are talking about real people, real jobs, a real situation—not just economic theory.

In addition to the criticism I have already made of the government in relation to its approach to the EMDG Scheme—its mean and short-sighted approach, which are characteristics of this government in a range of areas—there are a couple of other points I would like to make. One relates to not putting this scheme on a permanent footing. We have had a series of regular reviews—I suppose essentially piecemeal extensions—and we now have another one. This scheme, after 27 years, has demonstrated its substantial worth to the Australian economy. We all understand the need for this focus, and it is about time that we had legislation that did not just extend the EMDG Scheme on a temporary basis for another five years. We really ought to be putting it on a permanent footing.

Another point I would make arises from the apparent absence in the government’s approach, as far as I can see, of picking up one of the recommendations in the review about extending eligible expenditures to cover bringing overseas buyers to Australia. The report makes the finding that:

Extending eligible expenses to cover bringing overseas buyers to Australia has considerable merit. It should be included as eligible under the EMDG Scheme if a source of funding can be identified.

The discussion in the report that leads up to that finding includes a very interesting observation from a Melbourne source described as Theatre Arts Export, who said:

I understand the cost of bringing overseas customers to Australia was once claimable. I understand that is true. The quote continues:

I would push for this to be reintroduced. The nature of our business is such that international clients would gain a clearer understanding of what we produce if we could afford to finance an educational visit to Melbourne. It takes being amongst the creative atmosphere of Australia to truly appreciate how unique our talent is.

Indeed, I think that is true. We do live in an increasingly lively, interesting society. Melbourne in particular, without wanting to sound unduly parochial, very much fits that description. The opportunities of exporting a whole range of our products—whether through tourism or through the other arts programs and the like—cannot be fully capitalised on unless we do have the opportunity, as that quote in the report suggests, to
bring people here. It is not just in that industry. The same point applies to a whole range of industries: they could bring overseas visitors —overseas buyers—to Australia on appropriate conditions to observe the opportunities. The report recommends it. As far as I can see, the government has not picked that up, and that is regrettable.

Online, Internet and e-commerce costs in respect of exports are another area where it seems to me, from the way the government has responded to this report, the government is not paying enough attention. The findings of the report are:

The EMDG Scheme provides strong support for the promotion of export through the Internet. This support needs to be more clearly communicated to business to encourage more Internet promotion. EMDG is not designed to support any capital or development costs therefore those costs are outside the scope of the Scheme.

However, there is a very interesting quote from the Winemakers Federation in the report:

The industry has recognised the need to develop electronic commerce as an emerging distribution channel. It is seen as especially important in view of the global trend of retail chain rationalisation. The industry has moved to establish its own wine industry portal to facilitate electronic commerce. Export capabilities would be enhanced with a quicker uptake by industry of electronic commerce. Consequently, if the EMDG Scheme targeted electronic commerce uptake amongst participants it would assist those participants in enhancing their export capabilities.

Clearly, unlike the recommendation in relation to overseas buyers, which I referred to immediately before this point, the findings of the review are not unambiguously favourable towards the winemakers’ submission. Nonetheless, it is an area of increasing importance to the Australian economy generally and it seems that we would all benefit from a further look at the opportunities along the lines that the winemakers are suggesting. We could look at the application of the EMDG Scheme to ways that assist e-commerce operations and the like.

Coming back to where I started from, the opposition do welcome the renewal of the scheme. We do, I suppose, claim with pride some ownership of the scheme. We are pleased that the people on the other side have got over their temporary apparent burst of vandalism in relation to this important exercise as reflected in their earlier period in government. We hope they will address some of the other points I have made—and that I am sure other members of the opposition are making—to make the scheme even bigger, better and more successful in relation to promoting Australian exports.

Mr BARRESI (Deakin) (12.58 p.m.)—Today in this debate on the Export Market Development Grants Amendment Bill 2001 I wish to address the important issue of promoting and expanding Australian exports. As we know, exporting and exporting endeavours mean much to our nation. It did not take too many years following white settlement before locally produced goods were leaving our shores. Over many years and subsequent generations, our economic prosperity has been built on agriculture and minerals; to repeat the old cliché, off the sheep’s back and out of a quarry. This led to a very high standard of living for many Australians at the turn of the 20th century. Just like 100 years ago, we in Australia now, at the beginning of the 21st century, have many possibilities ahead of us. Even with a range of external factors that are well beyond our control, it is still fair to say that Australians and Australian businesses have many opportunities open to them.

Australians have always responded to a challenge, whether it is fighting a massive bushfire, dealing with drought or flood relief, or attempting to make something out of nothing—that is, creating wealth and prosperity out of a dream. It is this last point which is the theme I want to pursue today. In the year in which we celebrate the nation’s 100th birthday, we must also celebrate our economic successes, our export successes and appropriately look to the future.

According to a very good publication prepared by Austrade, the value of recorded trade in 2000 increased by 21 per cent to $227.4 billion. Exports rose 27 per cent to
$110.4 billion and imports rose 15 per cent to $116.9 billion. Between 1995 and 2000, total trade increased at an average rate of eight per cent per year. While this includes imports, it highlights the significance of Australia as a trading nation. Our merchandising exports have increased at an average rate of eight per cent per annum over the same five-year period. Our exports of primary products increased by 34 per cent, exports of manufactures rose by 20 per cent and other exports rose by 15 per cent. Passenger motor vehicle exports exceeded $2 billion for the first time, increasing by 41 per cent to $2.3 billion. We are exporting cars. Many years ago very few people would have given Australia any hope at all of being a motor vehicle exporting nation. But here we are, due not only to bills such as this Export Market Development Grants Amendment Bill 2001 but also to various other programs that this government has introduced for the motor vehicle industry over a number of years, helping to create a very viable industry that we can all be very proud of with many spin-off effects to other businesses and suppliers down the line.

The EMDG Amendment Bill continues the coalition government’s commitment to boosting Australian exports. The coalition’s most significant change of recent times has already contributed to a massive growth in exports. The new tax system ensures Australia’s exports are GST free. This can only increase their competitiveness and affordability overseas. Also, we have seen reductions in diesel costs reduce the cost of manufacture and of transporting much of our merchandise exports. Once passed, this bill will ensure that the EMDG Scheme will continue for another five years as well as making a number of other important improvements.

The scheme is making a real impact on the export efforts of 3,000 Australian businesses each year. Last year, 700 of those received a grant for the first time. I know that there will be those out there who will decry this as some sort of corporate welfare, that we are helping businesses to get their services overseas. One of the reasons why we are helping these businesses is that, when combined, they produce $4.5 billion in exports and employ around 54,000 people. With $150 million to be spent each year, the EMDG Scheme is achieving its objective of providing effective assistance to businesses seeking export markets. These businesses are playing on the world stage; they are not large businesses by any means. Eligible businesses must have a turnover threshold of less than $50 million per year. The fact that the Commonwealth government can assist them with a partial reimbursement of their marketing expenses has made, and is making, a difference in their business plans.

Let us have a look at some of the characteristics of the EMDG applicants. Of small businesses, 90 per cent have export earnings under $5 million, 70 per cent have a turnover under $5 million and 65 per cent have fewer than 25 employees. In terms of money on the ground, in the 1999-2000 year Victorian firms alone received almost $34.5 million, and firms in Melbourne’s eastern suburbs—an area which I represent—have received just over $736,000 in the current year. These are businesses that are taking Australian knowledge, Australian exports and Australian services overseas and are certainly making us proud of their endeavours. These are businesses that continue to employ people and, through their growth, we will have further employment for the eastern suburbs of Melbourne.

They are also businesses that do not have the luxury of multimillion dollar infrastructure and a hundred years of established service, they are businesses that often have been created because of one or two people’s dreams—people who have gone out and taken a risk and all they have asked for is some form of assistance from the government. Yet there will be those in the community, including in my electorate—as I am sure there are in the electorates of most of the members in this House—who would believe in the myth that if you are an exporter there is no assistance at all from the federal government. Of course, that is not true at all and the EMDG Scheme is a good example, a tangible example, of that, let alone some of the less tangible assistance that is provided,
as I mentioned before, through tax change, through diesel costs being reduced and by making transport and shipping far more affordable.

In the Deakin electorate we have some good examples of businesses that have been assisted. Daniel Robertson of Nunawading received $10,000 for ceramics; Ecotech of Blackburn, $39,000 for industrial machinery and equipment; Frameco of Mitcham, $60,000 for textiles, paint and other building supplies; and Parker Health Care, again of Mitcham, $16,000 for industrial and medical equipment. These are just a sample of those business which have received support.

Last month, I had the pleasure of hosting a visit to the Deakin electorate of the Minister for Trade, the Hon. Mark Vaile. As you will know, the job of any trade minister—no matter what side of politics they may be on—is to go out and sell Australia to the world. It is very rare to find a trade minister actually visiting the suburbs of our major capital cities, but I managed to tie down the minister for an hour or so to come out to Deakin and to speak to some of the local exporters in the electorate. I was very pleased that he was able to join with me in an informal boardroom meeting hosted by Pronto Software in East Burwood. The minister was able to hear first hand the stories of a number of eastern suburbs exporters, and their stories are ones that I as a federal member am very proud to be able to recount here in the chamber today.

One firm, Showers International, is in the business of lighting and display equipment. In this particular industry segment, they are the firm in the world with a web-based e-commerce strategy. It enables their customers and potential customers to make inquiries and to deal with Showers International from anywhere in the world.

Another company is using EMDG to develop export markets to the United States. The firm of Daniel Robertson, which I mentioned earlier, is a renowned producer of quality ceramic products. It has been exporting for 12 years. Many of its products go to Japan. We are selling Australian ceramics to Japan. Bricks and tiles dominate the building industry, and it is now focusing on moving its products into the United States, breaking into the US market. The EMDG money is helping with that expensive and risky process which will, hopefully, lead to a doubling of export revenue.

Another firm has recently signed a major deal with a very well-known European vehicle manufacturer. MoTec’s products will be used in the Group A touring cars which will roar around Canberra’s streets over the coming long weekend. MoTec’s engine management systems are world-class technology. Even though it is a relatively small firm with only 29 employees, MoTec produces the software and hardware controlling the engines of the cars racing at Le Mans. Its owner, Richard Bendall, is determined that his firm—and Australian businesses—will continue to produce high-quality products that are in demand from various customers around the world. MoTec, like so many other Australian exporters, competes with very sizeable firms that dominate particular sectors or industries. In many cases, its potential customers need to be convinced that they can source quality products from Australia and, more importantly, that Australia has the know-how to produce high-tech products. I am glad to say that MoTec is proving them right and doing a great job in a very specialised area of sport.

At the meeting, the company representatives also raised some very valid concerns, which I will share with the House today. The tariffs applied by various overseas countries on our exports—and other market access issues, such as transportation costs—were viewed as being impediments to productive and profitable exporting. I am pleased to see that, through this government and through this minister, we continue to place pressure on overseas nations to reduce their tariff barriers, as we have been doing over a number of years.

RFI Industries make radio frequency equipment. They export to Singapore, Hong Kong and Korea. I hope the managing director, Kingsley McRae, will be pleased with
the changes to the EMDG eligibility criteria. They are changes he certainly has been calling for. Overall, all these company representatives had positive stories to tell, and ongoing export success. All present had used the EMDG in a very successful manner. Some commented, not unexpectedly, that the EMDG amounts could be higher and could be available earlier in the export market development process. I know that the minister went away from the meeting better informed and, importantly, having a better understanding of the experiences of the businesses of Melbourne’s east.

Over many years, we have seen other grant recipients in the Deakin area. I do not have time to go into all of them today, except to say that each of them has been greatly helped by the scheme, and I know that they continue to survive and prosper as local businesses employing local people in their firms.

Once again, this parliament is debating legislation that is important for Australia and important for my electorate. Unfortunately, there is no coherent or sensible approach being adopted by the opposition, although I do welcome their support of this Export Market Development Grants Amendment Bill 2001 today. However, we do hear one thing that Labor are very good at. I can hear it being said in the corridors of Labor: ‘After all, it will not hurt ordinary working men and women.’ I can hear them saying, ‘Australians do not buy exports. It does not matter if they are more expensive.’ I can anticipate the headline now: ‘Labor’s new policy: making the rest of the world pay its fair share’.

Looking at it another way, Labor may as well say of its priorities for government, ‘We want to reduce the competitiveness of Australian businesses.’ Of course, I am sure the member for Melbourne will be out there saying, ‘That is not at all what we are going to be doing. We are going to be able to achieve everything and juggle all the balls in the air at the same time and not have any of them crashing down onto the floor.’ While Australians wait for Labor to adopt a constructive attitude to public policy, the coalition is getting on with the job of making Australia a better place to secure our future. The coalition has a good record of helping Deakin based exporters to make a real go of it on a very competitive world stage, as I have already outlined.

Last year the Austrade board conducted a comprehensive review of the scheme, featuring broad industry consultation, a survey of the scheme’s clients, and independent analysis by a respected university professor. Industry submissions overwhelmingly supported the continuation of the scheme. Professor Bewley concluded that, in 1997-98, $133.7 million provided in grants resulted in $135 million in additional export promotion and this resulted in an estimated $1.69 billion in additional exports for Australia. That is an incredible return on outlay—one which after the next election, and they say they will be spending millions more on export promotion. Talk is cheap, and one sometimes wonders where the money will come from. Some think that rolling back the GST sounds good, but what does it actually mean? Perhaps in the case of EMDG it may mean removing the GST-free status from exports as a means of funding many of the promised changes and the programs that are going to need to be funded. For some it may be a good policy idea—one more way of raising more GST—to once again tax exports. I can hear it being said in the corridors of Labor: ‘After all, it will not hurt ordinary working men and women.’ I can hear them saying, ‘Australians do not buy exports. It does not matter if they are more expensive.’ I can anticipate the headline now: ‘Labor’s new policy: making the rest of the world pay its fair share’.

Ironically, only recently the opposition have sought to criticise the government for not spending enough on export promotion and marketing. It is very easy to talk, and Labor had 13 years in government. They believe they will be in government again...
is real testimony to the ingenuity and the hard work of Australian exporters.

The review reported that the scheme was an effective way to encourage Australia’s smaller businesses into export and recommended that the scheme be extended for another five years. The government has decided to accept most of the review findings and to implement them through the Export Market Development Grants Amendment Bill 2001, which we are debating. It extends the scheme by five years, with a review to be completed by 30 June 2005. It is the coalition that is providing certainty for Australia’s exporting community.

This bill reduces the $20,000 minimum expenditure threshold to $15,000, while providing for a $2,500 minimum grant. This provides small businesses which are just starting to export with better access to the scheme and an incentive to increase their export market efforts in future years. It also removes the restriction that consultants must be short term only, merges the overseas representation and consultants category and caps them at $250,000. Accordingly, grants claimants will have greater flexibility in the range of activities that they may undertake and claim grant in relation to.

The bill broadens the EMDG trade fairs category by including seminar costs, in-store promotions, et cetera—again, recognising that our exporters often need to promote their products through events which are similar to but not the same as traditional trade fairs. This legislation, as amended, will also provide for the payment of EMD grants to businesses that promote attendance by foreign residents at conferences, meetings, conventions, exhibitions and sporting, cultural and entertainment events held in Australia on behalf of the owners of these events. It extends the range of export promotional expenses which are eligible under the EMDG Act to include transport, accommodation and meal expenses incurred in relation to the visits of overseas buyers or potential overseas buyers to Australia. This provides for better support for businesses that need to invite potential buyers to Australia to showcase their products and services, and Australian ingenuity in the security of buying from Australia.

Very importantly, under this amendment the requirement that first-time claimants must register with Austrade before applying for a grant will be removed. The bill also introduces a number of technical amendments which I will not go into this afternoon as I am sure they have been covered by other speakers. Overall, the EMDG bill is one which I am pleased has received unanimous support from both sides of the political spectrum. The coalition parties—the Liberal and National parties—have demonstrated through this bill and various other measures that we have introduced for local businesses that we are the parties which best represent Australian businesses, their owners and employees. We are committed to promoting exports as this means jobs and wealth for Australians. The scheme has been a great success and I look forward to hearing reports of the continuing success of those Deakin businesses which are exporting their products and services to the world. I commend the amendments to the House.

Mr RIPOLL (Oxley) (1.18 p.m.)—It is with great pleasure that I rise to speak on the Export Market Development Grants Amendment Bill 2001. It is a great pleasure because, as with most bills, there is some great change but also positive change and it is good change for business and exports. It is also good for Australia generally. There is no doubt that Australia relies heavily on export markets for revenue and for jobs locally. No one could deny the fact that a great deal of money is spent on the EMDG Scheme, but it is money that I believe is very well spent. The bill makes a number of changes to improve the scheme, and also to extend it as a result of the recommendations that were put forward by the review board. The scheme would have ended in July 2001. The bill seeks to extend the scheme by five years—to 2005-06—with another review mechanism in the future.

The further extension of the scheme for five years is probably the most important
part of this legislation. In my consultations and discussions with exporters, I know that this was of great concern to them. There was a whole range of uncertainty about whether the scheme would continue into the future or just cease to operate. I know the government made some blurred attempts last year to give some confidence to business in terms of the scheme being continued, but it certainly has been some time in its coming. However, it is much appreciated now that it is here.

The legislation also takes into account the minimum expenditure threshold and reduces it from the $20,000 to the $15,000 required to access the scheme to begin with. This is a good move because it recognises that some smaller businesses in particular may not be able to reach that initial $20,000 as easily as they would the $15,000. It is a positive move. Reducing the period that related family members need to be employed in a business before they can access travel expenses and be eligible under the scheme from five years to one year is again a welcome move and will further broaden the ability of Australian exporters to be able to do their bit and access foreign markets.

The bill also removes the requirement that intending first-time claimants must register with Austrade before they can apply for a grant. Again, this is just a simplification. It makes it easier for people to apply. In the climate which other speakers have mentioned—and I will do so—there are not that many exporters, I believe, that actually know what is available to them through Austrade or this scheme, particularly people who may not yet be exporters but have a potential to export. Not only are the changes contained in this bill good and worthy but also there needs to be a focus on giving business with the potential to export more information so they can access this very good scheme.

The bill also removes the requirement that marketing consultancies must be short term to qualify. It also broadens the expense category related to trade fairs. All these things are positive and worth while, and they are certainly supported by this side of the House.

I will move on to the eligibility criteria. To be eligible for this grant, you must make your goods here in Australia and have at least 50 per cent Australian content. If you do have goods that are partly made outside of Australia, at least 75 per cent of their components must have Australian content of 50 per cent or more. So this scheme does put in place eligibility requirements to ensure that it is not abused but is used by Australian manufacturers and service providers to be able to go out and seek markets other than local markets.

There is also a requirement that the services delivered be delivered outside Australia—otherwise it would not be an export grant—or, if within Australia, only to non-residents and inbound tourism services which are related to export services. There is a requirement that the trademarks are owned and that there is know-how resulting from substantial research or work performed in Australia. There are a number of similar eligibility requirements, which mean that only those who are going to use the money for its intended purpose—that is, to give businesses the crucial assistance they need to be able to go into difficult markets overseas and establish a presence to market themselves to be able to make a go of things—receive that money. I think that that in itself is quite good.

In my electorate, a number of local firms use this scheme and the grants it provides. When I got the Austrade document with the list of grant recipients for the financial year 1999-2000, I was quite surprised to find that there were 21 recipients in Oxley, my federal seat. I did not see my neck of the woods as being an electorate which was heavily oriented to the export market. We certainly are an industrialised area with many small and large businesses, but the sheer number of them, the number of grants they have received and the different types of business they are in, surprised me. I want to go through a number of them. Tourism, for example, in Ipswich has received some grant money. Textiles, paint and other building supplies companies have received grants. There is also agriculture, which one might
associate more generally with export markets. But certainly the trend in Australia of exporting has changed greatly, and it is no longer based purely on exporting the wool off the sheep’s back. A whole range of industries, from tourism to sport to services, really bring home the revenue for Australians and provide the jobs. Such things as chemicals from Dinmore, clothing, furniture, jewellery, sporting goods and industrial medical machinery have received quite substantial grants. The list goes on, covering a whole range of different products, goods and services.

One in particular that I know of personally and have had consultations with is a brick and paver manufacturer called Claypave in my electorate. When you mention a brick and paver manufacturer, most people might wonder what such an enterprise would be doing trying to export goods. You would expect that their market would be a local market, a domestic market, an industrial market, including the housing industry, commercial projects and that sort of thing, affected locally by transport costs and a range of other factors which might limit their business to a particular area. Much to my surprise—and I am sure to a lot of people’s surprise—this company making bricks and pavers relies heavily on export markets for its growth and for its potential to employ people. This company has been exporting for quite a number of years and has made extensive use of the EMDG Scheme and is very happy with the scheme, although it believes that there are a number of bureaucratic processes in the scheme which probably could be streamlined and that the scheme is perhaps a little bit too narrow.

As I said earlier, there was certainly a lot of uncertainty about the continuation of this scheme. One of the points that the minister could take note of is that maybe we need to move beyond the temporary nature of the extension and further review to a more permanent arrangement whereby we recognise that Australian exporters have a legitimate access to government assistance in order to be able to go and explore markets overseas, because in return these companies grow, their markets grow, they provide jobs, they pay taxes and they contribute to the economy.

In a moment I will go into some of the research that has been done about the sorts of benefits provided by these exports and the direct relationship between the dollars spent by the government and the return to the economy and what that provides locally. I want to raise a couple of further points about how the government should view this scheme. This is not a scheme that, in essence, costs money. While it costs money to implement it and to provide the grant, the return is much greater. According to the studies I have access to, the return is in the order of 12 to 1. For every $1 spent, there is a return of $12 in export revenues to this country, and that translates directly to jobs.

The way this should be looked at and approached by government is as a strategic partnership with those companies going overseas. They need assistance to be able to go into difficult markets, to be able to market themselves and to grow those markets. They do not need that just initially but continually. In my discussions with exporters, they have said to me that, even after many years in a particular market, you may come to realise that the area you have been pursuing has changed and that there is a new market which is opening up and developing which you want to go into. So it is a constantly changing field, and there needs to be enough flexibility in this scheme to be able to accommodate that and to be able to provide for these industries.

It is also the case that there has to be—and there is through this scheme, which is what makes it such a good scheme—a shared risk, shared with government. Some confidence is given to business that government will supply, through this grant, money for people to be able to go and promote their products, whether it be in Japan, South-East Asia, the Americas or wherever it might be. The shared risk element gives greater confidence to business that it is not standing alone. Not only do the people at Austrade do a very good job overseas in providing assistance,
but this confidence about which exporters
tell me results from sharing the risk, sharing
the costs with government. So it is more than
just the money itself—it is the confidence
that is built into this scheme in saying, ‘Gov-
ernment will take a risk with you and pro-
vide you with not only some expertise but
some dollars to back you up.’ These are very
important parts of the scheme.

The scheme itself, as was mentioned by a
previous speaker, was set up by Labor in
1974 and has been moulded and changed
over the years, particularly through the
Hawke-Keating governments. This govern-
ment has gone further and made a number
of changes that were recommended in the board
review. The government certainly should be
commended on taking those changes for-
ward. A number of recommendations were
not taken on board. In particular, there was
one about the cost of overseas buyers coming
into Australia. This is something that the
government should look at again and perhaps
amend, to ensure that if buyers make the ef-
fort to come to Australia, perhaps sponsored
by companies here, those companies can
have access to the grant money in order to
get those people here and to sell their prod-
ucts to them. You do not necessarily always
have to travel overseas, although that is the
most common way of doing it; maybe you
can invite a buyer here. Once the market is
through establishment phases, a substantial
buyer might come to Australia, the company
being supported in its efforts to promote that
so that it can sell its products into overseas
markets.

There is another important point to note.
This government has had over 12 months to
implement the recommendations of the re-
port. Often the government has to be dragged
kicking and screaming to do things. I will not
quite say that it has been dragged kicking
and screaming to bring forward these
amendments, but it certainly has taken its
time. We have heard other speakers talk
about the government’s record, Labor’s rec-
ord and so forth, but it is more important to
say that everybody out there supports export
market growth. Everyone understands and
knows that there are many jobs tied to those
export markets, and the critics of certain
funds going out to those companies that try
to expand those markets really need to have
a good close look at where their employment
perhaps comes from.

Again I will use an example from my
electorate. Claypave is a brick and paver
manufacturer which last month recorded
production at two-thirds capacity purely for
the export market, a market that that com-
pany has developed substantially because it
has had access to the EMDG Scheme. It is
quite important to understand that this local
company, which employs 200 people and is
in a labour intensive industry even though
others in that industry have moved to more
mechanised systems, finds that because of
the quality control systems put in place by
the company and its workers it is able to
supply into very fickle markets, particularly
the Japanese market, a high quality product
which the local manufacturers cannot pro-
duce. This Australian product has a special
quality to it; people in those export markets
certainly cannot get such pavers and bricks
locally. That product illustrates the great po-
tential.

Some quick sums would show that
two-thirds of production last month being
purely for export overseas translates to a lot
of jobs. Even if we were just to say it trans-
lated to half the jobs involved, that would
account for 100 jobs in my electorate. As
many would know, in this current unem-
ployment climate 100 jobs are very hard to
come by—100 good, solid, full-time jobs,
not casual or contract jobs but real jobs.
They are long-term, real jobs that have a fu-
ture, real jobs that pay superannuation and
give people confidence that they will be em-
ployed for quite some time. So the impor-
tance of the EMDG Scheme cannot be over-
stated.

I have to put it on the record, though, that
as of this year the real level of funding, the
level that counts, is down by approximately
37 per cent on 1996-97. There has been a
substantial reduction. And this comes at a
time when the conditions for export are
probably at their best. We have a low dollar,
we have the capacity and we have an interest in Australian goods, products and services. There are people wanting our products. Our low dollar has created part of that interest and also causes the export markets to be in our favour. While we have this positive business environment, we have seen a reduction in the real funding of the scheme. While exports and revenue to Australia have gone up, I believe they would have gone up substantially more had more money been poured into this scheme. I urge the government to take another look at the funding of this scheme. This is not money wasted; it is an investment in jobs. The money that goes into this scheme is an investment in the export future of many companies in Australia.

I was surprised and happy to find that in my electorate I have 21 such companies, and I will be writing to inform them of the changes and also to encourage them to talk to other businesses and to expand what they do. It is unfortunate that we have seen not only a reduction in the real funding to this important scheme but also a reduction in the number of claimants. Currently about 3,000 people access the scheme. It is worth about $150 million, which in real terms for the government is not a lot of money but money very well spent. While exporting continues to grow, perhaps this is the right time to promote it. People in those industries are quick to say that what the government should do in these cases is to get on with what works well. If something is working well, we should get that done, putting more money into that, focusing on the good bits—and right now the good bits are exports. The things that are working well are export markets. Maybe there should be a concentration of policy on expanding those export markets and providing a better economic environment for Australian companies to go overseas and do that.

I want to spend a brief moment looking at some of the problems, not necessarily in this scheme, that are faced by exporters. Often we hear, as we did earlier from one of the government members, that exports might be a bit better if the wharves were a bit better. I queried this and looked at it. To my surprise, it had nothing to do with the number of workers on wharves, nor with efficiency or productivity rates. The biggest complaint that I get and the one that seems to be the most obvious is that, with a boom in exports, there are actually more containers on the wharves and there are not enough ships. It is a simple case of not enough ships, and of the cost of transport. The cost was not as bad an issue; in fact, the cost was seen to be just part of the process and okay. But certainly the number of ships was a problem.

Ships are coming up from Melbourne to Sydney and loading up on the way. By the time they get to Brisbane they are either already full and containers then sit on the wharves because there are no ships to pick up the containers or, in the case of the bricks and pavers being exported—the example I used—they are very heavy items. A container of bricks and pavers is going to weigh a fair bit; I believe around 20 tonnes. So if the ship is already loaded they are not going to have 20 tonnes perched up on the top in a precarious position. They would prefer it if the 20 tonnes were down in the hull somewhere, nice and low, used as ballast. There are a range of problems with getting the transport right, but I think it is just a case of getting the numbers right in terms of transport. Perhaps this reignites the debate that is always going on about the Australian shipping industry. Maybe we could do more for our exporters by strengthening the provisions in the EMDG Scheme, and also looking at better transport and better access to the markets through an Australian shipping industry. I congratulate the government on this scheme, but I do highlight some of the inherent problems. (Time expired)

Ms JULIE BISHOP (Curtin) (1.38 p.m.)—Trade means jobs. That truth continues to evade a small but noisy minority who, if one can judge by their antics, would rather Australia withdrew into poverty than remained open to the international trade in goods and services. We operate in a global economy. Globalisation in the form of free trade access to technology, access to new ideas and innovation, access to open markets and to new markets leads to opportunities for
not only jobs but for investment, for sustained economic growth and for better living standards, and this is so for developed and developing countries.

Were proponents of neo-protectionism concerned only with themselves, you just might shake your head and leave them to it, but neo-protectionists do not want to stop trading themselves; they want traders to stop trading. They would see the 1.8 million Australians employed by the exporters of goods and services made redundant simply because they cannot see how trade benefits both the buyer and the seller. The internal logic that informs this interaction, the notion that when two parties enter into an exchange they both do so because they see that they will benefit and they both do benefit, it seems, is just too elusive.

I am very proud that Australia has led efforts to build international support for a new broad based round of trade negotiations through the WTO, as well as through Asia Pacific Economic Cooperation. The Minister for Trade, the Hon. Mark Vaile, should be commended for his personal role in this progress. The WTO is built on the foundations laid by the General Agreement on Tariffs and Trade 1947 and the principal rules since that time have been transparency of trade policies and non-discrimination in trade among members. One of the more striking features of the recent anti-globalisation demonstrations has been the range of accusations levelled at the WTO. It puzzles me that people who would not for a moment wish to be associated with something so classless as discrimination on the basis of national origin will demand loudly that individual Australians or firms be prohibited from free exchange with others based solely on their nationality.

The WTO rules agreed upon in 1947 constrain the nationalist economic opportunism of the sort that did so much harm in the first half of the 20th century. We do not have to look too hard to see what happened back then, when sanctions and trade wars were practised. What began with protectionism ended in the world economic crisis of the 1930s and mass unemployment. This government recognises that in offering our wares to the world we can but benefit the nation. The undeniable truth is that increasing trade and exports means more jobs and better living standards for all Australians. Our national income is approximately $9.8 billion more as a result of reductions in tariffs over the past decade—an increase, if you like, in the annual income of the average Australian family of around $1,000. Australian exports have grown by over 3½ times in just 20 years and one in five Australian jobs are now related to exports. A perfect example of this success at the industry level is the Australian wine industry, where more than 43.5 per cent of sales are now made overseas.

For this reason the government has been committed to promoting our country’s trading interests bilaterally, regionally and multilaterally so as to increase market access and opportunities. Through programs such as Exporting for the Future and the TradeStart network and the work of Austrade, with its 100 offices around the globe, the federal government is assisting Australian exporters to bring their goods and services to the world. The general economic policy of the federal government has undoubtedly been an important boon to exporters as well. Low interest rates have saved Australian businesses in the order of $9 billion a year and the new tax system has lifted a $3.5 billion indirect tax burden off exports, clearly giving rise to the recent strong net export performance which has contributed to the sharp decline in our current account deficit, which was around 2.89 per cent in the March quarter.

Of course, industrial relations reforms, including much needed changes on our nation’s waterfront, have also been of benefit. Likewise, the Export Market Development Grants Scheme is of considerable importance to exporters, particularly small and medium sized companies interested in developing new overseas markets for their goods and services. The scheme is the principal mechanism for government financial assistance to exporters, providing recipients with grants that reimburse up to 50 per cent of expendi-
ture on export marketing and promotional activities. Approximately 3,000 exporters share in the program’s budget of $150 million with the average grant being about $45,000. In turn, these companies generate over $4.5 billion in export earnings and employ around 54,000 Australians in the filling of export orders alone. As other members have noted, Professor Bewley of the University of New South Wales has estimated that the $133.7 million in grants made in one year—that is, 1997-98—generated $135 million in additional export promotion and an estimated $1.69 billion in additional exports.

Good public administration is a continual process of re-evaluation and assessment, and during late 1999-2000 the scheme was subject to a review by Austrade, which included public and industry comment. That review concluded that the scheme should be extended for another five years and also suggested a number of revisions to the scheme. This Export Market Development Grants Amendment Bill 2001 reflects those recommendations on behalf of Austrade. As such, the bill before the House provides for the scheme’s extension, with a future review scheduled for completion by 30 June 2005; a reduction in the $20,000 minimum expenditure threshold to $15,000, with a minimum grant set at $2,500 so as to provide easy access to the scheme for small business; a reduction in the period that related family members need to have been employed in the business concerned before their travel expenditures are regarded as eligible costs; the establishment of the holding of an Australian business number as an eligibility criterion; the broadening of the trade fairs category to include costs associated with seminars, in-store promotions and the like; the removal of the restriction on ‘short-term’ consultants; and the merger of the overseas representation and consultancy categories—and their capping at $250,000—for administrative purposes.

The bill also denies grants to enterprises engaged in the sale of X-rated material. Further, the previous requirement that first-time claimants of a grant be required to register with Austrade before actually applying for a grant has been removed. This amendment follows representations from industry about the costs and inconvenience associated with this requirement. Under the amendments proposed by the government, the bill will also implement two further recommendations of the review: the payment of grants to businesses that promote attendance by foreign residents at events and exhibitions held in Australia, a move that will boost tourism; and the extension of the range of eligible promotional expenses to include various expenses incurred in relation to the visit of overseas buyers or potential buyers to Australia, a measure that will also be of particular benefit to the tourism industry. The bill also makes technical amendments to the legislation so as to ensure the accreditation of education exporters, among other changes. The bill does not represent all the changes recommended by the Austrade review. Outside of legislative change, Austrade will move to address the promotion of Internet and e-marketing costs; related domestic costs, including travel connections; general simplification issues, especially in relation to the application process; and assessment guidelines.

The export market development grants have in fact been of particular benefit to the people in my electorate of Curtin and to Western Australia more generally. Between 1996 and 1999, over 350 grants were made to different small and medium sized businesses in my electorate—that is, grants totaling $18,281,125. In the year to date—2000-2001—69 firms have received grants, totaling almost $2½ million. So in just four years Curtin businesses have received almost $21 million in export market development grants, and a quick read of the list of companies within my electorate that have received grants reveals a story of entrepreneurship in the Australia of the 21st century. The businesses in Curtin are undertaking enterprises in fields as varied as information technology, tourism, clothing, construction services, food, publishing, industrial tools, retail, wine—of course—education, geoscience, medicine and health care, to name a few. A
number of individual grants of $200,000 have been made during this time, and I am certainly encouraging all businesses in my electorate to contact Austrade regarding the grant—and I will give Austrade a plug; they can be contacted online at www.austrade.gov.au or by phoning 132878.

Given the outward market orientation in so many countries and the revolution on the free trade front—from bilateral deals with single trading partners, regional pacts, the recent free trade area of the Americas to the global negotiations of the WTO—Australia must keep pace and ensure that we have open to us options that will benefit our exporters and thus our economy and thus our people. From the perspective of one from the west coast, one of the most exciting options and potential areas for expansion of intraregional trade and investment is the Indian Ocean region, where countries have made significant moves towards open market economies. In fact, in 1997 a regional economic and trading group was established, which is called the Indian Ocean Rim Association for Regional Cooperation, comprising 19 member countries, including Australia, whose shores are lapped by the waters of the Indian Ocean. Given the populations in this region—for example, India’s recently completed census indicates that its population has just passed the one billion mark, and although a larger population does of course contribute to a larger consumer base, much depends upon how far it is accompanied by economic growth and rising living standards—and given the obvious synergies with the member countries and the fact that many of the countries in the Indian Ocean Rim share a common heritage—in fact, a number of them play cricket, including Bangladesh which has just completed its maiden international cricket tour—the opportunities for greater trade among its members are quite exciting.

There are already some positive intraregional statistics emerging. For the 10 years from 1989-90 to 1998-99, Australian exports to the other member countries grew by 71 per cent, and last year—the year 2000—Australian exports to the markets in the Indian Ocean Rim were over $19 billion. Australia has also taken the initiative and undertaken to conduct a national survey of Australian businesses to identify and give priority to key impediments to trade within the region.

The Department of Foreign Affairs and Trade commissioned a survey across the export firms in Australia. The results, which will obviously be of particular use to Australian businesses in their trading initiatives, have been made available to the other member countries. They were tabled at a recent meeting of the Council of Ministers of the member countries of the Indian Ocean Rim Association for Regional Cooperation. It may be of interest to members and those in the public gallery to know that the most frequent source of dissatisfaction was with trade facilitation barriers, more so than with non-tariff barriers or, indeed, tariff barriers. It was trade facilitation issues, such as customs and quarantine, business mobility, government procurement and standards and the like throughout the region.

The federal government has continued to work for better access to these international markets. For example, during a trade mission to India in October 2000 the Minister for Trade, Mark Vaile, signed a memorandum of understanding on information technology to promote bilateral trade with India in this sector and an Australian information technology firm won a multimillion dollar export contract with India.

Many businesses in Western Australia have been prominent in expanding trade into the Indian Ocean region. One exporter of fruit and vegetables now exports 90 per cent of its produce into that region, with new markets in India, Bangladesh and Indonesia. When you meet with exporters and talk to them about their successes, these great stories are often backed with the fact that there was an export development grant at some point in their export history. So this bill, which extends the Export Market Development Grants Scheme to 2005-06, is all about continuing the support for smaller Australian businesses to become successful exporters. I
join with all other speakers in commending this bill to the House.

FRAN BAILEY (McEwen) (1.54 p.m.)—The main purpose of the Export Market Development Grants Amendment Bill 2001 is to extend the Export Market Development Grants Scheme, or the EMDG Scheme, to 2005-06. Together with this, a number of improvements will be made to the scheme, such as the inclusion of tourism. I have already received a positive response from business in my electorate once they have found out that tourism is now to be included. The EMDG Scheme has already been very successful in assisting Australia’s exporters to enter, and ultimately be successful in, foreign markets. This legislation will enable more businesses to become successful exporters. The government’s primary objective, as set out in the EMDG act, is to bring benefits to Australia by encouraging the creation, development and expansion of foreign markets for Australian goods, services, intellectual property and know-how.

In my electorate of McEwen, some 60 local businesses have received a combined total of $1.5 million in EMDG assistance since 1996. These businesses are involved in a wide range of activities, including the export of meat products, pharmaceuticals, computer hardware and software, publishing, horticulture, clothing and education. The countries that they have exported to include China, the Middle East, the United States, Japan and India.

I am also happy to say that an increasing percentage, currently 22 per cent, of applicants are located in regional and rural areas of Australia, reflecting the success of government initiatives to increase the uptake of the scheme outside our capital cities. Importantly, many of these businesses would not have opportunities to expand into new markets and grow their businesses without the assistance of the EMDG Scheme.

The scheme provides assistance in areas such as marketing and promotion, which are vital if businesses are to establish a toehold in foreign markets. Making foreign customers and clients aware of their products is an important first step for any business that hopes to be a successful exporter. Added to this is the need to utilise local knowledge by employing consultants who are able to assist in undertaking research and analysis of the prevailing market. Without this local knowledge, many businesses would not be able to focus their energies on identifying the relevant market for their product and developing a customer base.

The inclusion of tourism in the EMDG Scheme will provide real benefits for my electorate. Some of the areas in my electorate that will benefit from the inclusion of tourism in the EMDG Scheme are the Yarra Valley, the Plenty Valley, the alpine region around Mansfield and Jamieson, Lake Eildon and the surrounding towns, Marysville and the Mystic Mountains, and Kilmore—which happens to be the oldest inland town of Victoria and which has developed up to this point in time a thriving tourist industry capitalising on the historic buildings that still exist in the Kilmore district. The Nagambie Lakes is yet another such area of my electorate. These are becoming very famous tourist areas because they are within such easy access of Melbourne. They are most desirable tourist attractions, but many of the people who are involved in the tourist industry in these areas often lack the funding within their own very small businesses to engage in promotion and advertising of their products in an international market.

Most importantly, the extension of tourism in this legislation will open the door for so many of these small businesses involved in the tourist industry. It will enable them to travel overseas, promote the area and promote their businesses. In addition to that, it will enable them to bring overseas clients back here to Australia in order to promote and display the tourism that they are trying to promote and market. This is a most important aspect. This government has had the foresight to see that this is a tremendous advantage to small businesses, including areas such as those in my electorate.

Mr SPEAKER—Order! It being 2 p.m., the debate is interrupted in accordance with
standing order 101A. The debate may be resumed at a later hour and the member for McEwen will have leave to continue speaking when the debate is resumed.

MINISTERIAL ARRANGEMENTS

Mr HOWARD (Bennelong—Prime Minister) (2.00 p.m.)—I inform the House that the Deputy Prime Minister will be absent from question time today as he has commitments in Brisbane and North Queensland. The Minister for Agriculture, Fisheries and Forestry will answer questions on his behalf.

QUESTIONS WITHOUT NOTICE

Employee Entitlements Support Scheme

Mr BEAZLEY (2.00 p.m.)—My question is to the Prime Minister. Prime Minister, did you see reports this morning that many business creditors of One.Tel are likely to collapse following the failure of One.Tel itself? Given you took a one-off stand to support One.Tel’s employees to fight for their legal entitlements, what are you doing to ensure the employees of One.Tel’s creditors receive all of their legal entitlements? Isn’t your Employee Entitlements Support Scheme inadequate in this case because it does not protect 100 per cent of employees’ entitlements, it runs out of funding in two years time, it is funded by taxpayers, not employers, and it is not established by legislation? Why will you not support my comprehensive national employee entitlements policy, which I announced way back in February last year, which protects all entitlements for all employees permanently?

Mr HOWARD—I remark by way of a preamble in my answer that that is an interesting way of framing a question about the outstanding national accounts that we have received. Last Friday, the Leader of the Opposition put out a statement about the economy under the heading ‘The economy—all the government’s own work’. We will come to that later in question time. What have we done? We have a scheme. For 14 years, those opposite had no scheme. And, worse than that, not only do we have a scheme and they did not have a scheme, but the Leader of the Opposition, as well as talking down the economy, has been running around Australia encouraging state governments not to support our scheme. There are thousands of Australian workers that have their entitlements because of our scheme. For 13 years, their fellow workers went begging for their entitlements. Is the Leader of the Opposition now advancing the proposition that we should have a taxpayer funded scheme that would guarantee repayment of all creditors in relation to a company? That is what he is really suggesting.

Mr Beazley—I am talking about a non-taxpayer funded scheme.

Mr HOWARD—A non-taxpayer funded scheme. The Leader of the Opposition talks about an entitlement scheme that is funded by a new tax. The Beazley mantra is: if you have a problem, get a new tax. That is exactly what the Leader of the Opposition is doing. I say to the Leader of the Opposition, through you, Mr Speaker, that raising questions about entitlements, raising questions about One.Tel, will not absolve the Leader of the Opposition from the responsibility that he now has—to apologise to the Australian people for disgracefully talking down the Australian economy over the last three months. That is what the Leader of the Opposition has to do because, for the last three months, he has been running around Australia trying desperately to depress the Australian community as much as possible. I am proud to say that the Australian community, Australian consumers and Australian business men and women have ignored the doomsaying talk of the Leader of the Opposition and they have come through with flying colours.

Economy: National Accounts

Mr LLOYD (2.04 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the outcome of the March quarter national accounts released this morning by the Australian Bureau of Statistics?

Mr COSTELLO—I thank the honourable member for Robertson for his question. I can inform the House that the national accounts for the March quarter, which were released at 11.30 this morning, showed that
in the March quarter the Australian economy grew by 1.1 per cent. It was supported by strong outcomes in nearly all areas. Household consumption grew by 2.2 per cent, the strongest quarterly growth since September 1994. Services growth was 4.2 per cent, the strongest growth in 25 years. Investment in new plant and machinery rose by two per cent in the March quarter. Net exports contributed a 0.8 percentage point to GDP. Non-farm average earnings grew by a strong 1.6 per cent in the quarter. Private corporate profits rose by 7.8 per cent in the quarter and are now at historical highs at around 25 per cent of GDP. The only area that was detracting from growth in the March quarter was a run-down in inventories. It now appears that that was because consumption was stronger than expected and that business will rebuild inventories in the quarters to come. Supported by a turnaround in the construction industry, with the government’s First Home Owners Scheme and low interest rates, construction in coming quarters will start adding to GDP. The 1.1 per cent growth in the March quarter, notwithstanding a weaker world environment, is one of the strongest results amongst the industrialised economies of the world.

All Australians will welcome the fact that growth was strong in the March quarter—that is, all Australians except those sitting opposite. Hoping for a weak quarterly result, the Leader of the Opposition went to open his by-election campaign in Aston today. And down there in Aston today, before the national accounts were released, he claimed that the Aston by-election would be fought on economic management—presumably proud of his record as employment minister when unemployment was 11.3 per cent, of his record when he was finance minister when the budget deficit was $13 billion and that, when he was last in government and the Labor Party held Aston, home mortgage interest rates paid by the electors of Aston were 17 per cent. Today they are 6.8 per cent. There he was, down in Aston, ‘a wishin’ an’ a hopin’ an’ a thinkin’ an’ a prayin’ that today’s result would be a bad one.

Mr Speaker, just when you thought you had seen the biggest opportunist in Australian politics, the ABC reminded us of the member for Hotham. The results came out at 11.30 today and on the World Today at 12 o’clock the ABC reported the following:

The World Today was hoping to speak to Opposition treasury spokesman Simon Crean after the release of the figures today. A short time ago Mr Crean’s office told us he was too busy to talk to the ABC.

Well, he wasn’t too busy last quarter, Mr Speaker. He wasn’t too busy last quarter, a ‘hopin’ an’ a ‘wishin’ an’ a ‘thinkin’ an’ a ‘prayin’. Good news for Australia; bad news for the Labor Party.

Economy: National Accounts

Mr CREAN (2.09 p.m.)—My question is to the Treasurer. I ask: don’t today’s growth figures show that in the nine months since your GST was introduced the economy grew by just—

Honourable members interjecting

Mr SPEAKER—The Deputy Leader of the Opposition is entitled to ask his question and to be heard in silence.

Mr CREAN—I will start again, Mr Speaker. Don’t today’s growth figures show that in the nine months since your GST was introduced the economy grew by just 0.9 per cent, more than halving the growth the nation was getting prior to the GST? And don’t these figures also show the lowest household savings rate on record, at just 70c in every $100, confirming that your GST has squeezed struggling Australian families?

Mr COSTELLO—I thank the honourable member for his question, but there is no need for him to look so despondent that growth is so strong. It is actually good news for Australia. To take it as bad news in the way in which you have asked your question does not show an affinity with the Australian public that wants to see strong growth in its economy. You asked me about the effect of tax changes on spending—

Mr Crean interjecting—

Mr SPEAKER—The same courtesy as I expect to be extended to the Deputy Leader
of the Opposition I expect him to reciprocate.

Mr COSTELLO—I am asked about the effect of tax changes in relation to spending. I remind the honourable member that household consumption grew by 2.2 per cent. Not only did it grow by 2.2 per cent but it was the strongest since September of 1994. So, if tax changes were dampening consumption, why would it be the strongest since 1994?

One of the reasons why it could be the strongest since 1994 is that every Australian income taxpayer has had an income tax cut, the largest income tax cut in Australian history, and now people have more money to spend—money working its way out into the Australian economy. Let me give you another fact. The growth in consumption was underpinned by strong services growth—the strongest growth in services for 25 years. You would have thought that the tax changes would have been dampening in relation to services, but, as I said at a press conference earlier, the fact that every Australian has had an income tax cut means that they have more money in their pockets to now spend.

This is the government that has had the courage to do the big changes which will set Australia up for decades. We have been opposed every step of the way by an opposition that now wants to keep the changes that we put in place, by an opposition which has been weak, directionless and opportunistic, and it follows its leader in that regard.

Economy: Goods and Services Tax

Mr SECKER (2.13 p.m.)—My question is addressed to the Prime Minister. Has the Prime Minister’s attention been drawn to claims that the introduction of a goods and services tax has mugged the Australian economy? What evidence is there to support this claim?

Government members interjecting—

Mr SPEAKER—The Prime Minister will be recognised when the House is extending to him the courtesies that ought to be extended to all members. Prime Minister.

Mr HOWARD—I thank the member for Barker for drawing my attention to some of the more extravagant political rhetoric of the past few months.

Ms Macklin—Haven’t you been listening?

Mr HOWARD—I always listen very carefully to the Leader of the Opposition and the Deputy Leader of the Opposition because they provide you with so many vignettes. I always listen very carefully. And immediately after the December quarter national accounts came down, I heard a mantra from the Leader of the Opposition and the Deputy Leader of the Opposition, overjoyed as they were with the prospect that they might be able to derive some political advantage out of those aberrant account figures for the December quarter, despite the explanations that had been given, not only by the Treasurer and by me but also by the Governor of the Reserve Bank, to the effect that those figures represented the particularly severe transitional impact of the tax changes on the housing industry, in relation to which the government took immediate action—in fact, within two days of the accounts coming out—which is now putting a great deal of stimulus back into the housing industry. Their mantra was that the GST had mugged the economy.

Distressed as they were at the smooth acceptance of the GST at that stage, the Labor Party—I have to say, very deliberately on this occasion—aided and abetted by large sections of the Australian media, reported those December quarter accounts in very alarmist language. I think particularly of a headline in the Sydney Morning Herald that followed the December quarter accounts and screeched ‘Australia hits the wall’. Well, after that, I would expect the headline tomorrow from that broadsheet to be saying ‘Australia roars back’—because in reality that is what has happened.

The mantra of the Leader of the Opposition was that the GST had mugged the Australian economy. That was always a false claim, but nowhere is it more accurately and convincingly repudiated than in the point made in the Treasurer’s release on the national accounts this morning, when he said...
that household consumption grew by 2.2 per cent in the March quarter, the strongest quarterly growth since September 1994. He then went on to say, quoting the national accounts themselves, that the growth in consumption was underpinned by exceptionally strong services growth of 4.2 per cent, the strongest in 25 years. The significance of that in relation to the claim made by the Leader of the Opposition is that anybody who understands our tax system knows that it was the services sector of the Australian economy that had the goods and services tax applied to it for the first time, because the services sector of the Australian economy did not carry indirect tax before the introduction of the goods and services tax. So, if you were arguing that the goods and services tax was mugging the economy, you would have to assert and demonstrate that the part of the economy it mugged the most was in fact the services sector; yet, in reality, the services sector over the last quarter has roared ahead, and was the best in 25 years.

Over the last three months we have seen a determined attempt by the Australian Labor Party to depress and confuse the Australian people, to talk down their confidence, to rob them of hope about their future. And they have been aided and abetted, I regret to say, by sections of the media. But, true to their character, the Australian people have won through. These national accounts are a tribute to the Australian people. They are a tribute to the consumers in Australia and a tribute to the investing small business men and women of the Australian community. I thank the Australian people for their faith in their future and I utterly condemn the negative tactics of the Labor Party.

**Distinguished Visitors**

Mr Speaker—I inform the House that we have visiting in the gallery this afternoon members of the New Zealand Parliamentary Committee on Foreign Affairs, Defence and Trade. We also have present in the gallery Dr Pravich Ratanapian, the Deputy Leader of the Chat Patana Party of Thailand. On behalf of the House, I extend to our New Zealand guests and to our Thai visitors a warm welcome.

Honourable members—Hear, hear!

**Questions Without Notice**

National Textiles: Employee Entitlements

Mr Bevis (2.19 p.m.)—My question without notice is to the Prime Minister. Do you recall saying on Monday that in the case of One.Tel:

Well look I think everybody who’s been involved in this company has some moral obligation to see the workers helped out, that’s my position. Everybody involved in it has a moral obligation to see that these people are helped out.

Prime Minister, did you apply this same principle in the case of National Textiles? If so, what contribution did you seek from the directors of National Textiles towards payment of their employees’ entitlements?

Mr Howard—My understanding in relation to the workers’ entitlements is that, even before the contributions offered—and they were conditionally offered—by Mr Rich and Mr Keeling, there were sufficient resources within the company to meet—

Mr Bevis—That remains to be seen.

Mr Howard—Well, that is the information. The honourable gentleman who asked the question may have a superior fund of knowledge on this than I have, but my understanding—

Mr Bevis interjecting—

Mr Howard—I am trying to be generous to the honourable gentleman. He may have a superior fund of knowledge on this. Some of his colleagues from Queensland are not being very generous about his frontbench future; and it is spreading. A few people have got him marked down, too. I think that fellow called Ludwig has got him in his gunsights.

Opposition members interjecting—

Mr Leo McLeay—What about Stan?

Mr Speaker—The Chief Opposition Whip! The Prime Minister has the call.

Mr Howard—My understanding is that there were resources and sufficient assets there to meet the workers’ entitlements,
even without the contributions, if they come through, of Mr Keeling and Mr Rich. I say in relation to that that there is an element of conditionality in relation to their commitments. I would hope that those bonuses are paid back, irrespective of whether the money comprising the bonuses is needed for the workers’ entitlements. The clear difference between this case and National Textiles was that there were no bonuses in the case of National Textiles.

Mr Bevis—Did you ask Stan to put anything in?

Mr SPEAKER—The member for Brisbane!

Mr Bevis—Did you ask Stan to put anything in?

Mr SPEAKER—The member for Brisbane is defying the chair. Has the Prime Minister concluded his answer?

Mr Howard—Yes.

Industry Trends: ACCI-Westpac Survey

Mrs DE-ANNE KELLY (2.21 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of the results of the ACCI-Westpac survey of industrial trends for the June quarter released yesterday?

Mr COSTELLO—I thank the honourable member for her question. I expected to be asked by the Labor Party about that survey yesterday, but I am pleased that she has picked up that I had not been. The ACCI-Westpac industrial trends survey for the June quarter showed that business confidence recovered sharply in June. Of most significance was the sharp increase in new orders and output. There was a 100 per cent turnaround from a negative six to a positive six in respect of output and, consistent with this increase in new orders and output, profit expectations firmed. Seventy per cent of respondents reported improved or similar conditions for the June quarter compared with the March quarter.

As we have seen in the national accounts, the profit growth in the March quarter and profit as a share of the economy were very strong. A positive turnaround in business sentiment was assisted by strength seen in exports. A strong turnaround in exports was reported in the June quarter with a more than doubling of the proportion of respondents reporting a rise. Eighty-seven per cent of respondents expect exports to improve or to remain the same over the next three months, and that will be supported by the fact that, under the government’s tax reforms, we no longer tax Australian exports. This is of enormous benefit to rural Australia. Rural Australia, a part of our great export industries, is now exporting to the world under the same terms and conditions as everybody else allowed their exporters to go out into the world—that is, tax free. Under the Australian Labor Party’s system of wholesale sales taxes, which cascaded into businesses, Australian exporters were cheated. They did not have the same opportunities.

We have some of our friends from New Zealand in the gallery today. New Zealand back in the 1980s had the courage to reform its taxation system. I think it was done by a Labor government in New Zealand, and it was supported by the National Party on a bipartisan basis. People from the New Zealand parliament would be interested to know that there is one political party left in the free world that opposes a value added tax, giving preference to narrow indirect wholesale sales taxes on goods. And that political party is not based in Swaziland; it is somewhere in this chamber. It is the last political party in the free world to prefer wholesale sales taxes on an indirect goods base rather than a value added tax. If you believe them, 150 countries in the world have got it wrong and the only people who know the truth govern the Labor Party and Swaziland. The truth of the matter is that even the Labor Party do not actually take that view. The truth of the matter is that they are just a pack of opportunists who want this government to do all of the hard work and then hope to slide into office and to take the advantage of it.

I was asked about the ACCI-Westpac survey for June, which was very positive. It is at odds with the surveys of Dun and Bradstreet. Dun and Bradstreet, which the Labor Party likes to rely on, has produced the most nega-
tive survey. It has done as much as it could to contribute to negative sentiment on a regular basis—along with the Labor Party—over recent quarters, including the claim which was made on the 7.30 Report on 13 March 2001 by a spokesman from Dun and Bradstreet that we were likely to have three negative quarters. Of course, that was picked up by the Leader of the Opposition who, on 14 March 2001, said, ‘This is an Australian home-grown recession.’ During the March quarter, on 14 March, when the Australian economy was growing at 1.1 per cent, he made that claim. We now know that in the quarter ending 31 March the economy grew at 1.1 per cent, which for the March quarter would be the strongest of any of the major economies of the world. You were out there making those claims on 14 March 2001. You know you were irresponsible. You know you did it for political advantage. You were trying to have self-fulfilling prophesies. You were not acting in the best interests of the Australian people. You have no commitment to their interests—and you are not fit to govern in Australia!

Mr SPEAKER—I remind the Treasurer of his obligation to address his remarks through the chair.

Minister for Employment Services

Ms KERNOT (2.27 p.m.)—My question is to the Minister for Employment Services. Minister, did you use your parliamentary allowances and entitlements to promote an employment training course, Certificate IV in Assessment Workplace Training, to be held this month at the Northpoint Institute of TAFE and the Caboolture Chamber of Commerce? Have you jointly promoted this employment training course with the Pumicestone Enterprise Branch? Is the Pumicestone Enterprise Branch a Liberal Party fundraising entity? Is this employment training course a fundraising activity for the Liberal Party?

Mr BROUGH—The enterprise branch is a branch of the Liberal Party. It is called the Pumicestone Enterprise Branch. It focuses on business and provides a range of services to the local business community. Did I use any or misuse any of my entitlements? No.

Mr Beazley interjecting—

Mr BROUGH—Does this company or this individual receive any contracts from the federal government? No. Does he provide any financial support to me personally? No. Does he provide financial support to the Liberal Party? He has donated in the past and I am quite sure that he will donate in the future—

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition is aware that the courtesy I expect to be extended to the Deputy Leader of the Opposition when he is asking a question I expect to be reciprocated.

Mr BROUGH—as he has also run these courses for other organisations such as Rotary and Lions. As they have been run prior to my being a minister, there has been no impropriety whatsoever on my part.

Howard Government: Foreign Policy

Ms JULIE BISHOP (2.30 p.m.)—My question is addressed to the Minister for Foreign Affairs. Would the minister inform the House of the coalition government’s approach to foreign policy and the foundations of that policy? Is the minister aware of any alternative approaches or views in this area?

Dr Theophanous—Mr Speaker—

Mr SPEAKER—I suspect the member for Calwell is about to raise a point of order that I was about to address myself. I will recognise the member for Calwell and then comment.

Dr Theophanous—Mr Speaker, this is clearly a request for a ministerial statement on policy and therefore an opportunity ought to be provided for the House to debate it, and therefore the question is not appropriate here.

Mr SPEAKER—The member for Calwell has raised a concern that the chair shares. The Minister for Foreign Affairs is aware that he cannot announce policy in question time, he can merely comment on existing policy, and I will allow him to do just that.
Mrs Crosio interjecting—

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

Mr DOWNER—I thank the honourable member for Curtin for her question. Indeed I congratulate her too on becoming the chair of the government foreign affairs, defence and trade committee, which she has recently taken over, and I know she will make a very fine chair of that committee.

Since the government came to office in 1996, we have adopted a practical approach to advancing the interests of Australia and Australians. It is not that we are opposed to the notion of good international citizenship—of course we like to be good international citizens—but our objective in foreign policy is the promotion of the national interest. The core of what we are about in foreign policy is standing up for Australia, for our national security, for the jobs and the living standards of Australians and, importantly, for Australians who are travelling abroad when they get into genuine difficulties.

The honourable member asked whether there are any alternative approaches. Yesterday I was asked whether there was an alternative approach and I explained there were several approaches, and I repeat today that one of the alternative approaches is the idiosyncratic opportunism of the member for Kingsford-Smith. When you look at some of the statements that the opposition have made on foreign policy, I really think they do, for a change, bear a little scrutiny. After all, it is just six months or so until the next election, the opposition presenting itself as the alternative government, and I think it is only fair that the statements of the opposition be subjected to some scrutiny. The House, I know, is aware of the curious statements the member for Kingsford-Smith has made about missile defence and his raising of questions about the future of the joint facilities with the United States, a position which was rectified rather hastily—and in embarrassing circumstances during a visit by a senior American official—by the Leader of the Opposition.

What else has the opposition been proposing in foreign affairs? The member for Kingsford-Smith, in 1999, was saying we should put the relationship with Indonesia on the line; we should terminate the relationship. In 2000-01, he has been saying the Prime Minister should run up to Indonesia—which would be interpreted in Indonesia as an apology for our East Timor policy, something we on this side of the House will not do.

When the coup came in Fiji, the member for Kingsford-Smith said that this country should impose economic sanctions on Fiji and crush its economy. How fair would that have been and how sensible would that have been! When the coup erupted in the Solomon Islands, we were told by the member for Kingsford-Smith and others in the opposition, such as the member for Denison, that Australia should send troops—

Mr Beazley interjecting—

Mr DOWNER—Like you wanted to send troops into Fiji during the first coup—remember that?—we should send troops into the Solomon Islands to solve the problem there. When we had a human rights dialogue with China, I would have thought that the member for Kingsford-Smith and the opposition would have supported a human rights dialogue with China, because the opposition says that human rights will be at the heart of their foreign policy. But they attacked the human rights dialogue with China. The member for Kingsford-Smith said it was 'Chamberlainesque' to have a human rights dialogue with China and so, if Labor were elected, they would scrap the dialogue but they would build up relations with China. We have a human rights training program with Burma, and the Labor Party says it is opposed to helping develop human rights in Burma but it has a human rights policy.

The fact is that these opportunistic statements by the member for Kingsford-Smith, I can only say, would make Australia a laughing stock if they were implemented. And the point is that I am not alone in making this allegation. I am joined by the member for Griffith, because if there is a member of the opposition who knows something about foreign policy it is the member for
Griffith. When the member for Griffith writes articles—and he has written, he claims, 40 to 50 articles—about foreign policy, you would think the member for Kingsford-Smith would be pleased and you would think the Leader of the Opposition would be pleased—one of your backbenchers out there writing articles and putting the party’s position and so on—but apparently not. The member for Kingsford-Smith is not pleased and sends a letter to some 35 members of the caucus condemning the member for Griffith for writing all these articles and for being outspoken.

‘Why?’ asks the member for Griffith. ‘Have I been breaching Labor Party policy?’ ‘No,’ says the member for Kingsford-Smith, ‘you haven’t.’ ‘Actually,’ the member for Kingsford-Smith says, ‘you’re pretty good on policy’—as if he would know. ‘The problem is the nuances’—as if the member for Kingsford-Smith would know anything about nuance. How laughable is that. I will tell you what the nuance is: the member for Griffith knows something about foreign policy and the member for Kingsford-Smith is a cheap opportunist. That is the nuance. Is this my view? We do not always agree with the Courier-Mail—

Mr Costello—Very rarely.

Mr DOWNER—Very rarely, but we do today, I can tell you. The Courier-Mail had an editorial, and I think the House would be interested in it:

This stoush—
the stoush between the member for Kingsford-Smith and the member for Griffith—
would have stayed in the background if it was acknowledged within the party—
being the Labor Party—
that Mr Brereton was best equipped to decide Labor’s foreign policy.

The Courier-Mail goes on to say:
But he is not.

And that is right: he is not. If there is one great Labor icon, it is Gough Whitlam—I think everyone over there would agree—and he described the member for Kingsford-Smith as ‘shallow, shabby and shonky’; and I think that is very well put.

Minister for Employment Services

Mr McMULLAN (2.39 p.m.)—My question is to the Minister for Employment Services. Minister, is it true that the certificate IV in the assessment and workplace training course referred to in the member for Dickson’s question cost $350 per head? Did you discuss this price with your joint promoter, Marc Ratcliffe? Did you have any discussions with Mr Ratcliffe as to how much of this money would go to the Liberal Party? If so, how much of the $350 per head is to go to the Liberal Party? How many of the participants in this course, which begins tomorrow, were aware when they signed up for it that they were donating to the Liberal Party?

Mr BROUGH—It is quite obvious why there is no employment services policy on the opposition side: because they have nothing better to do with their time than mudrake. I have not discussed the price of the course with Marc Ratcliffe. What I am aware of is that Marc actually provides his time free of charge to whichever organisation it is; he is donating that time. I do not know how much he is donating to the Liberal Party. Whatever it is, I will gratefully accept it into the Liberal Party’s efforts, because he is a businessman who recognises that only one side of politics is going to look after the economy of this country. Today we have seen a growth rate of 1.1 per cent in the economy, and that is why you do not want to talk about it. You do not want to talk about things that you do not want to hear about.

Mr Beazley—Mr Speaker, I take a point of order on relevance. He has been asked an explicit series of questions about a rort. What we want to know is the answer to those particular questions, which he has evaded here. His answer is totally irrelevant to them.

Mr SPEAKER—The Leader of the Opposition has taken a point of order on relevance. The minister was relevant to the question asked and has concluded his answer.

Mrs Crosio interjecting—
Mr SPEAKER—I warn the member for Prospect.

Health: General Practice

Mr St CLAIR (2.42 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister update the House on how the Howard-Anderson government’s recent budget benefits Australia’s general practitioners? Is he aware of any recent comments concerning the future of general practice and our health care system?

Dr WOOLDRIDGE—I thank the honourable member for his question and his interest in this area. General practice is the cornerstone of primary health care in Australia, and it does have some legitimate gripes. This has been particularly so since 1992 when the previous Labor government instituted half-indexation of GP rebates despite having promised not to do so, and general rebates have lagged in some circumstances. I was keen, in trying to address this, not just to give money to doctors but also to try to get some health outcomes for the public, and I believe that the budget has done that. We have tried to address this in two different ways. The first is through a quantum of money to restructure the schedule: $300 million over four years to try to get away from one of Medicare’s big failings—that is, the fact that the time tiering recognises five minutes and 25 minutes but nothing in between, which rewards doctors who have a large number of very quick services. By trying to encourage longer consultations, we will be rewarding high quality general practice.

The second part of the strategy involves five different areas where we engage general practice to try and get health outcomes for the Australian public—diabetes, asthma, cervical cancer, mental illness and engagement of practice nurses. These are exciting areas. In diabetes we are attempting to do something no country in the world has done before, and that is pay doctors to see people when they are well, not when they are sick. With mental illness we are spending $120 million over four years to engage doctors in longer consultation items for counselling—again, something Medicare has never done previously. Medicare has been focused on chemical treatments for depression and mental illness, not on non-chemical means.

The engagement of practice nurses again recognises that nurses, working in conjunction with general practice, can get very good health outcomes. One of the more exciting areas for me is the $72 million being spent on cervical cancer. We can prevent 90 per cent of cervical cancer in Australia. At the moment, we are probably preventing only 50 per cent of it—36 per cent of women are not getting screened, and these are the women who are at particularly high risk.

The honourable member asked if I had had any other recent comments, and there are two that I can relate to him. The first is in the Leader of the Opposition’s speech, where he is in fact not going to proceed with the government’s cervical cancer initiative and instead is going to institute his own. This would be a great pity and shows that the Labor Party has not learnt anything from its disastrous failure in immunisation. You cannot get an outcome like this unless you engage general practice. If you attempt to set up a whole series of new clinics separate from general practice, you will not get very far. The biggest problem we have is actually with rural women. Spending $25 million over three years might provide a dozen centres, but it will do nothing for the rural women in Australia who suffer a higher rate of cervical cancer.

Ms Macklin interjecting—

Mr SPEAKER—The member for Jagajaga!

Dr WOOLDRIDGE—The other thing is it directly means that about $1,500 per year will be taken out of the pockets of every general practitioner in Australia—because of the Labor Party’s decision to attempt a bureaucratic solution rather than a simple prac-
tical solution in exactly the same way that we were able to fix immunisation.

Ms Macklin interjecting—

Mr SPEAKER—The member for Jagajaga!

Dr WOOLDRIDGE—The second thing I draw to the honourable member’s attention in terms of recent comments is an article by Maxine McKew in the *Bulletin* of 12 June. In that, she was speculating on how the Labor Party might be able to fund the doctors’ current $100,000 a year pay claim, and she says:

There is an obvious option for the Labor Party. They can get their hands on close to $2bn by killing off the 30% rebate to those who take out private insurance.

She goes on:

It’s no secret Macklin hates the rebate ... After a year or so into office, a defensible backflip could see the rebate scrapped with the revenues redirected to both public hospitals and GPs.

It sounds like someone has been briefing journalists. We have had the shadow minister out there wandering around the gallery, with a wink and a nod—

Ms Macklin interjecting—

Mr SPEAKER—The member for Jagajaga is warned!

Dr WOOLDRIDGE—and the same to the backbench—saying, ‘We will knock off the 30 per cent rebate, even though we say that we will do it now.’ They did it in 1975 and they did in 1984; they are not going to get a chance to do it in 2002.

Minister for Employment Services

Mr BEAZLEY (2.48 p.m.)—My question is to the Minister for Employment Services and it follows on from the previous question, one of the various parts he failed to answer. I ask the minister again: how many of the participants in the course which begins tomorrow were aware when they signed up for it that they were donating to the Liberal Party?

Mr BROUGH—I am unaware of how many people are doing the course tomorrow. None of them are donating to the Liberal Party. All the money goes to a registered training organisation. If that registered training organisation decides it wishes to make a donation to the Liberal Party, it can do so.

Education: Schools Funding

Mr McARTHRUH (2.49 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Is the minister aware of any proposals to cut funding to schools and what are the implications of such proposals?

Dr KEMP—I thank the honourable member for Corangamite for his question. Of course, this government’s policies have been to increase funding for education, and indeed our funding for schools is a rising proportion of GDP. But I am aware that the Leader of the Opposition has a list of 58 schools whose funding he plans to cut. He says that this hit list comprises the wealthiest schools in Australia, but when you look at the list there are some very strange features to it. The Leader of the Opposition’s list does not include, for example, Melbourne Grammar, Wadhurst; Churchie, Brisbane; St Ignatius, Riverview; Queenwood; Pymble Ladies College; or Xavier College. None of these schools are on the list. He is not going to take any money away from these schools.

He is not going to take a dollar away from PLC, Sydney; Riverview; Loretto, Kirribilli; or Melbourne Grammar, Wadhurst. And he is going to take away only $20 from SCEGGS Redlands and $101 from Ravenswood. He is targeting schools like Ivanhoe Girls Grammar in the electorate of Jagajaga. He is going to take $1,540 away from that school. He has discovered the secret haven of the super rich out there in the northern suburbs of Melbourne and he is going to target these wealthy schools. He is going to take $1,603 away from Woodley Junior School in the electorate of Dunkley, $1,909 away from Mentone Grammar in the electorate of Isaacs and $1,442 away from Caulfield Grammar in the electorate of Melbourne Ports.

This list has no credibility whatsoever. The Leader of the Opposition simply has not been prepared to do the work. If you are going to play the politics of envy, you might as well do it properly. You might as well try to
actually find out what the wealthiest schools in Australia are and go for them. The AEU was demanding the policy—he had to come up with something—but, when you look at the 67 schools serving the wealthiest communities by the SES measure, only 23 of these are on Kim Beazley’s list. So how did he get the list? He got the list by getting his office to go back to the old discredited ERI. As members of the House will remember, in August 1996, in a public report—the Leader of the Opposition could have consulted it; he could have actually used this report to compile his hit list—KPMG said:
The ERI fails to meet most of the tests of an effective indicator of need.
Yet this is precisely where the Leader of the Opposition—this policy weak, policy lazy Leader of the Opposition—went to get his list. It reminds me of Gilbert and Sullivan’s words in The Mikado:
As some day it may happen that a victim must be found,
I’ve got a little list—I’ve got a little list ...
He has turned himself into the Lord High Executioner of education policy. He is the Ko-Ko of education policy—Ko-Ko Kim. The Lord High Executioner. He has got his little list and, as Gilbert and Sullivan said, it does not much matter who is on the list, because the Australian Education Union was demanding a sacrificial list. It is no wonder that the 100,000 parents of the students of the schools which are on the Leader of the Opposition’s list are getting very angry indeed. They see the gross injustice of this. This is not a list of the wealthiest schools; this is a list which signifies the policy laziness and incompetence of the Leader of the Opposition. It is this government that stands up for those middle income parents who are working hard to send their children through school. We are the ones who are standing up for those parents, and you want to go out there and attack them in a totally discriminatory and unjust way.

Mr Tim Fischer—Mr Speaker, I ask: would the minister table the sacrificial list now or at a later stage?

Mr SPEAKER—The minister is at liberty to table the list if he chooses so to do.
Dr Kemp—I would have great pleasure in tabling it. I do not have it with me, but I shall—
Opposition members interjecting—
Mr SPEAKER—The House will come to order!
Dr Kemp—I am happy not only to table the list but for the information—
Mr SPEAKER—The minister has indicated he will table the list.
Dr Kemp—Yes, and send it to every parent in these schools.
Mr SPEAKER—That is the only requirement.

Employment and Unemployment: Training Credits

Ms KERNOT (2.54 p.m.)—My question is to the Minister for Employment Services. Minister, would an unemployed person be able to use the government’s training credits announced in the budget to attend a training course such as those endorsed by you and, therefore, unknowingly raise money for the Liberal Party at taxpayers’ expense?

Mr BROUGH—Is this an endorsement by the Labor Party of the government policy of the training credit? Is that what it is? Are you announcing policy today? Because it would be the first time that the member for Dickson has. The course, as was pointed out by the Leader of the Opposition, is being conducted tomorrow or on the weekend. There is in fact no training credit available at this point in time; it will be available later. That training credit will be available to the needy in this community, those mature aged workers and indigenous workers, for registered training which is going to assist them into work. I remind the member for Dickson that, when she was in the other place as a senator, she referred to the Labor Party policy as being caught in the spotlight and being unable to make any decisions in the area of employment.
Mr Beazley—Mr Speaker, on a point of order: this minister is being asked a specific question—

Mr SPEAKER—The Leader of the Opposition will resume his seat. The minister has concluded his answer.

Bankruptcy

Mrs May (2.57 p.m.)—My question is addressed to the Attorney-General. Will the Attorney-General inform the House of measures the government is taking to prevent abuse of the bankruptcy system? Is the Attorney aware of any alternative policy approaches in this area?

Mr Williams—I thank the member for McPherson for her question. She is a vigorous representative of small business in her electorate. The government will tomorrow introduce amendments to the Bankruptcy Act to crack down on people who try to hide behind the veil of bankruptcy to avoid paying their debts. Bankruptcy is there to help people who are overwhelmed with debts, but it is not a device to be used to deliberately defeat creditors with legitimate claims. The amendments will make it harder to become bankrupt and will make it harder to get out of bankruptcy once you are in it.

Mr Adams interjecting—

Mr SPEAKER—Member for Lyons!

Mr Williams—we will introduce a 30-day cooling-off period to make people think seriously about whether bankruptcy is the best option. We will encourage more people to consider debt agreements with their creditors to settle their debts. We will abolish early discharge provisions so that people cannot simply get into debt, claim bankruptcy, have the slate wiped clean after six months and then get back into racking up debts again. These measures will discourage people who would overspend on their credit cards or run up debts with small businesses and then use bankruptcy as a means of avoiding paying. They will help prevent people using bankruptcy to avoid sharing property—

Mr Adams interjecting—

Mr SPEAKER—The member for Lyons is warned.

Mr Williams—with a former partner in Family Court proceedings. They will target anyone who is abusing the bankruptcy process. The legislation itself is the product of two years of extensive consultation. We are responding to public concerns that bankruptcy is too easy a way out of avoiding obligations to creditors. Labor tried to introduce some reforms in 1995 but they did not succeed because they did not talk to anybody about them before they introduced them. One of my first initiatives, when the Howard government came in, was to establish a consultative forum on bankruptcy so that we could listen to the concerns of those involved in the personal insolvency industry and all who have an interest in bankruptcy.

Mr Kerr interjecting—

Mr SPEAKER—The member for Denison is warned.

Mr Williams—The amendments that I will introduce tomorrow will continue the Howard government’s commitment to better balancing the interests of creditors and of debtors. They follow our introduction in 1996 of the informal debt agreements, which encourage people to repay their debts rather than go into bankruptcy.

The member for McPherson asked about alternative policies. We have searched in vain for any Labor policy on the elimination of rorting in the bankruptcy system. In the absence of Labor having a policy of its own, I call on it to support the government with these amendments so that we can stamp out rorters and help creditors get the money they are entitled to.

Minister for Employment Services

Mr Beazley (3.01 p.m.)—My question is to the Minister for Employment Services. It goes to this advertisement, which I am sure you have seen, in relation to a training course that begins tomorrow. Minister, are you aware of the claim in this advertisement, which reads:

This course normally costs between $450 and $900 but thanks to Mal Brough and the Pumices-
tone Enterprise Branch, two special courses have been created to support locals needing to access this nationally recognised qualification.

Minister, what did you do?

Mr BROUGH—This is an extraordinary attack when the Leader of the Opposition stands here and condemns an organisation for providing quality training at a lower cost so that businesspeople can access that training—

Mr Pyne interjecting—

Mr SPEAKER—The member for Sturt is warned.

Mr Beazley—Mr Speaker, I rise on a point of order. It goes to relevance. The question was specifically—

Mr SPEAKER—The Leader of the Opposition will resume his seat. The minister is being entirely relevant. I recognise him.

Mr BROUGH—I make it quite clear to the Leader of the Opposition that I have not used my offices as a minister or as a member of parliament in any way which would detract from my duties as a minister. What I have done here is the same as when this gentleman offers courses to Lions and Rotary. Quite often, you will recommend it to the members—

Mr Beazley interjecting—

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

Mr BROUGH—I make it quite clear to the Leader of the Opposition that I have not used my offices as a minister or as a member of parliament in any way which would detract from my duties as a minister. What I have done here is the same as when this gentleman offers courses to Lions and Rotary. Quite often, you will recommend it to the members—

Mr Beazley interjecting—

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

Mr BROUGH—I make it quite clear to the Leader of the Opposition that I have not used my offices as a minister or as a member of parliament in any way which would detract from my duties as a minister. What I have done here is the same as when this gentleman offers courses to Lions and Rotary. Quite often, you will recommend it to the members—

Mr Beazley interjecting—

Mr SPEAKER—The member for Forde is warned.

Mr ABBOTT—I thank the member for Forde for her question. Mr Speaker, as you know only too well, it is often alleged by members opposite that big business or business generally has some sway over government policy. Let me state for the record that big business, and business generally, has no votes whatsoever in any coalition party room. Big business, or business generally, has no vote whatsoever in any coalition preselection.

By contrast, under the notorious 60-40 rule, the union movement owns the Australian Labor Party lock, stock and barrel and critically determines Labor policy on nearly all issues. This occurs in big things such as the CFMEU recently wrecking the New South Wales government’s workers compensation reform by threatening to withdraw half a million dollars in donation, and in small things such as the AWU putting a minder on the staff of the member for Dickson to try to make sure she does not breach Labor Party policy. Let me point out for the record that last year the union movement gave nearly $5 million to the Australian Labor Party, and union members were never consulted about this. Let me point out for the record—

Mr Cameron Thompson interjecting—

Mr SPEAKER—The member for Blair is warned.

Mr ABBOTT—that under the Working Nation program when the member for Hotham was minister for employment, his department gave millions of dollars to the union movement in training grants, most of which were recycled to the ALP through union donations.

Remarkably, the Queensland Labor Party has just changed its rules to ensure that unions get more votes for bigger donations.
This is chequebook democracy ALP style, alive and well in the Queensland Labor Party. This is not about cleaning up the ALP. The ALP’s real change is actually about the CFMEU prosecuting its historic fight against the AWU. Let me say to members opposite, in particular the CFMEU representative, the member for Brisbane, and the AWU representatives, the member for Rankin and the member for Griffith, that taking power off the AWU and giving it to the CFMEU is like taking power off Tammany Hall and giving it to the Mafia. That is what is happening inside the Queensland Labor Party. They are taking power off Tammany Hall to give it to the Mafia. Even people like John Sutton, the National Secretary of the CFMEU, are saying that organised crime has infiltrated his union, and this is a union which gives $400,000 a year to the ALP.

There is only one way to clean up Australian politics, and it is not to take power from poor unions and give it to rich unions. As the member for Fremantle knows, the only way to clean up Australian politics is to break the union block vote inside the Australian Labor Party. I challenge the Leader of the Opposition to impose a bit of internal democracy on his own party. I say to the Leader of the Opposition: Tony Blair had the guts to break the union block vote. Why doesn’t the Leader of the Opposition?

Companies: Directors’ Bonuses

Mr McMullan (3.08 p.m.)—My question is to the Prime Minister. I refer the Prime Minister to his earlier answer in which he said that what distinguished National Textiles from One.Tel was that ‘there were no bonuses in the case of National Textiles’. How is that consistent with the report in the Australian of 1 February which quotes the Chairman of National Textiles, Mr Howard, as saying that the chairman defended an extra $103,000 in board payments as ‘bonuses’?

Mr Crean—Stan got a bonus as well.

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

Mr Howard—We will check that report but, even if that report were true, to suggest that there is a comparison—

Mr Lee—Should they give it back?

Mr Speaker—The member for Dobell.

Mr Lee—Should Stan give it back?

Mr Speaker—The member for Dobell is warned!

Mr Howard—between payments of $103,000 and payments of $14 million is plainly ludicrous.

Mr Tanner interjecting—

Mr Speaker—The member for Melbourne will excuse himself from the House under standing order 304A.

The member for Melbourne then left the chamber.

Mr Howard—Given that the Manager of Opposition Business has asked me some questions about the details of the financial arrangements, I will go back and, if there is any further information I should provide to the House, I will do that. The Australian public has seen, in relation to One.Tel, payment of two grossly excessive and totally unjustified bonuses totalling $14 million. I repeat: even if in a technical sense on all fours there is a comparison, to say that $14 million paid to two people is analogous to $103,000 paid to a number of people is plainly ludicrous.

Mr McMullan—I seek leave to table the article to which I have just referred.

Leave granted.

Financial Institutions Duty: Abolition

Mrs Vale (3.10 p.m.)—My question is directed to the Minister for Financial Services and Regulation. Would the minister inform the House of any recent events that will see ordinary Australians in my electorate of Hughes paying less for banking services?

Mr Hockey—I thank the member for Hughes for her question. I know how strongly she defends the interests of everyday Australians in her electorate. Because of the introduction of the GST on 1 July last year, in just 24 days time financial institu-
tions duty will be abolished in Australia. This is another tax cut delivered in full by the Howard government. This tax on bank deposits currently raises around $1.2 billion each year. It is charged at a rate of 6c for every $100 deposited at the bank. It is an insidious tax because it is a tax on savings and on mortgages and because it means more paperwork for Australian small businesses. Its abolition on 1 July represents a saving to every Australian man, woman and child of an average $63 a year. Add to this fact lower interest rates and significant reductions in income tax and the benefits of tax cuts start to become clear. It is crucial that this FID saving is passed on to consumers.

Accordingly, I advise the House that the government is prescribing the abolition of FID under the Trade Practices Act so that consumers will have the benefit of full abolition of FID from 1 July. The protection provided by the ACCC will be the same protection provided during the introduction of the GST. There will be fines of up to $10 million for businesses and up to $500,000 for individuals who fail to pass the benefits of the abolition of FID straight through to consumers. This raises an interesting dilemma for the Leader of the Opposition which we on this side have come to call the Conroy dilemma, where the Leader of the Opposition has to explain how he is going to pay for roll-back and what taxes he is going to introduce. I invite the Leader of the Opposition to now declare that he will not reintroduce FID. Perhaps if I put on a schoolboy uniform he might give me an answer about whether he is going to reintroduce FID.

Mr SPEAKER—The minister will address his remarks through the chair.

Mr HOCKEY—The abolition of FID is great for Australians and it is great for Australia.

Companies: Directors’ Bonuses

Mr BEAZLEY (3.14 p.m.)—My question is to the Prime Minister, and it follows the question that was asked a moment ago from this side. Prime Minister, if you establish that bonuses were paid to the directors of National Textiles, will you apply the same standard to the National Textiles directors as you have to the directors of One.Tel? If not, won’t this be seen as further special treatment for the directors of National Textiles?

Mr HOWARD—I will analyse what was in that article, and other matters, and when I have done that, if there is anything further I have to say, I will. I would like to make a couple of observations about the directors of National Textiles. It is well known in this place that the chairman of that company is my brother. I have never sought to hide that fact. He is a person of impeccable commercial and personal integrity, and I am immensely proud of the contribution he has made in a professional way and of my very close association with him. I think it is highly regrettable that, because he is my brother, his business affairs are traduced and trawled over in a quite disgraceful way by the Leader of the Opposition.

Mr O’Connor interjecting—

Mr SPEAKER—The member for Corio is warned.

Mr HOWARD—I might remind the Leader of the Opposition that all of the directors of that company were subject to an ASIC investigation, and the investigation said that there was no impropriety. You ought to have acknowledged that in your question.

Work for the Dole

Mr LINDSAY (3.16 p.m.)—My question is addressed to the Minister for Employment Services. What are the latest indicators of the effectiveness of the government’s Work for the Dole program? How do these results compare with similar previous programs? Is the minister aware of any recent comments calling into question the future of Work for the Dole?

Mr BROUGH—I thank the member for Herbert for a question of substance.

Mr McMullan interjecting—

Mr Leo McLeay interjecting—

Mr SPEAKER—The Manager of Opposition Business is warned. The Chief Opposition Whip is warned.
Mr BROUGH—The Work for the Dole program continues to provide quality work experience for Australians. It is a program that is widely supported not only throughout the community but also by the participants. It is interesting to reflect upon the Hansard report of 1997, when Senator Faulkner had this to say:

... we do not, and we never will, buy the government’s arguments that this program is about improving unemployed people’s self-esteem and their work ethic.

This is quite contrary to the view of 83 per cent of participants, who have said that they were more motivated to find a job as a result of their activities in Work for the Dole. It is interesting that we have had the New Zealand parliamentarians in here today. I am wondering whether they have been providing advice to the member for Dickson and the opposition, because they have just canned their equivalent of Work for the Dole and maybe this is something that the Labor Party are taking up. I say this because back in 1997 the Leader of the Opposition also referred to Work for the Dole as a ‘mickey mouse program’. So we know what they think about the program; what we do not know is whether they intend to maintain the program.

In a recent conference in Adelaide on 17 May, the shadow spokesman, the member for Dickson, when referring to employment services said—

Ms Kernot interjecting—

Mr BROUGH—You were not in Adelaide? You do not recall? You said that, if you had a bucket of money and a free hand to design a system of employment services, you would probably design it differently. The last time the Labor Party had a bucket of money was when they had a program called New Work Opportunities, which they like to refer to as being in some way their Work for the Dole. This is a program that cost $180,000 per net outcome—$180,000 for every person that got a job as a result of doing that program. That is what you do with a bucket of money if you are from the other side. It had a four per cent outcome. So 96 per cent of people who attended that training did not get a job and the Labor Party, and particularly the member for Dickson, say, ‘If I had a bucket of money, maybe I’d do it differently.’

The question I ask is this: what does the Labor Party intend to do with the Job Network? What does the Labor Party intend to do with Work for the Dole? The fact is that there is not one thing on the web site of the Labor Party that refers to its policy direction in this area. The member for Herbert must ask the question: what is going to happen to the 42 participants who are operating with the Townsville Cycle Club providing wheelchair access, repairing grandstands and seating, and giving the clubhouse area a lift? What about the integrated disability support service project—the 35 participants there who are working in child care, as teachers aides, in reception or on admin duties? That is real work experience provided to real Australians across thousands of projects. What is the Labor Party’s stand? What is it going to do? Is it going to support Work for the Dole?

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

PERSONAL EXPLANATIONS

Ms MACKLIN (Jagajaga) (3.20 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms MACKLIN—Yes, I do.

Mr SPEAKER—Please proceed.

Ms MACKLIN—I claim to have been misrepresented in question time by the Minister for Health and Aged Care when he questioned Labor’s commitment to keep the private health insurance rebate. He deliberately left out from the sentence—

Mr SPEAKER—The member for Jagajaga cannot indicate where the Labor Party has been misrepresented; she can indicate only where she has been personally misrepresented.

Ms MACKLIN—It was about me, Mr Speaker. He deliberately left out from the sentence that he quoted the part that said ‘but
she loyally backs the party policy to retain it.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Education: Schools Funding

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (3.21 p.m.)—I table the Leader of the Opposition’s hit list of schools to be sacrificed on the altar of relations with the Australian Education Union.

PERSONAL EXPLANATIONS

Mr KERR (Denison) (3.22 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr KERR—Yes, on two occasions.

Mr Lee interjecting—

Mr SPEAKER—The member for Denison will resume his seat. The member for Dobell has already been warned. He will excuse himself from the House.

The member for Dobell then left the chamber.

Mr Sidebottom interjecting—

Mr SPEAKER—The member for Braddon is also warned. The member for Denison may proceed.

Mr KERR—Thank you, Mr Speaker. The first occasion during question time when I was misrepresented was by the Minister for Foreign Affairs. The minister said, in response to a question, that I had supported military intervention after the coup in the Solomon Islands. That is not the fact. What I did do was report to the Minister for Foreign Affairs representations that had been made to me and all members of a parliamentary delegation by the then Prime Minister of the Solomon Islands, the Leader of the Opposition of the Solomon Islands and the Chief Justice of the Solomon Islands that they wished—

Mr SPEAKER—The member for Denison forces my intervention. I have allowed him more generosity than is normally extended.

Mr KERR—Thank you.

Mr SPEAKER—He has indicated where in that instance he was misrepresented—

Mr KERR—No, I have not. I am saying that what I have done was to write to the minister, passing on—

Mr SPEAKER—The member for Denison has indicated where he was misrepresented. He will come to the second matter of misrepresentation.

Mr Beazley—I take a point of order on this, Mr Speaker. It goes to the application of the test of when a person has been misrepresented. A member of parliament here has been accused of supporting military intervention in a friendly country. He has denied it. What he is doing is quoting exactly the situation which covers his case—what he was reporting on. Members of parliament are entitled to protection in this place. This is a place—

Mr Downer—When you were in government, you didn’t—

Mr SPEAKER—The Minister for Foreign Affairs!

Mr Beazley—And, given that he had about one sentence further to read on it, he is entitled to read that sentence.

Mr Reith—On the point of order, Mr Speaker: the procedure allows you to point out—

Mr Bevis interjecting—

Mr SPEAKER—The procedure allows you to point out where you have been misrepresented and to deny it. If people want an opportunity to expand on that, there are other forms of the House and they should use them. To suggest that this is an opportunity at large, which is what the Leader of the Opposition is proposing, is obviously not in accordance with the standing orders.

Mr Beazley—It’s a one-sentence correction.
Mr Reith—Oh, stop kidding.

Mr SPEAKER—The Leader of the Opposition!

Mr Reith interjecting—

Mr Beazley interjecting—

Mr SPEAKER—I warn the Leader of the House and I warn the Leader of the Opposition. The member for Denison has, as the standing orders provide, in defence of his reputation—and the chair defends the reputations of all members of the parliament—had an opportunity to indicate where he was misrepresented, and has done so. I have no idea whether the concluding statement adds to the argument or not. The simple truth is that he has had the opportunity to indicate where he was misrepresented, and has done so. He will come to the second item of misrepresentation.

Mr KERR—Mr Speaker, may I seek your indulgence to set out briefly and in the simplest of terms what I wished to place before the House so that the circumstances whereby the minister so grossly misrepresented me are known to this House and the fact of what I did in fact do is also known to this House.

Mr Downer—What circumstances?

Mr SPEAKER—The Minister for Foreign Affairs is warned. The member for Denison will come to the second point of misrepresentation, as invited to do by the chair, or resume his seat.

Mr KERR—The second misrepresentation has nothing to do with the first point. I am seeking your indulgence to set out the circumstance—

Mr SPEAKER—I have indicated that I do not intend to extend indulgence. You will come to the second point of misrepresentation, the first one having been cleared.

Mr KERR—I regret that. The circumstances ought be known. The second point—and I regard it as a shame on this parliament—

Mr SPEAKER—The member for Denison has already been warned, and I will happily deal with him unless he comes directly to the second point of misrepresentation.

Mr Adams interjecting—

Mr KERR—The second misrepresentation—

Mr SPEAKER—The member for Denison will resume his seat. I name the honourable member for Lyons.

Motion (by Mr Reith) put:
That the member for Lyons be suspended from the service of the House.

The House divided. [3.31 p.m.]

Ayes........... 73
Noes............ 63

Majority........ 10

AYES
Abbott, A.J. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Barresi, P.A.
Bishop, B.K. Bishop, J.I.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Costello, P.H.
Charles, R.E. Elson, K.S.
Downer, A.J.G. Fahey, J.J.
Entsch, W.G. Forrest, J.A.*
Fischer, T.A. Gamb voro, T.
Gallus, C.A. Georgiou, P.
Gash, J. Hardgrave, G.D.
Haase, B.W. Hockey, J.B.
Hawker, D.P.M. Jul, D.F.
Hull, K.E. Kelly, D.M.
Katter, R.C. Kenp, D.A.
Kelly, J.M. Lieberman, L.S.
Lawler, A.J. Lloyd, J.E.
Lindsay, P.J. May, M.A.
Macfarlane, I.E. McGauran, P.J.
McArthur, S.* Mairn, G.R.
Moylan, J. E. Nelson, B.J.
Nehl, G.B. Prosser, G.D.
Neville, P.C. Reith, P.K.
Pyne, C. Ruddock, P.M.
Ronaldson, M.J.C. Scott, B.C.
Schultz, A. Slipper, P.N.
Secker, P.D. Southcott, A.J.
Somlyay, A.M. Stone, S.N.
St Clair, S.R. Thompson, C.P.
Sullivan, K.J.M.
Mr Kerr (Denison) (3.36 p.m.)—Mr Speaker, just before my second request of you, I seek leave to table, in order to place in context my previous remarks, an article in the *Australian* today by Mary-Louise O’Callaghan entitled ‘Canberra is colluding in the Solomons’ demise’.

Leave granted.

Mr Kerr—The second matter upon which I seek leave to make a personal explanation relates to remarks in question time by the Attorney-General. The Attorney-General indicated that the reason why the government had not proceeded with amendments to the bankruptcy laws which would have made it more difficult for operations like the current problems taking place, and for their delay in legislating, was failure to consult. The bankruptcy legislation, for which I was responsible and which I brought before this parliament, was exposed for a substantial period of time and the then opposition had plenty of time to consider it. Its failure to do so is blameworthy on it, no-one else.

Mr Downer—By the way, Mary-Louise O’Callaghan thinks—

Mr Speaker—The Minister for Foreign Affairs will excuse himself from the House under the provisions of 304A!

The member for Mayo then left the chamber.

**AUDITOR-GENERAL’S REPORTS**

Report No. 46 of 2000-01

Mr Speaker—I present the Auditor-General’s Audit Report No. 46 of 2000-01 entitled *Performance audit—ATO performance reporting under the outcomes and outputs framework—Australian Taxation Office*. Ordered that the report be printed.

**PAPERS**

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

MATTERS OF PUBLIC IMPORTANCE

Nursing Homes: Accreditation

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

The failure of the Government to enforce its accreditation standards in nursing homes resulting in older people being exposed to unacceptable standards of care.

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—

Ms MACKLIN (Jagajaga) (3.39 p.m.)—What we have in this Minister for Aged Care is a minister who hears no evil, sees no evil and speaks no evil. She heard nothing about the substandard care of residents in the Yagoona Nursing Home. She saw nothing of the report from her own agency that detailed the problems and recommended the closure of the nursing home. And she has taken no action to make sure that residents receive proper care. She sees no evil, hears no evil and, of course, speaks no evil. What does she do?

It is worth going over the facts around the case of the Yagoona Nursing Home. There is an enormous number of unanswered questions about the matter and, of course with this minister, not surprisingly, some misinformation. The Yagoona Nursing Home was accredited late last year when the standards agency rushed through most of the 3,000 facilities it accredited. This nursing home was granted three-year accreditation, the highest level possible. In April this year, just five months after being accredited at the highest level possible, an assessment team from the government’s standards agency visited the nursing home over concerns about resident care. The team of three assessors inspected the nursing home for four days and compiled a very detailed, 96-page report outlining the systemic breaches of resident care they found. They found the following areas did not meet the government’s standards: clinical, skin care, behavioural management, fire safety, continence management—

Mr Billson interjecting—

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Dunkley! Do you want to continue the procession? The member for Jagajaga has the call.

Ms MACKLIN—Thank you, Mr Deputy Speaker. The list goes on: nutrition and hydration, privacy and dignity, record keeping, complaint resolution. In all, 20 of the government’s 44 care outcomes were substandard. The nursing home was found to fail all four care standards in which the 44 outcomes are grouped. Two of the standards—management and staffing, and physical environment—were rated ‘critical’, the worst possible rating. According to the agency’s own guidelines, a ‘critical’ rating means that there are major health or safety risks or major concern about residents’ wellbeing and no corrective action is being taken to fix the problem. You cannot get a more serious finding. The other two standards at Yagoona were rated unacceptable.

Five months after being granted three years accreditation, the nursing home is found to fail all four care standards, two of them critically. According to the accreditation guidelines, any nursing home with ‘one or more standards rated critical will not be accredited’. These are the government’s own guidelines. Yagoona has two standards rated critical and, according to the government’s own guidelines, the nursing home should not be accredited. Consistent with those guidelines, the assessment team recommended, on page 7 of their report:

That the accreditation of the Yagoona Nursing Home be revoked.

This is the first time that we know of that such a recommendation has been made. The revocation of the nursing home’s accreditation would stop its Commonwealth funding and close it down. The government’s own
standards agency recommended the closure of the nursing home. But at some point between 23 April and 10 May this year that recommendation was overturned and the nursing home merely had its accreditation reduced from three years to 18 months. In other words, the recommendation to close it down was overturned. No proper explanation, certainly not one that has come from this minister, has been given as to why that decision was taken. All we know is that the decision was made by people other than the assessment team that actually inspected the nursing home. No explanation has been given as to why the government’s own accreditation guidelines have now been ignored, allowing a nursing home with two critical ratings to remain accredited.

The residents of Yagoona, their families and the wider community deserve such an explanation. If this government is to be held accountable for its actions we need to hear—and, you never know, we might get some explanation here today—a full and detailed account of the whole matter. Or is it back to one of those wise old monkeys? That the assessment team’s recommendation has been overturned in such a way raises serious concerns about the whole accreditation process. How many other decisions have been made, how many other assessment teams have had their recommendations overturned? Let us have some answers from the minister today.

The need for an explanation is all the more necessary because of the statements made by the provider in this case, the provider we have heard a little bit about in this chamber this week. Mrs Millie Phillips, the provider, has consistently rejected the findings of the agency. She has not acknowledged any problems and has given no sign that she is willing to improve the standard of care in the nursing home. So let us find out who is telling the truth. Why hasn’t the minister defended her own standards agency in its findings? Why hasn’t this home been closed? Or have the provider’s donations to the Liberal Party bought the minister’s silence? Is that really what we are about here today? Well, let us have an explanation. Let us have an explanation about why it has not been closed.

Mrs Bronwyn Bishop—I raise a point of order, Mr Deputy Speaker. I ask for an apology from the member for Jagajaga. How dare she make such an allegation!

Mr DEPUTY SPEAKER—I regret that I was speaking to the Clerk and I did not hear what the member for Jagajaga said, so it is difficult for me to make a ruling on whether it was unparliamentary or not.

Mr Fahey—Mr Deputy Speaker, I could assist you.

Mr DEPUTY SPEAKER—I would be delighted if you assisted me, Minister.

Mr Fahey—The member for Jagajaga said quite clearly that silence could well have been bought. She did not say it was; she said it could well have been bought by the owner of the Yagoona Nursing Home from the minister. That is a substantial accusation that should be dealt with under the standing orders in an appropriate way, and I think the minister is fully within her rights to ask for a withdrawal.

Mr DEPUTY SPEAKER—I thank the Minister for Finance and Administration. The member for Jagajaga, you have attributed improper motives to the minister, and I ask you to withdraw.

Ms MACKLIN—On the point of order, Mr Deputy Speaker—

Mr DEPUTY SPEAKER—Are you refusing to withdraw?

Ms MACKLIN—I am, Mr Deputy Speaker, because I did not make—
Mr DEPUTY SPEAKER—You are refusing to withdraw?

Ms MACKLIN—I did not make that allegation.

Mr DEPUTY SPEAKER—Before I name you, are you prepared to accept—

Honourable members interjecting—

Mr DEPUTY SPEAKER—Resume your seat. I have not finished speaking to the member for Jagajaga. I would be most reluctant to take that course—

Mr Brereton—Especially when you didn’t hear it!

Mr DEPUTY SPEAKER—The member for Kingsford-Smith should be silent. The member for Jagajaga—

Mr Leo McLeay interjecting—

Mr DEPUTY SPEAKER—Order! The member for Watson, you can sit down. I have said I would be most reluctant to take any action. I am not debating with you whether you said it or whether you did not say it. You have not indicated to me whether the explanation given by the Minister for Finance and Administration was correct or not. My only bone of contention with you at the moment is that I have asked you to withdraw and you appear to have said that you refuse to do so.

Mr Bevis—Withdraw what? Something you did not hear?

Mr DEPUTY SPEAKER—Chief Government Whip, resume your seat. The member for Jagajaga, would you please tell me and tell this House whether you said what the Minister for Finance and Administration claimed that you said?

Ms MACKLIN—Can I tell you exactly what I said?

Mr DEPUTY SPEAKER—Please do.

Ms MACKLIN—It was a question, in fact, Mr Deputy Speaker: have the provider’s donations to the Liberal Party bought the minister’s silence? It was a question.

Mr DEPUTY SPEAKER—I thank you very much, and that confirms what the minister said. That is an imputation of improper motive, and I again ask you to withdraw, in the interests of the House and in the interests of your discussion going on now.

Ms MACKLIN—I do not believe that it was. It was a question. But, in the interests of continuing the MPI, I withdraw.

Mr DEPUTY SPEAKER—The member for Jagajaga has the call.

Ms MACKLIN—Thank you, Mr Deputy Speaker. The case of the Yagoona Nursing Home once again raises questions about this minister’s ability to handle her portfolio. Yet again we see the way in which she went on radio yesterday and claimed she knew nothing about the serious problems with resident care in the nursing home until she saw it in the newspaper. We now know that she spends $350,000 a year monitoring the media because that is the only way she can find out what is happening in her portfolio. We know that there have been 49 review audits on nursing homes this year, which are the inspections carried out when there is concern about resident care. A report is in fact compiled on each inspection. It was the review audit report on the Yagoona Nursing Home that recommended the revocation of accreditation and included the shocking examples of substandard care that residents were being subjected to. That report was dated 23 April, just this year. The minister claims she did not see it; she did not see it or know about it until there was a report in the media six weeks later.

Of course, the community deserves the right to know why the Minister for Aged Care does not demand a copy of all review audit reports as soon as they are available—detailed audit reports from the government’s own standards agency. Surely it is not too much to ask. Surely it is not too much to ask of the Minister for Aged Care. I know this minister has an enormously busy social calendar, but she could find the time to get into the details of these very serious cases.

This is particularly the case with the Yagoona Nursing Home, where the standards agency for the first time, as we understand it, recommended the revocation of accreditation. That is not something the assessment team would have recommended lightly. It
has significant implications for the future of that facility. I would have thought that, as the Minister for Aged Care, she might be a bit more interested in knowing about the nursing homes which her own department has concerns about. But the minister seems to think that ignorance is a defence: ‘Ignorance, ignorance’ is her defence. By consciously avoiding any knowledge about the problems in aged care, she can deny any responsibility. Is this the minister’s response to the crisis in aged care last year? Does she now hope to escape any responsibility for the problems in her portfolio by informing her department not to let her know about any problems that exist?

Along with boasting on the radio yesterday about her ignorance of the serious concerns of her own standards agency over the Yagoona Nursing Home, the minister has also been at pains to remind everyone that she has no powers under the Aged Care Act to do anything to fix any problems. She virtually said, ‘I don’t know anything about the problems and, even if I did, I couldn’t have done anything about it anyway.’ As we asked in question time yesterday: Minister, what do you do? The minister does not bother to read her own reports on substandard nursing homes. She claims to have no powers to do anything to force them to improve.

Someone has to remind this minister that along with the perks of office comes a responsibility to make sure that Australian nursing homes are suitable to be lived in. She is responsible for making sure that frail older Australians receive proper care. She is responsible for the billions of taxpayers’ dollars spent on aged care. But what we have here is a minister who is all care and no responsibility. She is a minister who hears no evil—she does not hear anything that is going on; she does not see any evil; she does not speak any evil. And of course in the last few days we have had all three combined. She has heard nothing about Yagoona for five weeks. The community is entitled to know whether a political donation has compromised an investigation into the affairs of the Yagoona Nursing Home. I hope today that we will get a full explanation from this minister about why this nursing home has not been closed down and whether or not it does have anything to do with political donations to the Liberal Party.

Mrs BRONWYN BISHOP (Mackellar—Minister for Aged Care) (3.54 p.m.)—I was asked what it is that I do. What I do is fix up the mess of 13 years of Labor Party neglect, and the member who has just spoken was the architect of that neglect when she was working out of Brian Howe’s office. She is truly the mistress for misery of 13 years of neglect, which we have had to clean up. She had an interesting turn of phrase. She seemed to be interested in facts. Well, let us get a few right.

First of all, for the first time ever, after our reforms were put in place, over 14 months every home in Australia—all 3,000 of them—was not only visited but audited. The result of that process was that 190 homes were either closed or relocated because they would not or could not meet the new standards. The closure or relocation of those homes means that residents are now getting better care. The important thing about the structure we have put in place is that for the first time we have legislated standards. We have an act which sets out the standards that must be met. We have a whole mechanism of systems in place to keep visiting them and to keep them up to the standards. In order to reach accreditation, they had to pass the four standards with 44 substandards. Under the 44 substandards, if there was some remiss, they had to put in place a plan to come up to the standards and they had to give an undertaking to the agency that that would be done.

We set up an agency to make this a transparent process. We set the agency up so that it not only makes the reports on the visits but actually publishes them, which is why we know what is going on. Under the Labor Party it was all swept under the carpet, but we have chosen to lift that carpet. The Gregory report was indeed commissioned by the Labor Party; but did they respond to it? Never! It was left to this government to respond to that report and to put in place mechanisms to provide sufficient capital for
aged care homes—a high level, for them to have sufficient money to keep that capital stock up. As a result of those policies, $8.3 billion will be made available over a 10-year period to the industry for rebuilding and refurbishing purposes, and the estimate of need is $7.9 billion.

The system works. Those people who thought that they could get an accreditation and that they then would not be visited for another three years can have another think. There is a complete system of support audits, of spot checks—both random and targeted—and of RCS visits. The RCS nurses look at the care plans, which are the very essence of delivering care, to ensure that what is written is in fact being delivered. They also have the responsibility to report if they find things amiss. Nursing homes have to have a new site audit to become reaccredited.

In the case of the Yagoona home, there was indeed a series of spot checks and of support visits. A review audit was done. The assessors recommended that the accreditation be revoked. Revocation would mean that subsidy would cease. The state manager, who, under the act and under the subordinate legislation, is obliged to look at a whole range of other issues, as well as the assessors’ report, determined that he would give a downgrade as opposed to a revocation. He downgraded the accreditation from three years to 18 months.

I bothered to go and have a look through some of our records to see whether this was something that was done from time to time, and indeed it is. I point out to the member that, if she had bothered to properly read the review audit report, she would find appendix 1, which is a part of the report, which says:

Where the report indicates an unacceptable or critical rating for one or more standards, the agency will continue to work with a service until a satisfactory rating is achieved. That is the purpose of the act: to bring homes up to standard so that people can have proper quality care. The other home I found that had four critical ratings across the four standards, as recommended by the assessors, was in Victoria. They said, ‘The review audit team recommends that the accreditation period be varied.’ The state manager said:

Following the presentation of a report on the review audit of the service, consideration of submissions by the Department of Human Services ... and having regard to the expiry time for the current accreditation decision, I have decided in accordance with section 3.241 of the accreditation grant principles of 1999 not to revoke the accreditation and not to vary the period of accreditation.

That home is owned and run by the Victorian state government. They had exactly the same treatment as the Yagoona home, and I do not hear you making any allegations that the Victorian state government had been making donations to the Liberal Party. There are, in other words, a number of occasions where the state manager exercises his authority, as he is meant to do under the act, to take into consideration such things as what the approved provider gives in undertakings to improve. Indeed, in Yagoona, the things that were found to be wrong were undertaken to be improved and the agency and the department continue to visit that home to ensure that the undertakings are fulfilled. They include things like an adequate supply of continence aids. They include proper functioning hot water service. They include making sure that the bells work.

Ms Ellis—How quickly?

Mrs BRONWYN BISHOP—How quickly? I will come to that in just a moment. In order that we have proper accountability, we also have due process, something the Labor Party know precious little about. They were very good at giving ministers freedom to intervene in all sorts of things, like Ros Kelly and the whiteboard and sports rorts: there was no due process, no arm’s length. Well, I am afraid due process is important to this government, and I do not apologise for it.

The agency has been established to be an independent body. The department is there to make sure if there is serious and immediate risk—as was the case in Riverside—that action is taken. There are a number of things set out in the act. If the member bothered to
read it, she would see that there is a comprehensive system in place for when the department can and does impose sanctions. If there is serious and immediate risk, sanctions can be applied immediately. If there is no such serious and immediate risk, as there was not in this case of Yagoona, the department has a due process to follow, which it is properly following. It has written to all the residents, it is continuing to monitor the home, it is continuing to see that the undertakings to upgrade are carried out and, furthermore, it is now considering whether or not sanctions can or will or will not be imposed and, if so, that they are in accordance with the act, which is what any serious person would do.

Now I bring you to the question of timeliness. Yesterday we saw—and I am disappointed to say we saw—a politicisation of a veteran. We heard in this House a question asked about a letter that had been written to me on 25 May. The said member then put out her own press release which contained her notes about this particular veteran. These were taken on 21 May. This was so urgent she did not bother to write to me till 25 May—and then she sent it by snail mail. Mrs Gash—Snail mail!

Mrs BRONWYN BISHOP—Then she sent it by snail mail. This morning I rang the member to ask her for the phone number of the daughter of the person concerned. She told me that that was the only phone number she had. That phone number has not been answered today, because I subsequently found out the daughter does have a part-time job, so I had a lengthy conversation with the secretary of the sub-branch of Liverpool RSL, because I am concerned about this veteran, a veteran who has been made a political item, who is now being besieged in Lady Davidson Hospital by the media trying to get access to him.

This gentleman was taken from the nursing home, where he should never have been sent in the first place. He was admitted on a number of occasions to Liverpool Hospital. He was a man in need of medical treatment—acute medical treatment. He should never have been sent from that hospital to a nursing home or an aged care home. In fact, Mrs Keane, I am told by Veterans’ Affairs, consulted with her GP and he was moved to Lady Davidson Hospital because he needed that medical care—and he is getting that medical care. It is hoped that he can go home.

Mrs Keane has not had any help in her home, and she is entitled to it. She is entitled to have a community aged care package. She would be entitled to have visiting nurses from Veterans’ Affairs. She has been coping on her own, and I totally understand why she has been feeling in need of respite. But the gentleman concerned needed medical treatment in a hospital, and that is what Lady Davidson is: a hospital, with two wards put aside for veterans. I would point out that the member could have picked up the phone and rung me, just as I rang her this morning. The member had seen me in this chamber; she could have crossed the floor and talked with me. If her real concern was to get some attention and something done about this situation and for this person, she could have picked up the phone and rung me. We would have acted immediately, as we do in so many other cases.

You ask me what I do. I fix up the mess you left behind—the mess that was left behind that gave no proper services to rural and regional Australia, which we have been fixing up; the mess that was left behind and identified by the Auditor-General when he said that the Labor Party had failed to issue 10,000 places and the only way we could fix it up was by having an additional injection of 10,100 places. Here it is, all laid out in the Auditor-General’s report. I have followed that report: I have issued those additional places. We have put in more money, more places and better care for those frail Australians who are in need of it—and to hear the cant and hypocrisy of the mistress for misery is too much. This is the architect of the plan that failed older Australians for so long. For 13 years we had no proper care for older Australians and we had reports which you did not respond to. Indeed, we have not only introduced the reports—
Ms Macklin—Mr Deputy Speaker, I rise on a point of order. I ask the minister to withdraw those statements, which she knows are unparliamentary.

Mr DEPUTY SPEAKER (Mr Nehl)—I call on the minister to refer to the member for Jagajaga by her correct title.

Mrs BRONWYN BISHOP—I will refer to her as the member for Jagajaga.

Ms Macklin—What about withdrawing?

Mrs BRONWYN BISHOP—We also put in place a two-year review—

Mr DEPUTY SPEAKER—I have not asked her to.

Mrs BRONWYN BISHOP—I was not asked to. We also put in place a two-year review of our system to make sure that it is working. In the words of Professor Gray, who conducted that review:

It is my conclusion, on completion of the review, that the reforms have delivered substantial improvements to the aged care system. The finetuning undertaken to smooth the implementation of the reforms and address unanticipated anomalies has been largely successful.

Further to that, we are now having a ‘lessons learned’ exercise from the accreditation process to ensure that we can make even more improvements as part of our continuous improvement program. One of the most innovative ways we have been doing this is to talk to residents and families. Right across Australia, we have invited them to come and talk to us, to give them the empowerment to make their own statements, because at the end of the day we want them to have choices about what is best for them—not just to be put into any home but to have a choice, to have a choice to be able to stay home. With the Carelink line, people can ring up and say, ‘They want to put me in a home. What services have you got to keep me in my home?’

They are the sorts of programs that we are putting in place—not neglect, where you failed to issue beds, where you did not have any system of community aged care packages. You had 4,000 of them; we now have 24,000 of them. At every point, success has come to this program. (Time expired)

Mrs IRWIN (Fowler) (4.09 p.m.)—Before I come to the other issues raised in this matter of public importance, I would like to relate to the House the incident that drew my attention to the situation at the Yagoona Nursing Home. On Saturday, 19 May I received a call at my home from a concerned member of the Liverpool RSL sub-branch. The caller told me that Gordon Smithers had recently been admitted to Liverpool Hospital and, following treatment there, he had been transferred to a nursing home on Friday, 18 May. Having visited Mr Smithers at the nursing home on the 18th, his daughter was so concerned for his welfare that she contacted the Liverpool RSL sub-branch to seek assistance to have her father transferred. Following a call from Mr Smithers’ daughter, a member of the Liverpool RSL sub-branch was so concerned for the wellbeing of Mr Smithers that he made urgent inquiries to have Mr Smithers transferred to better accommodation. In his words, he felt at the time that if Mr Smithers was not transferred immediately he would be dead within five days. Through informal channels, the RSL sub-branch was able to have Mr Smithers transferred to Lady Davidson Hospital on Saturday, 19 May, where he is responding well to care.

On Monday, 21 May officers of the Liverpool RSL sub-branch visited my office to inform me of the conditions at the nursing home. As I was in Canberra for the budget week sitting, a member of my staff took details of the complaint, and on my return from Canberra on Friday, 25 May I wrote to the Minister for Aged Care requesting her to consider the issue of the standard of care at the nursing home. It came as no surprise to me that questions concerning that same nursing home, the Yagoona Nursing Home, were raised this week. And it came as no surprise to the daughter of Gordon Smithers and officers of the Liverpool RSL sub-branch that the Yagoona Nursing Home did not comply with some outcomes of the accreditation standards.

When I speak of the officers of the Liverpool RSL sub-branch, they are men who are not strangers to nursing homes in the area.
They spend many hours each month visiting their sick members, many of whom are in nursing homes. They know that nursing homes are not five-star hotels. They know the demands on staff and the needs of residents. So when they go to great lengths to have someone transferred in the middle of a weekend, there has to be something very, very wrong. Mr Gordon Smithers’s daughter has cared for him for four years. She is fully aware of the needs of elderly patients, and she could see that the standard of care at Yagoona Nursing Home was far below an acceptable level.

But the Minister for Aged Care knew all this; she has known it for more than a month. She knew it because a review audit report was prepared in April this year—a report which was damning in its evaluation of care at the Yagoona Nursing Home, a report which followed the conditional accreditation given to the Yagoona Nursing Home in November 2000, 18 months ago. And what does the report say about the Yagoona Nursing Home? In the critical area of health and personal care, for nutrition and hydration the rating is ‘unacceptable’; for skin care, ‘unacceptable’; for continence management, ‘unacceptable’; for behavioural management, ‘unacceptable’; when it comes to resident lifestyle, it rates privacy and dignity ‘unacceptable’ and choice and decision making ‘unacceptable’; for physical environment and safe systems, the report rates the living environment as ‘unacceptable’; for occupational health and safety, ‘unacceptable’; and for fire and other emergencies, ‘unacceptable’.

It is no wonder that Mr Smithers’s daughter believed that her father would be dead in five days if he remained at the Yagoona Nursing Home. It is no wonder that the Liverpool RSL sub-branch went to such great lengths to save their mate. But what does the minister care! She does not really care. She would like us to believe that she did not know what was going on upstairs—did not know or did not want to know. This is the don’t care Minister for Aged Care. This is the minister who would not be seen dead in a nursing home like Yagoona. This is a minister who seems to think that it is okay for the battlers to put up with unacceptable conditions. This is a minister who has abandoned her responsibility for the welfare of the most vulnerable people in our society—unless, perhaps, you are deserving in some way.

If you are going to give an acceptable standard of care to a deserving few, then there would be few more deserving than Gordon Smithers. I should tell the House that Gordon Smithers is better known as Eric Davis. That is not an alias for some sinister reason; Gordon Smithers served in the Second AIF under his real name of Eric Davis and was taken prisoner by the Japanese. He was held for a time in the notorious Sandakan death camp. He survived and returned to Australia after the war. When he attempted to re-enlist at the time of the Korean War, he was told that he had already served his country and could not re-enlist. So he took the name of his stepbrother Gordon Smithers and served in Korea. He has twice served his country; and now in his time of personal need how does his country reward him? It has sentenced him to the Yagoona Nursing Home.
I suppose you could say that a former POW who survived the Sandakan death camp should be used to those conditions. But what does it say about this nation’s treatment of its beautiful heroes? Not only does Gordon Smithers deserve better; no Australian, least of all our frailest citizens, should be subjected to the horrors of nursing homes such as Yagoona. We have standards for nursing homes, we have a mechanism to ensure that those standards are met, but we have a minister who sits on her hands and does nothing to enforce those standards. And, when breaches of those standards are exposed, what does the minister do? Does she take immediate action to relieve the plight of the residents of those nursing homes? No, she goes into damage control. At first she denies that there is a problem, but she cannot hide these horrors from the public. Then she denies that she knew anything about it. Like my letter addressed to her on 25 May, she simply passes it on to her department; it is not her worry. She might miss a charity ball or an opening night if she had to read all the complaints she receives from members concerning nursing homes.

If it takes eight weeks for a damning report on the Yagoona Nursing Home to reach her—and then only because she has read about it in the papers—how long would it take to look into a complaint referred by a member of this House? This is the don’t care Minister for Aged Care. This is the no care taken, no responsibility taken Minister for Aged Care—except if the resident concerned is one of her own. How could we forget this tearful minister in this House telling us of her experience when a close relative needed nursing home care and how concerned she was for the standard of that care? I have some news for you, Minister: there are thousands of sons and daughters in this country who worry over the standard of care that their loved ones receive in nursing homes. Not all of them have the minister as a close relative to ensure they get the best of care. Not all of them have loyal mates, loyal comrades, such as the officers of the Liverpool RSL sub-branch to help them out. They depend on this minister to make sure that the standard of care is at least acceptable, but the Minister for Aged Care has let them down time and time again, and she will continue to let them down until there is a change of government. It might be a good idea if she actually phoned up her dear friend Millie Phillips and found out exactly what is happening at the Yagoona Nursing Home. (Time expired)

Mr NEVILLE (Hinkler) (4.19 p.m.)—I, for one, frequently visit nursing homes throughout my electorate and mix with the residents, the staff, the management and the auxiliaries of these organisations. I am very conscious of aged care because 10 per cent of the residents in Hinkler are over 65 years of age. According to the Australian Electoral Commission’s records, that is a fairly high proportion. So it is vitally important to me, both from a personal point of view and from an electorate point of view, to take an interest in these matters.

It pains me, as it must pain all Australians, to hear of cases where elderly people have not received the care and attention they deserve. But because of the particular focus of this case—Mr Smithers, a former POW—my interest is heightened. That is why I cannot stand the hypocrisy of the member for Fowler and the shadow minister. In fact, historically, their case is blinding in its hypocrisy and, in this instance, it is exploitative.

As the Minister for Aged Care said, there was a great mess in aged care when we came to power, and we have spent a lot of time fixing that up. The government’s aged care policy is threefold. It is geared to providing quality care for older Australians on a fair and sustainable basis, to meeting the challenges of Australia’s ageing population and to ensuring that nursing homes meet standards and care levels that are properly assessed. In short, we seek consistently high standards.

Labor’s matter of public importance today focuses on the failure to enforce accreditation standards. But the only party in this House that has failed historically in this area is the ALP. Professor Bob Gregory’s 1992 report warned the then Labor government of the need for an injection of $1.3 billion over
the subsequent 10 years to get Australia’s nursing home facilities up to scratch. It is a well-known statistic but it bears repeating—$1.3 billion. Professor Gregory found that 75 per cent of the nursing homes did not meet building design standards, 13 per cent did not meet fire standards and 38 per cent of residents shared bedrooms with four or more people. But the most damning fact of all was that 11 per cent of the nursing homes under Labor did not meet basic health regulations.

After the cant, the hypocrisy and the humbug that has gone on here this afternoon from the shadow minister and the member for Fowler, you could scarcely wonder that they could hold their heads up. The shadow minister, believe it or not, was an adviser to the government in that field at that time. One seriously wonders if a lot of this rhetoric that she goes on with today is not a cover-up for her glaring inadequacies of many years ago.

So we inherited this terrible mess of nursing homes, as we inherited the terrible mess of the economy. Still worse, at the human level, the ALP has consistently, callously and without any apology neglected the matter of dementia, which is one of the prime areas of concern to literally tens of thousands of Australian families. It did not even come into the category of 38 per cent, 11 per cent and 75 per cent; it was not even on the radar screen. We have spent time addressing that as well. What was the Labor government’s response to Professor Gregory’s report? Did they really get in and fix everything up? No, they really went for the doctor. They spent the next four years cutting 75 per cent of capital funding from nursing homes. They set benchmarks, and when we came to power they were 10,000 places short.

Again, you heard the cant, the hypocrisy and the humbug this afternoon from the opposition, trying to make a political statement at the expense of Gordon Smithers, and I deplore it. It offends me to see a gentleman who served his country during the war years in a prisoner of war camp used in such a parlous way. I have done my own little investigation into this, and there has been some nice dressing up by the member for Fowler. My information is that the Liverpool RSL pensions officer contacted the Department of Veterans’ Affairs on the afternoon of 19 May and did not believe that admission to a nursing home was appropriate. After consultation with Mr Smithers’s GP, it was decided—not on the basis of the condition of the nursing homes but on the needs of his clinical management—that he be shifted to a hospital.

Isn’t this all so interesting? That happened on the 19th. The member for Fowler says her staff were told about it on the 21st and she wrote to the minister after the budget week on the 25th. Interesting. The Liverpool RSL could ring up the Minister for Veterans’ Affairs’ office and get immediate action. Why couldn’t the member for Fowler have rung the minister here? Or why couldn’t she have walked across the chamber, as someone said, and said, ‘Look, Minister, I’ve got a really difficult situation in my electorate I would like you to have a look at.’ She would have got instant attention. But it was better to build up this scenario, hope that the letter would not be answered for a few weeks and then make a big thing of it.

The other thing she made a big point about in her question the other day was the fact that an account had been sent to Mr Smithers’s family. The member for Fowler has been here 2 ½ years. We make a bit of allowance for members in their first term, but she has been here for 2 ½ years. Knowing that this man, Mr Smithers, was a prisoner of war, it was a pretty fair risk that he would hold a gold card, was it not? So Mr Smithers holds a gold card. Why were his family put through the trauma of the worry of the account? Could the member for Fowler not have said, ‘Don’t worry about it, Mr Smithers’? Had she been well informed, she would have known that for Mr Smithers, as a veteran going into aged care for respite, the Department of Veterans’ Affairs would have paid for the first 28 days.

Mr Ronaldson—POW too, wasn’t he?

Mr Neville—Yes, a POW. All she had to say to the family was: ‘Don’t worry about
Mr Smithers’s account. All that needs to be done is to forward it to DVA.’ But no, it made a better story to massage that and to say the poor family was worrying about the account. It should never have been an account in the first place. If it was issued in error and she had been informed about the gold card, as she should have informed herself, and she had been informed about respite care for veterans, that should never have occurred; and the family should not have been put through that trauma.

Mr Ronaldson—Perhaps she did know.

Mr Neville—If she did know, that is a glaring disgrace. It is also interesting, returning to the general theme, that since we have come to power we have closed or had relocated 190 nursing homes. How many were closed or relocated in Labor’s term?

Mrs Bronwyn Bishop—None.

Mr Neville—One.

Mrs Bronwyn Bishop—None—not even one. I said one first and I got it wrong. It was none.

Mr Neville—There you are—even worse. Labor reduced the amount of capital expenditure by 75 per cent in four years, could not meet their own benchmark, fell 10,000 short and did not close one home. We have closed 190 and lifted the standards. About 46,000 residential care places have been allocated across Australia since we came to office—we made up the 10,000 and we have jumped 30,000 ahead—and, on top of that, we have increased spending nationwide from $2.5 billion when Labor were in power to $4.2 billion, an increase of 68 per cent. In that period inflation ran at 11.5 per cent—68 against 11.5. In Queensland, through their dreadful failure to address coalescence, we have had an increase of $374 million to $652 million—74 per cent. This opposition is lacking in any morality whatsoever. (Time expired)

Mr Deputy Speaker (Mr Jenkins)—Order! The discussion has concluded.

CORPORATIONS BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment, appropriation message having been reported; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

CORPORATIONS (FEES) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

CORPORATIONS (FUTURES ORGANISATIONS LEVIES) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.
Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

CORPORATIONS (SECURITIES EXCHANGES LEVIES) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

CORPORATIONS (REPEALS, CONSEQUENTIALS AND TRANSITIONALS) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

MIGRATION LEGISLATION AMENDMENT (ELECTRONIC TRANSACTIONS AND METHODS OF NOTIFICATION) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

MIGRATION LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001
Main Committee Report
Bill returned from Main Committee without amendment; certified copy presented.
Ordered that the bill be taken into consideration forthwith.
Bill agreed to.

Third Reading
Bill (on motion by Mr Fahey)—by leave—read a third time.

EXPORT MARKET DEVELOPMENT GRANTS AMENDMENT BILL 2001
Second Reading
Debate resumed.
FRAN BAILEY (McEwen) (4.39 p.m.)—When the debate was interrupted by question time some hours ago today, I was in the process of telling this chamber about the different areas within my electorate of McEwen which are going to benefit from the advances being made through this legislation including tourism in the Export Market Development Grant Scheme. This is a great benefit to an electorate like mine because the destinations that I was speaking about previously are providing very important dollars to the national economy and to local regional economies through increasing domestic and overseas tourism. The enhancement of the scheme to cover tourism will allow businesses within my electorate to market and promote their attractions in overseas markets at trade fairs
and exhibitions. It will also have a very positive impact on local employment opportunities, not only in tourism but also in related businesses and industries.

Another enhancement of the scheme is the opportunity that will be provided for businesses to claim expenses in relation to transport, accommodation and meals for hosting visits from foreign customers to Australia. This will enable businesses to demonstrate first hand their expertise and provide local examples of their work and products. One of the keys to successful promotion and marketing is being able to show a potential customer a successfully finished product. With industries such as tourism, construction, horticulture and agriculture, it is not always possible to take a finished product or service overseas for promotional purposes. With the changes proposed in this bill, it will now make it considerably more affordable to market and promote these products and services from the many businesses throughout my electorate of McEwen.

Many of the 3,000 businesses that were eligible for export market development grants last year were small businesses which received a grant for the first time. The majority of EMDG applicants had export earnings under $5 million. These were small businesses that did not have unlimited funds to spend on marketing and promotion activities. The EMDG Scheme made it possible for them to devote resources to these areas and concentrate on selling their product. Businesses that received export market development grants last year generated some $4.5 billion in exports. An estimated 54,000 jobs are attributable to the exports generated by EMDG recipients. In an expanding global economy, it is important that Australia be competitive and take full advantage of emerging markets, particularly in Asia. Not only should Australia promote industries in which it has a comparative advantage; it must also promote emerging industries. ABS statistics show that fewer than five per cent of Australian non-farm private sector businesses export. This is where the EMDG Scheme can be so valuable in promoting export activity.

As I mentioned earlier, businesses in my electorate are currently exporting products that include computer hardware and software from this non-farm business sector. Without the EMDG Scheme, many businesses would not have the opportunity to actively compete in foreign markets, and with declining world prices for primary commodities—although I am relieved to see that commodity prices have been slightly better in recent times—Australia must look to other industry sectors for its export income. It cannot always put all the eggs in one basket; it must make sure that there is a diversity of income.

The EMDG Scheme has more than paid for itself in terms of generating export income for Australia. Analysis has shown that an additional $12 in exports is generated as a result of every grant dollar. The scheme’s assistance is very effective in generating additional export promotion that otherwise would not have occurred.

The bill also improves the scheme by making it more flexible and by improving access for small business. This will be done by reducing from $20,000 to $15,000 the minimum expenditure required to access the EMDG Scheme, by reducing from five years to one year the period that related family members need to be employed in a business before their travel expenses are eligible, and by removing the current requirement that intending first-time claimants must register with Austrade before applying for a grant.

One of the most important amendments in the bill is the change to the classification of marketing consultants. The bill will remove the requirement that marketing consultancies be short term only in order to be eligible. The existing overseas representation category is to be combined with the broadened consultant category, with combined expenses up to a limit of $250,000 per grant year being allowable. Many businesses that have received export market development grants in the past have been restricted in the marketing consultancies that they have been able to use. Quite often, the short term is simply not long enough to make full use of such consultancies. It can take upwards of one to
two years to firmly establish a business’s position in a foreign market, and this is even more difficult to achieve without long-term access to marketing consultants.

International trade fairs are a vitally important avenue for businesses to promote their products to a mass market in the one location. The changes in this bill will expand trade fair expenses to include seminars, in-store promotions, international forums, private exhibitions and similar promotional events. This will provide expanded opportunities for the tourism industry in particular.

Surveys undertaken by Austrade show that the EMDG Scheme is a significant factor influencing businesses to seek out and develop export markets, supporting commercial decision making rather than adversely influencing it. Further analysis has shown that business is investing the full value of grants back into exports and export promotion activities and that this additional promotion is most importantly resulting in additional exports for Australia. It is estimated that, in 1997-98, the $133.7 million provided in grants resulted in $135 million in additional export promotion and that this resulted in an estimated $1.69 billion in additional exports for Australia.

It is quite clear from the evidence that there is a genuine and productive role for the EMDG Scheme. We must actively support Australian businesses in their endeavours to expand their markets and seek out new opportunities. Other countries, such as Canada, France and Germany, provide a great deal of support to business in their efforts to enter overseas markets. Australian businesses are therefore up against some very well resourced competition. In order to allow Australian businesses to compete on a level footing in terms of marketing and promotion, we must continue to encourage and support them through schemes such as the EMDG.

As we continue to remove and reduce trade barriers, we must further encourage businesses, including small and medium size enterprises, to take advantage of the opportunities that have not previously existed. This is the essence of this bill. The EMDG scheme is all about helping smaller Australian businesses, such as those in my electorate of McEwen in regional and rural areas, to become successful exporters. The EMDG is providing $150 million per annum to support the export promotion and marketing activities of businesses with an annual turnover under $50 million per year, allowing small businesses to sell Australian products and know-how to the world, earning export income for Australia and creating employment opportunities not only here but also for expatriates overseas. I commend the bill to the House.

Ms GAMBARO (Petrie) (4.50 p.m.)—I rise today to also support a bill that ensures the export future for hundreds of small businesses across regional, rural and metropolitan Australia. The Export Market Development Grants Amendment Bill 2001, hereafter the EMDG Amendment Bill 2001, will extend the life of the Export Market Development Grants Scheme to the 2005-06 financial year.

In the last five years of the EMDG Scheme, approximately 60 local business across the Petrie electorate have shared in over $2.7 million in federal government assistance for export promotion through this scheme. As an example of the benefits that this scheme offers, particularly to small business, one recipient under this scheme is now recognised world-wide as a leader in their field and one of the finest manufacturers of machinery of this type. Vicmarc Machinery began on the Redcliffe Peninsula in 1984. Since 1995, Vicmarc has received several grants under the EMDG Scheme. Vicmarc was the first Australian company to manufacture a four-jaw, self-centring wood-turning chuck and now has a full range of chucks and accessories that are regarded as the best chucking systems by professional and amateur wood-turners all over the world. Without the assistance of the EMDG Scheme, Vicmarc may never have realised the potential available to it by trading globally and thereby increasing the injection of funds into local small business and encouraging local employment and prosperity.
A review of the scheme carried out by Austrade in the 1999-2000 year found that most EMDG applicants were small and medium sized enterprises rather than large enterprises, and that they had fewer than 25 employees. Many also had export earnings under $5 million, and an increasing percentage of EMDG applicants were located in regional and rural areas. As the composition of Australian industry has changed, so too has the EMDG applicant population, with more applicants reflecting the growing areas of IT and, particularly, the service sector. The EMDG Amendment Bill 2001 seeks to capitalise on this aspect and improve the accessibility of this scheme to even more small to medium sized enterprises nationwide.

By lowering the $20,000 an applicant must spend on eligible promotional activities during a grant year to $15,000, smaller businesses and emerging exporters will improve their access to a worthwhile amount of the grant. Under the current situation, the act requires that applicants must spend at least $20,000 on eligible promotional activities during a grant year. Once the applicant meets this amount of expense, the grant is calculated on 50 per cent of the eligible expenses for the grant year less $7,500, subject to whether the applicant is subject to the exporter performance requirements of the EMDG Act 1997. Under this current formula, an applicant whose expenditure reaches the $20,000 threshold will receive a $2,500 grant—the minimum grant allowable. By lowering the threshold to $15,000 while maintaining the minimum grant for all claimants not affected by the exporter performance test to $2,500, we are opening up the scheme to more small businesses and emerging exporters.

The continuation of the scheme for another five years, with a review to be held at the end of the fourth year, has the backing of the Austrade board review conducted in 1999-2000. The review noted that, since the commencement of the scheme in 1974, the face of the world trading environment and the direction of Australian policy with regard to microeconomic and macroeconomic reform has changed. Many Australian industries have benefited from the floating of the dollar, financial deregulation and all sorts of things right through to waterfront and industrial relations reform and tariff reductions. But on a world scale, the expansion of the Internet has also contributed to an increasingly competitive and diverse world market. In light of this evolution, both on a national and international scale, many small businesses face considerable obstacles in establishing themselves in export markets and promoting their goods and services. As set out in the EMDG Act, the government’s objective is to:

... bring benefits to Australia by encouraging the creation, development and expansion of foreign markets for Australian goods, services, intellectual property and know-how.

Although some may argue that the changing face of the world market may not sit as well as it once did with the ideals of the EMDG, the government believes that there is still a need for an EMDG Scheme. A survey conducted to compare current, past and non-EMDG users, to evaluate the effectiveness of the scheme, found some interesting outcomes. The objective of the survey was to draw conclusions about the effectiveness of the scheme and the role it played in encouraging Australian exporters to develop export markets. The survey found that EMDG was a significant factor influencing businesses to seek out and develop export markets while supporting commercial decision making. It also indicated that the scheme had contributed to employment in addition to export growth. It is estimated that for every grant dollar paid in export market development grants—previous members have commented on this—$12 in additional exports is generated. In 1997-98, $133.7 million provided in grants yielded around $135 million in additional export promotion, resulting in an estimated $1.6 billion in additional exports for Australia. The survey notes that business is in fact investing the full value of grants back into export promotion activities, resulting in additional exports for Australia.

Because exports account for one in five Australian jobs, investment in improving export markets for Australian businesses means more employment and sustainability
for local industries and communities. By improving the accessibility of the EMDG Scheme for small and medium sized enterprises through this legislation, the employment prospects, particularly for regional and rural communities, where the uptake of this scheme is increasing, are also improved. By enhancing employment opportunities, more export income is delivered to local communities, driving investment to these areas at both national and local levels.

The overall benefit of this legislation is to provide greater accessibility and flexibility of the EMDG Scheme for a broader cross-section of Australian business. One of the changes outlined in this bill includes removing the requirement that first-time EMDG applicants must register their intention to lodge a claim for a particular grant year. At present, first-time applicants must register their intent to claim a grant by 30 June of the relevant grant year. This enabled administration and client education to be easily facilitated; however, it also meant that many eligible businesses missed out because they failed to register by the due date. In altering the act to remove the reference to registration, we open up the opportunity of entering the scheme to many more first-time applicants.

During a parliamentary visit to Argentina and Brazil last year, I was made aware of the growing demand for educational services in these countries. There is currently no vocational training system in Argentina. Australia has an excellent reputation for providing an array of vocational education packages suitable for a variety of sectors. Since 1990, there has been a general turnaround in the economies of both Brazil and Argentina. In recent years, there has been a growing increase in the provision of educational services via the Internet. In Argentina, for example, there is much demand for Internet provider services as a consequence of underdevelopment in e-commerce technology and Internet services in both the private and public sectors. Many users find these services more appealing because of dislocation and differences in time zones. With the demand for Internet based learning environments set to increase over the coming decade as more people worldwide find the Internet accessible, the prospects for Australian based education service exporters are rapidly growing.

The EMDG bill before us today includes measures to ensure that educational service exporters seeking an EMDG grant have the appropriate accreditation to enable them to legally promote their services to foreign residents. The changes will apply to educational institutions required to be registered on the Commonwealth Register of Institutions and Courses for Overseas Students under the Education Services for Overseas Students (Registration of Providers and Financial Regulation) Act 1991. This means that any new EMDG applicant required to be registered under this act who becomes de-registered at the same time that the applicant becomes entitled to receive a grant, or any time after that grant is paid, will not be entitled to receive this grant. Providers who therefore engage in promotional or business activities that are illegal or who fail to hold residency in Australia are ineligible for a grant under this scheme. Providers who are facing insolvency are subject to the disqualifying conviction provisions of the act. This amendment not only protects the authenticity and standard of the Australian education service industry but also ensures that a quality product is made available to world markets.

In a paper on the benefits of supporting export promotion, Austrade’s chief economist, Tim Harcourt, noted that the EMDG Scheme helped to provide a positive net benefit to aggregate productivity, the nation’s stock of ‘knowledge capital’ and rising living standards for all Australians. His paper goes on to explain that there are many microeconomic gains resulting from firms entering export markets. In particular, there is a link between the growth of exports as a percentage of GDP—reflecting the multifactor productivity growth in Australia during the 1990s—and innovation and exporting. As noted previously by Professor Bewley of the University of New South Wales, an econometric analysis of the survey of EMDG users and non-users found that there was
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Growing evidence to suggest that increased exporting activity contributes to the adoption of best practice activities. He notes that EMDG recipients are generally more export and best practice focused than non-EMDG recipients, confirming the value of the scheme to individual businesses and industries as a whole.

The review process that recommended the continuation of the scheme for another five years received a total of 245 public submissions during the course of its life. Although only five submissions suggested the scheme failed to help, the majority overwhelmingly supported the program and the continuation of the scheme. The overall recommendation of the review was based on overwhelming support that it continue for another five years. The legislation before us today complies with the outcomes of the review, while making the scheme more flexible and much more accessible for small business. It tightens the rules for EMDG applicants, particularly with regard to pornographic material and the requirement of an Australian business number, while improving access to the scheme for businesses that legitimately involve spouses and other family members in the business and in its export promotion activities. This legislation will build on the current success of the EMDG Scheme, while offering clear accountability and transparency through the application of legislated rules and relatively low compliance and administration costs.

The scheme accurately targets funds to small to medium sized enterprises, particularly those in the emerging export target groups. It is successful in assisting Australian businesses to penetrate highly competitive export markets and to successfully establish themselves. I support the Export Market Development Grants Amendment Bill 2001 because it has successfully enabled a number of businesses across my electorate in particular to capitalise on the quality and range of products in the global marketplace. That success, in light of the value of the export dollar, in providing jobs for the local community and investment in research and development will send a clear message that this bill should be widely supported.

Mrs DE-ANNE KELLY (Dawson) (5.03 p.m.)—I rise to speak on the Export Market Development Grants Amendment Bill 2001. The purpose of the bill is to amend the Export Market Development Grants Act 1997 to achieve a number of aims: to extend the scheme by five years to 2005-06; to lower the minimum expenditure by an applicant to $15,000, while maintaining the minimum $2,500 grant available; to broaden the trade fairs expense category to include seminars, in-store promotions, international forums and private exhibitions; and it removes a requirement that first-time applicants must nominate a particular grant year. Very pleasingly, it also denies grants to pornographers in relation to the export of X-rated material. It requires all applicants to have an Australian business number. It provides that exporters of education services must have appropriate accreditation, and it lowers from five years to one year the period that related family members need to be employed in a business before being eligible for travel expenses.

These amendments have arisen as a result of the review of the scheme by the Austrade board and they include some technical amendments which close a loophole which enabled service exporters who are not principals to obtain a grant. It also closes a loophole that enabled firms with $25 million in exports to obtain a grant. In addition, as a result of industry representations, we will remove the requirement that first-time applicants must register with Austrade before applying for a grant. It requires Austrade to better promote the scheme’s support for Internet and e-marketing costs and it ensures that related domestic costs, including those of business people flying from regional destinations to capital city airports on the first leg of an overseas promotional visit, are included in the EMDG overseas visits allowance. That is a particular benefit to those business people living in regional and rural areas of Australia.
The amendments to the scheme will make this more accessible to small and medium sized businesses—even to microbusinesses—and particularly in my area. In the last five years, I have seen the number of businesses in Dawson accessing the scheme increase dramatically. That is very heartening, I can assure you, as the federal member for the area. The government is to be commended for the five-year extension and for committing $150 million each year until 2006-07. It shows great faith in the potential of Australian ingenuity to be exported and it backs it with substantial support and a development scheme. As I have said, the focus on small to medium sized businesses, which benefit from the 3,000 or more grants each year—averaging $45,000 each—is very heartening. These businesses employ 54,000 people to fill export orders and they generate $4.5 billion in export income for Australia. Twenty-one per cent of the grants go to export businesses in rural and regional areas. The scheme has a very sound payback. Professor Bewley of the University of New South Wales, who assisted the review into the EMDG scheme, said that in 1997-98 there was $133.7 million provided in grants, which resulted in $135 million in additional export promotion, which resulted finally in additional exports for Australia valued at $1.69 billion. In other words, if the mathematics are correct, for every dollar we spend in EMDG grants we earn $12 in exports. As I said, it is a pretty good payback for the government. That is very sound news for those in regional areas, for those in small, medium and micro businesses. The amendments to the act which reduce the minimum expenditure threshold from $20,000 to $15,000 will certainly assist those first-time exporters.

What has been the response in my electorate? The scheme has been embraced with enthusiasm. Since 1996 the number of businesses accessing the scheme has grown and they have accessed in excess of $1.5 million in export grants. These businesses range from fish and seafood exporters in my beautiful Mackay, to a soft drink manufacturer in Bowen, which is terrific, and to tourism operators in the Whitsundays. As well, there has been access by heavy engineering, transport and mining systems in Dawson. I notice that nearly 50 per cent of grants in Dawson relate to tourism. That is very heartening because, when we came into government, tourism was a second-rate exporter. The Labor government had treated tourism to a lesser grant; in fact, in their eyes tourism operators were not real exporters. I was pleased that one of the first initiatives from the Minister for Trade was to put tourism on the same footing as other export industries and to give it access to the full rebate and grant that other export industries get. The grants to tourism in my electorate range from some of the larger resorts to bareboat charter operators and some of the operators that run long-range roving facilities and vessels around the Great Barrier Reef.

I would like to take the opportunity to talk about one of the developments in my electorate which is really going to make a difference to the Whitsundays and to access. The Laguna Quays resort at Midge Point, which already has the highest ranked resort golf course in Australia, Turtle Point, is about to undergo a major expansion and transformation. It is going to have two additional golf courses, an equestrian centre, a marina and two additional resort complexes. More importantly, it is about to get approval to complete in the next few months a three-kilometre runway and international airport, which will provide a direct gateway from overseas destinations right into Laguna Quays. So, for the very first time, tourists from Japan and Europe will be able to fly directly into the Whitsundays and take high-speed catamarans to the mainland or resorts. I am delighted with this initiative. We will have direct access, which we have never had before. It has always been a brake on tourism activity in the Whitsundays for international visitors to have to fly into perhaps Cairns or Brisbane, take a domestic flight to Proserpine and then a bus trip. But in the next few months we will be right up there; we will have direct access—so look out, Cairns and the Gold Coast. It is going to make a tremendous difference to job opportunities in
our area. When it is fully completed, Laguna Quays will provide 1,600 jobs in the local area. That is good news for all those who live and work in the area. I will certainly be encouraging my tourist operators and other exporters to make full use of the EMDG Scheme, particularly with these new and very encouraging incentives for small and medium sized businesses.

But it is appropriate now to talk about the Conroy confession and what is going to happen in the Labor Party’s policies. We know that taxes are going to increase and that programs are going to be cut. Are we going to go back to the bad old days when tourism was a second-class exporter? Is the EMDG Scheme going to be part of roll-back? Will they roll back a highly successful export income producing scheme? Is tourism once again going to be a second-class citizen in the EMDG Scheme under the Labor Party’s policies? I will not say ‘under a Labor Party government’ because of course they are not going to win government, but they will have to be forthright and honest with the tourist operators in my electorate and elsewhere around Australia about their plans under the EMDG Scheme. So what is it going to be? Are they going to increase taxes on tourist operators? You will recall, Mr Deputy Speaker, that it is only under our government that tourism and marine tourism have had full access to the diesel fuel rebate scheme for their boats. So are they going to increase the diesel fuel rebate on marine tourist operators or are they going to wind back programs such as EMDG?

I take this opportunity to ask the shadow minister for tourism to state quite categorically to tourist operators in my electorate and elsewhere that the EMDG Scheme in its present form is guaranteed in Labor Party policies, not only for exporters but for tourism as well. Now that we have the Conroy confession that taxes are going to increase and programs are going to be cut, it is very important that tourist operators and other exporters are reassured of exactly what is in the Labor Party’s policies so that they have a clear choice at the end of this year between a responsible coalition government that keeps interest rates low, encourages exports, takes taxes off exporters and provides grants for not only exporters but the tourism industry as well, and a Labor Party that undoubtedly, in the Conroy confession, is going to have to increase taxes or cut programs. I look forward to the assurance from the shadow minister for tourism about the Labor Party’s policy towards exporters, particularly in the tourism industry, and the EMDG Scheme.

I am delighted to support this bill. It is a sound measure for those across Australia looking at expanding our export opportunities, particularly in the tourism industry. I commend the minister for such a measure.

Mr IAN MACFARLANE (Groom)—Minister for Small Business) (5.15 p.m.)—The EMDG Scheme is a proven success in assisting small business to export and is a key plank in the government’s strategy for a robust, internationally competitive economy. The EMDG Scheme complements the government’s other efforts to promote Australian trade and exports, to reduce trade barriers and to improve our trade representation around the globe, including in Eastern Europe, where, for the information of the member for Calwell, the Minister for Trade, Mark Vaile, has recently opened a new Austrade post in Romania. A new Austrade post has also been opened in Croatia, and an Austrade mission has been sent to Slovenia.

Each year the EMDG Scheme assists around 3,000 businesses to get into export. These businesses generate $4.5 billion in exports. They employ an estimated 54,000 Australians to fill these export orders, and 21 per cent of these grants go to businesses in rural and regional Australia. Previous speakers have highlighted the benefits of the scheme and given examples of the very broad range of firms, representing all industry sectors, that are building their exports with the assistance of the EMDG Scheme. To give certainty to the industry concerning the future of the scheme, the government publicly committed to the continuation of the scheme in August 2000, soon after receiving the report of the review. The bill before the House delivers on that promise to extend the
EMDG Scheme for another five years—as recommended by the Austrade board after its comprehensive review of the scheme in 1999 and 2000—and makes a number of changes to the scheme which will be of great benefit to our small business sector. And I support that.

In conclusion, I note that the EMDG Scheme enjoys broad industry support, as do the amendments to the bill. Rigorous investigation and academic analysis have confirmed that the scheme works and that it is an effective means of encouraging our small and medium enterprises to export. I therefore commend to the House the bill extending and improving the EMDG Scheme.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr IAN MACFARLANE (Groom)—by leave—I present a supplementary explanatory memorandum to the bill and move government amendments Nos 1 to 3:

(1) Schedule 1, page 25 (after line 5), after Part 13, insert:

 Part 13A—Events promoters

64A Subsection 10(1) (after table item 4)

Insert:

4A an eligible event marketed by the person under a written contract between the person and the event holder the amount or value of the consideration received by the event holder during the year for the sale of goods and services in connection with the event (including participation in the event) to persons attending the event that are not residents of Australia

64B Subsection 10(1) (table, note)

Omit “eligible goods”, substitute “eligible event, eligible goods, event holder”.

64C At the end of section 10

Add:

(7) The regulations may make provision for calculating the relevant earnings of events promoters if 2 or more events promoters market the same eligible event (see item 4A of the table in subsection (1)).

64D Subsection 23(1)

After “services,”, insert “an event.”.

64E After section 25

Insert:

25A Eligible events

(1) Subject to subsection (2), an event is an eligible event if:

(a) the event is held in Australia; and

(b) there is an events promoter for the event; and

(c) the events promoter is not, in Austrade’s opinion, closely related to the event holder; and

(d) the event is not an event of a kind prescribed by the regulations for the purposes of this paragraph.

Note 1: For event, event holder and events promoter see section 107.

Note 2: Austrade’s decisions whether events promoters are not closely related to event holders are subject to guidelines determined by the Minister under section 101.

(2) Despite subsection (1), a particular event that, apart from this subsection, would be an eligible event, is not such an event if Austrade determines, in writing, having regard to all the facts available to it, that the Australian input in the event is not sufficient to ensure that Australia will derive a significant net benefit from the holding of the event.

64F At the end of section 37

Add:

(2) For the purposes of section 33, an eligible promotional activity in relation to an applicant is for an approved prom
tional purpose if it is carried out for the purpose of promoting an eligible event, for which the applicant is an events promoter, to persons outside Australia.

(3) An eligible promotional activity is not for an approved promotional purpose if it is carried out for the purpose of soliciting sponsorship for an eligible event.

64G After subsection 46(1)
Insert:
(1A) However, subsection (1) does not apply to expenses of an applicant incurred as an events promoter.

64H Paragraph 101(1)(b)
Repeal the paragraph, substitute:
(b) guidelines to be complied with by Austrade in forming, for the purposes of paragraph 25A(1)(c), an opinion whether an events promoter is, or is not, closely related to an event holder and, for the purposes of Part 5, an opinion whether a person is, or is not, closely related to an applicant; and

64J Section 107
Insert:
eligible event has the meaning given by section 25A.

64K Section 107 (after paragraph (b) of the definition of eligible products)
Insert:
(ba) eligible events; or

64L Section 107
Insert:
event includes a conference, a meeting, a convention, an exhibition and a sporting, cultural or entertainment event.

64M Section 107
Insert:
event holder, in relation to an event, means the person holding the event.

64N Section 107
Insert:
events promoter, for an event, means a person that markets the event, under a written contract between the person and the event holder, to persons outside Australia.

(2) Schedule 1, page 25, after proposed Part 13A, insert:

Part 13B—Bringing buyers to Australia

64P Subsection 33(2) (at the end of the table)
Add:

7 bringing one or more buyers (or potential buyers) that are not residents of Australia to Australia to the extent to which the buyers are brought to Australia for an approved promotional purpose all expenses:
(a) incurred by the applicant in payments to persons that, in Austrade’s opinion, were not closely related to the applicant; and
(b) that are allowable expenses under section 34A:
up to a limit of:
(c) if the applicant is a grantee in respect of any previous grant year—$45,000 for the grant year; or
(d) if the applicant is not a grantee in respect of any previous grant year—$45,000 for the grant year and the immediately preceding year

64Q After section 34
Insert:
34A Expenses relating to bringing buyers to Australia
(1) This section sets out the allowable expenses of an applicant in respect of bringing a buyer to Australia (see item 7 of the table in section 33).
(2) Subject to subsections (5) and (6), an air fare for any air travel reasonably
undertaken by the buyer is an allowable expense.

Note: Only 65% of a first class air fare is to be taken into account as a claimable expense. See subsection 33(3).

(3) Subject to subsections (5) and (6), all transport expenses (other than air fares) in respect of any travel reasonably undertaken by the buyer are allowable.

(4) Subject to subsections (5) and (6), all reasonable expenses for accommodation and meals for the buyer are allowable.

(5) Expenses that are also claimable expenses in respect of another activity mentioned in the table in section 33 are not allowable.

(6) Expenses exceeding a total of $7,500 in respect of bringing any one buyer to Australia on any one occasion are not allowable.

Note: The overall cap on expenses in respect of bringing buyers to Australia is $45,000 (see item 7 of the table in section 33).

(3) Schedule 1, item 66, page 28 (lines 5 and 6), omit the item, substitute:

66  Diagram 3 in the Reader’s Guide
(table item 4)

3A. Event held in Australia marketed to persons outside Australia.

4. Tourism service supplied in Australia to a non-resident

For timing reasons, the EMDG Amendment Bill 2000 being debated today did not include two findings of the review of the EMDG scheme that the government has accepted. These findings concern the inclusion in the EMDG scheme of (1) professional conference organisers and similar events organisers, and (2) the cost of inward travel by overseas buyers. The government is now bringing these measures forward as amendments to the bill. Events promoters, such as conference organisers, promote events to foreign residents on behalf of the event holders and thus increase the export impact of a wide range of business, academic, sporting and other events. These amendments provide access to the EMDG scheme to those event promoters. This will help boost the number of foreign visitors and business tourists to meetings, conventions and other events in both regional and metropolitan Australia. Businesses based in Australia sometimes invite overseas buyers or potential overseas buyers to travel to Australia in order to view or have demonstrated to them their products. These amendments provide for the travel, accommodation and meal expenses incurred in relation to such visits to be claimed under the EMDG scheme. This will assist Australian businesses of all kinds, especially those in the tourism industry, to promote their exports.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

APPROPRIATION BILL (No. 1) 2001-2002

Second Reading

Debate resumed from 5 June, on motion by Mr Costello:

That the bill be now read a second time.

upon which Mr Tanner moved by way of amendment:

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

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

(1) reduction in the projected Budget cash surplus from $14.6 billion when the 2001-02 Budget year first appeared in the 1998-99 Budget Papers to a surplus of $1.5 billion and an accrual deficit of $0.8 billion in this Budget;
(2) failure to address the significant investment needs in the areas of education and health provision;
(3) string of policy backflips and wasteful, panic driven spending across almost all program areas;
(4) commitment to sell the rest of Telstra if re-elected;
(5) failure to provide relief for Australian families under financial pressure;
(6) failure to address the hardship, and red tape nightmare faced by small business arising from the introduction of the GST;
(7) deception of self-funded retirees and pensioners through misleading taxation claims;
(8) failure to provide a comprehensive retirement incomes policy which addresses the needs of the new century;
(9) lax approach to corporate governance issues which has contributed to the recent spate of corporate failures;
(10) lack of an ongoing commitment to the protection of employee entitlements;
(11) misuse of taxpayers’ money on its politically partisan GST advertising campaign;
(12) provision of complex, confusing and uninformative budget documents;
(13) failure to identify in the Budget papers the true cost of GST collection and implementation; and
(14) failure to deliver its guarantee that no Australian will be worse off as a result of the GST package.

Mr LINDSAY (Herbert) (5.21 p.m.)—Last evening, I was observing in no uncertain terms the difficulty that the opposition has with the current budget and the difficulty that it has with its own policies in relation to what it might do if ever it became the government. I was making it clear that the opposition cannot stand up and promise to roll back the GST and to increase spending on health and education and at the same time have a bigger surplus, without making some amendments to the taxation system in this country.

I note that the opposition continues to move around the country promising and saying whatever it needs to to get a vote. This morning I heard another example of this. The shadow minister for small business, Joel Fitzgibbon, has been promising the restaurant industry, as I understand it, that a Labor government would remove FBT in that industry—for heaven’s sake, it was the Labor Party that introduced the FBT—and when challenged by the industry and asked to put it in writing, there was no letter—

Mr Ian Macfarlane—What? There was no letter?

Mr LINDSAY—No letter. I think that business and ordinary taxpayers in this country need to understand that these are hollow promises. When the Labor Party comes to government, it will just do what it needs to do—

Mr Ian Macfarlane—Put up taxes.

Mr LINDSAY—The minister is correct. It will put up taxes. I would like to continue on now in relation to a very grave concern that I have along similar lines in relation to defence. Defence is one of the most important industries in Townsville and Thuringowa. We have Australia’s largest defence base. We are the home of the ready redeployment force—that is the force that went to Timor and also the force that has been so active in other trouble spots, like Bougainville and the Solomon Islands.

Major questions in my mind remain unanswered following opposition leader Kim Beazley’s post-budget interviews. The questions that you really have to ask are: is Labor committed to the funding outlined by the government in the defence white paper? And, if Labor is elected, will Mr Beazley rule out slashing defence funding? I do not think so. Mr Beazley told Laurie Oakes on Channel 9’s Sunday program on 21 May this year that a Labor government could pay for its promises by redirecting current Howard government spending. In this year’s budget we have record spending, as foreshadowed in the out years, on defence in this country—and well have we done that. Mr Beazley said quite proudly that these figures give the Labor Party plenty of ice for an opposition to skate on, and it is not just the opposition saying that. It is all also being said by Saul Eslake, the chief economist of the ANZ
Bank. I do not agree with all of Saul Eslake’s suggestions as to how Labor might do it, but he points out that, when governments are putting out new outlays of something like $25 billion into defence over four years, there is plenty of ice for an opposition to skate on if it is looking for a cool $2 billion or $3 billion.

Saul Eslake was asked on the 7.30 Report on 22 May to nominate areas that Labor might cut to fund their promises. Labor could look at scrapping indexation on petrol, which would cost $2.5 billion over four years, or they could look at some of the expenditure totalling $25 billion over four years in the defence white paper which they might think is not necessary. Over three years, the private health insurance rebate is going to be costing about $2 billion per annum, and they might feel it is justified to relocate some of that back into the public health system. Kim Beazley claims to rule out tampering with the private health insurance rebate, so it is difficult to see how he could reindex petrol without the wrath of every Australian motorist rising up. The remaining option, in my view, is scrapping defence white paper procurement programs. By his own statement, Mr Beazley has placed a huge question mark over government funding of the white paper in its entirety.

I welcome the opposition’s commitment to release its defence policy before the election. What concerns me is that on 10 March in the West Australian, the federal opposition, effectively, said that defence policy would not be revealed. It is very concerning that you get these mixed messages coming from the opposition, particularly on a matter as important as defence. The defence community and the Australian people deserve to know what the Labor Party has planned for defence. The truth is that the Labor Party cannot release a policy because it cannot fund promises for two new submarines at a cost of $1.5 billion, for a $2 billion coast guard, which is probably the most ridiculous suggestion that I have seen—and that will become clear when the Joint Committee on Public Accounts and Audit releases its findings in relation to its inquiry into Coastwatch—for a $1 billion bombing range and for an Anzac battalion.

Let me tell you what I think is going to happen. I think we are going to see a battalion cut out of the ADF. The question would be: which battalion? Is there a battalion going from Townsville? Is there a battalion going from Brisbane? Is there a battalion going from Holsworthy? This is something that, before the election, we should be asking the Labor Party to indicate quite clearly: what is their policy? The ALP, in my view, must unequivocally endorse the white paper and their spending commitments or release their own policy forthwith. I believe that they have no choice. If Mr Beazley were to face me when I made that request, he would say that it was undignified to answer. I think the Australian people get a bit fed up with this weasel excuse of, ‘I am sorry, but it is undignified to answer at this time.’ So I flag my concerns about defence.

In the budget there were some big local winners for Townsville and Thuringowa. In education, Herbert schools got an extra $3.2 million for the next financial year. That gets passed to the state government, and it is up to the state government to allocate funds to the various schools in Herbert, but I will certainly be watching closely as to where that might go. If I might digress for a minute. I was at the Annandale Christian School on Saturday, opening their new library and administration block. What a mighty school that is and what a fine hardworking ethic exists in that school. The first thing you see when you go to the school is this huge sign, ‘Welcome’, and the friendliness of the place and the caring in the place just pervade the whole of the school ethic. It is terrific to see.

I also might observe that in talking to many of the school principals—and I have spoken to all of the high school principals and many of the state school principals in Herbert—one of the things that come out when you ask them what is their big issue in the primary schools is that 20 per cent of kids that come into grade 1 now are better, brighter and more well equipped for the
modern world than teachers have ever seen in their lives. But at the other end of the scale is the 20 per cent of children, one in five, who are coming into primary school who are not as well equipped, who cannot speak properly and who have no social skills—worse than teachers have ever seen before. When you ask them why this is—it is a pretty sensitive matter—if you can get them talking they will say to you that it is to do with parental attitudes: the fact that parents are not home, have no interest in their kids, put their kids in day care five days a week, watch the television rather than watch the kids and do not talk to them. That is terribly sad for our society and our country. Next week I will be opening the new extension at the Southern Cross Catholic School in Murray. I look forward to that. It is also a terrific school with a great school community. The federal government, as it supports education across the board, has provided some $400,000 in capital funding out of $469,000 to do the new extension at Southern Cross.

James Cook University did very well in the budget. It got an extra $2.63 million and it will certainly benefit from the innovation places in the budget and the new regional places that the government has made available. James Cook is very excited about that. It has put in a bid for 120 places and I am hoping that it will be successful, because JCU is going ahead in leaps and bounds as a quality university and as a university that is doing very well. There are 200 extra places at the college of technical and further education as well.

In the health area, Townsville General Hospital did not miss out. Many in the community do not understand the huge amount of money that the federal government puts into our public hospital system. TGH will get pro rata an extra $8.6 million allocated in the next financial year—a huge amount of money for that particular hospital. In aged care there is an extra $1.8 million, and I hope that some of that can go to establishing a nursing home as part of the Rose Bay RSL villas, a facility that is sorely needed at this stage, and I would give every encouragement to the management of Rose Bay to apply for that funding.

In science and industry, CSIRO received an extra $710,000 for the very good work that it is doing at the Davies lab on University Drive under the direction of Dr Christian Roth. The Australian Institute of Marine Science, which is pre-eminent in the world in marine science—it is the leading marine science institution in the world—is based in Townsville and is ably led by Professor Steve Hall, got an extra $964,000.

In the welfare area, pensioners got an increase of $5.8 million, Newstart up $1.01 million, youth allowance up $1.21 million, family benefits up $4.42 million, child care up $1.33 million, disabled support pensions up $3.2 million—huge amounts of extra money pouring into the electorate in family support and income support. Last week I was privileged to open the new Centrelink office in Thuringowa. It is the first time we have had a Centrelink office there. The Centrelink staff in Townsville are just marvellous and so is their customer service ethic. I can tell you, from being on the ground, being in the Centrelink offices, that many of the staff are giving better customer service these days than we see being given by the private sector. Gee, hasn’t that changed from the old social security/CES operation! Employees of what is effectively a government department are very proud of the way they look after their customers and set out to always satisfy their customers and leave their customers delighted with their help and assistance.

In the environment, the Great Barrier Reef Marine Park Authority, also headquartered in Townsville, receives an extra $6.4 million for refurbishment of Reef HQ, which is the largest unassisted free-living tropical reef aquarium in the world.

Mr Lee interjecting—

Mr LINDSAY—Yes, thank you, Member for Dobell. We seem to be having the largest this and the most important that. It is certainly a very important area. I would just digress for a second and say that, when I say that I am from Australia’s largest tropical city, people say, ‘Cairns.’ That is a small
backpacker’s place about 400 kilometres north of Townsville where it rains every day. Then they say, ‘Darwin,’ which is even smaller, then they say, ‘Rockhampton,’ then they say, ‘Mackay,’ and then they give up. So I think our city of Townsville has a bit of a job ahead of it to convince people.

Finally, in defence, there is $500 million in new capital works in a new Army combat training centre—a terrific boost to our local economy and something that our local employment figures will be assisted by. (Time expired)

Mr LEE (Dobell) (5.36 p.m.)—In the appropriation debate tonight I will concentrate most of my time on addressing some of the education issues in the government’s budget. There are a number of areas where we believe that the government could have done much better than it has done in the documents that we have before us tonight. In many ways, the budget proves that the Howard government has no idea how to move forward on education policy, despite the fact that we need to make quite radical changes if we are to ensure that Australia reaches its full potential in the coming decade. It is only if Australia becomes a knowledge nation that we can ensure that the young people who are in schools, TAFE colleges and universities today fulfil their potential. It is only through Australia becoming a knowledge nation that we can ensure that middle aged workers achieve their full potential. It is going to require an increase in our nation’s investment in areas such as education, training and research.

In this year’s budget we have the federal government seeking to claim credit for simply reannouncing the innovation statement, which was made by the Prime Minister earlier this year. The government has tried to claim credit for putting back $3 billion, after taking $5 billion from universities and from the nation’s investment in private R&D. It is also intending to put back that $3 billion mostly in the fourth and fifth years of a five-year plan. So it could hardly claim to be solving the national crisis we face with research in Australia today. The billion dollar cuts that the Howard government has made to universities have meant that public research has suffered. In addition, we have had three years where private R&D expenditure has declined—the first time a decline has ever been recorded by the Australian Bureau of Statistics since those figures have been collected. So public research is declining and private research is declining. Is it any wonder that so many people are concerned about the consequences for our country of this decline in national investment in research?

In many ways, Mr Deputy Speaker Causley, you, as the member for Page and as the member in whose electorate the Southern Cross University resides, would have a very good understanding of the contribution—

Mr DEPUTY SPEAKER (Hon. I.R. Causley)—I remind the member that the chair has no electorate.

Mr LEE—Thank you, Mr Deputy Speaker. The member for Page’s electorate has Southern Cross University in it, and the member for Page would be aware that a lot of excellent research takes place at Southern Cross University. The member for Page is aware, I hope, that the fact that this government has cut back federal investment in public research and university funding has meant that many research projects that could have been undertaken at Southern Cross University have suffered. They have suffered because of the cuts that this government has made.

Mr Hockey—No.

Mr LEE—I know that someone as out of touch as the member for North Sydney might not understand the impact that these cuts have had on Southern Cross University, but I can certainly assure him that, if he visits the Lismore and Coffs Harbour campuses of Southern Cross University, he will get a better idea than he would get from visiting banks and insurance companies in the office blocks of North Sydney.

The point we want to make is that the government needs to do something about the decline in public and private research; otherwise, Australia is going to have to pay large sums of money in coming decades to
use other people’s ideas, other people’s inventions. We need to ensure that we are funding Australian researchers, that we are funding the next medical breakthrough, so that Australian researchers will be getting the licence fees and the copyright payments to help compensate us for the massive sums of money that we are going to have to pay other countries to use their ideas. We really do worry about the massive intellectual property deficit that will emerge if Australia does not continue to invest more in generating new ideas and encouraging innovation. So our disappointment is that the government has simply put back $3 billion over five years, having taken $5 billion out during the time that the Howard government has been in office.

The budget also confirms that the government is very keen to copy policy initiatives that the Labor Party reveal. We announced last July that we intended to abolish the enrolment benchmark adjustment. As you would be aware, Mr Deputy Speaker, that is the unfair formula introduced by the Minister for Education, Training and Youth Affairs, Dr Kemp, that has taken funds away from public schools in all states and territories bar Tasmania. The unfair enrolment benchmark adjustment takes money away from public schools if the percentage of students attending government schools declines. That is in addition to the government taking money away through the per capita formula for federal funding of public schools. It is so unfair that, even if a state like Tasmania has an increase in the percentage of students attending government schools, the EBA does not give them extra funds. The EBA is one-way action; it only takes money away from public schools. The EBA is also unfair because, in a state like Queensland where you have an increase in the number of students at government schools, if the percentage declines the EBA can still take money away from the Department of Education in Queensland.

Under the approach to education funding of the Minister for Education, Training and Youth Affairs, he will agree to give back the money that he is taking away from state departments of education on the condition that they submit to him a plan for him to approve on improving science and IT in government schools. It is just like someone who steals your wallet and offers to give you back the money if you will dance a jig at their request. Dr Kemp claims credit for putting back the money that he has unfairly taken through the EBA. It is almost like a government seeking to claim that there is a benefit to the community if the government takes money from them and then offers to give it back to them on some conditional basis. But certainly now the government is attempting to copy Labor’s policy of abandoning the EBA.

The government has also developed a cheap imitation of our Learning Gateway, which we unveiled in July last year at our national conference in Hobart. Labor’s plan is for the Learning Gateway to provide better access to high quality online content to assist students at Australian schools. We believe that this content, if it is commissioned by the federal government in cooperation with the states, can be made very relevant to the Australian curriculum. Imagine history students around Australia: through the Learning Gateway, we want them to be looking up an Australian made, high quality online history of Australia rather than the Microsoft history of Australia. We are more likely to have online content relevant to the Australian history syllabus if we have it developed here in Australia by those Australians who know a lot about Australian history, are great at software design and are good at multimedia development. We have all of these advantages, and we should be putting them towards learning opportunities for Australian kids at school. So we welcome the government putting some money into commissioning online content for Australian schoolchildren, even if it does not go as far as our proposal for the Learning Gateway.

Also in the budget papers the government announced an increase in funding of $230 million for vocational education and training. The only problem is that this is simply putting back, again, less than the government cut from VET in 1996 and 1997. I am sure that many people in the gallery will remem-
ber the significant commitment that the former Labor government, headed by Paul Keating, made to increasing national investment in TAFE and vocational education and training. On a famous Sunday program Mr Keating announced a commitment by a government that he led to basically double Commonwealth investment in TAFE over a number of years. Those annual increases of $70 million per year, cumulative, radically increased the funding that was available for the national training effort—no small surprise, given that Paul Keating is the Prime Minister who left school at 15 and, thanks to study at TAFE, was able to complete his leaving certificate and go on to make a contribution to public life in Australia. He understood—as I am sure all of us increasingly do—the importance of a country investing more in vocational education and training.

When Labor talks about the knowledge nation, it is about investing more to improve research at university. It is about improving the quality of teaching in our universities. It is also about improving the quality of our schools—and I will say more about that later. But a crucial part of the knowledge nation is to ensure that the next generation of Australian workers and school leavers have the opportunity to learn new skills and to embark on new careers. When our generation left school, some people did think that they could have one job for life. This generation of kids at school will never have that luxury. Young people today will have many different careers during their working lives, and that means that they will have to learn and relearn, train and retrain throughout their working life. This will be the generation who, at various times in their working lives, will have career prospects close off, and they will need to be able to develop new skills in a way that will open up new employment opportunities for them or to make their current jobs more secure.

Investing more in VET is an essential part of making sure those workers, those school leavers, have those career choices. It is not just about ensuring that we train as many apprentices as we can and that as many as possible of our service industry providers get the training they need but also about making sure that workers get better skills, that tradesmen and women become paraprofessionals. It is about making sure that the storeman and packer can get the extra skills needed to operate the computer equipment in the store. Those skills give them a career path that makes their job more secure because they have had access to training. So increasing national investment in vocational education and training is a crucial part of making Australia that knowledge nation. The budget also commits to providing 630 extra university places a year at some universities, having had last year a decline of 3,000 in the number of Australian students at universities. It hardly meets the problems that the Australian higher education sector is facing today.

In contrast to that, the Leader of the Opposition did something that no previous occupant of this chair has ever done. He spent his time in the budget reply not just criticising the budget but outlining Labor’s alternative plan. That night, we announced a number of commitments to education. First of all, we announced that we intend to redirect funding that this government is proposing to continue to deliver to the category 1 private schools—the elite, wealthy private schools such as King’s School and Geelong Grammar. This government is proposing to increase their funding by an extra $105 million over the next three years. Labor’s commitment is to fund those category 1 schools at the year 2000 level, indexed for inflation—indexed by what is known as the AGSRC index—to take account of movements in average government school costs. This will free up $105 million that we will spend to improve our public schools through extra capital works and to also improve the quality of teaching in both government and non-government schools.

This is a debate that has been raging in recent days, so I want to spend a few minutes on it. The last speaker in this debate was talking about a visit he had recently made to a Christian school in his electorate. Labor supported the extra funding that was pro-
vided to low fee Christian schools and to Catholic parish schools. Since a historic debate within the Labor Party in the sixties, settled by the then Labor leader, Gough Whitlam, and the then education spokesman, Kim Beazley Sr, Labor has been strongly committed to funding non-government schools on a needs basis. Despite the Prime Minister’s attempts to portray the Labor government as opposing funding for all non-government schools, that is a view advocated these days only by people at the very extreme end of this debate. The debate that is taking place in our community is not whether non-government schools deserve funding but how to assess the needs of non-government schools. While the member for Herbert might be proud of visiting that Christian school, what he has to explain to his constituents is why a government of which he is a member believes that a school like King’s deserves massive increases. King’s, which already has 15 cricket fields, a 50-metre swimming pool and an indoor rifle range, will receive an extra $4 million by 2004.

With the member for Corangamite in the chamber, I would remind him that Geelong Grammar will receive an extra $4.3 million. I am certain the member for North Sydney did not attend Trinity Grammar, but they get an extra $7.8 million. Caulfield Grammar gets an extra $9.2 million and Wesley College gets an extra $10.4 million. What we argue is not that these are not good schools. We are not against these schools. Our argument is that we are against the funding increases that this government is proposing for these schools because there are much better ways we can spend that money. We will provide better classrooms—

Mr McArthur—Your union mates.

Mr LEE—The member for Corangamite interjects and says that we are doing this for our union mates.

Mr McArthur—Absolutely correct.

Mr LEE—He interjects again and says that is correct. I have to warn the member for Corangamite that there are students at public schools in his electorate that will benefit from Labor redirecting the money away from Geelong Grammar into capital works in public schools in his electorate. We are going to ensure that the dollars we make available for capital works in public schools—the $50 million we are making available for that program—will be matched dollar for dollar by the states. The second half of that money will be spent in offering—

Mr Hockey—How can you make sure that happens?

Mr LEE—Because all of the states have agreed to it. It is a pity that the member for North Sydney is so ignorant of this program that he does not understand that it is going to make a difference to public schools across the country—$100 million extra for capital works in public schools.

The next thing we are going to fund with the money we are redirecting away from the category 1 schools are 1,000 new teacher scholarships each year—teacher scholarships that will encourage more of our best year 12 students to consider a vocation in teaching. As Kim Beazley said in his budget reply, there are no more important people in Australia than the teachers who are at the front of those classrooms, changing lives every day. I am sure every member of this chamber does remember the best teacher they ever had. Good teachers change people’s lives. Every day in classrooms across the country they are changing our country for the better. We need to do something about getting the best possible people to go into the teaching profession, and these teaching scholarships will be a new incentive to encourage the best year 12 students to think about becoming teachers. The students on these scholarships will have their HECS debts forgiven for each year that they stay in teaching on graduation. If the typical education graduate repays $1,500 each year for 10 years, someone on one of these scholarships, if they work as a teacher for 10 years in a government or non-government school, will basically have their HECS debts forgiven. If they teach for five years and then
change careers, they have half of their HECS debt forgiven.

So there is $100 million extra for capital works in public schools and 1,000 teacher scholarships a year to encourage more of the best people to go into teaching. Thirdly, we are going to use that $105 million from the category 1 schools to fund 10,000 extra professional development training courses for the existing teachers. It is about trying to ensure that we are raising the quality of teaching in our classrooms by investing in the training of the teachers. When we put computers in motor vehicles we all know we have to retrain the motor mechanics. When we put computers in classrooms we think that, by osmosis, teachers will automatically know how best to incorporate computers in teaching practice. We need to ensure that we are investing more in the training of our teachers so that every one of those teachers out there can help change more lives, every day in every school across the country.

The reason this budget is inadequate is it is an admission by the government that they were wrong to cut university funding and R&D by $5 billion, it is an admission that they were wrong to cut investment in TAFE and in VET by $240 million, it is an admission by the government that they were wrong to attack public schools through the EBA and through the massive increases they are giving those category 1 schools, it is an admission by the government that they were wrong to drive the number of Australian university students down and it is an admission by this government that they have no idea whatsoever on how to move forward and make Australia a knowledge nation. (Time expired)

Mr St CLAIR (New England) (5.56 p.m.)—I am certainly very pleased to have the opportunity to respond to the provisions of Appropriation Bill (No. 1) 2001-2002, Appropriation Bill (No. 2) 2001-2002 and Appropriation (Parliamentary Departments) Bill (No. 1) 2001-2002. I echo the Treasurer’s comments made last week that this budget is a budget for all Australians and that it continues to build on the foundations laid by the Liberal Party and the National Party in joint government towards a strong Australia. The attention given to rural and regional Australia recognises the unpredictability of the farm sector and the often lower standard of living experienced by farming families. The announced tax cuts in the introduction of A New Tax System to come into effect on 1 July of this year are particularly welcome initiatives. Self-funded retirees in rural and regional Australia will also benefit, through the raising of the tax-free threshold to $20,000 for single self-funded retirees and to $32,612 for qualifying couples. These really are important and significant initiatives.

A significant and ongoing problem facing rural and regional Australia is the ongoing population drift. The National Party has expressed its concerns over a number of years that the drift of young people away from their homes and towns needs to be arrested. Part of the problem is the inability of school leavers and others to find suitable employment in regional Australia. The Work for the Dole program has gone a considerable distance towards providing training and employment opportunities for reintegrating people into the work force. I am optimistic that the initiative in this budget to invest $1.7 billion over four years to assist those of working age to move from welfare to work is significant and will go a long way to opening up opportunities in rural and regional Australia and serve to slow down that rural-urban drift.

I welcome the announcement in this budget that direct practical measures will be implemented to boost health services in rural and regional Australia. It is not longer anecdotal that health services outside the capital cities have been in dire straits. The problems confronting medical services outside regional centres urgently need to be addressed to maintain basic services. Some progress has been made, and these latest measures will continue the coalition government’s commitment to the extension of health services to all Australian families.

The government’s announcement that it will strengthen AQIS—the Australian Quar-
antine Inspection Service—the Australian Customs Service and Australia Post is a major initiative aimed at maintaining the integrity of Australia’s livestock industry from foot and mouth disease and from bovine spongiform encephalopathy, or BSE. I will spend a little time on this issue because it is one that merits the support of both sides of this House, if for no other reason than to prevent the livestock industry from being exposed to these diseases, because the effects on the Australian economy would be catastrophic. For the information of those who may not be familiar with FMD, foot and mouth disease, this is a highly contagious and a highly communicable disease that affects cloven-hoofed animals. It is not transmissible to humans. BSE is a disease that predominately affects cattle. It is a disease that is like FMD in that it is highly contagious but it is unlike FMD in that it can result in the death of the affected animal. BSE is also recognised as CJD in humans.

I note in this context that Australia has not had an outbreak of FMD for more than 100 years, which attests to the effectiveness of Australia’s quarantine policies. However, if this situation were to change, the cost to the economy would be immeasurable. I note with some interest that the Canadian House of Commons met in an emergency session on 3 April this year to debate the impact of FMD on an industry worth approximately $Can15 billion—that is without taking into account the other industries that are tied to it. For Canada, the issue of FMD and its impact on the national economy has been a first-hand experience. In 1952 Canada experienced an outbreak of FMD that cost the country then $Can1 billion. If that were translated into current dollars, that would approximate $Can35 billion.

I believe that border controls in the form of AQIS, Customs and so on need to be vigilant and that the budget allocation to these agencies will strengthen Australia’s quarantine protection against FMD and other risks to our agricultural sector. Those agencies do a tremendous job, as witnessed by the failure of FMD and BSE to become established in Australia. Australia is a leader in animal sciences. I congratulate the Department of Agriculture, Fisheries and Forestry for the work that it has done together with AQIS in ensuring that these diseases have been prevented from entering Australia. Of course, no-one can afford to be complacent. I do not want my remarks to be seen as an opportunity to have a go at the opposition, but I have to confess that it is curious that Labor’s spokesman on agriculture, the member for Corio, has been particularly silent on these issues. These matters warrant a bipartisan response, and the government is open to constructive suggestions on how best to deal with a threat to the Australian economy of potentially major disease affecting Australia’s livestock industry. I am not in the business of scaremongering—the sky is not falling—but it is wise to educate people to make them aware of the serious issues that are out there. Raising this issue in the House today is not so much about making country Australia aware of it, because country Australia is very much aware of the importance of making Australia a fortress against the importation of these diseases, but about continuing to raise the awareness of this issue within our cities, to make sure that the people who live in our cities understand the importance of keeping our livestock industry and associated industries free of these types of diseases.

The impact of these diseases goes beyond Australia’s $15 billion livestock industry. Ponder some of our industries. Tourism would be affected—for instance, there would be the prospect of constraints on visitors wanting to travel around Australia and that may deter many visitors from visiting Australia—and we know the importance of tourism to this country. The domestic consumption of meat derived from sheep, cattle and pigs would decline significantly; and exports of meat products from these sources would be significantly affected, as would the exports in the live animal trade. I know that you are as aware as I am, Mr Deputy Speaker, of the importance of our export trades. We have spent a lot of time in this place today discussing the Export Market Development Grants Amendment Bill 2001,
which is to provide support for people who export. It is another great government initiative to have this five-year program extended, with $150 million. Everyone who lives in a country electorate has major exporters in their region. I have major meat exporters in my electorate that are exporting to Europe, to America, to South-East Asia and to many countries around the world. We know how important that is for wealth creation, and wealth creation brings employment and other opportunities. Sales of dairy products would be affected by these diseases. Our exports in dairy products are approaching the $2 billion mark. Our wool exports would be affected. We all know about the downturn in the wool industry over the last 10 years; it is now only just coming out of some of those doldrums. We are now starting to see fair and equitable prices being achieved by our wool exporters. Transportation would also be affected. Jobs would be lost across many other sectors, and there would be a downturn in rural land sales. These are just some of the areas that would be vulnerable to the impact of the spread of FMD and BSE to Australia.

I am surprised that the threat of these diseases, which would have far reaching implications for the national economy, has not generated much interest. Hence the reason for raising it in this place tonight in response to a very responsible budget. Making Australia a fortress against these diseases is so important not only for country people but for city people as well, and for our businesses. Perhaps the reason is that, as FMD and BSE are in countries so remote to Australia, there is a perception that we do not need to be proactive. The proposition that the tyranny of distance will protect Australia is wrong. The fact is that FMD is on Australia’s doorstep. In the last five years, outbreaks of the disease have been recorded in Japan, Taiwan, South Korea and South Africa. There is also pathological evidence of FMD being endemic in Vietnam, Thailand and the Philippines, and in other parts of the immediate region.

My colleague the Minister for Agriculture, Fisheries and Forestry, Warren Truss, his department and Animal Health Australia are working hard to formulate and develop strategies aimed at protecting the Australian industry from FMD and BSE. The minister is considering a number of strategies developed by the department, in concert with Animal Health Australia, which focus on import policies and import risk analysis. It is not my role to describe in detail the specifics of the strategies on the table—I will at a later date. I am sure the minister would be more than pleased to do that on another occasion—he has already done so in this House. In the meantime, I can tell you that the level of vigilance has not been diluted. This government is being proactive in planning contingency strategies. Various agencies are speaking to other agencies in the states around Australia and overseas. We need to be vigilant and rigorous in protecting Australia’s international reputation as a supplier of high quality agricultural exports from the potential damage of FMD and BSE.

Australia is a pristine nation—I understand the second most pristine continent in the world, after Antarctica. We need to make sure that that remains the case. On that score, I should mention that ABARE has estimated that in the first year of a significant outbreak of FMD Australia would lose about $5.8 billion in export revenue. As I mentioned earlier, I am addressing this issue in the context of a highly successful coalition budget—a highly responsible, highly successful one that I am selling with great pride every day in my electorate of New England to make sure that people understand it. It has set the direction for Australia into the next millennium. It is returning a dividend to the people after six years of good management. However, its success is going to be measured by our ability to address these hard issues such as FMD and BSE. The minister and this government could not have brought in a program adding nearly $600 million to the budget for these measures without doing it from a position of strength and fiscal responsibility. That could not have been done in the past. Its success will be measured. Those sorts of diseases have such potential to undermine the sound economic settings for this country.
In the few minutes remaining, I make reference to a booklet produced by the Hon. John Anderson, the Deputy Prime Minister and Minister for Transport and Regional Services, and Senator the Hon. Ian Macdonald, Minister for Regional Services, Territories and Local Government. We call it the ‘blue book’ in the country. It is a book that I circulate throughout the whole of my electorate. It contains a list of this government’s initiatives for regional Australia brought in through its budget. It goes through budget highlights and talks about the issue of rural and regional health funding. There is an additional $104 million to increase the number of practice nurses and there will be 100 scholarships valued at $10,000 a year for nursing courses in our regional universities. Having the University of New England in my electorate, which has a nursing course, I understand the importance of that. There is also scholarship support available of $3,000 for 800 nurses to come back out of retirement and come into the industry again to take up nursing. This is on top of the $562 million regional health package announced last year.

For telecommunications there is an extra $147 million over five years to improve rural and regional telecommunications and Internet services. Members have spoken a number of times today on the importance of exports, and we know that providing a communications system that is second to none in the world, so that we can attack our markets out there, is of absolute importance. As I mentioned, there is $593 million over four years to upgrade the Australian Quarantine and Inspection Service.

Concerning Roads to Recovery funding, one of the passions of my life is our council roads. This government, because of good management, has been able to put together a $1.2 billion program for Roads to Recovery funding and has still ended up with a surplus of $1½ billion at the end of the year. It is paying back $60 billion worth of Labor Party debt and has been able to come up with a program that delivers for Australia’s council roads $1.2 billion. In my electorate there is $23 million over four years additional to the moneys already being paid under the financial assistance grants going into New England. In my own little area, Guyra Shire Council will receive $350,000 extra for roads every year for the next four years. That is progressive government. That is government acting in a responsible way. That is government delivering a dividend to the Australian people through good management.

Mr Hockey—My electorate got $4 million.

Mr St CLAIR—Four million! For small business, we have a simplified tax system beginning on 1 July 2001. I will take up the point made by the member for North Sydney. The area of my electorate is somewhat larger than the minister’s electorate of North Sydney. However, having been schooled in North Sydney, I understand the importance of the local roads to North Sydney, and it is good to see that that money is shared around Australia.

We have been able to bring in tax cuts from 1 July. I often say this at group meetings: on 1 July this year the company tax rate is going from 34c to 30c. What this government is about is delivering tax cuts—continuing to deliver tax cuts. It is important to know, as the Treasurer mentioned today, the fact that the FID tax disappears on 1 July, resulting in substantial benefits for small business. We are strengthening Medicare and the health system. There will be an additional $900 million for improved access to primary care services, boosting targeted funding for quality primary care and ensuring safer use of medicines. We have increased GP health services by increasing the GP rebates to greatly assist with the treatment of complex and chronic conditions and by allocating $43 million over four years to improve after-hours medical care. The member for Riverina understands the importance of health services being delivered to rural and regional Australia. We are providing an extra $104 million over four years to assist rural GPs, in particular, to employ practice nurses to assist with the provision of a range of medical services, chronic disease treat-
ment and the provision of clinical support for minor surgery.

This is a good budget; it is a sound budget. It comes from a sound government and sound ministers delivering to the people of Australia—delivering a future to the people of Australia. I commend the bill to the House.

Mr MARTYN EVANS (Bonython) (6.16 p.m.)—In rising to speak on the Appropriation Bill (No. 1) 2001-2002, I say that most Australians, and indeed most members of this House, regardless of their political affiliation, would agree on the basic things that we want to see for all Australians in the future. We would agree that we want a sound economy, high wage, high skilled jobs for our young people and retraining for those in the work force who need to find new occupations later in life. We would agree that we want a strong education system—one that is capable of delivering the kind of qualifications that people will need to take up those high wage, high skilled jobs which we want to see in Australia in the current century. We would all agree that we want a high standard of health care. We want our environment to be safeguarded and the conditions of our land to be improved over time through the benefits of environmental technology. We want to ensure that all the things that we now hold dear in our society are protected. We want our older citizens to be able to enjoy a good standard of living and, with the young people of this country, a high standard of health care. All of those things do not come by coincidence. While we would all agree on the benefits which they bring to our country and to our people, members of this House of course will not necessarily agree on the way in which we should achieve those objectives.

The portfolio area in which I take a particular interest, that of science and resources, can indeed make a substantial contribution towards many of those objectives. That is why it is so concerning to see the trend that this government has employed over the five or six years of its office in bringing about a deterioration in many of the conditions which we would all want to see for Australians in this new century. The harsh reality is that, under this government, those standards which I have just discussed have indeed fallen quite dramatically.

When we look at the opportunities for young people in education in our universities to be trained in the sciences and some of the industrial technologies which will carry this country through, we see that those opportunities are declining. When we look at our public hospitals and our health care system, we see that those public hospitals are very much under threat. When we look at aged care, we see what has happened to the care of older citizens. Indeed, even in question time today it was clearly highlighted that those things are very much under threat. Science and technology has the opportunity to deliver for people in this country a much better future than this government is providing for. Science and technology, through the industrial research and development potential of our scientists, engineers, technicians and mathematicians, can make these things possible if the government will create the conditions for them to come forward with those opportunities. Our business was, over a period of several decades, geared up to invest in research and development at the private sector level. Again, that challenge, which this government has failed to meet, is now in reverse and under this government’s policies we see business investment in research and development in decline for the first time in a couple of decades.

Why are these things so important? Why is this such a critical issue? Studies have clearly shown that public sector investment in research can directly return anything from 20 per cent to 80 per cent on that investment. If you look at studies cited by the US Committee for Economic Development from 1993, you can see a consensus rate of return for private firms investing in research at between 20 per cent and 30 per cent. The US Congressional Budget Office concluded in a recent study that the public rate of return from research grants ranges from 30 per cent to 80 per cent. The Economic Policy Institute of the US, in a study in the last few years, clearly showed that up to 49 per cent of eco-
nomic growth is attributable to technological change and technological progress. These are very real transformations in society. Summarising that research shows returns of something of the order of 20, 30 or 40 per cent—the precise figure does not matter and will vary from application to application and from time to time, but it is very substantial—are available not only to the private sector when industry invests in research and development but also to the public sector, which has available to it a very substantial rate of return for the country for any investment which it makes in research and development.

Unfortunately, that is a lesson which this government has yet to learn, and it is costing Australia and our people very dearly. Because of this government's neglect of our industrial research and development sector, and because of its neglect of what in the past was very significant investment in public sector science agencies, we have seen a deterioration in Australia's position in this regard.

Early last year, at the Innovation Summit, the Prime Minister asked Australians to judge his government in this area on their track record. At that point of time, the government's track record of investment in research and development and the impact of the change in their policy on private sector investment in R&D were only just beginning to show. Although people were raising concerns at that time—in particular the opposition, and certainly many science agencies and science commentators in the community—the effect of this was only just starting to come forward. Now we are indeed able to take the Prime Minister at his word and judge his government on their record. Unfortunately, that record is an appalling one. Investment in R&D under this government, at both the public and private sector level, is declining in real terms.

Let us look at the overall summary figures, the total Commonwealth support for research and development for science and innovation through the budget and other measures as a percentage of GDP, which is the overall assessment of what the government is doing for investment in research and development to support innovation at both the public and private levels. That investment has been declining as a percentage of GDP. During the last few years of the Labor administration, that figure averaged around 0.75 per cent of GDP as Commonwealth investment in innovation. Now those figures hover around 0.65 per cent. We have seen a significant downward trend in the last five years of public sector failure in this area of policy.

In their very early days, the government withdrew support for private sector investment in R&D through the changes they made to the tax system. They reduced the tax concession quite significantly. While the reduction in corporate taxes can be seen as a plus in many ways, the reduction in the tax rate has also meant a fall in the value of the private sector tax concession for research and development, and that has also contributed to a decline in private investment in R&D.

The government's own budget statements show support for innovation in the private sector through the R&D tax concession, through the R&D Start scheme, through all of the other government sponsored innovation programs. That total expenditure, in absolute terms, ignoring the cuts imposed by inflation, is at a lower level than it was when Labor left office. In the last budget year of the Labor government, support for private sector innovation was at the level of over $900 million. It is now languishing in the low $700 million range and will drop below that, to $688 million, in the 2000-01 financial year. So government support is actually at significantly lower levels in dollar terms, without taking into account the ravages of inflation over that period.

And let us look at government support for public sector science agencies. Australians have always been rightly proud of the fine record of our public sector science agencies like the CSIRO, the Institute of Marine Science, ANSTO and AGSO—our whole range of public sector science agencies. That support has also been effectively in decline. The Minister for Industry, Science and Resources
may issue press statements at budget time indicating that he is very pleased with his record of commitment to the public sector science agencies and quoting substantial hundreds of millions of dollars which he alleges are invested in them. However, when one looks at the reality of it, one finds that CSIRO has been losing staff consistently under this government. It has dropped nearly 1,000 full-time and part-time positions since this government came into office. That has a disastrous effect on CSIRO morale and a significant effect on their ability to deliver for industry. When one takes inflation into account, the amount of money available to the organisation is in decline.

In this year’s budget, because of the effects of accrual accounting, it is very difficult to draw comparisons between previous investments in CSIRO and the current level of investment. Indeed, if you compare the cash and accrual accounting allocations for the same year, 1999-2000, you find that the cash allocation is $495 million whereas the accrual accounting figure is $617 million. Unfortunately, that difference is not a massive injection of cash into CSIRO. They are losing a further 110 staff members this year, which will again impact harshly on their ability to deliver for industry, for Australian agriculture and for the Australian resources industry. Unfortunately, that $122 million which looks as though it is there in the budget—the difference between the $495 million and the $617 million—is mainly an accounting entry. It is a book value which takes into account the cost of assets used by the CSIRO. It brings to account some of the superannuation benefits for CSIRO employees. Many other factors are difficult to elucidate from the budget. I suspect it is deliberately obscure—

Mr Hockey—Oh!

Mr MARTYN EVANS—The Minister for Financial Services and Regulation, who is at the table, indicates his derision at this view, but the reality is that the government has removed the science and technology statements that it used to publish in budget week. They are no longer published. That is a deliberate decision. It is a decision which has reduced the amount of information available to the public to assess the impact of science and technology. There are no longer graphs illustrating the decline in government investment in R&D.

Mr Hockey—Why do you need pictures?

Mr MARTYN EVANS—I do not need pictures, because I have the facts and figures in front of me. Unfortunately, you do not, or you would understand the decline—

Mr Laurie Ferguson—It might help him.

Mr MARTYN EVANS—It would help him, I think, and we may need to produce figures, because the Prime Minister and the Minister for Financial Services and Regulation are quite unaware of the impact which their budget is having on agencies like CSIRO. When challenged the other day about the decline in staff numbers in CSIRO, the Prime Minister responded that this was not a deliberate budget decision. Well, no, it probably was not, but the reality is that their neglect in the allocation which they have made to CSIRO has resulted in 1,000 staff positions being removed over the period of their government. And it has resulted in a decline in real terms in the funding available to CSIRO. These are significant challenges for our premier science organisation, and ones to which they cannot positively respond. There is no way an organisation like this can move forward in this climate and produce additional research information for Australians, can help us build the economic base we need for this century, when they are under that kind of staffing pressure.

So while deliberate budget decisions may not have been taken that would explicitly order CSIRO to reduce staffing by 110 this year, the reality is that that is the impact the budget allocation has on CSIRO. Estimates clearly show that if we are to catch up with the other OECD countries, if we are to achieve the kinds of average levels of investment in research and development which other OECD countries are achieving at the moment, we will need massive increases in the payments to organisations like CSIRO and to our business organisations so that they
can begin the long process of catching up to where they should now be five years after this government started, after the onslaught which we have seen in reducing science expenditure.

I do not think this government took a deliberate decision to reduce science expenditure or indeed a deliberate decision to have that kind of impact on business investment in R&D. Unfortunately it is a process of absolute neglect of those industries and the government’s commitment to those industries. So unfortunately they did not take that negative decision deliberately; they have simply, through neglect, allowed it to occur and allowed those budget cuts to take place. They have allowed the staffing levels to fall; they have allowed the ability of these organisations to respond to the very real need to increase innovation in our economy to pass away. Instead of understanding the value of investment in research and development and in innovation in the private sector, this government has neglected the value of that investment. So we will not reap the kinds of returns which I highlighted at the commencement of these remarks—that 20, 30 or 40 per cent return which is available to countries, to governments and indeed to businesses that invest in research and development. That level of return can bring about the kind of Australia which I described when I started these remarks 15 minutes ago. But it will not do so unless governments take serious and positive decisions to invest in a knowledge nation of Australia, to invest in the knowledge of our people, to invest in the education of our people, to invest in research and development at industrial and commercial levels, so that their commitment can be at world’s best practice so that we can take advantage of the many transformations in society which are occurring at the moment and reduce our investment in many physical resources, improve our investment in electronic and other means of delivery, thereby improving the productivity of this economy. If we do not take those steps, we will certainly lose as a nation.

A hundred years ago, when this country was federating—when the Commonwealth of Australia was born—Australia, along with countries like Argentina, was amongst the wealthiest in the world. Those countries, with their resources base, had very high levels of per capita wealth. While all Australians did not share equally in that, the country as a whole certainly had that capacity. A hundred years later, are we still at that position? No, unfortunately we are not. We have slid quite substantially down that ladder. Under this government, our position on OECD league tables for investment in R&D, for achievement in education, for investment in the kind of health care and the kind of education which this country needs has fallen. Indeed, New Zealand recently overtook us on the OECD league table for investment in public sector R&D. Under this government, I am afraid that trend will only continue. While one could say, ‘Well, that’s just a question of whether you are up here or down there on the league table; it is of no great moment,’ the reality is that that is the position which will determine the actual outcome for Australians. That is the position that will determine whether our young people have access to high wage, high skill jobs in the next 25 to 50 years or whether they do not. Unfortunately under the policies of this government there is no chance of Australia developing as a knowledge nation and ensuring that those things are available to us.

The world is changing very rapidly indeed, as we all know, and unless we respond to it we will not be in a position to capitalise on those benefits. We have traditionally relied on agriculture and resources, and they continue to provide a substantial part of the wealth Australians enjoy. But of course, even in those sectors, things are changing quickly. While coal remains the single largest commodity, the fifth biggest mining export is mining software. So intellectual property in mining is now a vital part of that resources output. Unless we provide the kind of educational and research underpinning which will support that investment, we will not be able to sustain that level of growth. That single statistic gives us the hint, because those mining software exports now exceed in annual value the exports of our very competi-
ative and good quality wine industry. So the reality is that if mining software can beat an export the wine industry, that shows the importance of capitalising on the intellectual property benefits which are available in this country. Unfortunately under this government that will not happen.

Labor’s strategy of developing a knowledge nation, on the other hand, does provide the basis and the underpinning for that kind of achievement in future years. It will take a long time to reverse the damage which this government has done to our innovation and education structures in this country, but it is a course which we must reverse and it is a change which will have to take place. When the next Labor government is elected the knowledge nation will be our first priority in that context, because that will provide the underpinning for all the other benefits we want to see flow to the Australian economy and to the Australian people. Whether that is in education, health, living standards or employment standards, those things will flow from the investment we will make in the knowledge nation. Unfortunately this government fails the knowledge nation test.

Mr HAWKER (Wannon) (6.36 p.m.)—I listened with some interest to the member for Bonython. While he had some very interesting statistics, he left me with the impression that he would be the sort of person who would like to build a very nice house but would forget about having a firm economic base underneath it. When he talks about what is needed he does not seem to complete the picture. He continues to talk down some very fine achievements and, in some cases, his own words condemn his argument. Just taking his last point, he was talking about mining and the fact that mining software intellectual property is now one of the major parts of mining exports. But that is occurring under this government. If you go back to the previous government, they talked about what level of investment they might have had in R&D, but much of it was tax driven and some of it was going into tax avoidance schemes rather than R&D—though I suppose he could choose to overlook that.

The fact is that, under this government, we have built up a secure economic base and the economy is growing steadily. As we heard today, the figures from the national accounts show that in the last quarter we have seen 1.1 per cent growth. That is something that, as the Treasurer said earlier today, everyone in Australia will be pleased about except the Labor Party. This highlights the weakness of the arguments put forward by the Labor Party when they look selectively at certain statistics to try and paint a doom and gloom picture. We have to look at the whole picture, which is that Australia is powering ahead. Under the Labor Party we saw things like double-digit unemployment. As the Treasurer has pointed out, when Labor last held the seat of Aston home mortgage rates were 17 per cent and now they are less than seven. We have got to look at the whole picture, which shows that this government has a very good record.

Tonight we are talking about the budget. The Treasurer, the Prime Minister and the whole government have done an outstanding job with this budget, with yet another budget surplus. We have seen the repairs that have been done to the mess that was left by the Labor Party. Some credit, even from the opposition, ought to be forthcoming because clearly, in all areas but particularly in the economic area, this government has an excellent record that is worthy of praise. If we look at the overall picture, we have seen a massive reduction in government debt. It is to the eternal shame of the Leader of the Opposition that as Minister for Finance he was prepared to try and mislead the Australian public in the lead-up to the 1996 election by pretending there was not a deficit when there was one of over $10 billion. The fact that Labor had run up a government debt of $96 billion also stands to their shame. It was the classic Labor government: borrow the money, spend it and do not worry about tomorrow. We have seen it time and time again. It is known right around the community that if you put a Labor government in they cannot manage the books. I hear it time and again, and we are seeing exactly the
same thing starting to happen in Victoria with the Bracks government.

Mr Tuckey—And Western Australia.

Mr HAWKER—And Western Australia, as the Minister for Forestry and Conservation points out. Just look at what has been announced today on WorkCover. The Bracks government brought back common law rights under WorkCover. What has happened? The auditor has just released a report saying that in the six months to 31 December there has been a $600 million blowout in the budget of WorkCover. Is it any wonder that people have such cynicism towards Labor’s economic management record?

The Commonwealth government has reduced Labor’s debt by nearly $60 billion. The important thing is that that means there is another $4 billion there, if we do nothing else with taxes or expenditure, for the government to spend because it is no longer having to pay that in interest on debt. And that $4 billion means that more can be done in health and education. Talk about education can be dressed up with fancy labels like Knowledge Nation, but the fact is that the education record of this government is very impressive.

If we look at the way ordinary Australians have benefited, we have seen steady growth in wages, we have seen the longest period of low inflation in over 30 years and we have seen a massive boost to our exports. In the way we have shared that around to people right across the spectrum, we have seen some very sensible reforms in assisting older people. The $300 one-off non-taxable payment that will go to pensioners, the changes in the tax-free threshold for self-funded retirees and the lifting of the threshold before the Medicare levy comes in are all changes that show we are very concerned for older Australians. Certainly in my electorate of Wannon there are many who feel the changes have been to their benefit.

This budget has some very important benefits. It is benefitting the country and it is certainly going to help people in country Australia. It is very important that we will see another budget surplus. That means we will continue to keep the pressure off interest rates. Clearly, if we want to see Australia continue to grow, it is important that when people want to build a house or expand a business they are able to borrow not only at a reasonable interest rate—and our track record on that is so far ahead of Labor’s it is not even worth comparing—but also with some certainty. That we have kept inflation down and that interest rates are still low are good indications of the difference between a Labor government and the coalition government. By any measure, the coalition is a mile ahead of Labor.

When we look at what is happening in the country it is very important to note that the Natural Heritage Trust is going to be extended with a further $1 billion. No government has ever done this before, and yet some people still seem to think that the coalition does not care about the environment. Of course it cares about the environment. The additional $1 billion to the Natural Heritage Trust means that the many projects of which my electorate is proud—in fact, we have had nearly $9 million in funding for those very worthwhile projects—will continue. I am very proud to be part of the government that can do that.

It is also very important, not only but particularly for country areas, that we will be spending an additional almost $600 million to protect the nation against diseases such as foot-and-mouth. I want to come back to that in a minute and go into it in more detail because it is a very important area and this is also going to mean that the states are going to have to pull their weight with that, too. With that $600 million we are going to see increased funding for AQIS, the Quarantine and Inspection Service, and for Customs, Australia Post and airports. The target will be the 100 per cent screening of all mail and cargo entering Australia.

We are also seeing a number of other areas that have been boosted by this government because of its sound economic management. We have an increase for telecommunications and Internet services in rural Australia: some $147 million has been com-
mitted there. We have $26.4 million for new agricultural development partnerships. We have additional places in regional higher education campuses being provided: there are 670 new places for 2002 and this will rise to 1,832 by 2006. This is real commitment: they are real places. It leaves me utterly amazed when Labor carry on about this government not caring about education, when we are doing this.

Look at what we are doing for rural health. The Minister for Health and Aged Care, Dr Wooldridge, deserves to be commended as one of the great ministers of this government, for what he has done for health in the country. In this budget he has delivered again. We have assistance for GPs in rural Australia to help them employ practice nurses. Obviously, that will help provide better services in regional areas. We have had funding announced for 100 rural nursing scholarships. We have some additional opportunities to provide services to veterans. And, of course, the roads program which was announced earlier this year can be funded because the economic management of the government has meant that we can afford these things and afford them responsibly. I must say that in my area roads funding really has had a huge boost, so much so that people are saying to me now that they are finding it difficult to drive down a road without seeing some repair work or some rebuilding being done. When we talk about this budget, it is interesting to note the comments of some of the interest groups around. For example, take the National Farmers Federation: what do they say? They said:

The significant reduction in Australia’s public debt—and the reduction in public debt interest payments—is to be applauded.

They went on to say:

We welcome ‘initiatives in tonight’s Federal Budget, such as funding for more rural nurses, additional university places in regional Australia’ and ‘immediate tax relief on vehicle purchases’.

They are recognising the real value of it. The Australian Chamber of Commerce and Industry said:

It is precisely the Budget needed for current economic times.

That is very high praise; and I could go on, but I did say I would like to talk more about the whole question of the threat of foot-and-mouth. What has happened in the UK is nothing short of a disaster. The government has announced nearly $600 million to strengthen AQIS, Customs, Australia Post and the airports, but I do not think anyone should be under any illusions about just how serious this foot-and-mouth threat is or how much more will have to be done to make sure that Australia does not suffer what has been going on in the UK.

Looking at what is happening in the UK, as at the end of last month, foot-and-mouth had been confirmed in over 1,600 places. The epidemic has now exceeded 100 days and it is expected that the infection will continue for some time yet, even though there has been such an effort made. The number of stock that have had to be slaughtered is well over three million—a huge number—and nearly half a million cattle and 2½ million sheep and, on top of that, pigs, goats and so on. A recent report on the BBC said that, according to government scientists, the United Kingdom foot-and-mouth epidemic has become ‘the world’s largest outbreak’ and that, although more than three million animals have been destroyed in response, ‘the scientists believe half the national herd would have been wiped out had action not been taken’. That is just staggering.

Professor King said that, in terms of the spread of the disease before it was discovered, this epidemic has been ‘the world’s largest’. Ten times as many affected premises have been recorded at the start than in 1967, when Britain’s last major outbreak occurred, and the National Farmers Union described it as ‘100 days of sheer hell’. By any measure, what has happened in the UK is staggering, and not just to the farming community but also to country areas. A survey by the Country Land and Business Association estimates that rural businesses are losing an average of £20,000 a month, with incomes down more than 50 per cent on last year, due to the foot-
and-mouth epidemic. So it is going right across the countryside.

I want to put that picture forward because it is very important that we realise the seriousness of what a foot-and-mouth outbreak might do. The government’s initiative in this area is very responsible: it is to do everything we can to stop it getting in here. But we have got to be realistic. It may get in and, if it does get in, what is likely to happen? It is quite frightening, when you look at how ill-prepared we are in the country. An interesting article was published in the Stock Journal at the end of March this year. It said:

Australia cannot deliver on animal health, the Dean of the Veterinary Science Faculty (University of Sydney) told SA farmers yesterday.

Professor Ruben Rose said he held ‘grave concerns’ about Australia’s current and future capacity to control disease and guarantee livestock health.

Professor Rose talked about the problems, but most importantly he talked about the reduction of federal funding for veterinary schools—down more than 40 percent in the past 10 years—and said that the reduction:

... of state government funding of veterinary services, leaves us in the sorry position of being unable to maintain a robust and dynamic animal health system.

Professor Rose went on to say that in the past 10 years Victoria had seen the closure of four or five veterinary diagnostic laboratories—and I know all about that, because the one in Hamilton has gone—New South Wales had closed two out of five, South Australia had closed one laboratory after the finish of the brucellosis and tuberculosis eradication program, and Queensland had reduced the services of two of its five laboratories. He also said:

Specialist veterinarians are an ageing population ...

... State government funding of postgraduate training underpinned the development of new livestock disease specialists into the 80s.

This funding has gone—and we have an empty pipeline.

We should be training veterinarians in new techniques, using new technologies and knowledge to create maps, profile diseases, build databases of information and have an accessible network of communication and know how flowing between private practitioners, government agencies ...

... rural industries provided very little incentive or career paths and very few positions for vets interested in production animals.

... Animal health and the integrity of our food chain will be number one on the public agenda in the next decade and we will not be ready or able to cope with the glare of public scrutiny or the pressure this places on our livestock industries.

He said all that back in March before the seriousness of the foot-and-mouth outbreak had been realised. In a more recent comment, the outgoing President of the Australian Veterinary Association, Dr Denney, said:

The sheer lack of numbers within the ranks of government veterinary staff—and the closure of many of our state-based agricultural research centres—have meant that we would be very hard-pressed to combat an outbreak of FMD.

The new President of the Australian Veterinary Association, Dr Robert Baker, said:

Australian governments—State, Territory and Federal—must urgently bolster the nation’s dwindling government veterinary services if we are to be capable of defending ourselves against outbreaks of exotic animal disease ...

... our livestock industries were at grave risk from introduced diseases because of substantial cutbacks in the ranks of government veterinarians and the closure of specialist laboratories in recent years.

This problem exists throughout Australia but is especially grave at the state and territory level, where services have been disappearing at an alarming rate ...

Not only have these services been cut, the people still there are becoming older but inadequate university funding means there are insufficient numbers of people being trained to replace them when they retire over the next few years.

That means that we have a chronic—and worsening—shortage of people qualified to confirm outbreaks of exotic animal diseases. Some of our
governments have also been closing veterinarian laboratories over the past decade.

He believes that the cost of the UK outbreak of foot-and-mouth has exceeded in only three months $A60 billion—$A60,000 million. This is the gravity of what could happen should we have a foot-and-mouth outbreak. The federal government has, through this budget, taken on an excellent initiative. We have put forward nearly $600 million to try to stop the disease getting into Australia, but we have to be realistic. If it were to get into Australia, are we equipped to handle an outbreak? Quite frankly, from the comments of Professor Rose, from the comments of the Veterinary Association and from the comments I have had from local vets who have spoken to me, they are terrified. If foot-and-mouth broke out, they do not believe that we are equipped, particularly because of the lack of government vets. State governments have run down the number of vets in regional Australia to a point where it is a very serious problem. I think, as a matter of urgency, state governments are going to have to be pressed to move quickly to address a problem that cannot be fixed overnight. But we had better start pretty soon because, if we do not, it could be a major catastrophe for this country. In conclusion, I believe that this is an excellent budget, and I think the Treasurer, Mr Costello, is to be commended on the outstanding work that he has done.

Mr CREAN (Hotham) (6.56 p.m.)—Two years ago the Treasurer told a journalist that he had only two more budgets left in him. Thank goodness for that, because this country cannot afford any more budgets from this Treasurer. This budget had only two agendas: first, to shore up the coalition’s support base, but in the process of that it exposed the trickiness of the government. The initial poll bounce is now a dead cat bounce. The member for Riverina last Friday belled the dead cat. The second agenda was the government’s intention to spend the surplus. The Treasurer told a Brisbane audience last year that he planned to spend the surplus so that Labor could not. It is the only promise this Treasurer has kept.

Where is the vision in such a commitment? There is nothing about building the nation, nothing about investing in our skills, nothing about investing in the nation’s social infrastructure; just a desperate attempt to block Labor, followed by a scare campaign that Labor would increase taxes. I can almost hear the echo of Malcolm Fraser telling people to hide their savings under their beds. This comes from a desperate government; this comes from a Prime Minister who was the then Treasurer in that desperate government. It is a bit rich coming from a government that promised—read my lips—there would be ‘no new taxes and no increase in existing taxes’, and then brought legislation in to increase taxes and to introduce new taxes 121 times—63 in their first term.

John Howard wants to now hold out the promise of more tax cuts, but where is the money coming from? Like a thief in the night, John Howard always returns to the scene of the crime. This is the same John Howard who promised and then took back the fistful of dollars. This is the same John Howard who promised to never ever introduce the GST. This is the same John Howard who promised no new taxes and no increases in existing taxes and then broke that promise 121 times. This is the same John Howard who promised the biggest income tax cuts in Australia’s history, only to swallow them up in a couple of years. Now the Prime Minister wants you to believe he will not increase the GST but he will give you more tax cuts. The only way he can give those tax cuts is to either increase the GST or extend it to items currently not covered, and he believes that the GST should apply to all items—he said so back in January 2000. So here is a government that wants you to believe what it has never delivered on, but the only way it can do that is to put up the GST or to extend it.

Whoever thought up the cliche ‘what the government gives with one hand it takes with the other’ must have been thinking of this government and this Prime Minister in particular. In terms of economic management, the budget reflects two things: firstly, the huge fiscal deterioration due to the GST and, secondly, the way the GST has mugged the
economy. The dishonest budget of last year is now the budget which shows the true cost, the deceit perpetuated on the Australian people about the GST.

The tax that they said they would never ever introduce has deferred real investment in the nation’s future to the never-never, as knee-jerk responses to buy the GST crowd out the investment that the nation should be making in its future. It is a budget without vision because we have a government without vision whose strategy is determined by knee-jerk responses to crises of their own making.

The first budget for a new century should have been a great opportunity to spell out how the nation’s productive resources could be harnessed to lift the growth potential of the nation; the government could not seize the opportunity. It is a budget long on politics and short on economics. It is true that there are some good measures in it, but most of these are borrowed from Labor. The enrolment benchmark adjustment is Labor’s policy. The learning gateway is Labor’s policy. Medicare After Hours is Labor’s policy. Medicare Online is also Labor’s policy. The petrol backdown—Labor’s policy. The BAS backdown—Labor’s policy. The liquid assets test for over-55s that we heard the Treasurer talk about: that was a Labor policy that the government abolished when it first came in, one that the Treasurer abolished in his very first budget. This is an admission they got it wrong—five years down the track and coincidentally just before the next election.

Training for Work for the Dole: who introduced that? Labor. Who knocked it off? The coalition. The Working Credit initiative: this was the transition bank that they abolished when it was Labor’s policy, when we had it operating in government. They have now reintroduced that too because they realised they got it wrong. Training Credit for the unemployed: that is also Labor’s policy. If it were not for Labor policies, they would not have had much of a budget at all.

It is traditional in the two question times after the budget that ministers take dixers that let them read out long lists of third party endorsements of the budget, particularly from media commentators—not much of that this year though. What is the matter? Couldn’t they find anyone who thought it was any good? So let me help the government, because I have a representative sample of what these people said of this budget. From Ross Gittins:

A budget surplus of dupery ...

... ... ...

Peter Costello is obviously too preoccupied with politics to worry about the economy. Indeed, this is the I’m-sorry-I’ll-try-that-again Budget ...

... ... ...

A remarkable number of the exciting ‘reforms’ in his welfare package are actually reversals of the widespread cuts in Government spending made in his first Budget.

From Tim Colebatch:

Take out the growth—
in Reserve Bank dividends—
and the budget would be about $1 billion in deficit.

From Paul Kelly:

... this Budget is a political repair job .... a desperate bid for reconciliation with 2.2 million older Australians by dropping a fresh cheque in the mail ...

From Robert Gottliebsen:

Australia is paying an enormous price for botched tax reform ...

From Alan Wood:

You might have noticed there has been no mention of the economy so far, it rated half a page at the end of the Treasurer’s Budget speech, which tells you about the focus of an election-year Budget.

From Terry McCrann:

There is nothing for ordinary working taxpayers ...

... It’s fundamentally damaging to our economy ...

Eat your heart out Copperfield, Mandrake Costello has managed to make around $15 billion disappear ...

From Saul Eslake:

Projected ‘underlying’ cash surplus has been slashed.

Finally, from Max Walsh:
It is not as though the government has a philosophical view of where it wants to take Australia. On the evidence of the budget, it is driven solely by personal ambition, the lust for power and the comforts and prestige of office.

The surplus could have delivered a doubling of Commonwealth expenditure on universities and schools. Instead it evaporated, redistributed away in the hope of buying enough votes to win the election.

The 21st century opens with a shameless preoccupation with the spoils of office.

You can see that that is ringing criticism, not endorsement, of this budget. No wonder we did not see the traditional gloating that the Treasurer likes to embark upon. But even those groups that this budget sought to shore up—the retirees in our community—are dissatisfied. We heard the member for Riverina on morning radio last Friday tell us of the calls that she has been receiving—from people who, once they have read the fine print, know that this government has deceived them again. It held out the promise that there was something in it for them, but when they read the fine print they know that they have been conned again.

My wife and I have been Liberal/Coalition voters for many years. However, based on this latest disregard of a very basic principle for self funded retirees of the community the Government continues to do little to justify our continued support in this an election year.

To the member for Fisher, from a 63-year-old self-funded retiree:

I have received NIL benefit under the Budget, while still suffering from the introduction of the GST, and living solely on my superannuation fund. It also means that we still have a mean and tricky Treasurer, who says one thing and means something else.

An open letter from a 60-year-old disability pensioner:

After watching and listening to Tonight’s budget & speech I am pleased to say to myself—you were right. Again as expected I have been cheated, ignored & let down ...

The following was sent to the Treasurer and was copied to us:

Sir, your gift of $300 and the subsequent benefits do nothing for us and your GST has hit us the hardest.

This is an example of one that has come to me, from a self-funded retiree aged 58:

I listened to the Treasurer’s speech on budget night and heard him clearly state that the tax threshold for self funded retirees would be significantly eased. It has taken me several days to find out that his promise did not include self funded retirees in the 55-65 year old age group. The Treasurer’s speech deceived the public and the media. The government has done a very grave injustice to those of us aged between 55 and 65 who are funding our own retirements.

The reason that we not only are getting calls but are getting copies of what has been sent to the government is that they believe the government is not listening to them and they think that the government can con them again. They were conned in relation to the pensioner bonus, because the Prime Minister said on numerous occasions during the GST campaign that everyone over the age of 60 would get a $1,000 saving rebate—everyone. No qualifications—everyone would get it. Now he wants them to believe that they should be satisfied when they get $300. That is 30 cents in the dollar as settlement by this Prime Minister. Even the creditors of HIH are expecting more than that. This is the extent to which the government thinks it can buy off people by promising them one thing and delivering substantially less or breaking that promise, thinking that it can, just before
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an election comes along, ease the pain again. The public will not be fooled again; they are sick of the deceit from this government.

The Prime Minister would have you believe that the GST has not mugged the economy, so spectacular, in his terms, are today’s growth figures. It is interesting that they are even taking dorothy dixers on the fact that the GST has mugged the economy—obviously the message is getting through out there. But I say this to the Prime Minister, who thinks today’s growth figures are spectacular: ask any small business or person working in small business, struggling under a mountain of GST paperwork, whether they think that they have been mugged. Ask any family struggling to clothe the kids and to give them a decent upbringing whether they think that they have been mugged by the GST. The facts are these: last year the Treasurer forecast growth of 3.75 per cent—the GST cut it in half. In nine months, we have had only 0.9 per cent growth in the economy. The rate of jobs growth has more than halved. Unemployment has risen. Bankruptcies are up. The Aussie dollar has collapsed—the last time it had a ‘6’ in front of it was 30 June last year, the last day before the GST came in. Business investment has fallen. Foreign debt has gone through the roof.

Household debt is at record levels. Australians now owe more than they earn, and credit card debt is 167 per cent higher under the coalition. The household savings rate has never been lower. Australians save just 70 cents in every $100. The consumption that the government is talking about today is being driven by debt, People are being forced to borrow more and go further into debt simply to survive under the weight of this GST, which this government still pretends has not hurt people and has not mugged the economy. Household investment has seen a record fall, and John Howard still does not believe that it has mugged the economy. Even Mark Paterson, Chief Executive of the Australian Chamber of Commerce and Industry, does not agree with the Prime Minister on this. In a media release today, he said:

... it is important not to overstate the improvement.

That is, the improvement in today’s growth quarter. He said:

Over the year, the growth rate was just 2.1%, half the rate that we had become used to over the previous three years.

So here is a government and a Treasurer smirking away again today—I had forgotten about that smirk doctor—as a result of today’s figures. How many times have you heard them say, ‘You can’t rely on one quarter’s figures’? Yet he was in here like the Cheshire cat today, saying that we have a great roar-back. I tell you this, Mr Deputy Speaker: there is no roar-back from the GST introduction when, in the first nine months of its introduction, the economy has grown by only 0.9 per cent and we see that the growth that has occurred this quarter has essentially been driven by consumption and government spending. We know how the surplus has been blown to buy the government’s way back into office, but where is the commitment to investment and where is the growth in exports that we need to have to really balance out the basis upon which we get sustainability? This government has no vision for the future. It is a government that does not deserve to be re-elected; it is a government that has squandered the surplus; and it is a government that ought to be turfed out at the earliest possible opportunity. (Time expired)

Mr ANDREWS—It is a little rich for the member for Hotham to come in here and speak about debt, having been part of a Labor government which, in the space of five years, ran up a massive Commonwealth government debt by more than $80 billion.

Mr Tuckey—They sold the family silver.

Mr ANDREWS—As the Minister for Forestry and Conservation says, they sold the family silver into the bargain. I suppose the question that can be posed after the honourable member for Hotham’s speech is: after all the criticism, what are you going to do? But we will not hear an answer to that, surely.
This budget can be viewed in the context of the task that faced the government over the past six years, the current situation and the challenges for Australia in the next few years. It is important, I believe, to place the budget in this context, as the coalition did not come to government with a clean slate. First and foremost, as I have already alluded to, we inherited a $96 billion Commonwealth debt from the then Prime Minister, Paul Keating, and his Minister for Finance, Kim Beazley, the now Leader of the Opposition. In five years—from 1990 to 1995, part of which the Leader of the Opposition, Mr Beazley, was the Minister for Finance—the Labor government increased Commonwealth debt by some $80 billion. The consequence was that the Commonwealth had to raise some $9 billion annually in taxes just to service the Keating-Beazley debt.

Let me put this in context. In 1995-96, approximately one-fifth of every dollar paid by PAYE taxpayers was going in interest payments on Commonwealth debt. In the past five years, the coalition government has repaid much of that debt. We now have a debt of $4 billion per year in terms of interest payments; hence the Commonwealth has a saving of some $5 billion a year that can be spent on health, education and other services. The Labor Party often criticises the government for not spending enough on some services—that was the tenor of the remarks made by the member for Hotham prior to me tonight—but it was the mismanagement of Mr Keating and Mr Beazley that lost billions of dollars each year to interest repayments. Australians considering their options about a future government should bear in mind that the Leader of the Opposition, Mr Beazley, as the then finance minister in the Hawke-Keating government, had a direct part in the Commonwealth’s massive debt.

Secondly, the budget should be placed in the context of the government’s responsible management of the Australian economy. The reduction in home mortgage rates through responsible management of the economy, despite the Asian financial crisis, means a real saving of some $250 to $300 each month for families with an average mortgage. Instead of paying home mortgage interest rates of 10.8 per cent, as they were when we came to government 5½ years ago—and up to 17 per cent, I remind the House, in the years of the Hawke government—Australian families now have mortgage interest rates of six per cent to seven per cent. This represents a massive saving for Australian families. But it did not come about by accident. It came about by the responsible management of the nation by the Howard government.

Economic management is not an end in itself. It is a means to other objectives, a means of enabling the people of Australia to live without the fear of poverty, to be able to form their families, to attain a good education, to utilise adequate health services, to enjoy personal and national security and to be able to strive in their personal endeavours for the wellbeing of themselves, their loved ones and their nation. These are the purposes of government, but they cannot be achieved by economic mismanagement and profligacy, as we saw under the previous Labor administration.

People sometimes ask why politicians talk so much about economics. The answer is: because it is important, not as an end in itself but as a fundamental basis for aiding the wellbeing of all Australians. When governments like the Labor administration, of which the Leader of the Opposition was a key member, borrow massive amounts of money that Australians—as we have seen over the past five years—then have to repay, and when those governments oversee high interest rates, high inflation and high unemployment, they damage the wellbeing and the welfare of so many Australians.

Thirdly, this budget should be viewed in the context of the measures that the government has taken over the past five years, despite having to repair Labor’s economic damage. Hence, the family tax initiative raised the tax-free threshold for families with children. For a single-income family with children, one of whom is under five years, the tax-free threshold of some $13,000 is
more than double the general threshold of $6,000. When we came to government, that threshold was just $5,200 for those families with children.

Similarly, the coalition government has slashed income tax levels. Today ordinary Australians with incomes up to $50,000 pay no more than 30 cents in the dollar in tax, again saving families hundreds of dollars from Labor’s previous tax haul. Other taxes have also been abolished or reduced. For example, from 1 July of this year Australians will no longer pay FID on their bank accounts, a saving of some $1.2 billion or about $60 on average for every man, woman and child in this nation.

The wellbeing of Australians continues to be enhanced by the budget. The special $300 pension bonus and the increased tax rebates for senior Australians support them in their everyday lives. This, combined with changes to income tax and franking credits, is a major measure for senior Australians. It is no wonder that Harold Bodinnar, the director of Bodinnars Financial Planning, a specialist in retirement strategies and author of the book *More Money for Your Retirement*, said this about the budget in relation to seniors:

Combined with the other initiatives, this is the best budget ever for retirees.

In addition and for the first time, services provided by the states—that is, teachers, nurses, police men and women, and so forth—are guaranteed funding from the goods and services tax. As the Democrats Senator Andrew Murray noted in March:

At the end of the Keating Labor Government, our public sector was in near crisis. Most of the Hawke-Keating fiscal rectitude was achieved only by cutting grants to the States, putting pressure on their hospitals and schools.

The tax system has been reformed fairly comprehensively... The States will be much better shape as a result.

The reality is that every last dollar of GST is paid to state governments. This financial year Victoria, my home state, will receive about $5½ billion in GST revenue—about one-quarter of Victoria’s general government revenue. To put this in perspective, in 2000-01 Victoria is spending $4.6 billion on education, $1.6 billion on police and justice and $2.5 billion on infrastructure. The GST will be sufficient to fund the whole education system in Victoria—every teacher, every classroom, every school in Victoria funded by this assured source of revenue. In addition, Victoria will receive from the Commonwealth other specific purpose payments totalling some $4.4 billion. It is in this way, through these reforms and these changes, that we are building a better Australia for all the people.

This program of delivering tax relief to Australians can be compared to Labor’s record. Firstly, the government of which Kim Beazley was finance minister promised—indeed, legislated for—tax cuts prior to the 1993 election and then withdrew them afterwards. Secondly, Mr Beazley justified this action in a way that should particularly concern Australians today. When tackled by the then Liberal-National opposition in 1993, the current Leader of the Opposition, Mr Beazley, said that all the Labor government promised was to maintain current levels of taxation. By that expression ‘maintain current levels of taxation’ he meant total taxation as a proportion of the country’s gross domestic product, GDP. This is what he told this House on 28 September 1993:

... as far as the government was concerned, it would maintain the current levels of taxation...

When the government of the day gets up and says that it will sustain the current level of taxation, and the taxation that is predicted in the out years is actually falling, the public clearly knows that at any point of time a government is going to adjust taxation levels irrespective of anything that is said during election campaigns.

Mr Beazley was saying that, if the government estimates the taxes as a proportion of GDP and those estimates indicate a fall in the second, third or fourth year which is projected ahead, the government is actually justified in raising taxes on the Australian people. So when the Leader of the Opposition, Mr Beazley, in his own words says today, this week, this year or in the weeks or months coming up to the next election that
he will not raise taxes, one has to take that in the light of his actual statement of what that means in his mind according to what he said in this place standing at that dispatch box in 1993. What he said was that, if there is an estimate coming down, the government is actually justified in being able to raise taxes.

If you look at it in terms of this year’s budget, at page 526 of Budget Paper No. 1 tax as a proportion of GDP is estimated to fall from 22.6 per cent this year to 22.1 per cent in 2004-05. A one-half per cent fall in taxation which is predicted as a proportion of GDP over those three years is actually the equivalent of $3 billion worth of tax. So, when the Leader of the Opposition says that he will not raise taxes, according to his own words and his own formula what he actually means is, ‘I’m free, should I win government, to raise taxes on Australian people by some $3 billion.’ When Kim Beazley says, ‘I’m not going to raise taxes; read my lips,’ what he means is, ‘I’ve got the freedom and I’m prepared to do that,’ as he said in 1993, to raise taxes by $3 billion. That is what is facing the Australian people if this Labor opposition is ever elected to government. Mr Speaker, noting the time, I seek leave to continue my remarks later.

Leave granted; debate adjourned.

MATTERS REFERRED TO MAIN COMMITTEE

Mr RONALDSON (Ballarat) (7.29 p.m.)—by leave—I notice the member for Corangamite has got a school group in the gallery, and I welcome them. I move:

That the following bills be referred to the Main Committee for consideration:

Appropriation Bill (No. 1) 2001-2002
Appropriation Bill (No. 2) 2001-2002
Appropriation (Parliamentary Departments) Bill (No. 1) 2001-2002

Question resolved in the affirmative.

ADJOURNMENT

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

That the House do now adjourn.

Nepal: Royal Family

Mr JENKINS (Scullin) (7.30 p.m.)—Tonight I wish to convey my condolences and to express my deepest sorrow to Nepal and the Nepalese people upon the death of King Birendra and Queen Aishwarya and other members of the Nepalese royal family in such tragic circumstances.

I do not hold out to be an expert in Nepalese affairs and, in the context of certain matters that have been said in this place, I am not an expert in foreign affairs; but I have taken an interest in Nepal since leading a delegation to the Kingdom of Nepal in December 1993. I note that the member for Corangamite, who was the deputy leader of that delegation, is in the chamber. In the context of my aspirations for an Australian republic and as a devout and proud Australian republican, some of my experiences in overseas countries have brought me to understand the importance of constitutional monarchies to a number of countries which depend on them for their state of development—and one such country is Nepal.

In 1990 King Birendra made a very important contribution to his country by creating a constitutional monarchy based on a multiparty parliamentary democracy. When we visited Nepal in 1993, it was some two and a bit years since the first parliamentary elections had been held. There was a great thirst from those who had become members of that parliament to know the procedures of parliament. We had many questions put to us about aspects of the Australian parliament that they could use to achieve a vibrant parliamentary democracy. Unfortunately, there are great challenges in bringing a country such as Nepal from a state of affairs where everything that was done was based on a system of patronage to the type of democracy that we have come to expect in Australia.

Nepal is situated between two great powers of the globe: India and China. It is often difficult for a small country such as Nepal to be able to have a foreign policy position that suits both those powers. The continuing importance of the constitutional monarchy in
Nepal is illustrated by the expressions of good wishes that have been given by the different parties in the political system to King Gyanendra. I have been interested in the comments made by the Communist Party of Nepal-Unified Marxist Leninist, the UML, who are His Majesty’s loyal opposition in Nepal. Even they, in their wishes to the new king, have indicated that he plays an important role in the maintenance of a truly multi-party parliamentary democracy.

Australia can continue to play its part in assisting Nepal out of the troubles that are besetting it at the moment. Australia has had a longstanding relationship with Nepal through aid programs. The most famous of all those has been the Fred Hollows Foundation, which built at the Tilganga Eye Centre, on land beside the Bagmati River in Kathmandu—land donated by the Royal Family—what is now known as the Fred Hollows Intraocular Lens Laboratory. The technology to produce those lenses was given to the Nepalese people so that they could make those lenses to a very high quality not only for use in the eye camps that are conducted in Nepal but also for sale to other countries where those lenses could be used.

Australia also has a fine tradition of assisting in forest programs in Nepal. The Nepal-Australia community forest project is now being superseded by a program for community development. The basis of these programs is to give economic development to the people themselves so that they will be able to sustain the growth that they want. That is very important. Prime Minister Koirala was the prime minister when we visited. I remember him saying to us that there was a need for the World Bank and the IMF to ensure that the type of aid that went to Nepal was not just about big infrastructure projects but about empowering the people to create the type of economic development that would sustain them. I hope that the tensions that we see in Nepal at present, which were there even before the death of the late king, can be ironed out and that there will be great progress in the Kingdom of Nepal.

World Environment Day

Mrs MOYLAN (Pearce) (7.35 p.m.)—Yesterday was World Environment Day, and I was very anxious to rise in this place during the adjournment debate last night to talk on the subject. World Environment Day presents an opportunity to highlight some of the environmental challenges of the 21st century. Contemporary lifestyles place our environment under considerable stress and strain. A tendency in modern cities for sprawling suburbs, covering the maximum amount of ground, growing agricultural pursuits and the destruction of forests all contribute to the relentless pressures on the increasingly fragmented pristine areas that are so important for the survival of flora and fauna that are struggling to live in these remnant areas. Ultimately, the world itself has a great capacity to adapt and to heal itself; but we have to ask the question: what of humankind?

I am pleased to see here tonight schoolchildren from the electorate of my colleague the member for Corangamite, because it is their future that we have the responsibility to ensure. Today in this world it is no longer possible for a country to take decisions unilaterally in terms of environmental issues because they are no longer likely to affect just a discrete area; they will affect other countries, other neighbours. At a local level, the decisions that we make in our backyard may have an impact on our neighbours. We all have to breathe the same air. It is critical to our survival that we make sure that the air, the water and the soil remain in good condition. That is a responsibility on everyone.

A healthy environment relies on every individual making a contribution and working with governments at all levels. This is the key to success in the many environmental projects in my electorate of Pearce. There are numerous community based groups working on a voluntary basis to analyse the problems, take remedial action and prevent problems from arising in the future. In journeys around my electorate, I have been very impressed to see many people not only immersing themselves in complex, technical and scientific issues but also contributing to the practical
work of repairing the environment. Projects have ranged from injecting trees in remnant bushland in suburban areas against dieback right through to cleaning out brooks and rivers and nurturing and planting appropriate trees and other native species to regenerate areas of bushland.

On the long weekend—last weekend was a long weekend in WA—a small army of volunteers working with Barrie Oldfield, who is the prime mover in my electorate of Men of the Trees, embarked on a plan to plant a million trees. He was definitely a prime mover because they moved something like 104 tonnes of soil to an area outside my electorate to provide enough soil in an area that is affected by salt so that they could go ahead and plant their trees. This group does an amazing job. It collects seeds and encourages people to nurture them so that they can then plant seedlings on farming land where it has been affected by salt, which is a big problem in WA. The protection of the environment has always been an issue close to the hearts of many people who live in the electorate of Pearce and to those who take the opportunity to visit to enjoy the natural environment. The area has one of the most diverse natural environments of any in Western Australia.

The federal government has recognised the challenge facing many areas of Pearce by providing $1.5 million to fund Natural Heritage Fund projects in the Pearce electorate. These funds extend to voluntary efforts of local people and are put to the best use by local communities who identify and work to achieve local priorities. The level of funding allocated to Pearce is also an indication of the active approach taken by the community in identifying work to be done and submitting quality projects which will mean that people can continue to live in this wonderful environment in Pearce and know that their land and environment is being protected for their benefit and for the benefit of their children, grandchildren and many generations to come.

Veterans’ Home Care Program

Ms HALL (Shortland) (7.40 p.m.)—Last year the government heralded with great fanfare in its budget the Veterans’ Home Care package, a program that is supposed to enable veterans to remain in their home. Unfortunately, it has been a program wrought with problems and is still, to a large extent, unoperational. The 2000 budget papers describe the program as an initiative that will assist veterans and war widows and widowers with a wide range of home support services available through Veterans’ Home Care, which may include home help, personal care, garden maintenance, community transport, in-home respite care, residential care and care coordination. I am afraid to say that to date it is a long way from that and also there have been changes in the government’s original plans. In a media release, Minister Scott said:

This new programme means that DVA will now provide a wide range of home care services to the veteran community on similar terms to those currently provided under HACC. Home help, personal care, garden maintenance, community transport, in-home respite care, residential care and care coordination.

Mr Pyne—That’s true.

Ms HALL—We will see how true it is. Similarly, in the Senate last year Senator Ellison said:

Through the Veterans’ Home Care program, the department will now provide a wide range of home care services to the veteran community on similar terms to those currently provided under the Home and Community Care program ... it is a great initiative—

it would have been a good initiative if only it had ever happened—

it is an expansion of services to veterans in this country. Such things as home help, personal care, garden maintenance and other services ... This new program will commence from 1 January this year. It will offer targeted support aimed at improving and maintaining the health and wellbeing of veterans.

Let us have a look at what has really happened. As at 1 January this year, nothing. The latest information I have received from the Department of Veterans’ Affairs is that it
should be operational by 30 June this year. This matter was brought to my attention by a constituent, Mrs Pat Gascoigne, who lives at Swansea in the Shortland electorate. She was most upset. Her doctor had completed the referral forms in February this year and just before Easter she received a phone call to assess whether or not she needed this service. Her situation was being assessed over the telephone.

Anyone who has worked with elderly people or people who are in need of special services, special help or home care services will know that to undertake a proper assessment you need the OT to go to the home and not to use the telephone. Unfortunately, this government has delivered a phone assessment which, in Mrs Gascoigne’s case, was highly unsatisfactory. When she received the phone call, she said, ‘I need some help with men’s work. I need some help to do little chores around the house. I have a garden that needs weeding and every now and then I have light bulbs that need changing, the heavy things that I cannot do.’ She was approved a program for three months of people coming to change her light bulbs. After speaking to the people connected with this, it has been sent back for another assessment. That shows you just how successful home assessments have been over the phone.

Part of this program was to provide service with lawns. The Department of Veterans’ Affairs changed that to mowing a strip to the clothes line. Now the program will not include lawns at all. This program created a great expectation in the veteran community, an expectation that this government has failed to deliver. All it has done is create confusion and false expectations. There are many more people out there just like Mrs Gascoigne wanting help around the house who are being offered an inadequate service.

Corangamite Electorate: Schools Visit to Parliament House

Mr McARTHUR (Corangamite) (7.45 p.m.)—I would like to acknowledge the presence in the gallery of 44 young, intelligent, well behaved students from the heartland of the Corangamite electorate. They come from the schools of Anakie, Lethbridge, Shelford, Inverleigh and Meredith, and they have with them tonight their teachers Michael West, Nicole Goosey, Melissa Arkell, Neil Lynch and Rob Lamond. They have come to see the House of Representatives in action. I acknowledge that Senator Kate Lundy looked after my students in her Senate room. There is a bipartisan spirit in the parliament, and the young students have been looked after by their own federal member and a member of the opposition.

They have seen vigorous debate here in the parliament today and I will allude to that in a minute. They were here during question time and they found out that Australia is not actually in recession. As the shadow minister at the table, Mr Laurie Ferguson, would have come to understand after question time today, Australia is roaring back because we have had a 1.1 per cent growth rate. They saw the Prime Minister in action—probably one of the best parliamentarians to grace the parliament in the history of the House of Representatives. They saw that a sound budget had been presented by Treasurer Costello. What is more, they saw the member for Corangamite actually directing a question to the Minister for Education, Training and Youth Affairs about schools funding. Of course, the minister informed the House of the very bad policy of the opposition which, if by chance they got to government, they would implement to fund independent schools—not on the very sound basis of parental incomes that the government has proposed.

Mr Speaker, they saw you in action. They saw you with your stentorian voice controlling the House during question time. They saw that you certainly had authority in this parliament. In the early part of question time the opposition were somewhat subdued—and so they should be. But they noted that you warned nine members, who were facing the threat of expulsion. The member for Sturt, who is here in front of me, was not as well behaved as he should have been. You gave even a member of the government a one-hour suspension. The member for Lyons, a member of the opposition, was suspended.
member of the opposition, was suspended for 24 hours for not doing the right thing. The member for Melbourne was suspended for one hour. But out of all that, and I report this to the students, you maintained control in very difficult circumstances while we had a very strong debate.

Mr SPEAKER—It might have been practice for the adjournment debate!

Mr McARTHUR—Back at Meredith school we had a very important debate as well. At that school we had a debate on the proposition that ‘going to school is a good thing’. The member for Scullin understands that, because he needs to go back to school so he can learn to read and write. On the one hand we had the leader of the government, the Prime Minister, Morgan Levick, and on the other we had the Leader of the Opposition, Emily Jacker. There was very strong debate by all the participants. The speeches were good, but they were not too long on this occasion—which would be a guide for this House. A division was called, the doors were locked, and the government won the day with this particular proposition—although there were some misgivings by the students participating. Some felt that going to school was not a good thing all the time.

The young students come from an area that is a centre for wool growing. The wool industry is improving. The wool comes from the Golden Plains Shire, a growth area where we have an expanding population and future prosperity. The particular schools and towns they come from include Anarkie, which has a world reputation for wine growing. Mr Speaker, you would have an interest in that, coming as you do from a wine growing area. Lethbridge stands halfway between Bannockburn and Meredith. Shelford is the crossing of the Leigh River and goes back to the 1840s. Inverleigh is on the Hamilton Highway at the crossing of the Barwon River. Meredith is the home of a former Premier of Victoria, Sir Henry Bolte, who was a Liberal, and a very good Liberal at that. He was Premier of Victoria from 1955 to 1972, for 17 years.

We have here the future leaders of Australia from the heartland of Corangamite. They have come to the parliament and they have seen a very vigorous parliament in action today. The government, the Prime Minister, the Treasurer and the ministers were very much in charge of the debate and the members of the opposition did not have a feather to fly with because they have no policy positions, as the member at the table fully understands. 

(Time expired)

Cyprus

Mr LEO McLEAY (Watson) (7.50 p.m.)—Tonight I want to say a few things about Cyprus, that beautiful island in the Mediterranean which has been divided now for 27 years following the summer of 1974 when Turkish troops invaded and occupied 37 per cent of its territory. I have often spoken about Cyprus in this House over past years. I have had the privilege of visiting the island on a number of occasions and I represented the government of Australia at the 30th anniversary of the founding of the Republic of Cyprus. I have been able to observe first hand on those visits what it is like to live in a divided country.

The history of Cyprus recently has not been a happy one. For a very long time, in fact since 1964, Australia has participated in peacekeeping missions in Cyprus. Australia has played a significant role in attempting to resolve the situation on the island. Successive Australian governments have taken the opportunity at international gatherings to discuss Cyprus and to keep the situation at the forefront of agendas and international meetings. I myself was a member for a number of years in the 1990s of an IPU-established committee to study the circumstances of Cyprus. It seems that there are a lot of committees that look at solving the problem in Cyprus but, like the Middle East and Ireland, not too much of a solution is arrived at.

Recently, former senator Jim Short was appointed Australia’s special envoy for Cyprus. He replaced John Spender, who had recently finished his term as Ambassador to France. The principal responsibility of the
special envoy is to support the efforts of the United Nations Secretary-General to broker a solution to the Cyprus problem. As successive ministers for foreign affairs have said, Australia is committed to the peaceful resolution of disputes in Cyprus, to the support of the peacekeeping and conflict resolution work of the United Nations and to the observance of international law. International law has a lot to do with the way the Cyprus situation can be resolved. We have recently seen a very significant decision of the European Court of Justice which will help resolve some of the issues on the island. Australia also has a humanitarian interest in the resolution of the Cyprus dispute due to the large number of Australian citizens of Cypriot, Greek and Turkish origin. Australia remains keen to assist in the search for a just and lasting settlement on Cyprus to the benefit of all parties.

Recently the Commonwealth Secretary-General, Donald McKinnon, met with the Cyprus foreign minister in Nicosia. He said that the Commonwealth would continue to stand by the people and government of Cyprus to ensure that a good sustainable solution to the question of Cyprus could be achieved. The Commonwealth is fully engaged in the UN-led peace process and very interested in keeping in touch with progress on Cyprus’s accession to the European Union. To my mind, accession to the European Union will go a long way to resolving some of the intercommunal difficulties. When Cyprus becomes part of Europe, it might mean that some of those physical boundaries between the north and south of the island are broken down.

Accession to the European Union is proving to be a long, protracted process. As at the middle of May this year, Cyprus had concluded 18 out of 28 chapters on its path to accession. In a joint communiqué issued after a meeting of the EU Cyprus association council held in Brussels, it was reiterated by the EU that, while a solution to the Cyprus question would facilitate Cyprus’s accession, it was not necessarily a precondition. This is encouraging news, though of course we all would prefer to see a resolution of the situation. But after so many years, and the difficulty in sustaining meaningful negotiations, even with the involvement of the United Nations, it is difficult sometimes to maintain any optimism.

I have always been of the view that the key to the solution of the problem in Cyprus is the good nature and willingness of the Cypriot people to try and resolve this issue themselves. If they had a lot less pressure from around them, it might be easier for them to do that. Tonight I would like to appeal to everyone involved with Cyprus to join together and move forward, in the spirit of UN Security Council resolution 1251 of June 1999, which provides for one state, with a single sovereignty and international personality. It is time to heal the rifts; it is time to bring the island back together again; it is time the Turkish Cypriots and Greek Cypriots can once again live with each other and have their children grow up together on that beautiful island.

Spantech

Mrs MAY (McPherson) (7.55 p.m.)—Last Friday I was very privileged to meet and present an innovation certificate to Dick and Robyn Lucas and their team at Spantech, a Burleigh Heads construction company which is located in my electorate. Before I presented the certificate, Dick and his team took time to demonstrate to me and representatives from AusIndustry Spantech’s unique construction system, which I am pleased to say the federal government assisted with an R&D grant worth $296,000.

Work began on the concept design for this bulk storage facility in 1999. It has a clear-span structural arch that can cover a stockpile of 12,000 tonnes. It can be used for the storage of grain. To have an integrated roll-form roof offering the option of a grain conveyor is unique. It is a total system for bulk storage that is fundamentally different from vertical and horizontal silos and open bunkers covered with tarpaulins. It is also much cheaper in terms of initial capital costs and operating costs. It has none of the disadvantages of traditional storage structures. It is easy to clean, and it can be sealed, which
means grains can be fumigated. The beauty of it is that it can store just about any bulk material—sugar, mineral sands, fertilisers and most grains. This project is the stepping stone for Spantech to expand Australia-wide and even internationally. In fact, I understand that when it is combined with reinforced concrete, this new technology in steel roofing systems has even been approved by NATO for storing explosives.

This is a great outcome for the federal government’s R&D grants program and it is a great outcome for Spantech. Ultimately, I am sure it will be a great outcome for Australia, because the export potential is enormous. I understand markets have already been identified in the Gulf states, South America and Asia. I want to congratulate Grainco for giving Spantech the opportunity to trial the new construction. It is a generous move on their part, but then again Grainco has a lot to gain by using the latest technology to store its grains. I should say tonight that it has been very successful.

I am very proud that companies in my electorate on the Gold Coast have taken advantage of the R&D Start program grants and it is an enormous success in my electorate. Between July 1995 and March this year, 11 companies in my electorate received R&D Start grants and loans. This has enabled them to capitalise on some very good ideas, to take them through to fruition and to grow, particularly on the international market. The companies have ranged from those making high temperature furnaces, to fibre-optic, low energy lighting for commercial buildings, to cold cabinet display lighting. Like Spantech, these companies have grown through innovation. And at Spantech, Dick and his team know that it is innovation that will help them stay in the game. Their commitment to R&D is setting a fine example to other companies around Australia—particularly to those on the Gold Coast, which we call ‘Australia’s innovation city’—to look toward innovation as a foundation for growth and success.

Once again, to Dick, to Robyn and to all the team there at Spantech, I would like to say that it was a great pleasure and a real privilege for me to be involved in the presentation of the innovation certificate and to see first-hand the very impressive new technology that the federal government supported with an R&D grant. I have no doubt that in the future Spantech is going to go from strength to strength. It is going to see a very big worldwide market with this new innovation. Even for Australian farmers and grain growers it is a great innovation and something that we can capitalise on right throughout Australia. To Dick and his team, once again, congratulations on a job well done.

Question resolved in the affirmative.

*House adjourned at 8.00 p.m.*

**NOTICES**

The following notices were given:

**Dr Kemp**—to present a bill for an act to amend legislation relating to higher education, and for related purposes.

**Dr Kemp**—to present a bill for an act to amend the Australian National Training Authority Act 1992 and the Vocational Education and Training Funding Act 1992, and for related purposes.

**Dr Kemp**—to present a bill for an act to amend the States Grants (Primary and Secondary Education Assistance) Act 2000.

**Dr Kemp**—to present a bill for an act to amend the Indigenous Education (Targeted Assistance) Act 2000, and for related purposes.

**Mr Williams**—to present a bill for an act to amend the law relating to bankruptcy, and for related purposes.

**Mr Hockey**—to present a bill for an act to appropriate money to provide financial assistance to HIH eligible persons, and for related purposes.

**Mr Hockey**—to present a bill for an act to repeal or amend certain Acts as a consequence of the enactment of the Financial Services Reform Act 2001, and for other purposes.

**Mr Albanese**—to present a bill for an act to remove discrimination against same sex couples in respect of superannuation benefits.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Centrelink: South Melbourne Closure

Mr DANBY (Melbourne Ports) (9.40 a.m.)—Last week, senior local management of Centrelink visited my office for what we thought was to be a routine visit. My staff thought the improvement of services to Centrelink clients who use South Melbourne Centrelink would be the topic of the meeting. Can you imagine my surprise, Mr Deputy Speaker, to learn later that the purpose of the visit was to inform our office of the closure of South Melbourne Centrelink just two hours before they announced it to South Melbourne staff? I find this decision to be a breach of the minimum duty of government. As my constituents will discover, on 10 March last year, the Minister for Community Services wrote to me, informing me that:

Centrelink had the approval to secure new accommodation for the South Melbourne office in 2000-01 which will enhance the provision of services and facilities for customers. I assure you—

the minister informed me—

that South Melbourne customers will continue to receive full customer service from Centrelink South Melbourne, including emergency assistance when required.

This was confirmed in Senate estimates hearings last week, when the shadow minister for community services intensively questioned officials from Centrelink, who explained that Centrelink services were to be provided in South Melbourne and were now being withdrawn to Windsor Centrelink, in the Treasurer’s electorate. Mr Deputy Speaker, you will understand, especially after I had received the minister’s assurance that the South Melbourne Centrelink would not be closing, that I wonder why I was not informed earlier. The prospective shift of South Melbourne Centrelink had apparently been developing for more than a year.

Centrelink management advised my electorate officer that it was their inability to get suitable accommodation that was behind their decision to shift to Windsor. The attempt they made to get alternative accommodation was via a newspaper advertisement. This also raises the question of the government’s commitment to providing public services. I ask: what was the cost of this real estate budget and fitout allocation in the minister’s assurance of last year?

This closure will affect over 17,000 people, including 5,699 disability support pensioners and 5,535 age pensioners.

As I told the minister when I wrote to him immediately after discovering this, and last year, most of the people will now have to catch two or three forms of public transport, such as trams, to get to Windsor Centrelink, the new place where they propose to dispense these services—over five kilometres away. I have also discovered that Centrelink customers are not even to be advised of this by letter. Some of them are simply getting a handout over the counter. How will the 17,000 citizens find out about the closure? No minister would agree to the proposal to outsource private details of Centrelink users to a commercial outfit to advise pensioners by telephone. Centrelink does not want to do a mass mailout because they would get an abundance of incoming phone calls. My goodness, Mr Deputy Speaker, they would! I vehemently oppose the closure of South Melbourne Centrelink and I ask the minister to urgently reconsider this decision.

Forde Electorate: Youth Project

Mrs ELSON (Forde) (9.43 a.m.)—In the limited time available to me today, I want to pay a very special tribute to a community and a remarkable group of young Australians. Last Monday saw the launch of an incredible project that is sure to be the catalyst for similar ventures around the nation. In the rural township of Boonah, which I am proud to represent, the Na-
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The national Youth at the Centre Project was officially launched by the Prime Minister. The launch was marked by the establishment of the local Boonah Youth Foundation, with funding created through the endeavour and enterprise of our young people. The vibrant and enthusiastic young people decided to set themselves the challenge of building a house in just four days, which they would then sell, and establish a foundation that would allow for seed funding for future enterprises led by our local youth.

I am delighted to report that the house was built and that they achieved their goal. It helped to inspire many rural communities throughout the nation. The whole aim of the Youth at the Centre project, which was one of the very first programs to be funded by the Howard government under the Stronger Families and Communities Strategy, is to stop the exodus of our young people from rural towns to the city, equip them to participate in their local communities and create economic opportunities for their future. The construction and sale of the cottage to establish the Boonah Youth Foundation was a very tangible and practical exercise which showed what can be achieved. This profoundly engaging concept saw the young people who participated, most of whom came from the local Boonah district, gain the respect and admiration of the whole community. It was a wonderful practical example of the type of social cohesion we want to foster in this country.

The cottage that the young people of Boonah created was then purchased by the local high school to use as a special education unit so that young people will continue to reap the benefits of this project for many years to come. The whole construction was only made possible through the support of some very generous sponsors and some very special townspeople. I would like to mention Super Cheap Auto, which donated $20,000; Abbotsfield Country Cottages; and Bob and Marlene Carroll of Kooroomba Vineyards at Boonah. They quickly came forward to help when the call went out for sponsorship.

I am very glad that the Prime Minister was able to take up the offer to officially launch the project and the local foundation and see first-hand this tremendous effort. Everyone involved was absolutely thrilled when the Prime Minister then announced that his government would back their efforts by donating an extra $25,000.

Unfortunately, I do not have time to personally name and congratulate everyone who worked on the cottage or helped with the catering for the big launch, which was really a magnificent occasion. But to Glenn, Michael, Nicole, Zoe, Leesa, Alinta and Darren and all the young people involved I say that we are extremely proud that collectively you had the vision to dream such a dream and the energy and drive to make it a reality. I know that all adults who witnessed it, and especially those who actively supported you, were impressed by your achievement. I would like to add a special thanks to Wendy Creighton and Rick Stanfield, who for many years have had a burning desire to see that our local youths’ talents are recognised and supported and to give them the opportunity to reach their potential and to achieve their goals. Their support and coordination were greatly appreciated. (Time expired)

One.Tel: Employee Entitlements

Mr RIPOLL (Oxley) (9.46 a.m.)—While there are many who have been affected by the recent collapse of HIH and One.Tel, the people who least deserve to lose out are the workers left unemployed and without their entitlements. The 1,400 employees of One.Tel, who are low paid workers and contractors rather than being directly employed, will most likely miss out on all of their entitlements, if not most of their entitlements. Such things that most people take for granted—accrued holidays, superannuation, long service leave or redundancy payments—may well be lost to these people. It is claimed that around $19 million to $25 million is actually owed to these people. On the other hand, employees of the failed National Textiles received a special one-time only 100 per cent payout of all their entitlements in a bailout package from the government.
You could be excused for thinking that this was a selfless act of a government concerned about the plight of the workers and the rights of Australian workers but, unfortunately, this act has not been repeated since for other failed companies. Of course, there is one differentiating fact between the National Textiles company in Australia and every other company that fails—that is, that the other companies that fail do not have on their board as a director the brother of the Prime Minister.

Mr Hardgrave—Come on.

Mr RIPOLL—It is true.

Mr Hardgrave—The Prime Minister’s brother has nothing to do with it.

Mr RIPOLL—One never said he had. I am just pointing out a fact. That is a fact. So if in Australia your company is lucky enough to have Stan Howard on the board, when you go bust there will be a special one-off payment to bail you out. Hearing the PM’s feigned indignation regarding the plight of the workers flooded back memories of the long forgotten Howard’s battlers. Where are they now? The Howard battlers are doing it tougher than ever, in particular workers caught up in corporate collapses under this government.

It now seems in Australia that, if you are a wealthy corporate highflyer, few laws apply. Massive bonuses are paid for failing to deliver and you are further rewarded by taking no responsibility for the lives left wrecked by your actions. But there is something that the government can do. A private member’s bill introduced four years ago by the member for Prospect, which would give workers the protection and peace of mind they need and deserve, could be brought on and debated. If there is any bill that the government should swiftly move to have debated, it is this one, but the government refused to debate the issue at all. This situation should not be allowed to continue, with the lives of workers and their families ruined because greedy corporate criminals can pay themselves millions in bonuses, pay workers low wages, deliver no results and then deliver a failed company on top of that. I call on the government to take action to help Australian workers. It is as simple as that. Let us bring on the debate on this private member’s bill. Do we have to wait for more corporate collapses before the government does anything real or long term to actually deliver something for Australian workers? (Time expired)

Hawkesbury-Nepean Catchment Management Trust
Western Sydney: Development
Natural Heritage Trust

Mr BARTLETT (Macquarie) (9.49 a.m.)—My electorate, which includes the recently world heritage listed Blue Mountains and the Hawkesbury region, contains large areas of pristine quality wilderness, other areas which are very fragile, and yet others which are sadly degraded. A number of current issues are of particular importance to protecting, conserving and restoring parts of the local environment. The first is the New South Wales government’s appalling decision to terminate the Hawkesbury-Nepean Catchment Management Trust.

This organisation had done a tremendous job in raising awareness of environmental issues, in pulling together a large number of private sector and public sector organisations active in the region, in developing a coordinated approach to catchment management issues, and in attracting huge funding for local environmental projects. It was a very effective independent voice on environmental matters. Its termination by the New South Wales Labor government has been an absolute act of betrayal of the local environment—an appalling, inexplicable decision. I call on the New South Wales government to reverse this appalling decision and to give some consideration to the environment of the Hawkesbury-Nepean catchment.

Honourable members interjecting—
Mr BARTLETT—The second issue involves the current plans for the development of the ADI site at St Mary’s. This extensive site cannot cope with the scale of development initially planned by the Keating government. Even the current downgraded plans allow for too much development. It is essential that the maximum amount of heritage value remnant Cumberland Plain woodland be retained. Further, any development must be with a clear view to the social and infrastructure needs of Western Sydney. We cannot allow development in Western Sydney which further degrades the environment of this area.

Thirdly, the work of the government’s Natural Heritage Trust has been very important in assisting local organisations, land care and bush care groups in their valuable work in protecting threatened parts of the local environment and in restoring degraded parts. Over the past four years, over $5 million worth of local projects have been funded by the government’s Natural Heritage Trust. I am pleased to see that in the recent budget the Howard government has committed a further $1 billion to extend the Natural Heritage Trust. It is worth noting that the Howard government has spent substantially more on the environment than the former government even thought of spending.

This government is committed to protecting Australia’s environment and to helping local communities in their local environmental work. I was dismayed to read of Labor’s lack of support for the Natural Heritage Trust and their very unfair criticism of the many committed local groups working together to achieve positive outcomes for our local environment. These local groups do a tremendous job and deserve continued support. I am pleased that the Howard government is going to give this much-needed continued support to our local environmental workers.

Honourable members interjecting—

Mr DEPUTY SPEAKER (Mr Nehl)—Before I call the next member, I would like to remind members on both sides of the chamber that today is only Wednesday. Thursday is Stroppy Day, so please settle down.

Members of Parliament: Staff Conditions of Employment

Mr GRIFFIN (Bruce) (9.52 a.m.)—In my experience, every day can be Stroppy Day, but in deference to you today, Mr Deputy Speaker Nehl, I will not make it my day for Stroppy Day. I rise today to talk about matters which relate to both sides of the House, and in particular to the staff of both sides of the House: the issue of the negotiations between the Department of Finance and Administration and various parties on the MOPS—Members of Parliament (Staff)—agreement.

Members would probably be aware that the agreement covers electorate and advisory staff for both sides. The current agreement was scheduled to finish on 31 December last year. Apparently, negotiations were to start at the end of October 2000. An announcement was made by fax in September by the minister that that would occur, but no further contact occurred for some three months. Earlier this year—in January, I think—some meetings were organised by DOFA with staff in capital cities to consult about what sorts of issues might be included in the next certified agreement. But since then not a lot else has actually happened, as far as I am aware.

I am also led to believe that DOFA has refused to respond to the unions which have been given the power to negotiate on behalf of all Labor staff. I also understand that there is some unofficial feedback around, some scuttlebutt—and you never can be sure about this—alleging that DOFA has been told not to make an offer during an election year and not to recognise the role of the unions, which is the government not wanting to play by its own rules, if that is the case. However, while the bulk of electorate staff, including the Liberals’ own staff, are losing money and benefits every day, or are in a situation where they will have to get it backdated—and that produces difficulties in itself—the government’s staff committee has ensured that
some favoured sons, including three principal advisers, have been given pay rises that take their salaries above $142,000 per year. Under questioning at estimates, the government refused to give the exact salaries of these advisers, but it was confirmed that they fall outside the maximum salary band under the MOPS agreement. The point I would like to leave the House with is: we all know that our staff have a thankless and difficult job and that they need proper remuneration to ensure that they can do that job. I urge all those involved to get the negotiations going so that we can get results really quickly on this matter.

Howarth, Mr Bob: Work for the Blind

Mr HARDGRAVE (Moreton) (9.55 a.m.)—I rise today to highlight and praise the work of a journalist—and I think that should be noted on the record. The particular journalist is Mr Bob Howarth who, as well as many other things, is the editorial technology manager for Queensland Newspapers in Brisbane and the editor of the Braille Mail. Mr Howarth’s different roles extend to involvement in the Commonwealth Press Union and visiting East Timor on five occasions—most recently in April—where he has assisted in the re-establishment of the print media in that fledging democracy. Queensland Newspapers have put forward some $600,000, donated by Pacific Magazines, in the form of a 40-tonne printing press.

Mr Howarth’s role as the editor of the Braille Mail, which provides news and information in a timely way to people who are not fully sighted—and there are a significance number of them in the community—should also be applauded in this place. The following groups can be found in my electorate: the Braille Writers Association, a voluntary organisation headed by Mrs Yvonne Herbert, which has been bringing volunteers together to translate books and magazines into braille and Moon text for 103 years; Aid for the Blind; and the Queensland Blind Association. They raise funds and provide services for people without full sight.

Mr Howarth’s efforts as the editor of the Braille Mail mean that many people who may not have been able to find out things through print and have the enjoyment of reading are able to do so. Mr Howarth’s efforts within the Commonwealth Press Union have also taken him to the Republic of The Gambia in West Africa, where a young African editor saw his business card and wanted to know about learning braille—this was a full-sighted African lad. As a result of that conversation, Mr Howarth has ensured that a braille edition of local news in Africa has been printed for the first time. While only 10 copies have been made available, the fact that the first African edition of a braille newspaper has been printed in Hong Kong at a cost to Queensland Newspapers, couriered and sent to just 40 braille readers in The Gambia, shows the sense of charity and commitment that this man has to his fellow men.

The efforts of people like Bob Howarth should be identified in this place because they support the efforts of people like Darel Green and Stella Haralampou, who are involved with the Queensland Blind Association in a professional and organisational capacity. I commend their work and I encourage them to keep it up, because so many people in my electorate rely on the efforts they have provided to date.

Mr DEPUTY SPEAKER (Mr Nehl)—In accordance with standing order 275A, the time for members’ statements has expired. The Main Committee will now consider government business.

CORPORATIONS BILL 2001

Cognate bills:
SECOND READING
Debate resumed from 4 April, on motion by Mr Hockey:
That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (9.58 a.m.)—Firstly, I wish to acknowledge the assistance I have received from Diane Brown and Gordon Noble in the office of Senator Conroy, the shadow minister for financial services and regulation, and also Jo Fox from the office of the manager of opposition business. They have provided procedural and substantive assistance regarding the content of the Corporations Bill 2001 and a number of other bills. In his remarks, the member for Bruce referred to our electorate staff and their conditions of employment. Unfortunately, often we do not recognise and sufficiently acknowledge the work of our back-up staff. I am aware that some opposition staff are up at 6 a.m. assisting us with various aspects of parliamentary business. When I have had occasion to come into the parliament on a Sunday afternoon before a sitting week, quite a few opposition staffers have already been hard at work—dare I say it?—making life difficult for the government in the week ahead. I thank them for their assistance.

We have before us a package of bills which deal with the Corporations Law, and I will endeavour to address each bill. The Corporations Bill 2001 re-enacts the current Corporations Law as a single federal law of national application. Similarly, the Australian Securities and Investments Commission Bill 2001 re-enacts the Australian Securities and Investments Commission Act 1989 as a Commonwealth act capable of operating throughout Australia. Both bills form part of a package of bills that respond to the High Court’s decisions in re Wakim and the Queen v. Hughes. Those cases raise doubts as to the constitutional foundations of the current Corporations Law scheme.

Although the bills can be applied nationally, they will apply only to those states referring the requisite powers to the Commonwealth under the relevant section of the Commonwealth Constitution. Those states are known as the referring states. New South Wales has referred the requisite powers to the Commonwealth, the Victorian parliament’s lower house has passed referral legislation—indeed, Victoria may now have passed the legislation completely—and Queensland and Western Australia have agreed in principle to make the same referral. It is the government’s intention that the bills commence on 1 July.

The Commonwealth is not attempting to change the substance of the Corporations Law—there are not any provisions which go to substantive Corporations Law issues—but simply to address issues about the constitutionality of the national Corporations Law system. The current Corporations Law scheme commenced on 1 January 1991. Under that scheme, Corporations Law is contained in an act of the Commonwealth parliament, the Corporations Act 1989, and is enacted for the Australian Capital Territory. Laws of each state and the Northern Territory then apply the Corporations Law of the Australian Capital Territory as a law of that state or of the Northern Territory. That is, the scheme was designed to operate as a single national scheme, but it actually applies in each state and the Northern Territory as a law of that state or territory.
The current scheme is also supported by the Corporations Agreement, an intergovernmental agreement to which the Commonwealth, the states and the Northern Territory are parties. The agreement requires consultation and, in some cases, voting on amendments to the Corporations Law and related schemes legislation, including the Australian Securities and Investments Commission Act, by the ministerial council. However, recent decisions of the High Court in re Wakim and the Queen v. Hughes have cast doubt on the constitutional foundations of important elements of the current Corporations Law scheme.

The enactment of the Corporations Law as a single federal law of national application is facilitated by referrals from the states under section 51(xxxvii) of the Commonwealth Constitution. The referral of powers rectifies the constitutional flaws in the current scheme and overcomes the constitutional uncertainty surrounding the current Corporations Law scheme. The states have referred—or it is our expectation that they will refer—to the Commonwealth matters to which the Corporations Bill 2001 and the ASIC Bill relate, as well as a power to amend those bills, once enacted, in relation to the formation of companies, corporate regulation, and the regulation of financial services and products. That referral is for a period of five years unless it is extended by proclamation. The referring legislation also has an object clause to the effect that the referred powers cannot be used for the purpose of the Commonwealth in regulating industrial relations.

The Commonwealth and referring states will also enter into a new corporations agreement. The agreement will differ from the existing agreement in the following ways. It will provide that, where the approval of the ministerial council is required for an amendment to the Corporations Law, the required number of jurisdictions favourable to a proposed amendment will increase from two approvals from six states to three approvals from six states and the Northern Territory. It will also provide that, if four states vote to terminate the amendment reference, all referring states will terminate that reference. The bill itself provides that, if any state individually terminates the amendment reference, that state will cease to be part of the new scheme. It will also have prohibition of the use of the referred powers for the purposes of regulating industrial relations, the environment, or any other matter unanimously agreed on by the parties to the agreement.

Further, four states are able to reject an amendment that they agree is for a purpose outside the scope of the reference. That is designed to make sure that the Commonwealth is not able to misuse a national corporations power to achieve objectives that most of us would see as being of a non-Corporations Law kind. It was certainly a concern that Minister Reith, when he was Minister for Workplace Relations and Small Business, fanned with suggestions that a national Corporations Law could be used to pursue the government’s industrial relations agenda. Obviously, that was something that stood in the way of getting agreement about national Corporations Law issues.

The Joint Parliamentary Committee on Corporations and Securities has examined this legislation. The submissions and evidence received by the committee indicate that the existing Corporations Law scheme has worked well and that Australian business has benefited greatly from the stability and uniformity that the Corporations Law has provided. It is a matter of widespread agreement that we are served well by having a national Corporations Law scheme.

The Law Council of Australia confirmed that, although they reflect compromises between the Commonwealth and the states, the bills overcome the constitutional uncertainty surrounding the Corporations Law scheme and should enable business to continue to have confidence in and benefit from a uniform system of corporate regulation. However, the committee heard that business would have preferred that the referral was for a period longer than five years, and as a result the government must continue to work to find a long-term solution.
It is also important to note that the referral from the states does not remedy the consequences arising from the decisions in re Wakim and R v. Hughes for other national cooperative schemes such as those which operate in the areas of price exploitation, cross-vesting of jurisdiction between state and federal courts, gas pipelines, administrative review, regulation of gene technology, and indeed even in respect of the National Crime Authority and the Australian Sports Drug Agency. The fact that the government has not remedied uncertainties that exist in these other important areas is something that we note and believe needs to be addressed.

To the extent that the bills overcome the constitutional uncertainty surrounding the current Corporations Law scheme, they should be supported. While the agreement that the Commonwealth has negotiated with the states has resulted in a small increase in the voting power of the states in relation to certain proposed amendments to the Corporations Law, a national system of corporate regulation greatly facilitates business in Australia. We urge the government to continue discussions with those states that still have not agreed to refer powers; to commit to finding a long-term solution to a national system of corporate regulation; and to rectify the constitutional uncertainties surrounding other cooperative schemes.

We are also debating other bills: the Corporations (Fees) Bill 2001, the Corporations (Futures Organisations Levies) Bill 2001, the Corporations (National Guarantee Fund Levies) Bill 2001, the Corporations (Repeals, Consequentials and Transitionals) Bill 2001, and the Corporations (Securities Exchanges Levies) Bill 2001. They are part of that replacement legislative foundation to which I have been referring, and the impact of those bills is essentially to update cross-referencing, address transitional arrangements and update the Corporations Law following the Treasury Legislation Amendment (Application of Criminal Code) Act 2001.

I turn now to some of the provisions in a bit more detail. In relation to commencement, as I said, it is intended that the new regime will come into effect from 1 July, which is very soon. The purpose is essentially to substantially re-enact the existing Corporations Law of the ACT as a Commonwealth act applying throughout Australia. In order to understand the situation properly, it is worthwhile considering a brief history of corporate regulation in Australia.

The Commonwealth’s power to legislate in relation to corporations comes from section 51(xx) of the Constitution, which empowers the Commonwealth parliament to make laws for the peace, order and good government of the Commonwealth with respect to:

Foreign corporations, and trading or financial corporations formed within the limits of the Commonwealth:

That means that the power of section 51(xx) is not unlimited. There are some limitations and the Commonwealth has not been able to use corporations powers to comprehensively regulate corporations.

Prior to Federation, all the colonies had legislation based on the English Companies Act of 1862. Despite the common origins from that English statute, variations developed in companies law around the country and it was not until the late 1950s that some momentum towards uniform national companies law began to build. A uniform Companies Act was passed in 1961 and in 1962 by the various states, but they still were not coordinating amendments to their companies law. Some real momentum developed in 1974 when the Senate Select Committee on Securities and Exchange recommended the establishment of a Commonwealth regulatory body with responsibility for the securities industry and the signing of the inter-state corporate affairs agreement in 1974 by Victoria, New South Wales and Queensland. That was followed by the establishment of a cooperative scheme in 1978. Under that scheme, the Commonwealth parliament enacted companies and securities legislation applying in the ACT and the states passed legislation giving effect to the Commonwealth law in their jurisdictions.
The Commonwealth also established the Companies and Securities Commission to oversee and coordinate that scheme.

In 1989, the Commonwealth passed legislation to establish a national scheme of companies and securities regulation based on the corporations power. That scheme was subsequently struck down by the High Court and the Commonwealth began negotiations with the states and the Northern Territory to try and salvage the scheme. In June 1990, agreement was reached under which the Commonwealth’s legislation was amended to apply as a law of the ACT. The Corporations Law is contained in section 82 of the Corporations Act 1989 and, under the national scheme, each state and the Northern Territory also has a uniform Corporations Act.

I want now to consider some of the issues that have been raised by the High Court decisions. The first issue is the question of cross-vesting. Cross-vesting is a term used to describe legislative arrangements which allow federal, state and territory courts to exercise each other’s jurisdiction and which provide for transfers and removals to ensure that cases are heard in the appropriate court. The general cross-vesting scheme was established by the Jurisdiction of Courts (Cross-vesting) Act 1987 and by reciprocal legislation in the states and territories. Prior to re Wakim, the effect of the legislation was that, generally speaking, a litigant was able to institute a civil action in any superior court in Australia. The matter could then be transferred to another court if that was appropriate, and that scheme was pretty successful.

In June 1999, the High Court ruled in the re Wakim case that cross-vesting was invalid to the extent that it purported to invest federal courts with state jurisdiction. There was not a problem the other way around, with the Commonwealth conferring its jurisdiction on state courts. As a consequence of that decision, the Federal Court can generally no longer hear matters arising from the state Corporations Act. The expertise built up by Federal Court judges in these Corporations Law matters has been, presently at least, lost to the community. In addition, cases that commenced in the Federal Court have had to be recommenced in the state supreme courts. That, of course, results in increased delay, costs and inconvenience for litigants and an increased workload for the state Supreme Court. In fact, the Federal Court workload in the Corporations Law area dropped off markedly after the decision in re Wakim.

With respect to the way in which the Commonwealth has been endeavouring to respond to this, the states passed some remedial legislation of their own, but the Commonwealth enacted the Jurisdiction of Courts Legislation Amendment Act 2000, which provides, in relation to the Corporations Law and the other cooperative schemes, for the vesting of jurisdiction in—and the transfer of proceedings between—state, territory and federal courts within constitutional limits. The act provides generally for the cross-vesting of certain proceedings involving decisions by Commonwealth officials and state law, and it preserves the Federal Court’s exclusive jurisdiction concerning proceedings with respect to the competition and price exploitation codes of the territories involved. But that was not able to generally restore the jurisdiction of the Federal Court in Corporations Law matters.

The other High Court judgment which generated constitutional concerns was the case of The Queen v. Hughes. While Wakim was concerned with the ability of federal courts to exercise jurisdiction conferred by the states, Hughes was principally concerned with the capacity of the Commonwealth to accept powers and functions conferred on its officers and authorities by state parliaments. In The Queen v. Hughes, the court observed that a state could not unilaterally invest functions in officers of the Commonwealth. A state law that purported to grant a wider power or authority than the acceptance of which was prescribed by Commonwealth law would, to that extent, be inconsistent with the Commonwealth law and invalid under section 109 of the Constitution. That had some substantial implications for Corporations Law. Indeed, there have been subsequent legal cases on the back of that, endeavouring potentially to play further havoc with Corporations Law.
There has been a need for a Commonwealth response. One of the options open to the Commonwealth has been the question of a referendum and a constitutional change—an attempted constitutional change, let me say, as we all understand how difficult constitutional change is and how few referendums are actually successful. The Commonwealth has been discussing this matter with the states through the Joint Standing Committee of Attorneys-General.

In August of last year the Standing Committee of Attorneys-General and the Ministerial Council for Corporations reached an agreement to refer the substance of the Corporations Law scheme and the powers to enable ASIC to administer and enforce the scheme. There has been a blip on the way caused by an address to the National Press Club in March 1999 when the former workplace relations minister suggested these powers might be able to be used for industrial relations ends. Notwithstanding that little roadblock, in December last year the Commonwealth, New South Wales and Victoria reached agreement on the basis that the Corporations Agreement will contain a provision stating that the referred powers are not to be used for the purposes of workplace relations laws, and that the objects clause of the referral legislation states that the referred powers are not to be used for the purposes of industrial relations systems. The parties have also agreed that no state will be able to unilaterally terminate the reference of power to amend the corporations legislation and remain in the scheme. Based on that, we have seen the New South Wales and Victorian parliaments passing referral legislation.

In addition to the Corporations Law, we have had the other seven bills to which I have referred. The ASIC Bill was introduced on 4 April, and the other bills on 24 May. What we get out of this as a package, essentially, is restoration of the regulatory regime for corporations to its Wakim and Hughes status. So, while the bill corrects a number of anomalies and updates the drafting style, it does not involve substantial policy change.

The constitutional basis for the legislation we can find set out in clause 3, and the principal powers that the Commonwealth is relying on to have the constitutional validity of this upheld are as follows. In the referring states, the act is based on the powers of the Commonwealth under section 51 of the Constitution and powers as a result of the referral legislation; in the ACT and the Northern Territory, the act is based on the territories’ power as well as the powers under section 51; outside Australia, reliance is additionally made on the external affairs power—that is to say, section 51(xxix)—and, where a state is not a referring state, the act will still apply to the extent allowed by the Constitution. Given that that is problematic in light of the decisions in Wakim and Hughes, it is clearly an undesirable state of affairs and you want all the states to refer their Corporations Law powers to enable business to be sure about just what the legal situation is in the jurisdiction that they are operating in.

The bill has the strong support of the business community as a necessary and relatively immediate solution to the uncertainty which has surrounded corporate law for the past two years. There has been very little support for the idea of a return to state based company law, and it is our understanding that all the states have agreed in principle to the referral and have indicated that their referral legislation is imminent.

In closing, I note that the opposition is not seeking to amend the legislation in any way. Even if we had a view about ways in which it might be improved, there is a real constitutional danger in relation to amending legislation of this character. The Attorney-General’s Department has suggested that any amendment would jeopardise the constitutionality of the new scheme. In evidence before the Joint Statutory Committee on Corporations and Securities, an officer of the Attorney-General’s Department stated that there would be a very big problem with the Commonwealth parliament amending the bill because each state reference bill says that the Commonwealth parliament may enact these two bills—that is, the Corporations Bill and the ASIC Bill—and it must be in this exact form. So there is a very real danger that, were
this parliament to amend the legislation, we would be vulnerable to some fresh constitutional challenge.

The prudent course of action is to enact the bills in their existing form. Given that the intent of the new scheme is to bring certainty to corporate regulation, it would be unwise to open up another potential avenue of constitutional challenge about whether an amendment to the tabled text represented a substantial change and therefore was not supported by the Constitution. Noting that the Joint Statutory Committee on Corporations and Securities has recommended that the bill be passed without amendment, the opposition supports this legislation.

Ms JULIE BISHOP (Curtin) (10.25 a.m.)—This is an historic package of bills. As the Minister for Financial Services and Regulation noted in his second reading speech, it is most appropriate that the legislation to bring about a single national governance scheme for Australia’s firms is to be debated in the very year during which we are reflecting on the centenary of our nation’s federation. The federal nature of our Commonwealth has evolved over that century in terms of the role of the federal government as envisaged by our Constitution and the reality of Australia’s contemporary power centres. Federalism has given rise to levels of cooperation between Commonwealth and state governments in a range of political and economic activities.

The Commonwealth’s involvement in the regulation of corporations can be traced to the corporations power, section 51 (xx) of the Constitution which states:
The parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to:— ... Foreign corporations, and trading or financial corporations formed within the limits of the Commonwealth.

This relatively restricted power in relation to corporate governance and the role played by the states in relation to corporate governance has, since Federation, placed Australian corporations in a position of potential risk and uncertainty. In turn, the states and the Commonwealth have sought to create cooperative legislative and regulatory structures to minimise that potential risk and uncertainty. As a consequence, in the early 1960s we saw the passage of a uniform Corporations Act based upon the law in the state of Victoria by all the states and by the Commonwealth—and on behalf of the then Australian territories of Papua New Guinea, the ACT and the Northern Territory.

In the following years the uniformity of this scheme was sorely tested by the ad hoc amendment at the level of the individual states and by the recommendation of the 1974 Senate Select Committee on Securities and Exchange that a Commonwealth regulatory body be charged with responsibility for the securities industry at the national level. By the end of the 1970s the demand was for a return to federal-state cooperation on corporate regulation, a demand that was met by the establishment of the cooperative scheme by which the Commonwealth enacted a Corporations Law for the ACT and, in turn, the states passed legislation giving effect to that ACT law within their own jurisdictions.

While the cooperative scheme ensured uniformity of text it failed to ensure uniformity in enforcement and administration and, to meet these additional concerns, the Hawke government, somewhat ham-fistedly, sought to establish an overriding national corporations law based on the Commonwealth powers under section 51(xx). Disabled by the High Court, the Commonwealth, somewhat reluctantly and to seek some accommodation within the states and the Northern Territory. This was achieved at the time by incorporating the Commonwealth desired regulatory scheme into legislation that would again apply in the ACT. This would be done through the constitutionally more secure terms of the Commonwealth’s territories power. The states and the Northern Territory again agreed to adopt that law within their own jurisdictions. However, this agreement was later superseded in 1997.
In recognition of the importance of unified enforcement and administration, the Commonwealth organisation, the Australian Securities and Investments Commission, was charged with the enforcement of state corporations laws so Corporations Law, in fact and in legalities, was a series of state acts passed in like form. This evolving system of interconnected Commonwealth and state acts was by no means pretty, although it was a fair example of the kind of cooperative federalism superior to traditional Commonwealth-state jurisdictional conflict as epitomised in the referenda of 1911, 1913, 1919, 1926, 1944 and 1946. Nonetheless, the shaky constitutional foundations of this arrangement, above which Australian businesses could feel the twitches and the tremors, were dented by two judicial decisions in relation to corporate governance.

The first of these decisions, commonly known as the Wakim case, related to cross-vesting—that is, the practice by which different courts in different jurisdictions could exercise each other’s jurisdiction and provide for transfers and removals so as to ensure that cases were heard in the most appropriate fora in terms of legal expertise, convenience and cost. Cross-vesting was legislated for through the Jurisdiction of Courts (Cross-Vesting) Act 1987. While the Wakim case concerned four different proceedings, each was related to the central question of whether the courts of the Commonwealth could exercise jurisdiction that had been conferred by state or territory acts of parliament.

For those constitutionally minded or for the protagonists for the states, it is of some interest to consider the approach of the High Court in Wakim. In essence, the High Court decided that the federal courts could not be given a general power to hear state matters, and consequently the provisions which attempted to do so were invalid. Specifically, the court found that the state legislatures have power to invest state jurisdiction or judicial power in federal courts but this will have no effect unless the federal courts can give effect to it, and this depends upon what the Commonwealth law provides. The Commonwealth Constitution does not permit the Commonwealth parliament to consent to the vesting of state jurisdiction in federal courts. Chapter 3 of the Constitution exhaustively defines, according to the High Court, the matters that may be the subject of the judicial power of the Commonwealth and exhaustively defines the matters that the parliament of the Commonwealth may invest in the federal courts it creates. The majority said—and I quote from the reasons of Justices Gummow and Hayne:

It may be right to say that there is no reason why the Parliament of a State cannot pass a law that provides (in effect) that the courts of another polity within or outside the federation are to have jurisdiction over certain kinds of matters. But the law will be of no effect unless the courts of the other polity give it effect. And that directs attention to what the law of the other polity provides.

Their Honours went on to say:

But whatever may be the content of any legislative power implied from the creation and exercise of the Commonwealth as the national polity, that power does not authorise the Parliament to consent to the vesting of State jurisdiction in federal courts.

The Chief Justice said:

The Parliaments of the Commonwealth, the States and the Territories cannot by cooperation amend the Constitution.

Even more pointedly, Mr Justice McHugh said:

Where constitutional power does not exist, no cry of cooperative federalism can supply it. If the object lies outside the reach or effect of what a State or Commonwealth can constitutionally do, the subject matter is beyond the reach of the legislatures of Australia.

So the High Court found, by a majority of six to one, that the courts of the Commonwealth could not exercise jurisdiction with regard to state jurisdiction. While the Commonwealth’s courts could exercise jurisdiction with regard to the territories and the state courts could exercise jurisdiction conferred by the Commonwealth, a large hole had emerged in the cross-
vesting system. As a result, the Federal Court has, since June 1999, generally been unable to hear matters relating to state corporations acts and it is fair to conclude that the expertise built up by these courts has been lost. Cases before the Federal Court have had to recommence in the already overloaded state supreme courts. Despite remedial legislation enacted by both the states and the Commonwealth, the situation has remained most unhelpful.

The second of the two cases to dent the system of national corporate governance was the Hughes case—again, before the High Court. This case centred upon the extent to which the Commonwealth Director of Public Prosecutions was authorised to prosecute offences under the Corporations Act of Western Australia; the wider question for settlement therefore being the extent to which the Commonwealth could accept functions and powers conferred to it, or its officers, by state parliaments. Hughes’s case against his original indictment on charges under Western Australian law failed. However, the unanimous decision of the court did not bolster the existing legal structure; rather, it brought it spinning to the ground. By failing to enforce the existing structure, the judgment brought into question not merely the Corporations Law but all the national schemes that involved Commonwealth officers carrying out functions originating in state law—for example, the Competition Code, the Price Exploitation Code and even the National Crime Authority.

In short, the High Court found that, for the Commonwealth to legitimately accept such functions, it would have to demonstrate connection to a clear head of power provided for in the Commonwealth Constitution. This was Mr Hughes’s obstacle for, as his offences related to investments in the United States, the Commonwealth could be seen to have acted appropriately both in relation to the trade and commerce power and the external affairs power of the Constitution.

The High Court also hinted at the potential utility of the Commonwealth’s banking power, executive power and corporations power, but it did not explore the matter any further. So, post Hughes, the Corporations Law landscape is littered with metaphorical traps and mines, with the very constitutionality of the Commonwealth’s involvement in incorporation of companies now in question. For example, there was clearly a need for leadership on the part of the Commonwealth. That leadership was provided by the Attorney-General and the Minister for Financial Services and Regulation. It is embodied in this legislation that is before the Main Committee.

Close and exhaustive discussions between the states and the Commonwealth have brought forth these bills, which can now come before the House following a referral made by the government of New South Wales. For a time, it was feared that we might not reach this point, although the joint meeting of the Standing Committee of Attorneys-General and the Ministerial Council on Corporations in August last year agreed in principle to the referral of powers by the states to allow the Commonwealth to enact the Corporations Law and the ASIC Act. In relation to incorporation, regulation and the financial sector, a consensus on the details just could not be reached. Further meetings have brought all parties back to the table and have given this legislation the opportunity to ensure a degree of stability in Australian corporate life through the referral to the Commonwealth, under section 51(xxxvii) of the Commonwealth Constitution, of powers from the states.

This preferred option will achieve the common goals of resolving the matter speedily, restoring confidence immediately, avoiding complexity, involving the states in the Corporations Law and restoring the previous jurisdiction of the Federal Court. I am particularly pleased that the important role of the states will continue. Such a cooperative system is not merely workable; it is desirable. Under these reforms the states will continue to be consulted and will continue to exercise voting rights. In fact, the reforms will enhance these rights in relation to proposed amendments to the system. Where the approval of the ministerial council is required,
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The necessary number of states favourable to change will now increase from two to three. These changes have been achieved without imperilling flexibility or accountability.

While the Minister for Financial Services and Regulation, who I see is in the chamber, has observed that some states have noted their wish for an opt-out clause that would allow certain states to reject further amendments applying to their jurisdictions, I am glad to see that this wish has not been acceded to and that the system will remain uniform in content and application. Much more appropriate is the provision in these bills that will allow four states to vote to effectively veto the reference of an amendment. Where an individual state does seek to develop a different system, it will simply cease to be a referring state and it will exit the system entirely.

It is also pleasing to observe that, with the unobstructed passage of these bills through the Commonwealth parliament, the government will have done much to ensure the consistency and fairness of Australia's corporate governance, the maintenance of our essentially federalist nature as a nation and, indeed, the smooth and efficient running of our courts. As the member for Wills said, there are still issues outstanding in relation to cross-vesting, although there has been legislation at the Commonwealth and state levels to consider that issue. Of course, interestingly, this has brought into discussion the nature of our federalist system again, in the year of the Centenary of Federation.

With respect to the resolution that has now been reached with the attorneys and the Minister for Financial Services and Regulation, I particularly want to direct this to the Minister for Financial Services and Regulation as he did take a lead in this matter. I also direct my comments to the other ministers concerned at both the Commonwealth and the state level. We certainly owe them our thanks for finding a resolution to the gaping hole that had been created as a result of the Wakim case and the Hughes case. With this now firmly under way, and with thanks to the ministers concerned, I am able to commend these bills to the Main Committee.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (10.40 a.m.)—in reply—I take the opportunity to thank my colleague the member for Curtin for her contribution to this debate on the Corporations Bill 2001 and cognate bills. I understand that the member for Wills spoke a little earlier, and I thank him for his contribution. This is indeed a historic occasion because this package of legislation will finally deliver, with certainty, a single national corporate regulation framework for more than one million Australian companies.

The bills address the legal uncertainties created by recent decisions of the High Court. These court decisions and current legal challenges have cast doubt on the constitutional framework which supports the current scheme of corporate regulation. The result is a serious threat to the national corporate regulation framework and to business confidence.

Under the scheme of corporate regulation which has been in force since 1991, the Corporations Law is contained in an act of the Commonwealth parliament which was enacted as a law for the Australian Capital Territory. Separate laws of each state and the Northern Territory applied the Corporations Law of the Australian Capital Territory as laws of that state or the Northern Territory. As a result, changes made from time to time to the Corporations Law have automatically applied throughout Australia. Until various successful High Court challenges to the scheme, it operated in a seamless fashion as a single national scheme, even though it is actually a system of Commonwealth, state and territory laws that applies in each state and the Northern Territory as a law of that state or territory.

The Commonwealth law is administered generally by a Commonwealth body, ASIC, the Australian Securities and Investments Commission, established under the act of 1989. Each state and the Northern Territory have passed legislation applying relevant provisions of that act and also conferring functions relating to the administration and enforcement of the Corpora-
As I have indicated, High Court decisions, starting with the case re Wakim: ex parte McNally in 1999, have invalidated the cross-vesting legislation involving the conferral of state jurisdiction on federal courts. The High Court held, by a majority, that chapter 3 of the Commonwealth Constitution does not permit state jurisdiction to be conferred on federal courts. Effectively, that removed the ability of the Federal Court and most states and territories to resolve Corporations Law matters. In the second case, R v. Hughes, the High Court held that the conferral of a power coupled with a duty on a Commonwealth officer or authority by a state law must be referrable to a head of power under the Commonwealth Constitution.

The decision in Hughes has significant implications for the Corporations Law scheme and is likely to have an adverse impact upon its orderly administration and enforcement. The result is a serious threat to the national corporate regulation framework and to business confidence. Mr Deputy Speaker, you need only consider significant events such as the recent collapse of HIH and One.Tel to see how important it is that the Commonwealth and Australian business be given certainty in a fully referred Corporations Law, and that ASIC be provided with the certainty associated with these current bills.

The bills being debated today are designed to overcome the difficulties associated with the High Court decisions and the problems with cross-vesting. Therefore, we have relied on the good will of the states to refer their power to the Commonwealth. At the same time, the Commonwealth has been very mindful of the fact that Australia’s position in the global marketplace needs to be resolved through certainty in relation to the Corporations Law and also that it is very important that the states provide that certainty from the perspective of their own jurisdictions.

Therefore, Mr Deputy Speaker, the corporations agreement will specifically prohibit the use of referred powers for the purposes of regulating industrial relations, the environment or any other matter unanimously agreed on by the parties to the agreement. There are also provisions that provide for four states to be able to reject an amendment that they agree is for a purpose outside the scope of the reference. We have put in place the appropriate measures to address the concerns of the states.

When I introduced the first two bills in this package into parliament on 4 April, I was able to report that New South Wales and Victoria had commenced their legislative process, Queensland and Western Australia had agreed in principle to follow, and negotiations were continuing with South Australia and Tasmania. I am pleased to be able to advise the parliament today that all six states have either completed or are in the process of undertaking the necessary legislative steps to refer power to the Commonwealth, and it is currently anticipated that all states will have these processes completed by 1 July. Mr Deputy Speaker, I would like to express my thanks to the governments of all the states for their support for this process. I believe it is clearly to the benefit of all governments and Australian business generally that the new system operates on a national basis.

Mr Deputy Speaker, may I also at this juncture take the opportunity to thank a number of people who deserve to have their efforts recorded in this parliament for their contribution to the referral of powers from the states to the Commonwealth, and the putting into place of a single national regulatory environment for corporations. In particular, I would like to thank the officers in my office—Andrew Lumsden, Mathew Abbott, Rose Webb and Kerstin Wijeyewardene—who have endured all the difficulties of negotiating with a large number of parties and have come through with good humour. I also particularly thank the Attorney-General, as I did in the second reading speech, and the officers in his office—Nick Grono,
Simone Burford, Catherine Fitzpatrick and Karen Moore—who worked very closely with me and our officers to get us through the negotiation process.

I would like to take a moment to particularly thank Jim Faulkner and Ian Govey in the Attorney-General’s Department; and in the Treasury Veronique Ingram, Andrew Sellers and Scott Rogers. The quality of the people in our departments is outstanding. They certainly worked very long hours to ensure that all the concerns of the states were addressed. I would also like to thank a person I have known for a very long time, Stephen Yen, who is an officer of ASIC. He was asked to come to Canberra for a couple of months to assist with the drafting process, and one year later he is still working on finalising this process. He deserves substantial credit for the enormous amount of work that has been involved in getting what has been the largest referral of power from the states to the Commonwealth in certainly a number of generations.

Finally, there has been an enormous effort put in by everyone concerned. It is no easy matter asking states for a major referral of power. It has not happened for many years in Australia. For all the states to come together to refer to the Commonwealth power in relation to the governance of 1.2 million corporations is indeed a historic event.

Mr Sciacca—A good Labor government.

Mr HOCKEY—I thank governments of all persuasions.

Mr Sciacca—Come on. Give us credit.

Mr HOCKEY—I thank governments of all persuasions. As history will judge, the turning point was when the Prime Minister asked the premiers of New South Wales and Victoria to meet him in Sydney just a few days before Christmas last year. After four meetings of state attorneys, the Attorney-General and me, we had hit an impasse—to put it lightly. The fact that Premiers Carr and Bracks were prepared to see commonsense and understood the needs of the hundreds of thousands of businesses in their states and worked with the Prime Minister to resolve outstanding issues is a credit to them.

Finally, great credit is due to the Prime Minister, who has successfully negotiated the referral of the Corporations Law powers from the states to the Commonwealth. It is yet again more evidence that we are focusing on delivering results for Australians and Australian businesses. Rather than simply talking about it, we are focusing on how we can deliver real results that give certainty to business and investors and that, at the end of the day, benefit all Australians.

Question resolved in the affirmative.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.

Ordered that the bill be reported to the House without amendment.

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION BILL 2001

Second Reading

Consideration resumed from 4 April, on motion by Mr Hockey:

That the bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

CORPORATIONS (FEES) BILL 2001

Second Reading

Consideration resumed from 24 May, on motion by Mr Hockey:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

**CORPORATIONS (FUTURES ORGANISATIONS LEVIES) BILL 2001**

**Second Reading**

Consideration resumed from 24 May, on motion by Mr Hockey:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

**CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) BILL 2001**

**Second Reading**

Consideration resumed from 24 May, on motion by Mr Hockey:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

**CORPORATIONS (SECURITIES EXCHANGES LEVIES) BILL 2001**

**Second Reading**

Consideration resumed from 24 May, on motion by Mr Hockey:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

**CORPORATIONS (REPEALS, CONSEQUENTIALS AND TRANSITIONALS) BILL 2001**

**Second Reading**

Consideration resumed from 24 May, on motion by Mr Hockey:
That the bill be now read a second time.
Question resolved in the affirmative.
Bill read a second time.
Ordered that the bill be reported to the House without amendment.

**MIGRATION LEGISLATION AMENDMENT (ELECTRONIC TRANSACTIONS AND METHODS OF NOTIFICATION) BILL 2001**

**Second Reading**

Debate resumed from 5 April, on motion by Mr Ruddock:
That the bill be now read a second time.

Mr SCIACCA (Bowman) (10.56 a.m.)—The Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001 is mainly of a technical nature and seeks to facilitate electronic communication within the Department of Immigration and Multicultural Affairs. In addition, however, the bill establishes a framework to allow the use of
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computer programs to make simple and non-controversial decisions to streamline and expedite some basic migration processes. Essentially, the bill seeks to respond to the changing nature of business, and to enable the department to provide fast, accurate, accessible and secure information while maintaining a high degree of privacy and integrity. One of the benefits of this bill will be to enable people to lodge applications and access computer generated decisions 24 hours a day, 365 days a year. This removes the restrictions of office hours, distance from essential services and time constraints.

Obviously, the most significant example of computer based decision making is Australia's current system of electronic travel authorisation, otherwise known as ETA. It automatically issues millions of visas for travel to Australia when people book their travel requirements. The ETA system simultaneously links travel agencies across the world, DIMA and airline companies to issue travellers with electronic visas. Such a system obviously provides great benefits to the tourist and travel industries in Australia, and in the future I would like to see reciprocal travel arrangements expanded to include countries that traditionally have not benefited from this system. This morning I was to attend a meeting on the extension of the ETA facility to Portugal, and I hope that such a move will encourage many more Portuguese holiday-makers to visit Australia and vice versa.

Returning to the provisions of the bill, I want to discuss briefly the only area of the legislation in which concerns may arise; that is, the establishment of a framework for computer programs to make decisions on behalf of the minister—albeit, the opposition is advised, very basic decisions. Some of my colleagues were somewhat concerned by this provision and have sought a briefing by DIMA officers, where they had the opportunity to question in depth some of the more technical and legalistic aspects of the bill.

Whenever a decision of a subjective nature is taken there are risks associated with the misinterpretation of facts or with the making of incorrect value judgments. Computer based decisions are no different. A programmed formula or set of encrypted, and thus limited, instructions cannot be trained to discern between the myriad of facts and circumstances which may surround an essentially human problem. Therefore, it is imperative to ensure that three conditions are met before any computer based program is allowed to decide the fate of a person's request. Firstly, a computer program must have a field of knowledge and operation that is limited to making simple, objective, transparent and accountable decisions. Secondly, the computer program must be secure and ensure that the privacy and integrity of both the department and the applicant are maintained. Thirdly, a mechanism must exist whereby any decision taken by a computer program is appealable, reviewable and able to be substituted for a more favourable outcome by the minister or his authorised officers.

From the briefing that my office obtained from the Department of Immigration and Multicultural Affairs, I understand that these provisions are met and that adequate safeguards have been incorporated into the legislation. Even my colleague from the Senate, Senator Barney Cooney, seemed to be appropriately satisfied. If he is satisfied on these issues, then I think I should be satisfied. For example, I understand that complex decisions such as visa cancellations—where facts, opinions and circumstances have to be weighed and considered in a more human context—will not be made by a computer program but will continue to be processed by immigration officers with discretionary powers. The opposition supports this bill.

Mrs MAY (McPherson) (11.01 a.m.)—As chairman of the Joint Standing Committee on Migration, I rise today to support the Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001. The purpose of this bill is to update the Migration Act and the Australian Citizenship Act in line with new technology and the efficiency requirements of the 21st century. The bill is designed to facilitate electronic communications and introduce computer based decision making.
Since 1998, this government has moved towards a national vision to provide as many affordable, equitable and accessible government information services as is practical online. Indeed, we have made a commitment to delivering all appropriate services online by 1 July 2001, which is only around three weeks away. The government has made this commitment as part of Australia’s progression into the world of electronic communications and e-commerce.

It is also the government’s view that the use of online technologies will encourage others to do their business with the government online. It is about the government working in the 21st century and making its services available to as wide a range of people as possible, at times and locations most convenient to them. We have taken up the opportunity to restructure government service delivery and adopt a more seamless customer focused strategy. The result of this commitment was the Electronic Transactions Act of 1999. This piece of legislation seeks to remove any impediments to the use of electronic communications in the public and private sectors. It provides a general framework for the giving and receiving of electronic communications. The Electronic Transactions Act established the basic but essential rule that a transaction is not invalid because it is placed through electronic means.

Electronic communication is quickly becoming the way of the world. The business sector has long realised the extra efficiency that these new technologies bring. I am proud to say that these advances are also being used as part of the Howard government’s immigration initiatives. From 1 July this year, the Electronic Transactions Act will apply to all Commonwealth legislation, unless specifically exempted, and will allow applications made under the Migration Act and the Australian Citizenship Act to be lodged electronically.

The electronic travel authority visa—the ETA—is an example of Australia leading the world in this area. By enabling visitors to obtain a visa at the same time as they book their travel, Australia has attracted many overseas students, while also giving our tourism industry a huge boost. This bill builds upon such developments and will offer greater processing efficiencies in the area of immigration. Essentially, the Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001 amends the Migration Act and the Australian Citizenship Act to do three things.

Firstly, it removes any existing impediments that may prevent the use of electronic transactions in immigration matters. This means that decisions, notices and orders regarding citizenship can be sent to applicants electronically, therefore reducing paperwork and making the application and assessment process more speedy. Of course, the system works the other way too; so, for example, permit notices can also be made electronically by visa applicants when they notify the department of changes in their circumstances.

Secondly, the bill establishes a legislative framework to enable the minister to arrange for the use of computer programs to make decisions on visa applications and other applications under the ACA. As the Minister for Immigration and Multicultural Affairs has already pointed out, the electronic lodgment of applications, combined with computer based decision making, will provide greater flexibility and greater opportunities for clients who have previously been restricted to office hours. Thanks to online services, clients will be able to lodge and access applications 24 hours a day, 365 days a year from places which are convenient to them, whether that be in their home, their office or anywhere that they can access a computer. As I have mentioned, this is all part of this government’s commitment to high quality, efficient and convenient services which meet the needs of the people who rely on them.

Of course, the advent of new technology creates new challenges. The challenge for the government in matters regarding immigration is to find the appropriate balance between efficiency and convenience while also maintaining the security and integrity of our systems. For this reason, all online systems will be designed to guard against fraud and appropriate safety measures will be put in place to ensure that computer based decision making has a limited...
field of operation. Electronic applications will only be provided after all security and integrity risks have been satisfied.

On the issue of computer based decision making, the intention of the bill is that computer programs under the control of the minister may be used to make certain basic non-discretionary decisions under the Migration Act and the ACA. It is worth noting that the approach this bill takes to computer based decision making is essentially the same as that contained in the Social Security (Administration) Act. In the migration context, a computer program will only be making decisions on some types of visa applications where the criteria are simple and objective.

This bill does not allow complex decisions, or those requiring assessment of any discretionary criteria, to be made by a computer. The government recognises that, in immigration matters, it is often necessary to weigh and balance competing considerations and exercise flexibility in relation to the requirements of natural justice appropriate to the circumstances of a given case. The computer based decision making that this bill makes provision for requires no subjective consideration. It will be purely objective.

Any decisions, powers or obligations which involve subjective judgment or discretion will remain the responsibility of the minister. For example, decisions about visa cancellations would never be made by a computer. The type of visa which would be dealt with through automated assessment is a resident return visa, because the granting of these is usually worked out through a well established calculation. The purpose behind automated decision making is to improve processing efficiencies so that people—and their lives—awaiting these decisions are not subjected to unnecessary delays.

I would like to emphasise that at no stage does this bill exclude the minister from intervening at any stage during an automated processing of a visa. In fact, the minister will have the power to reverse decisions made by computer programs if the program is not functioning properly. Where it is found that this has happened, the minister can substitute a more favourable decision for the applicant. This ensures that an adverse decision can be corrected without the need for an external merits review. This power operates as a safety mechanism to ensure that no injustices occur as a result of computer related errors. This power will be used, for example, where a computer program has incorrectly refused to grant a visa or has granted the wrong visa subclass.

In all, this bill provides sufficient checks and balances to ensure that immigration processes are more efficient while still maintaining safeguards, compassion and discretion in the system. The bill also provides a flexible legislative regime that will support future developments in information technology and business processing.

Thirdly and finally, the bill picks up certain amendments regarding how the minister, the Migration Review Tribunal and the Refugee Review Tribunal may give and receive documents. These amendments outline the time when a document is taken to have been received and allow for the transmission of documents electronically by fax, email or other electronic means. In essence, these amendments clarify when notification of a decision occurs. Of course, this is critical for review mechanisms, which must be made within a specific period of time. Therefore, this is an important bill for Australia which will ensure that we take full advantage of advances in technology while still maintaining the security and integrity of our country’s immigration controls. It brings an essential government service into the 21st century and continues to ensure that Australia is a global leader in the field of immigration processing and controls.

Dr THEOPHANOUS (Calwell) (11.10 a.m.)—The Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001 and the Migration Legislation Amendment (Application of Criminal Code) Bill 2001 have come to the Main Committee
without consultation with me or the other Independent. This process has happened now on a number of occasions. It is very interesting to note the difference in the treatment of Independent members by the Senate as compared to the House of Representatives. I know that the House of Representatives is designed so that the two political groups, the coalition and the Labor Party, totally dominate the process. That is fair enough and nobody is trying to take away their rights. But there should be some respect for the rights of Independents.

Because this bill came to the Main Committee without consultation with me or Mr Andren, we have a situation where I have very serious concerns about this bill and I have not been advised by the minister’s department about the bill. I just want to make it clear that I am going to raise some of these concerns in the speech. If I am not satisfied with the minister’s response, I will move for the bill to be taken back to the full chamber. If the minister’s response is not adequate, I will be moving some amendments to the bill. The fact that we are in this embarrassing situation is not the minister’s fault but it is the fault of the processes that exist in this place in relation to consultations with Independent members. As I said, such a situation would never arise in the Senate.

I say this irrespective of whether I am going to be here after the next election, because there are bound to be some Independent members. It is about time the chamber and those responsible paid sufficient respect to the rights of Independents. When it is decided that a bill should go to the Main Committee it is usually done on the basis that the two major parties and every other member in this place have no concerns in terms of moving amendments or even voting against the bill.

In general, I have no problem with moving into the 21st century, as a couple of speakers have mentioned, and with having the use of electronic means for papers, documents and notifications by the Department of Immigration and Multicultural Affairs. But I have very serious questions about letting computers make decisions in any area of immigration. Notwithstanding the comments of Mrs May and Mr Sciacca, the fact is that all immigration decisions involve a subjective element and discretionary decisions.

For example, let us take visitors visas, which we might say are pretty straightforward. We all would know of the number of people coming to our offices complaining about judgments in regard to visitors visas. Visitors visas are not straightforward, especially when they involve family members. I have some very serious concerns about allowing a computer to actually make the decisions. Each visitors visa case varies. I have many cases coming into my office where family members have been rejected for visitors visas from non ETA countries. People are extremely emotional about a brother, a sister, an uncle or some other close relative being rejected when they want to come to a wedding, to a major religious event or even to visit a sick family member. So many cases like that are rejected. We have a situation where decisions of this kind, in a whole range of areas, would be made by a computer. I do not think so—unless there is a provision that, if we are determined to have computers making such decisions, that is fine if the computer makes a positive decision. But if the computer makes a negative decision, surely the person is entitled at least to have an officer of the department look at the application.

I know that the Minister for Immigration and Multicultural Affairs has a power that he can exercise if he desires to. But it is stated very clearly in the minister’s second reading speech and in the Parliamentary Library’s description of the matter that the minister does not have to look at the matter again. He can if he wishes to, but he does not have to. If the minister is not looking at it, who is going to? Normally somebody in the department would look at it, but with these provisions, as I understand them, there is no requirement for anyone in the department to do so. If I am wrong about this, the minister can correct me and we can resolve this issue. But if I am not wrong, what we are getting is the possibility that negative decisions at
Immigration may be made by a computer and, although a person can try to get the minister involved, if he fails that is just bad luck. I do not think that is correct.

I have no problem with the general approach of this bill in terms of allowing a lot of the work of the department to be done electronically—people putting in papers electronically, to be informed electronically. One aspect of people being informed electronically, however, is of concern. In the current situation a person may receive a letter from a departmental officer saying, ‘There is the following problem with your visa application. We wish you to provide us with further explanations,’ or ‘We wish to provide you with the following reasons as to why your application has been rejected’. Under the current provisions, that letter is signed by an officer of the department. One of the rights that people have now in relation to Immigration is that when they receive a letter like that, if they go to their local member of parliament, you can see the name of the person, ring up that person and ask what is going on. But when we have this electronic system, will the notification come from the minister? Will it come from the secretary, in general? Or will it come specifically from the person who made the decision, who can be contacted and who will be held responsible for this matter? The issue I raise here is the question of the responsibility of individual officers of the department in relation to these issues.

I am not referring just to decisions made by the computer but to other decisions where notification is sent. At the moment, you are in a position to say, ‘Officer So-and-So sent me a letter saying such-and-such, and a decision was made in this way,’ and you can raise the issue of that decision with the particular officer. But that is not going to be the situation, as I understand it, unless the minister intends to clarify the matter. It is not clarified in either the second reading speech or the bill.

I return to the major concern that I have: the computer making the decision and then the decision being deemed to be the actual decision of the minister, even though the minister has never even looked at the papers or even knows of the existence of the case. That, of course, is a formal technical point, but it is put in there to protect the system’s integrity so that the minister is held responsible for that particular decision of the computer. However, as I have said, given the sensitivity of immigration decisions, if the decision is positive we can assume that nobody is hurt by the process—in terms of the generosity of the system, that is fair enough. But if the computer makes a negative decision, what will happen then, Minister? You have the power to intervene if you want to, but there is no provision that requires you to do so. I believe that that is the thin end of the wedge.

Sure, we are in the electronic age—sure, we want computers to do things—but do we want computers to make decisions that involve such personal circumstances of people? I suppose the person could appeal to the IRT. You can just imagine a situation where a decision has been made by a computer rather than by an official of the department—the department has not looked at it and then the person is required to go to the review tribunal or something like that for an examination of a decision by a computer. This seems extraordinary to me. I do not understand why there is no provision in this bill that, in the event that the computer makes a negative decision, the person has at least the ability to apply for the decision to be considered by an officer of the department. Why not? If that application were granted, the officer would be able to look at it. It may be that there is a clause—it is not in the second reading speech; it is nowhere—that deals with my concern, but it does not look to me that there is. I think this is a very important matter.

The member for McPherson, the chairperson of the immigration committee, made the comment herself that there are many subjective factors and that there are many matters of discretion in immigration decisions. Every immigration issue has some subjective elements. Anyone who knows anything about the system knows that. Even when, prima facie, the technical requirements may not be met, there may be special circumstances that an officer could
take into account in humanitarian terms; for example, in the case of visitors visas or in the case of an application in another category.

I believe that, unless the minister has a solution to the issues I am raising, if we pass this legislation we will be left with a huge problem: many people who are rejected by a computer will feel obliged to go to the IRT, and what will the IRT do? What is it going to say? Is it going to say, ‘The computer had a look at this and it said no’? Is that what the IRT is going to do? Surely, if we had the judgment of a professional officer who looked at all the criteria, at least the government would be able to say to the IRT, ‘An officer has had a look at this.’ If an officer had not had a look at it, what would happen in a case where a computer based decision went straight to the IRT? The person would be able to say, ‘My individual circumstances were not taken into account because the computer made a decision on the basis of these criteria without taking into account all the special circumstances of this matter.’ I do not think this is going to save us time in that sense.

I do not have any problem with a preliminary assessment by a computer. If the answer is yes, that is fine. But if the answer is no, surely a member of the department needs to look at it. That is the point that I am insisting upon. I would like to hear from the Minister for Immigration and Multicultural Affairs about the issues that I have raised. I reserve my right to say more on this matter after the minister has spoken.

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (11.25 a.m.)—in reply—I am not sure about the member for Calwell having a further right of reply in relation to my comments. I will leave you to rule on that, Mr Deputy Speaker. Let me thank the members who have contributed to the debate—the member for McPherson, the member for Bowman and the member for Calwell. The Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001 contains three key measures. The first is to facilitate electronic communication by bringing the Migration Act and the Australian Citizenship Act into line with the Electronic Transactions Act 1999. This will provide a suitable basis for the use of information technology advances and allow greater access for clients to government services. The second measure contained in the bill will establish a framework to allow for the use of computer programs to make some decisions in the migration and citizenship context.

There are, of course, decisions that are being made in that way now. The electronic travel authority operates on that basis. Ten million decisions have been made for people to access Australia. If the decisions are adverse, the person is invited to lodge an application, which is then considered. It is that system that we are intending should operate here. The computer will only be making positive decisions. If the decisions are going to be adverse, they will be examined.

Dr Theophanous—What do you mean by that, Minister—that they will be examined?

Mr RUDDOCK—I will make it clear as to what is happening here. I am not averse to the use of electronic mechanisms for facilitating more efficient and effective processing of visas and getting people decisions faster than they now get them. If we do not use technology, that will not happen. But I also want to ensure that we do not compromise the integrity of our border arrangements. The member knows the emphasis I put on those matters; he thinks I give too much emphasis to them. The fact is that I do put emphasis on protecting our border arrangements.

One of the major issues is the integrity of documents. I am not sure about the extent to which computers are going to be able to read documents and assess whether or not they are bona fide. I think when people are presenting fraudulent documents you actually need to see the documents, and electronic lodging does not facilitate that. Let me tell you: I am not an
enthusiastic convert to electronic transactions. I come to it with a degree of scepticism which you might expect, but I am not going to stand in the way of advances that will give us better outcomes.

Essentially, this bill is providing an opportunity in relation to a number of matters where we know the department has in its hands the objective data on which decisions can be taken. It clearly will not apply in relation to family visit arrangements where you might have bona fides concerns. The member says ‘discretion’; I say subjective judgments have to be made as to whether or not somebody intends a bona fide visit. A computer is not going to be able to do that, and it will not happen in relation to those matters. Decisions will not be made in relation to family visits via this sort of mechanism.

What we are looking at primarily at this stage is resident return visas, where you are looking at a specific time and either you have been away for that length of time or you have not. The computer will be able to look at the electronic record that we have and tell you, if you have been away for that length of time, that you get a no decision. If you have been away for a shorter period which enables you to get a return visa, it says yes. You get a tick. In the no case, you will have an opportunity to have those issues reviewed. That is what we intend should happen. The provision is a fail-safe one. Where the bill talks about the minister, it talks about the minister or, effectively, his delegate. So an officer would be looking at a case where there is a rejection, just to make sure there has not been a mistake in relation to that matter. If somebody then thinks, after officers have turned their mind to it and made that decision, that there should be an appeal, the appeal will still flow to the MRT—not to the IRT, because it has been abolished.

The other area in which we think there is a possibility is in relation to citizenship, where you have certain residential requirements that have to be met. They are quite objective criteria. You either have been here or you have not. But not every application that we deal with is going to be utilising this system. In fact, it is going to be a very small number. It is largely a trial; this is to ensure that we can implement the trial. You will still have to have regulations to propose the particular area in which you are going to utilise it. If it is residential return or if it is citizenship, there will be regulations which are disallowable.

Dr Theophanous—What about general immigration?

Mr RUDDOCK—The point I am making is that, in the particular visa class where this is going to be extended and used, there will be an opportunity for scrutiny of that decision, because it will be a regulatory decision that is reviewable. That is the whole point. They are very significant safeguards that we consider.

Dr Theophanous—Where does it say you will deal with this if you do not wish to?

Mr RUDDOCK—It says ‘the minister’, and the minister is the minister and his delegates. That is the point. The fail-safe is the access to review, if that is necessary. Let me just assure the member in relation to these matters that I come with a degree of scepticism to the use of computers in this area. I do not think our transactions lend themselves readily to computer utilisation. But if we can get processes speeded up where you have objective criteria, where all you have to do is measure the time that somebody spent out of Australia—and we have it on our database—I do not see why we should not be able to do that. If it leads to an automatic decision, I do not see why that automatic decision should not be taken. If it leads to a negative decision, somebody then has to look at it. If you get a negative decision that has been looked at, you can still appeal it. I do not want the MRT system clogged with a whole lot of stuff-ups. I would expect the officers to sort those matters out. It is going to be trial and error in relation to these matters. They are going to look at the areas in which it can be done.
Let me conclude by saying that I know of the member’s interest in these matters. I apologise that I did not think to ask my officers to brief him. My officers are conscious of the fact that he was not briefed; I have raised it with them and we will try to ensure that that does not happen again. We will let the member know when legislation is coming forward and offer him a briefing in relation to those matters. As far as I am concerned, it is an open book on these issues. I am not trying to slip anything through. The member would know where there are problems. There are some issues where I have very firm views about what ought to be done but he will know what they are—I will tell him. I know where the member will be coming from. He is a facilitator; I am a control freak, he says. There is a need in these areas for an efficacious system that protects the interests of the Australian community. But I will ensure, as we introduce other legislation, that the member is apprised of it, with the opportunity for a briefing.

Dr THEOPHANOUS (Calwell) (11.35 a.m.)—Mr Deputy Speaker, I seek your indulgence to speak for one minute.

Mr DEPUTY SPEAKER (Mr Mossfield)—Leave is granted for the member to speak for one minute.

Dr THEOPHANOUS—I thank the minister for clarifying those matters on the record. I did have those concerns about the Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001 and the way in which it would operate. I think that the assurances he has given have met my concerns. It is a good example of how the chamber should operate, so I do not propose to oppose the legislation.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

MIGRATION LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

Second Reading

Debate resumed from 5 April, on motion by Mr Ruddock:

That the bill be now read a second time.

Mr SCIACCA (Bowman) (11.36 a.m.)—The principles of criminal responsibility set out in the Criminal Code Act 1995 will apply to all Commonwealth offences from 15 December this year. The purpose of the Migration Legislation Amendment (Application of Criminal Code) Bill 2001 is to bring the offence provisions contained in legislation in the Immigration and Multicultural Affairs portfolio that predate the Criminal Code into harmony with the provisions contained in chapter 2 of that act. To this end, the bill amends certain offence provisions contained in three statutes in the portfolio to ensure that, come 15 December, the principles of the Criminal Code can be applied without changing the operation or meaning of those provisions.

In 1987, my old friend and then parliamentary colleague the Hon. Lionel Bowen established the Gibbs committee to review criminal law. As part of its findings, the committee commented upon the inconsistency that had resulted from the prevailing system for determining criminal responsibility for Commonwealth offences. As part of the model criminal code project that arose in part from the findings of the Gibbs committee, chapter 2 of the Criminal Code Act 1995 was drafted. It set out uniform principles of criminal responsibility. To date, parliament has passed bills applying chapter 2 principles to offences created under legislation in a number of portfolios, and the bill before us today is part of that continuing
move towards clarity and consistency of the elements of criminal responsibility for all Commonwealth offences.

Chapter 2 of the Criminal Code clarifies the physical, actus reus, and fault, mens rea, elements of offences. It is anticipated that, under the codified principles of criminal responsibility, the prosecution of charges laid under the Migration Act 1958, the Australian Citizenship Act 1948 and the Immigration (Guardianship of Children) Act 1946 will be more efficient and fairer. This bill amends existing legislation to prevent duplication where offences such as aiding and abetting are provided for within the general provisions of the Criminal Code. To comply with the chapter 2 requirement, offences of strict liability—that is, offences where it is not incumbent upon the prosecution to demonstrate mens rea—are explicitly identified as such. Some offences contained in migration legislation will be amended to expressly state that they incur strict liability. Mr Deputy Speaker, the opposition supports the bill.

Ms GAMBARO (Petrie) (11.39 a.m.)—I rise to speak to the Migration Legislation Amendment (Application of Criminal Code) Bill 2001. As the member for Bowman mentioned in his short speech, it is a highly technical bill. The bill provides that, as from 15 December this year, chapter 2 of the Criminal Code will apply to all offences against the law of the Commonwealth. The purpose of the bill is to make all the necessary amendments to offence provisions in the portfolio legislation to ensure compliance and consistency with the general principles of the Criminal Code. It will also ensure that the meaning and operation of the offence provisions do not change following the application of the Criminal Code. It has two elements, as the member who spoke previously said. Firstly, it will bring greater clarity and consistency to Commonwealth criminal law. The Criminal Code establishes a cohesive set of general principles of criminal responsibility. The application of these general principles to offence provisions in the portfolio legislation will give Australians greater certainty, protection and confidence under criminal law.

Secondly, the bill will improve the efficient and fair prosecution of offences by clarifying their physical and fault elements. This measure alone will save hundreds of hours of court time otherwise spent in complicated and sometimes inconsistent interpretation of offence provisions. The bill will not change the way existing offence provisions will operate. It will make all the necessary amendments to offence provisions in the portfolio legislation to ensure compliance and consistency with the general principles of the Criminal Code. While most offences will operate as they always have without amendment, there are some that do require some amendment, and these amendments will not change the meaning or the operation of the relevant offences.

The bill does not create new strict liability offences. As mentioned previously, the bill will only preserve the status quo in relation to existing offences within the Migration Act of 1958. In conformity with the Commonwealth Criminal Code the bill amends certain offences to explicitly state that they are offences of strict liability and none of the offences currently have any fault element.

These amendments are necessary because upon the application of the Criminal Code offences which do not state that they are offences of strict liability shall be presumed to have a fault element. The bill also does not create new absolute liability offences. What it does is keep the status quo again in relation to the Migration Act. There have been some offences in subsections 229(1) and 232(1) that do not currently have any fault element. They are wholly regulatory in nature and the offences serve broader public policy interest by having the effect of ensuring that carriers check the visa status of non-citizens wishing to travel to Australia. Although the two offences have no fault element, they do have express defences of mistake of fact and in order to maintain the status quo in relation to these offences it was necessary to make these offences absolute liability rather than strict liability. It is important also to determine whether an offence is one of strict or absolute liability, and there are lawyers in this
Main Committee that could probably explain the technical aspects of those better than I can. But they are strictly technical provisions.

I am very happy to speak on the bill. There are some necessary changes to clarify those physical and fault elements. I believe the bill will ensure that there will be clarity and it will seek to do that, as I have mentioned, by firstly making clear the Criminal Code applies to all offences against migration law. The bill clarifies the physical and fault elements. Also time will be saved in ensuring that there is more consistency. I commend the bill to the House.

Mr RIPOLL (Oxley) (11.43 a.m.)—I rise today to speak on the Migration Legislation Amendment (Application of Criminal Code) Bill 2001 and I do so with some caution. On the surface these amendments appear to be a responsible method of rectifying anomalies within the Migration Act in accordance with the Criminal Code Act of 1995. As both the Minister for Immigration and Multicultural Affairs, Mr Ruddock, and my colleague the member for Bowman have indicated in their speeches, the amendments being recommended today are straightforward housekeeping matters that make the implementation of legislation effective and equitable. Unfortunately, I am not as confident in this government’s intentions with other elements of migration as I am in this bill that we are discussing today.

It is interesting to note that the minister’s comments in his second reading speech on this bill are fairly dry and certainly brief comments on the legislation. The minister considers that the bill harmonises offence provisions in migration legislation in several ways. He uses the word ‘harmonises’. It is not very often that you could consider references to the Migration Act or the process of migration as in any factor a harmonious process. There would not be too many people who have dealt with the migration officials in Australia or offshore that would say how well departmental information and advice harmonises with the accurate length of application processing or the true manner and method of an applicant’s consideration.

I have spoken many times in this place about the problems of migration and unauthorised arrivals to Australia. I consider myself a vocal opponent of many government practices in this arena. While work in my electorate office may reflect the nature of the immigration problems facing individual constituents, I have an underlying interest in the development of overall responsible and effective migration policy. By ‘responsible’ I mean that fundamental basic human rights are monitored and implemented within policy.

An effective migration policy means that, when you have a mandatory unauthorised detention law, you recognise and accommodate the needs of individuals and families. In my view, the criminalisation of detainees has now become government policy. The riots and problems within the centres in recent months are a demonstration of the failings of the system and, in particular, of the detention process itself—a process by which unauthorised arrivals in this country go through a processing phase of determining who they are and why they are here.

That is at the heart of why we are debating part of this bill. On a number of fronts, I believe the problem is in the government’s approach and attitude, and certainly in the management of the centres themselves. There is no doubt that ACM—the people who have the contract for managing these centres—have failed. In my view, they have failed dismally in managing these centres in a responsible and fair manner. The riots that we have seen have been precipitated by the problems of management and government policy. This whole process is not just people protesting about and opposing what is going on in these centres—and we do not know what actually happens in these centres all of the time, because access to accurate information is very difficult.

At the moment, certain issues are being brought before the Joint Standing Committee on Migration. One of those issues is the upgrading of the security fences at Port Hedland. I want to speak briefly about this issue because I think it relates in particular to how we talk about criminality and the criminalisation of detainees in Australia. The detention centre at Port
Hedland has a reasonable amount of security to hold detainees. There is always going to be a case where there might be a criminal element—in any community or group, you will always find a criminal element somewhere. So it is not a case of saying that they are all criminals, but there will always be some.

I have been to this centre and, in my view, the security is adequate. It is not how high the fence is or how sharp the razor wire is, it is the management of the centres, the policies and the people that make the difference as to whether or there are riots—it is not the ordinary families, it is not the people that I saw there such as the 12-year-old children and the mums and dads. It is not those people. If there is a criminal element, we need to deal with it at that level.

A proposal is currently before the migration committee to erect a new fence at that centre at a cost of around $3.2 million. The new fence is an unbelievable, over-the-top, waste of money. It is something that you would see in a fictional film on the security needs in a maximum security prison. It has razor wire, an outer fence, an inner fence, a no-go zone, a no-dig area and security cameras. The drawings of this fence show something that you might expect to be built for hardened criminals—the worst of the worst. It is a compound within a compound. This is what the government and the department are putting forward for detainees. Those people have come here, they are not criminals and yet they are being treated like criminals.

I have a problem with the way this bill deals with it and I have a problem with the attitude of the government in relation to these issues. When you start treating people like criminals, you will get a criminal element coming out. Building this fence at the Port Hedland centre is completely wrong. I acknowledge that the minister is here, and I assure him that I will be fighting to ensure that that fence is not erected. It is an absolute waste of taxpayers’ money. That money could be used in better processing, in better management and maybe in getting some decent people working in those places to look after the detainees and get them through the whole process.

Let us assess people’s status. Let us not delay this process. Let us assess them when they arrive. Let us find out whether they should or should not be deported, but let us do it in a humane way. Let us do it in a way that does not give us the riots and the protests, and that does not criminalise people. Let us use a process that will make it much easier to get to the end result. The end result is the goal, and that is to decide whether we give people refugee status or asylum seeker status, or deport those who obviously have no right to be here. I am not soft on this issue in terms of those who have a right to be here and those who do not. To me, it is just a clear-cut case of shortening the processing period. Let us spend money where it should be spent. Let us not split up families in these centres. Let us do everything properly.

Mr Ruddock interjecting—

Mr RIPOLL—I certainly never condone violence. Once there is violence, we have to take some action, but I think that in our own processes we have to make sure that we are doing the right thing. As I said, this bill reflects an attitude and a style of government. That is what it is about. Perhaps the most damning aspect of the infamous Shane Stone memo was its image of the government being mean and tricky. That applies in many portfolios and, while I will not say that I think the minister is mean and tricky, certainly there are elements in the portfolio that are. If you talk to people who have to deal with the process, the same problems always come up—the trickiness in how the system works, the delays and the bureaucratic inefficiencies.

In the speeches on the previous migration legislation, members talked about electronic methods of processing. This gets back to the trickiness of how these things work. People say that there needs to be efficiency because efficiency will make things better. No, it will not.
Efficiency does not make things better. Who is it supposed to make things efficient for? Is it efficient for the department, which wants to remove itself from the process? Is it efficient for the minister, who perhaps does not want to have to deal with this personally? Is it efficient when the system fails and people have to start all over again and go through review processes and further reviews, and assessments and reassessments? This is not efficiency; it is just putting more blocks in their way. It is making the system more complex. There is always this talk of efficiency. Efficiency is code for ‘removing responsibility’—

Mr Ruddock—Rubbish! Talk about the bill.

Mr RIPOLL—It is not rubbish. Efficiency is not about making things better for people; it is about removing responsibility. While often on the surface these bills look straightforward and purport to be in the best interests of those that they are supposed to serve, I think that, under the guise of efficiency and making things better, they actually make situations much more difficult.

Migration can mean, for many people, being forced to wait months beyond what would be termed reasonable processing times. Migration can be tricky because, when an application gets to a final assessment stage, supporting documentation can be deemed out of date, or a cap can be slapped on it and applications left pending for another 12 months. These little problems always creep in. In my office—and I am sure it happens in many other offices around the country—we end up having to be the pseudo department, as it were, sorting out the problems ourselves. If we can sort them out and if we can help people through the process, then why can’t the process be better to start with? If people automatically have to come to us because they know they cannot go anywhere else, then there is a problem in the system.

This is where my concerns arise—and it is not just in the area of migration. I will be fair to other ministers in this government and say that their departments are just as bad. For example, the same problems arise with Centrelink. An attitude now exists amongst departmental officers, government and ministers whereby they remove themselves from the process so much that it is now automatic within the departments to say, as soon as there is a problem, ‘We do not deal with it here. Go and see your federal members. They will sort it out.’ And we do sort the problems out. My question is, ‘Why do we have to do it?’ If we can sort the problems out, then why can’t the departmental officials do it? Why can’t the department do it? Why does it have to go through this extra loop of ‘efficiency’ so that these people can be dealt with in a proper and humane manner? And, of course, they are not. These are the issues at stake. These are very important differences.

Certainly I am very acutely aware of the problems that Australia could face. I am not a proponent of opening the floodgates, to use the terminology, because I do not believe in that. There are many parts of unauthorised entrance, illegal immigration and those other terms. There are some real issues in terms of how we manage all of that, but I think it still has to be done in an open and accountable manner. This leads me on to a very important point about detention and criminality.

In Queensland at the moment, there is some money budgeted—about $52.6 million—for two centres. One is in the Brisbane greater area and one is in Darwin. I particularly want to make a couple of comments about the Brisbane one which, by the way, includes my electorate and includes Ipswich and that greater area. I believe there is a proposal for a 550-bed detention facility to be built. The government talks about consultation, and I notice some comments in the media from certain Liberal members about consultation and how important it is to the whole process. What I am concerned about is: why do we need one at all? I made a few phone calls and inquired as to how many detainees we currently have—these unauthorised entrance arrivals. I am hard up to find about a dozen in Queensland. There are different figures but they
do not range too greatly from eight here right now, or last week, or how many we are sup-
posed to get. It is very small in number, and certainly there is no need for 550 beds. Arthur 
Gorrie currently has a 24-bed detainee unit, which is not at capacity. So does the need just 
immediately arise? How are you going to fill these 550 places?

What concerns me is the government’s agenda in this. My fear is that this is not something 
for Queensland but that Queensland, particularly my region, would be used as a dumping 
ground to shift problems from other areas—perhaps from Woomera, Port Hedland and from 
other states—and that there would be this mobile policy in relation to detainees. That is cer-
tainly something that I think no Queenslander would want.

Surprisingly and coincidentally enough, while articles were appearing on the front page of 
my local newspaper, within a week nine people were suddenly found to be working illegally 
just outside my electorate—in Ipswich, in the electorate of Blair. These people were found to be 
in breach of their visas and, basically, were overstayers.

Mr Sercombe—Does Cameron Thompson want it in his electorate of Blair?

Mr RIPOLL—No. I believe that people in the electorate of Blair have made it quite clear 
that they do not want the centre in their electorate either.

Mr Sciaccia—Perhaps Peter Slipper might have it in his electorate.

Mr RIPOLL—Perhaps Peter Slipper would like it in his electorate. I wanted to make the 
comment here that the federal member for Blair, Cameron Thompson, said that Ipswich was 
not likely to be considered because the opposition had already been signalled, and there he 
refers to the opposition from the community. I think that is a fantastic way of making policy. 
While on the one hand the department is ringing up real estate agents saying, ‘Get us a site,’ 
on the other hand the local Liberal member for Blair, Cameron Thompson, is saying, ‘No, 
because there has been some opposition in the community, it is not going to go ahead’. That is 
how it works. What I would question is: where was the consultation process? When was there 
consultation with the community? Where was the stakeholders’ interest? Perhaps they were 
talking to local government, talking to state government or talking to some local representa-
tives, such as me, as to why we actually need to spend $52.6 million at all or whether this is 
where the money is best spent.

I have some grave concerns, and my concerns go further in terms of the approximately 
50,000 overstayers currently in Australia. There are about 50,000 people, and these people are 
in breach of their visa requirements. For the most part, they are British citizens who have 
overstayed.

Mr Ruddock—That is not right. Look at the figures.

Mr RIPOLL—For the majority, but there are a number of others from other countries as 
well. We have this problem which, I have to say, largely goes unnoticed, unspoken of and 
untouched in terms of doing something about this.

Mr Ruddock—That is wrong.

Mr RIPOLL—I have questioned the department many times on this, and I have received 
unsatisfactory answers—

Mr Ruddock—It is the first time you have raised it with me.

Mr RIPOLL—Then I will raise it with you now. According to the department, there are 
currently about 50,000 overstayes in Australia who are in breach of their visa requirements.

Mr Ruddock—There are 58,000.

Mr RIPOLL—It is 58,000—thank you, Minister, for updating that figure. So we have a 
significant problem in terms of those who breach their visa requirements. Yet very little attention 
is paid to that problem in comparison with the attention paid to the more minor problem
of the building of detention centres, the criminalisation of detainees and detention itself as a root problem. Attention needs to be paid overseas to stemming the flow of those who want to come here by means other than traditional ones. There have been cases of people staying here for up to a decade in breach of their visa requirements. It seems that the government thinks that this issue is not as important as that of detention centres—which might be more palatable in the media and likely to get more front pages. I cannot see any reason why the issues of detention centres and detainees are causing such a riot across this country, other than that this government is using those issues to gain political benefit and media attention. The government can always say that it is being tough on those issues that it thinks will get votes from people who like to see the government being tough on illegal immigrants, migrants and boat people.

However, there are a lot of people who actually do not see it that way. They see a lot of unfairness, a lot of inequity and a lot of danger in their communities. Members of the Port Hedland community do not support what is going on there; they do not support ACM, the management of these centres; and they do not support the policies behind the cause of these problems. This hinges on why we need a judicial review. We need to look at this whole problem very seriously, and we need to look at the root cause of the problem, rather than pushing the problem onto those who did not create it in the first place.

I have a whole range of concerns in a number of areas about: what is being proposed in Queensland; the way we detain people; the management of these centres; the way that people are being criminalised; the way that families are being split up; possible breaches of human rights in Australia; and comments made in reports by the United Nations on human rights abuses in Australia. This does not bode well for the government in terms of their approach, style, and, in essence, being mean and tricky. You can be mean and tricky and get away with it for a little while, but you will not get away with it forever. People know what is going on in terms of these policies. This approach is not making things better for the people who should be the focus of these policies. Rather, it is making it harder for them. It is less efficient, not more efficient. It is making it worse. I support the bill before us, but I look forward to the day when we can make some real changes to benefit people who are currently held in detention for way too long and make their lives a bit better. (Time expired)

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (12.03 p.m.)—in reply—I thank the members who have contributed to the debate constructively. I acknowledge the contribution of the member for Oxley, and I thank the member for Petrie and the member for Bowman. The Migration Legislation Amendment (Electronic Transactions and Methods of Notification) Bill 2001 is unexceptional and ought to have gone through without comment. I would not have made any further comments given the nature of the speeches from the member for Bowman and member for Petrie, but I think it is necessary to respond to some of the comments from the member for Oxley, and I will do so.

In relation to the issue of mandatory detention, in substance there has been no change to the law. It may be smart to make speeches about people being mean and tricky, but the law that is being applied by us now is the same law that was enacted by a former Labor government. The starting point in relation to these matters is fairly simple: some people are eligible to settle in Australia, and many people are not.

Millions of people express an interest in coming to Australia each year. You have to make choices. The easy choices are the ones where you say, ‘Yes, you can come’. People have no complaint about that. They accept the decisions willingly. But if you give them an adverse decision, they are unhappy and they often try to seek out those who they believe will be able to help them. I am not surprised that, even in your electorate, some people go to you to see whether they can be helped through the system to find another way in what is a very legalistic
system, which often has little discretion, and which was implemented by a former Labor government. You could ask your colleague Robert Ray about that.

We instituted laws that were to be objective to give people an opportunity to see whether they were eligible, and to give the people who make decisions the opportunity to make fair and equitable decisions in respect of the people involved. Because we have adopted a system in which there is a statute, regulations and policies that have to be applied, and because we have put in place a review system and left access to judicial review of administrative decisions, we have an increasingly legalistic and technical way of dealing with these issues. For public servants who are essentially trained to make administrative decisions, it is not surprising that this is becoming an increasingly difficult area for them to operate. It is not surprising that, in relation to tribunals that we have set up to provide independent merits review, when you have the courts sitting on top of you supervising them to the point that decisions are micromanaged in relation to technicality and form, the system is extraordinarily difficult for people to operate. The point is that, whether it is in the detention centre environment, or in the processing of applications, the people who get the decision they want present no difficulties. However, people who get adverse decisions will want to test them all the way down the line. You talk about a bureaucratic system. That is what we imposed when we sought to put in place a more legalistic approach to dealing with these matters, to get the discretion out.

The most significant issue raised was detention. I want decisions made quickly. Most decisions are made quickly by my departmental officers and 80 per cent of people get a decision within 15 weeks. It is just that we have something like 1,100 people at the moment who have had decisions which mean that they were destined for removal, and they do not like that. The people who are getting out are very happy. But those people who see others getting out, who do not understand the nature of our processes or the legal questions and the way in which they are pursued, get very anxious about it and they try to put us under pressure. They behave in ways which you and I, and the Australian community, regard as unacceptable, but you would have people believe that we are only seeing this now, for the first time. Nothing could be further from the truth. If you were in the House yesterday, you would have heard me quoting exactly what was happening with fewer people, in fewer detention centres, because the problem you had to manage back in the early 1990s was not of the same order of magnitude. You were not subjected to the same activities of organised crime and smugglers who are bringing in these people in very large numbers. We have a much larger cohort of people to deal with. But you saw exactly the same problems. There were escapes from detention and there were riots. Even as recently as several weeks ago, in the Western Australian court, a gentleman from China who was released under our system, which is supposed to find out whether people are criminals—this shows you some of the difficulties in doing that—was involved in the distribution of drugs.

What was put in as extenuating circumstances when he was convicted? That he was one of the people who was sitting on the roof of the Port Hedland detention centre who jumped off and broke his arms and that that in some way had some deleterious impact on him that justified him peddling drugs to Australian children. He was one of a number of people who sat on the roof at the Port Hedland detention centre, one of whom—a woman—jumped off and broke her spine. And it happened when you were in office. I do not want to remind you of these sorts of things but I think it is important that you understand that management of detention centres, with all the sorts of pressures that people want to put you under, is always difficult.

The honourable member says, ‘Get them out quickly if they are not genuine.’ Everybody tells me to get them out quickly. Even the honourable member for Bowman tells me to get them out quickly and when I suggest a way of doing it, they say, ‘Oh no. That’s not right. It’s a matter of justice that people are able to appeal their decisions at every point.’ We have got a
lot of well meaning people out there saying, ‘We want to advise them about how they can do that. Even if they have not put forward any claims of substance, maybe we suggest this to them: have you thought about whether your aunt and uncle were taken out and beaten by some policemen at some stage? Did anything like that happen in your family? Have you thought about that? Did you know you ought to say that?’ There are plenty of people around who will give you ideas about how you might be able to put forward a claim that will get you into the system and who will use review, not just to the independent merits review tribunal but to the full Federal Court and the High Court.

People are complaining that the High Court is now being overrun with immigration decisions. I think I saw that 60 cases are before the High Court right now; another 500 or so are before the full Federal Court and the Federal Court; and then people are going off to international treaty bodies and saying, ‘Australia hasn’t treated us properly.’ The one case of any substance where the UN got involved was clearly wrong, and the fellow left Australia when he found the game was up because, in fact, he had been lying through his teeth all the way, suggesting he was subjected to human rights abuses when he was, in fact, in the United Kingdom and Italy making asylum claims—the only case of any substance taken up by the United Nations and used as a basis for condemning our system.

I tell you: our system is a system that has done something, I think, that has been more harmful to refugees around the world than anything else I have seen. I read yesterday—I will say something more about it—that the United Nations High Commissioner for Refugees is laying off something in the order of 20 per cent of its staff. Why is that happening? I can tell you—because they have only got a budget of $US815 million. Australia is up there as one of the larger contributors to the UNHCR. All of the countries who pay their budget and work to try and look after refugees around the world are being subjected to the same cost pressures we are by the organised smuggling activities that we are seeing at the moment. The developed countries around the world are spending something like $US10 billion to manage people who turn up on their borders and put their hands up, free enough to travel with the money to do so, and say, ‘I am a refugee.’ They say that they are the same as some of these people languishing in the most appalling circumstances around the world you could ever see—‘I’m just like one of them.’ In truth they are not. They have never seen it and they do not know what it is like but I have seen it and I know what it is like. The numbers of people who will get out of those places because of the activities of countries like us in resettling people are diminishing because the places are being stolen by those people who are free enough to travel. The UNHCR is now downgrading its activities to be able to help—and why? Because when $US10 billion is being spent around the world assessing the needs of half a million asylum seekers, about 50,000 of whom will be found to be refugees, we have lost our sense of priority. And that is the reality.

I am burning up my time—the member has encouraged me—but let me make some points about Brisbane and the detention centre. He talks about $50 million and suggests that we are going to spend $50 million on the 200-bed detention centre in Brisbane.

Mr Ripoll—It is 550 beds.

Mr RUDDOCK—It is not; it is—

Mr Ripoll—For two detention centres, 550 beds was the number I got.

Mr RUDDOCK—My understanding of the figure is that it is 200 with a surge capacity to 500. That is my recollection. We have been looking at a situation where you may need flexibility to handle larger numbers, but it was 200 with a surge capacity up to 500 or maybe 550. That is the reality.

Queensland wants to be a gateway to international tourism. You cannot be a gateway to growth in tourism without getting some people who are not bona fide travellers. What do you
expect that you will do when they turn up and you may have to hold people until you can get them back onto a plane out, or if they put up their hand and say, ‘Look, I’m an asylum seeker, after all; I have flushed the documents down the toilet, and you don’t know who I am or where I’m from, but I’m here’? At the moment, what you are doing in Brisbane when they turn up is taking them out and putting them in a jail. Some people tell me, ‘Detainees shouldn’t be put in jails’. That is what they tell me.

Mr Ripoll—They are being put in jails now—everywhere.

Mr Ruddock—That is exactly right. They are being put in jails in Queensland because there is no detention capacity. That is the reason. We could go to the cost of transferring them all around Australia—I could send them off to Woomera or something—but why would we do that?

The honourable member has the audacity to raise the issue of how you treat overstayers and suggest that I have not been rigorous in relation to those matters. We have done far more in terms of employer awareness, working with the trade unions in terms of identifying people who are working contrary to their visa conditions, and identifying people who are non-compliant around Australia. I have to tell you that it is very different from what was happening in the last year when you were in office, when you were turning a blind eye. If you reckon the figures do not prove it, let me tell you: 7,000 people were located in your last year in office, as against the 16,000 that we find this year. Why has that happened? It is because there has been a determination which was not there before to deal with the issue.

You ask me the question: do Brits overstay? Of course they do, but, in proportion to others, not to the same extent; they are largely compliant. Whom do we locate in the main as overstayers? It is the Brits. Who overstays in largest numbers? It is the Brits. Who visits Australia the most and contributes to our tourism? It is the Brits. There is an issue about that. A UN rapporteur on racism was out here fairly recently—it might not have been him; it might have been the UNHCR that was visiting one of our detention centres in Sydney. They came away somewhat amused. I was wondering what the amusement was about. It was the fact that they found some Brits in the detention centre.

There are people suggesting to me that we have a racist approach to these matters. We have a non-racial approach. If people breach our law, we deal with them and it does not matter where they are from. We are determined to deal with overstayers. I am consciously pushing the envelope in relation to those matters all the time, and the question is: where will you and your colleagues be? I can tell you that, if you do not have a system of detention, you will have no capacity to deal with overstayers. When we locate people working contrary to visas and visa conditions in Brisbane, and we do, or in Queensland, as we do, if we cannot detain them, what do we do? Do you release them? You have to find them again. If they have no travel documents, do you just release them?

It is painfully obvious that it will not work. You must have a system which enables you, when you locate people, to be able to detain them and to be able to make arrangements for them to go. There may be circumstances in which, if you can get sufficient assurances, you will release some people on bridging visas. But in some cases you will not be able to do so. What do you think you should do when you find people who have been convicted of serious criminal offences and you decide that, because they are a non-citizen, they ought to be on their way home? Do you suggest that until some travel documents can be obtained you should not detain them—just let them loose in the community?

Mr Ripoll—Put them in jail.

Mr Ruddock—They do go to jail in Queensland now. In other parts of Australia they are detained. What you are saying is, ‘In Queensland, we would rather see these people in jail.
than detained in administrative detention.’ What you are really saying is that Queensland is too precious.

Mr DEPUTY SPEAKER (Mr Nehl) (12.20 p.m.)—Could I remind the minister that the chair is not saying those things.

Mr RUDDOCK—No, I know the chair is not. The chair is totally innocent of these matters, Mr Deputy Speaker, and I apologise. The member for Bowman and the member for Oxley are from Queensland, and they take the view that these people should be either in the community or in jails; that there should be no intermediate position, there should be no detention. That is what they are saying. They are saying, ‘In Brisbane, we want to have international tourism, we want the unlawfults to be located, we don’t want people to be held in our jails, but we think we can do all of this without a detention centre.’ It is absurd.

Mr Sciacca—It has been all right until now.

Mr RUDDOCK—Yes, in jail.

Mr Sciacca—What is the difference?

Mr RUDDOCK—The difference is that administrative detention is not punitive, and it ought not to be punitive. You might make these sorts of allegations that suggest that in some way administrative detention is being administered inappropriately. Let me say that it is being administered today under guidelines approved by the Ombudsman and by the Human Rights and Equal Opportunity Commission, which were not in place when you were in office, and when the Australian Protective Services were managing the same outcome, with the same sorts of difficulties and problems. I apologise to the Main Committee if I have deviated from the bill, Mr Deputy Speaker. The bill is worth supporting. The comments by the member for Oxley suggest that he ought to spend a bit more time working on these matters in the committee process before he starts speaking on them again.

Question resolved in the affirmative.

Bill read a second time.

Mr DEPUTY SPEAKER (Mr Nehl)—If no member wishes to consider the bill in detail, I will put the—

Mr Ripoll—By way of clarification, Mr Deputy Speaker, are we considering in detail the bill that we have just debated? I wanted to make a few further comments in response to the minister’s comments. I was wondering whether there was an opportunity to do so at the consideration in detail stage.

Mr Ruddock—I do not intend this to be a general debate on the broader issues that the member canvassed in his second reading contribution. They go well beyond the terms of the bill.

Mr DEPUTY SPEAKER—Nonetheless, if the honourable member has requested that the bill be considered in detail, I have to allow that course to be followed.

Mr Ruddock—Yes, and he should refer to the particular provisions, too.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr RIPOLL (Oxley) (12.23 p.m.)—Thank you, Mr Deputy Speaker. I will be brief. There are a couple of points that I want to raise.

Mr Ruddock—in relation to which clause? The bill is being considered in detail.

Mr RIPOLL—I will pull out the clause.

Mr DEPUTY SPEAKER (Mr Nehl)—The minister’s intervention is accurate and correct. Consideration in detail does not provide an opportunity to revisit the second reading debate.
Mr RIPOLL—Okay. Thank you, Mr Deputy Speaker.

Ordered that the bill be reported to the House without amendment.

Main Committee adjourned at 12.24 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Immigration: Criminal Deportation Policy
(Question No. 2540)

Mr McClelland asked the Minister for Immigration and Multicultural Affairs, upon notice, on 22 May 2001:
Has he issued a criminal deportation policy: if so, (a) when was the policy issued and (b) does the policy require decision-makers to take into account the best interests of the child in arriving at their decision as to whether or not to deport a person.

Mr Ruddock—The answer to the honourable member’s question is as follows:
Yes. (a) General Direction No. 9 under section 499(1) of the Migration Act 1958 was issued on 21 December 1998 and tabled in the Parliament on 22 March 1999. (b) Yes.

Illegal Immigration: Detention Centres
(Question No. 2590)

Mr Kerr asked the Minister for Immigration and Multicultural Affairs, upon notice, on 24 May 2001:
What are the arrangements or the timetable for determining whether Australasian Correctional Management’s contract for the management of immigration detention centres will be renewed, modified or terminated.

Mr Ruddock—The answer to the honourable member’s question is as follows:
The Department issued a media release on 25 May 2001, which addressed this issue.
The Department of Immigration and Multicultural Affairs (DIMA) announced that the provision of detention services at immigration detention facilities would go to tender. The tender would cover provision of services at Villawood, Perth and Maribyrnong Immigration Detention Centres and the Woomera, Curtin and Port Hedland Immigration Reception and Processing Centres.
A General Agreement between DIMA and Australasian Correctional Services (ACS) for the provision of detention services extends for 10 years from 28 February 1998. Under the General Agreement, ACS entered into a Detention Services Contract which comes to an end in December 2001.
Under the terms of the General Agreement, ACS has submitted an offer to provide detention services for a further three years. This offer has not been accepted by DIMA because DIMA could not be satisfied that the offer represented best value for money.
The detailed arrangements to initiate the tender process are currently being developed.