CONTENTS

CHAMBER HANSARD
Higher Education Funding Amendment Bill 2001—
  First Reading ........................................................................................................ 27503
  Second Reading .................................................................................................... 27503
Vocational Education and Training Funding Amendment Bill 2001—
  First Reading ........................................................................................................ 27505
  Second Reading .................................................................................................... 27505
States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001—
  First Reading ........................................................................................................ 27507
  Second Reading .................................................................................................... 27507
Indigenous Education (Targeted Assistance) Amendment Bill 2001—
  First Reading ........................................................................................................ 27507
  Second Reading .................................................................................................... 27507
Bankruptcy Legislation Amendment Bill 2001—
  First Reading ........................................................................................................ 27508
  Second Reading .................................................................................................... 27508
Bankruptcy (Estate Charges) Amendment Bill 2001—
  First Reading ........................................................................................................ 27511
  Second Reading .................................................................................................... 27511
Appropriation (HIH Assistance) Bill 2001—
  First Reading ........................................................................................................ 27511
  Second Reading .................................................................................................... 27511
Financial Services Reform (Consequential Provisions) Bill 2001—
  First Reading ........................................................................................................ 27514
  Second Reading .................................................................................................... 27514
 Corporations (Fees) Amendment Bill 2001—
  First Reading ........................................................................................................ 27516
  Second Reading .................................................................................................... 27516
 Corporations (National Guarantee Fund Levies) Amendment Bill 2001—
  First Reading ........................................................................................................ 27517
  Second Reading .................................................................................................... 27517
 Corporations (Compensation Arrangements Levies) Bill 2001—
  First Reading ........................................................................................................ 27517
  Second Reading .................................................................................................... 27517
Taxation Laws Amendment Bill (No. 2) 2001—
  First Reading ........................................................................................................ 27517
  Second Reading .................................................................................................... 27517
Excise Tariff Amendment Bill (No. 2) 2001 and Customs Tariff Amendment Bill (No. 3) 2001—
  Second Reading .................................................................................................... 27518
Questions Without Notice—
  Goods and Services Tax: Household Savings ....................................................... 27556
  Howard Government: Expenditure ...................................................................... 27557
  Distinguished Visitors .......................................................................................... 27560
Questions Without Notice—
  Goods and Services Tax: Small Business ............................................................ 27560
  Economy: National Accounts .............................................................................. 27561
  Goods and Services Tax: Unemployment ............................................................ 27563
  Roads to Recovery Program ................................................................................ 27563
  Goods and Services Tax: Unemployment ............................................................ 27564
CONTENTS—continued

Tax Reform: Charities .............................................................. 27565
Defence Force Retirees: Pension Indexation .............................. 27565
Employment and Unemployment: Young People ..................... 27566
Member for Farrer: Federation Fund ........................................ 27568
Rural and Regional Australia: Initiatives for Young People ............ 27569
Defence Force Retirees: Pension Indexation ................................ 27570
Rural and Regional Australia: Employment Services .................. 27571
Minister for Employment Services ........................................... 27573
Quarantine Services: Funding .................................................. 27574
Minister for Employment Services ........................................... 27575
Youth: Apprenticeships .......................................................... 27575
Questions To Mr Speaker—
  Hansard: Minister for Employment Services ............................ 27576
Answers To Questions Without Notice—
  Minister for Employment Services .......................................... 27576
Questions To Mr Speaker—
  Questions on Notice ............................................................. 27577
  Questions on Notice ............................................................. 27577
Personal Explanations ............................................................ 27577
Answers To Questions Without Notice—
  Member for Farrer: Federation Fund .............................. 27578
Auditor-General’s Reports—
  Report Nos 47 and 48 of 2000-2001 ....................................... 27578
Papers ..................................................................................... 27578
Special Adjournment .............................................................. 27578
Ministerial Statements—
  Fishing: Illegal Operators .................................................... 27578
Matters Of Public Importance—
  Employment and Unemployment: Government Policies ........... 27586
Assent To Bills ........................................................................ 27596
Great Barrier Reef Marine Park Amendment Bill 2001—
  Main Committee Report ..................................................... 27596
  Third Reading .................................................................... 27597
Prime Minister and Cabinet Legislation Amendment (Application of
  Criminal Code) Bill 2001—
  Main Committee Report ..................................................... 27597
  Second Reading .................................................................. 27597
  Third Reading .................................................................... 27597
Privilege—
  Privileges Committee—Reports ........................................... 27597
Excise Tariff Amendment Bill (No. 2) 2001 and
  Customs Tariff Amendment Bill (No. 3) 2001—
  Second Reading .................................................................. 27599
Adjournment—
  Edmondson, Corporal John Hurst ...................................... 27602
  Herbert Electorate: Road Funding ....................................... 27603
  Herbert Electorate: Television Reception ................................ 27603
  Community Legal Centres .................................................. 27604
  Murray-Darling River System .............................................. 27605
  Defence Estate Organisation: Contract Management ............... 27606
  Work Experience: Victoria Hantis ...................................... 27607
CONTENTS—continued

Lidbetter, Mr Peter ...................................................................................... 27609

MAIN COMMITTEE HANSARD

Statements By Members—
Australia-Iran Parliamentary Friendship Group ........................................ 27610
Nurses: Rural Areas..................................................................................... 27610
Gambling ..................................................................................................... 27611
Digital Democracy ....................................................................................... 27611
Roads: Ipswich Motorway........................................................................... 27612
McMillan Electorate: Youth Band............................................................... 27613
Maroochy Airport: Aircraft Noise ............................................................... 27614
Great Barrier Reef Marine Park Amendment Bill 2001—
Second Reading ........................................................................................... 27614

Prime Minister and Cabinet Legislation Amendment (Application of
Criminal Code) Bill 2001—
Second Reading ........................................................................................... 27622

Appropriation Bill (No. 1) 2001-2002—
Second Reading ........................................................................................... 27625

Adjournment—
Grayndler Electorate: Champion Forms ...................................................... 27654
Hawkesbury-Nepean Catchment Management Trust ................................ 27654
Roads: Kessels Road ................................................................................... 27655
Nursing Homes: Australian Capital Territory .............................................. 27657
Wixted, Mr Ted ............................................................................................ 27658
Swan Electorate: Events .............................................................................. 27659

Questions On Notice—
Roads to Recovery Program—(Question No. 2194) ................................... 27661
Aviation: Safety Audit—(Question No. 2212) .............................................. 27662
Roads to Recovery Program—(Question No. 2264) ................................... 27663
Employee Entitlements Support Scheme—(Question No. 2464) ................. 27664
Second Sydney Airport: Sydney West—(Question No. 2477) ...................... 27665
Chisholm Electorate: Benefit Recipients—(Question No. 2488) ................. 27666
Shortland Electorate: Centrelink—(Question No. 2490) .............................. 27667
Sydney Basin Airports: Sale—(Question No. 2493) ..................................... 27668
(Question No. 2509)................................................................................... 27669
Waterfront: Productivity—(Question No. 2510) ......................................... 27670
Roads: Kurri Corridor—(Question No. 2517) .............................................. 27671
Mr SPEAKER (Mr Neil Andrew) took the chair at 9.30 a.m., and read prayers.

HIGHER EDUCATION FUNDING AMENDMENT BILL 2001

First Reading

Bill presented by Dr Kemp, and read a first time.

Second Reading

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (9.31 a.m.)—I move:

That the bill be now read a second time.

Universities are important institutions in Australia’s social, cultural and economic life. Their health, therefore, is a matter of concern to all Australians. I am pleased to report that, as a consequence of the less restrictive regulation and well-targeted incentives provided under this government, universities are enjoying record enrolments, record revenues and record levels of graduate satisfaction.

There are now more opportunities for higher education study than ever before. In 2000 there were 464,000 equivalent full-time students in Australian universities—some 28,000 more than in 1996. This equates to a large new university. Similarly, the number of undergraduate places fully subsidised by the Commonwealth has grown by nearly 16,000 equivalent full-time student places. Universities have projected that enrolments will reach a record level of 582,000 equivalent full-time places in 2003—a 27 per cent increase on enrolments in 1995. In 2001 there was a 2.3 per cent increase in the number of university places offered to commencing students and a 14.4 per cent decline in the number of unsuccessful applicants.

University revenues have grown to a record level, estimated at $9.5 billion in 2001—some $1.2 billion more in real terms than in 1995. This achievement demonstrates that universities are building stronger relationships with business and the community.

The most recent Graduate Careers Council of Australia’s course experience questionnaire shows that graduate satisfaction is at its highest level ever with 91 per cent of bachelor degree graduates surveyed expressing overall satisfaction with their courses. Clearly, universities are becoming more focused on student needs, such as access, course offerings and quality.

These excellent outcomes are the result of policies that have freed universities from the over-regulation of the past. For example, the government has assisted universities with the capacity to enrol additional students at marginal cost by providing supplementary funding for any HECS liable undergraduate student places offered above the number of fully subsidised Commonwealth places. The previous government refused to do this.

We have also given universities the option of enrolling fee paying undergraduates. This policy is opening up more choices and opportunities for Australians to access higher education. In the past some capable students missed out on a HECS liable place in the course of their first choice because of high demand. If such students are willing to undertake the course on a fee paying basis, they free up a Commonwealth funded place for another student. There are, of course, safeguards in place to ensure that Commonwealth funded places in all courses are protected.

The government, however, is not resting on its laurels. We recognise that innovation at all levels is becoming an increasingly important driver of economic growth and is the key to economic prosperity. Our universities produce much of the knowledge and skilled work force that sustain the innovation system. To remain at the forefront of the knowledge economy, we must boost our investment in innovation through universities and other sectors.

In January the Prime Minister made the most significant set of policy and funding announcements in support of innovation that has ever been made in this country. The government’s innovation action plan, Backing Australia’s Ability, committed an additional
$2.9 billion over five years for science, research and innovation. It included an additional $1.47 billion to be provided through the university sector. This bill will lock into place the second year of that funding—the funding for 2003.

Backing Australia’s Ability provided an additional $736 million to double the Australian Research Council’s national competitive grant schemes. It provided $583 million to build up the research infrastructure in our universities. And it provided an extra $151 million over five years for additional university places in the priority areas of information and communications technology, mathematics and science.

There is also a new loans scheme available for postgraduate course work study. The Postgraduate Education Loans Scheme will improve access to postgraduate course work study by providing interest-free, income-contingent loans similar to HECS. The loans will mean that students will no longer be prevented from participating in postgraduate studies because they are unable to pay the tuition fee up-front. This initiative is a major equity measure that will greatly increase opportunities for people to upgrade their skills or develop expertise in new areas.

As well as delivering on Backing Australia’s Ability, this bill delivers on two new budget initiatives. The government is making $38.4 million available over four years to fund 670 new commencing places each year in regional universities and campuses. This will mean around 5,200 additional student places delivered by 2005 as students progress through their studies. The additional places will be allocated to respond to demand in areas of rapid population growth and to address the needs of regions with low access to higher education and low rates of participation.

The second budget measure is part of the government’s Welfare Reform Package. The measure provides $38 million to expand opportunities in vocational education and training, and higher education for people with disabilities. Approximately $8 million of this is additional funding for universities to help support students whose disabilities give rise to very costly educational support requirements. It will ensure that universities that enrol high numbers of these students are not disadvantaged.

The bill updates the funding amounts in the Higher Education Funding Act 1988, HEFA, to provide supplementation for price movements; to reflect revised estimates for HECS contributions and the Commonwealth’s superannuation liability; and to rephase a small amount of innovation program funds. In addition, the bill legislates the base level of funding for universities in 2003.

The bill makes several technical changes to the Higher Education Contribution Scheme, Postgraduate Education Loans Scheme and related schemes in relation to the treatment of bankruptcy and guideline making powers on work experience in industry and provides for small repayment credits to offset outstanding tax debts.

The bankruptcy amendments clarify the treatment of accumulated HECS debts in the event of a HECS debtor becoming bankrupt. They allow for pre- and post-bankruptcy HECS debts to be separated and for each component of the debt to be treated fairly and appropriately. These amendments will assist people contemplating bankruptcy by giving them certainty about their situation and will protect the public’s asset. These amendments will commence today.

The bill amends the Australian National University Act 1991 to enable a more effective committee structure to be established to advise the University Council. Lastly, the bill makes minor technical changes to HEFA to remove a reference to the now repealed Overseas Students Charge Act 1979.

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

Debate (on motion by Mr Swan) adjourned.
The Vocational Education and Training Funding Amendment Bill 2001 will amend the Australian National Training Authority Act 1992 to give effect to the proposed new ANTA agreement which sets out the planning, accountability and funding arrangements for vocational education and training for the three years 2001 to 2003.

It will also amend the Vocational Education and Training Funding Act 1992, which appropriates the funding provided to the Australian National Training Authority, ANTA, for distribution to the states and territories and for national projects.

This bill will increase the amount previously appropriated for 2001 by $21,330 million in line with normal price adjustments. The bill will also provide up to $50 million additional growth funding in 2001 for those states and territories that have endorsed the new ANTA agreement and satisfy the provisions set out in that agreement, taking total funding for 2001 to $1,002,745,000. This will be the first time that funding under the ANTA agreement will exceed $1 billion.

The appropriation for 2002 includes up to $75 million in growth funding under the new ANTA agreement. It also includes some $3.412 million funded as part of the Australians Working Together—Helping People Move Forward package. These funds will go towards providing vocational education and training places for people with disabilities and to support increased participation by unemployed people receiving income support.

The new ANTA agreement embodied in the proposed amendments is a generous one.

It provides for up to an extra $230 million in growth funding, subject to final indexation, over three years to ensure that Australia’s world-class vocational education and training system continues its vital role in supporting innovation and growth in Australian business and industry. By 2003 total Commonwealth funding in support of the ANTA agreement is expected to be over $160 million more than in the year 2000.

It will ensure that Australian ideas and inventiveness are nourished and supported through providing opportunities for more Australians to update their knowledge and skills through vocational education and training.

Of course, all governments share the responsibility for building a highly skilled work force and for ensuring that expansion of vocational education and training, including New Apprenticeships, will play an important part in developing the broad skills base needed to keep Australia competitive in the global economy of the 21st century.

Accordingly, I have asked my state and territory colleagues to show their commitment to building the nation’s skill base by matching the Commonwealth’s growth funding on a dollar-for-dollar basis.

It is only fair in a system where the states and territories have primary responsibility for funding training that they contribute their share of growth and not shift that burden to the Commonwealth.

Access to the extra funding will be tied to the states’ and territories’ agreement to expand New Apprenticeships places and to pursue strategies to support innovation. This could include measures to support emerging industries, promoting the take-up of Training Packages in Information Technology and other new technologies, and the development of new links between the vocational education sector and industry in cutting-edge industry areas.

The Commonwealth’s offer to the states and territories for the 2001 to 2003 agree-
ment also includes more flexibility (up to $30 million a year) for the states and territories to use previously earmarked capital funds for recurrent purposes and maintenance in real terms of the base level of funding, worth $21.33 million in 2001 and estimated to involve similar increases in the subsequent years.

South Australia, the Northern Territory and the Australian Capital Territory had given in-principle agreement to the Commonwealth’s previous ANTA agreement offer. These states will not be disadvantaged and will be able to take up the extra funding if they choose to do so.

On the other hand, the other five states have so far not settled the ANTA agreement and, in some cases, have refused to acknowledge that they have responsibility for contributing funding for future growth in the training system. I will be meeting with state and territory ministers tomorrow, 8 June, to settle the new ANTA agreement.

The bill is being introduced now to ensure that there is as little delay as possible in making available the extra funds under the agreement following that meeting. The bill would enable the current agreement to continue for any state or territory that does not endorse the new agreement. They would continue to have their funding maintained in real terms. The benefits of additional growth funding will flow to those states and territories that endorse the new agreement.

A key element of the new agreement will be continued growth in New Apprenticeships.

Over 300,000 Australians are now new apprentices. Data published by the National Centre for Vocational Education Research showed that there were an estimated 303,390 new apprentices in training as at 31 March 2001. This is a record number and more than twice as many as there were in 1995.

It is vital that this momentum is not lost. The focus on New Apprenticeships under the new agreement will ensure that it is not.

New Apprenticeships are not the only segment of the vocational education sector that is experiencing growth.

In 1999 alone it is estimated that well over 1½ million Australians participated in formal vocational education and training. That represents an increase of almost 30 per cent since 1995.

This is a splendid achievement. It is an achievement that has delivered value for money for the taxpayers of Australia. It is estimated that the ANTA agreement for 1998 to 2000 provided some 268,000 extra places through the very successful ‘growth through efficiencies’ requirement of that agreement.

It represents additional opportunities, particularly for young Australians, to undertake training that will help them to gain real jobs.

It also represents an important contribution to the efforts of Australian enterprises to develop and maintain the competitive advantage that up-to-date skills provide.

The Commonwealth funding provided to the states and territories through ANTA will continue to provide increased training opportunities. At the same time, it will enable the Commonwealth to continue to work with the states, territories and industry to improve quality, to enhance national consistency and to encourage greater choice and flexibility in vocational education and training.

We have achieved outstanding success in the vocational education and training sector in the last five years. With the amendments before the House today, and the new ANTA agreement they embody, we can look forward to an even brighter future in the years to come.

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

Debate (on motion by Mr Swan) adjourned.
STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 2001

First Reading

Bill presented by Dr Kemp, and read a first time.

Second Reading

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (9.48 a.m.)—I move:

That the bill be now read a second time.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 continues the government’s commitment to improving the learning outcomes of educationally disadvantaged students, particularly in the key areas of literacy and numeracy.

The bill provides for the 2001-02 budget measure that announced $33.3 million over the period 2001-02 to 2002-03 to continue strategic assistance in schools and to support literacy and numeracy research. The bill amends the States Grants (Primary and Secondary Education Assistance) Act 2000, which authorised funding for the 2001-04 funding period.

The funding will commence in January 2002, with the bulk ($23.9 million) provided as grants to education authorities through the Strategic Assistance for Improving Student Outcomes program (SAISO). The remaining funding ($9.4 million) is to be provided under the Grants for National Literacy and Numeracy Strategies and Projects Program to support strategic national research and development initiatives.

This bill continues the significant contribution of the Commonwealth towards implementing the National Literacy and Numeracy Plan, agreed by Commonwealth, state and territory ministers for education to support the national goal ‘that all students should have attained the skills of numeracy and English literacy such that every student should be numerate, able to read, write, spell and communicate at an appropriate level’.

Literacy and numeracy for all is the key social justice issue in education today. Through the Strategic Assistance for Improving Student Outcomes program, the Commonwealth is making a significant financial contribution towards improving the learning outcomes of educationally disadvantaged students and is working with education authorities to ensure that the public reporting of student literacy and numeracy outcomes drives change and improvement in this vital area.

The National Literacy and Numeracy Plan provides for assessment of all students by their teachers as early as possible in the first years of schooling and early intervention for those students identified as having difficulty. Schools ministers have agreed to national benchmarks in literacy and numeracy in years 3, 5 and 7, against which all children’s achievement can be measured and reported. Importantly, the National Literacy and Numeracy Plan also provides for professional development for teachers.

The commitment to improving literacy and numeracy through the National Literacy and Numeracy Plan is already showing results. In 1997 the national school English survey showed that some 27 per cent of year 3 students failed to meet a minimum acceptable standard of literacy. Nationally comparable data on year 3 reading released in March 2000 showed that in 1999 the percentage of year 3 students not achieving the minimum standard had fallen to around 14 per cent.

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

Debate (on motion by Mr Swan) adjourned.

INDIGENOUS EDUCATION (TARGETED ASSISTANCE) AMENDMENT BILL 2001

First Reading

Bill presented by Dr Kemp, and read a first time.

Second Reading

Dr KEMP (Goldstein—Minister for Education, Training and Youth Affairs and Min-
That the bill be now read a second time.

The Indigenous Education (Targeted Assistance) Amendment Bill 2001 amends the Indigenous Education (Targeted Assistance) Act 2000 to provide additional funding for projects involving partnerships between communities, industry and education providers as well as projects which provide support for vocational learning for indigenous secondary students. This funding is being targeted in response to recommendations in the ‘Participation report for a more equitable society’, the final report of the reference group on welfare reform, chaired by Patrick McClure.

In particular, the government will provide $8.6 million over four years to promote better links between communities, industry and education providers and build self-reliance for indigenous people through encouraging indigenous secondary school students to complete year 12 and to progress to tertiary and further education. Funding will be used to implement programs aimed at promoting early intervention strategies to improve education outcomes for indigenous school students.

The initiative will draw on the experiences of the Polly Farmer Foundation Gumala Mirnuwarni project which has been successfully operating in Western Australia. The project vision of the Gumala Mirnuwarni project is to improve the educational outcomes for Aboriginal students in the Roebourne area to a level commensurate with the broader population so that they are able to compete effectively for apprenticeships and commercial cadetships, or to pursue further education and employment opportunities.

This will have a significant impact on some Aboriginal and Torres Strait Islander organisations which must offer competitive salary packaging to attract suitably qualified staff, especially in remote areas. The bill provides $2.86 million over four years to ensure that Aboriginal and Torres Strait Islander organisations can continue to provide competitive salary packages, which is a significant way in which indigenous organisations attract suitably qualified staff, especially to organisations located in remote areas. This will ensure that such organisations, and the students who are educated by those organisations, are not disadvantaged by these changes. I commend this bill to the House and present the explanatory memorandum.

Debate (on motion by Mr Swan) adjourned.

BANKRUPTCY LEGISLATION AMENDMENT BILL 2001

First Reading

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

Second Reading

Mr WILLIAMS (Tangney—Attorney-General) (9.56 a.m.)—I move:

That the bill be now read a second time.
Bankruptcy was devised as a shield that might be used, in the last resort, by an impec-
cunious debtor to seek relief from his or her overwhelming debts. Over the years, some unscrupulous debtors have learned to use bankruptcy as a sword to defeat the legiti-
mate claims of their creditors. The Bank-
ruptcy Legislation Amendment Bill 2001 will clamp down on those who use bank-
ruptcy in a mischievous or improper way. By doing so, we will protect those in the com-
munity who must become bankrupt from the odium and stigma caused by a few who abuse the process. By restoring the integrity of the system we will promote confidence in it.

This aim will be achieved by a series of linked measures.

There will be a new discretion to reject a debtor’s petition where it is apparent that the petition is an abuse of the bankruptcy sys-
tem. The early discharge provisions, which have permitted some bankrupts to emerge from bankruptcy after only six months, will be abolished. The trustee will be given stronger powers to object to the discharge from bankruptcy of uncooperative bankrupts, thus extending their bankruptcy for two or five years. A new ‘cooling off’ period of 30 days will be introduced so that most debtors will not become bankrupt until 30 days after presenting their petition. This will allow creditors an opportunity to negotiate with the debtor about alternative strategies. Finally, the courts’ power to annul a petition which is an abuse of process will be specifically con-

firmed as available even if the debtor is in-
solvent. Bankruptcy will still be available to people in severe financial difficulty who simply need a fresh start. However, these new measures will encourage people who can and should avoid bankruptcy to consider carefully other options, such as a debt agreement, and will make bankruptcy tougher for those bankrupts who do not co-

operate with their trustee.

Consultation

The amendments proposed in the bill reflect the outcome of more than two years of consultation with various stakeholders in the personal insolvency field. In particular, there has been consultation with members of the Bankruptcy Reform Consultative Forum, a peak consultative body that I established in 1996 to facilitate better consultation between the Insolvency and Trustee Service Australia—ITSA—and key groups with a stake in the bankruptcy laws.

An official receiver’s discretion to reject a debtor’s petition

Official receivers will be given a limited discretion to reject a debtor’s petition where it appears that, within a reasonable time, the debtor could pay all the debts listed in the debtor’s statement of affairs and it is appar-
ent that the debtor’s petition is an abuse of the bankruptcy system, such as when the debtor has singled out one creditor for non-
payment, or is a multiple bankrupt. This measure is directed at blatant abuses of the system. It is not envisaged that any petition will be rejected under this proposal without personal or telephone contact first being made with the debtor by experienced ITSA staff. The exercise of the official receiver’s discretion to reject a petition will be subject to external administrative review.

Early discharge provisions to be abolished

The minimum standard period of bank-
ruptcy is three years. However, about 60 per cent of bankrupts are eligible for early dis-
charge after six months, although only about half of those actually apply.

The bill proposes the abolition of the early discharge provisions of the act. They are most often cited as the cause of concern that bankruptcy is too easy. The reduced period of bankruptcy is seen to discourage debtors from trying to enter formal or informal ar-
rangements with their creditors to settle debts, and provides little opportunity for debtors to become better financial managers.

Early discharge can also be quite dis-


ocratic. A debtor who has an income sufficient to make contributions to the estate, or whose estate has assets available for dis-
tribution to creditors—factors which dis-
qualify them from early discharge—is by no means necessarily less worthy of early dis-
charge than a debtor whose estate has no
money. In addition, allowing only those whose debts do not exceed 150 per cent of income to apply discriminates against women who have joint debts with, and generally a lower income than, their spouse. Abolishing early discharge will overcome these anomalies.

**Strengthening of objections to discharge**

For the uncooperative bankrupt, stronger objection-to-discharge provisions will mean that the bankruptcy can more readily be extended by a trustee filing an objection to discharge. The objection-to-discharge provisions allow bankruptcy trustees to file an objection to the bankrupt's automatic discharge before the end of the three-year standard period of bankruptcy. Depending on the grounds of objection, the bankruptcy period can be extended by two years or, in a serious case, by five years.

The bill proposes that certain grounds of objection be classified as ‘special ground’ cases, where only the facts will be needed to found the objection. This will make it much easier to sustain the objection than is currently the case.

The special grounds will apply to deliberate actions by bankrupts which frustrate trustees, and add unnecessarily to the costs of administrations.

A reviewer will not be able to cancel an objection by taking into account any conduct of the bankrupt after the time when the ground first commenced to exist. This will overcome a deficiency in the present law which can encourage a bankrupt to cooperate with the trustee only at the last moment, that is, when a review hearing is imminent.

**Cooling-off period**

The bill proposes the introduction of a mandatory 30-day cooling-off period in relation to debtor petition bankruptcies under which debtors will not become bankrupt until 30 days after presenting their petition.

The protection from creditors afforded to debtors for the 30-day period will allow debtors who have acted hastily in pettioning for bankruptcy to reconsider their decision. If, on reflection, they are satisfied that bankruptcy is not the best option for them, they will be able to withdraw their petition.

The cooling-off period also will allow the creditors the opportunity to negotiate with the debtor to choose an alternative that avoids bankruptcy.

The cooling-off period is not appropriate in cases where, for example:

- the debtor has attempted an alternative to bankruptcy in the past 12 months;
- the debtor is in business or has assets at risk of dissipation if a trustee is not appointed immediately; or
- a creditor proceeding to recover the debt, such as creditors’ petition, is pending.

The cooling-off period will not apply in these situations.

**Strengthening the court’s power to annul debtors’ petition bankruptcies**

Under present law, the court may annul a debtor’s petition bankruptcy where it is satisfied that the petition ought not to have been presented or ought not to have been accepted by the official receiver.

The bill proposes to clarify the court’s annulment power so that it can annul a debtor’s petition bankruptcy whether or not the bankrupt was insolvent when the petition was presented. The amendment is intended to strengthen the court’s power to annul a bankruptcy which is an abuse of the bankruptcy process, for example, in the case of high income bankrupts who may be technically insolvent—that is, unable to pay a debt as it falls due—but who readily could borrow or make other arrangements to repay the debt.

I emphasise that the amendment will not deny the protection that bankruptcy affords to debtors who genuinely need it. Most people who declare bankruptcy are on low incomes and have relatively low levels of debt. However, the bankruptcy of a person who, for example, has made a lifestyle choice not to pay tax could be annulled under this provision.
Doubling of debt agreement income threshold

To encourage the increased use of debt agreements, a low cost alternative to bankruptcy introduced in 1996, the bill will double the eligible income threshold to approximately $61,000 after tax in relation to debt agreement proposals. This will ensure that a far wider group of debtors is eligible to make a debt agreement proposal to creditors, and thereby avoid bankruptcy.

Streamlined bankruptcy act procedures

The bill proposes many technical and machinery changes intended to improve the operation of the act, and streamline bankruptcy administration processes.

Summary

In summary, the bill introduces timely changes to bankruptcy law and practice aimed at ensuring that the interests of debtors and creditors are better balanced and at further streamlining technical and machinery provisions of the act.

I commend the bill to the House, and I table the explanatory memorandum.

Debate (on motion by Mr Swan) adjourned.

APPROPRIATION (HIH ASSISTANCE) BILL 2001

First Reading

Message from the Governor-General recommending appropriation announced.

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (10.08 a.m.)—I move:

That the bill be now read a second time.

On 14 May 2001 the government announced a comprehensive and compassionate response to the failure of the HIH Insurance group.

Provision was made in the 2001-02 budget for more than $500 million to provide financial help to people who have valid insurance claims against HIH and who are enduring financial hardship due to its failure.

I am pleased to introduce the Appropriation (HIH Assistance) Bill 2001, which provides for funding to the extent of $640 million to be appropriated from the consolidated revenue fund for the government’s HIH assistance scheme.

The funding for the scheme forms one of four important actions that the government is taking in response to the HIH failure.

The actions are:

- a package of $640 million in financial help for those HIH policyholders suffering financial hardship as a result of the HIH failure;
- the provision of an extra $5 million to the corporate regulator, the Australian Securities and Investments Commission, to help fund its investigations into the failure of HIH;
- the fast-tracking of legislative reforms to the general insurance industry—legislation giving effect to this is expected to
be introduced by the end of the winter parliamentary sittings; and

- a broad ranging royal commission to investigate the failure of HIH and uniform state statutory insurance arrangements.

This means that people like Mr Jones—and this is a hypothetical example—who has been crippled with a debilitating disease that stopped him from working, can now receive the income he deserves from his HIH policy. That is because Mr Jones, who was an employee of a small private sector company, took responsibility for his own future and his family and bought a salary continuance policy from HIH—that is, an insurance policy that would pay him and his family an income if he ever became incapacitated.

Mr Jones then fell ill and his family relied on income from HIH. When HIH went into provisional liquidation on 15 March the cheques stopped. Under this legislation Mr Jones and his family are supported again.

The government’s assistance scheme will also help those small businesses which through no fault of their own are now suffering financial hardship due to the HIH collapse.

For example, a hypothetical company such as Machine Group Ltd, a small business employing eight people, hired out equipment a couple of years ago that contributed to a workplace injury.

The business was sued, along with three other parties, for negligence. The case has recently been settled, with the company facing a liability of $150,000. The company was insured with HIH at the time of the claim. As the company has 50 or fewer employees it would meet the suggested criteria of the scheme and be eligible for assistance.

The government has been working tirelessly with the insurance industry to put the infrastructure in place to provide financial help to those people in hardship.

The government’s decision to provide financial support reflects the very serious nature of the HIH failure and its widespread and severe impact on the Australian community.

There are many thousands of financial institutions regulated by the Australian Prudential Regulation Authority.

Its role is to oversee financial institutions by establishing prudential standards and ensuring, through regular reporting, compliance with those standards.

This process of supervision does not mean that the government is guaranteeing or underwriting the viability of each and every financial institution in any way. That would be impossible, and when this parliament passed the financial system reforms in 1997 and 1998 it was expressly rejected by both sides of the House.

The ultimate responsibility for the prudent operation of all financial institutions rests with the management and board of each institution.

Australian taxpayers do not guarantee the liabilities or assets of financial institutions, whether they are operating in Australia or are Australian financial institutions operating overseas. We do not guarantee bank deposits, superannuation funds, insurance policies or any other financial service. There are, however, some classes of insurance that are supported by state governments, and in the case of the HIH collapse those state governments have, in the main, stood by their obligations.

Nevertheless, in introducing the bill, the Commonwealth is responding to the financial hardship that many ordinary Australians are experiencing as a result of the failure of HIH.

A public company, HIH Claims Support Ltd, or HCS, has been set up to administer the support scheme under a contract with the Commonwealth. HCS is a subsidiary of the Insurance Council of Australia.

It is intended that payments under the scheme will be made from a trust fund to be set up by the Commonwealth and of which HCS shall be the trustee.

HCS will be a run as a nonprofit company and it will:
Thursday, 7 June 2001

- assess whether claimants are eligible for help in accordance with the government’s criteria;
- work with HIH’s provisional liquidator and other insurance companies to manage and settle eligible claims; and
- make sure policyholders actually get the assistance the Australian community is providing.

In return for payment under the scheme, claimants will have to assign all rights in connection with the claim to the Commonwealth government. The ultimate effect of this is that the Commonwealth government will become the largest single creditor of HIH.

On 21 May I announced the eligibility details for financial help under this package. Assistance will be restricted to Australian citizens or permanent residents, Australian small business proprietors—that is, businesses with 50 or fewer employees—and Australian based not-for-profit organisations.

The government’s HIH assistance scheme will not cover some insurance that is mandated by state and territory governments. These are compulsory third-party motor vehicle insurance, workers compensation, builders’ warranty, and compulsory professional indemnity insurance for legal practitioners.

The government believes that it is the responsibility of the states and territories to help people with claims on such policies affected by the failure of HIH.

The following categories are also excluded from the HIH assistance scheme:
- claims for reinsurance contracts or in the nature of a reinsurance contract issued by HIH;
- any business that is not an Australian business or does not meet the definition of a small business;
- claims where the insured was a director or officer or an associate of a director or officer (as defined under the Corporations Law) of any company within HIH three years before its failure; and
- claims where the insured was an individual or an associate of an individual, who was in a position to influence or advise the directors or officers of any companies within HIH three years before its failure.

In relation to claims involving local government, the Commonwealth will contribute to claims on a one-for-one basis with respective state governments which have legal responsibility for local government.

An appeal mechanism will be set up to consider disputes about the eligibility criteria and cases involving anomalies in the application of those criteria.

To qualify, the event that entitles the person to make a claim—for instance, the fire, the car crash, et cetera—must have occurred before 11 June 2001.

Anyone who has not taken out a new policy and is currently insured with HIH—except those people who are now insured with Allianz—should seek a new policy as quickly as possible, because events that occur after midnight 10 June 2001 will not be covered by this package.

In the case of ‘claims made’ insurance, a claim must have been made against the insured, or a circumstance must have been notified to the insurer, before 11 June 2001.

The HIH assistance scheme will offer to claimants 100 cents in the dollar for certain claims, and will offer 90 cents in the dollar for other claims.

The claims that will be fully paid out include salary continuance, disability or income protection claims, personal injury claims, claims under home building or home contents policies where there is a total loss involving a primary place of residence and claims where the policyholder is an Australian based not-for-profit organisation.

In all other classes of claim in which the HIH assistance scheme applies, the government will pay 90 cents in the dollar. In some cases, eligibility will be subject to an income test.
The government sees these initiatives as critical to ensure that those people most in need get help as quickly as possible.

I remind the House that this HIH assistance scheme should not in any way be seen as a precedent for similar government financial assistance in the event of the failure of other financial institutions or another private sector company.

HIH is a special case because of the extraordinary nature of the collapse. As Australia’s second largest general insurer, it was a company that only ever reported full-year audited profits. Whilst in some cases it was an insurer of last resort, its extensive professional indemnity and public liability lines provided enormous support to Australia’s small businesses in particular, and its salary continuance insurance was vital for a number of Australian families, who may have resorted to welfare in the event of this failure. That is not an exclusive list of reasons, but just some of the reasons why this is a special case.

This hardship scheme is an act of a compassionate community. It is not the act of a government alone. It is a generous package made possible because the government is running budget surpluses. On this occasion, prudent financial management means we can offer generous taxpayer funded support to tens of thousands of Australians through this scheme.

I call on all members of this House to support the passage of this bill and in a timely fashion—certainly before 1 July—to ensure that claimants suffering financial hardship are not prevented from receiving this help.

I commend the Appropriation (HIH Assistance) Bill 2001 to the House and present the related explanatory memorandum.

Debate (on motion by Mr Swan) adjourned.
with how a person moves from their existing regulatory regime into the financial services reform regime.

Generally, the bill allows for the provisions in the Financial Services Reform Bill to be phased in over two years.

When I introduced the Financial Services Reform Bill on 5 April, I indicated that the government is working towards a commencement date of 1 October 2001. The transitional arrangements for financial service providers and financial products will ensure that this commencement date will simply give those existing participants who are ready on that date the opportunity to comply if they so wish. Others who need more time to prepare will generally have up to 1 October 2003 to comply with the requirements of the Financial Services Reform Bill.

This will enable those financial service providers and product issuers who are ready by 1 October this year to take advantage of the efficiencies offered by the new regulatory regime at the earliest possible time, while not forcing an unrealistic commencement date on those who need more time.

Financial services provider licensing, conduct and disclosure

Existing financial services providers will have up to a two years to comply with the new regime. During this period, they will be able to continue to operate under their existing regulatory regime.

This two-year period will provide current industry participants with sufficient time in which to arrange their affairs in order to comply with the new legislation and to apply for and be granted an Australian financial services licence.

New entrants will have to comply with the new regime from commencement.

Representatives of those who provide financial services will also be covered by the transitional arrangements.

During this period, existing participants will be able to choose when they wish to apply for a new licence. So those participants who are anxious to take advantage of the range of benefits which this new regime offers will be able to apply for a new licence immediately on commencement. Those who require more time to make the necessary changes can apply later for their new licence.

The bill also allows for some existing participants to automatically obtain a licence. This will minimise the administrative burden by ensuring that those who are currently complying with a similar regulatory regime will be automatically eligible for a licence covering their current activities.

There is also provision for insurance multiagents to be granted a special, restricted licence during the transitional period. This will facilitate the transition for multiagents who wish to seek a licence in their own right rather than continuing to act as agents.

Financial product disclosure

Issuers of financial products will also be given a two-year transitional period for existing products, that is, products that are in a class of products which they had issued prior to commencement. During that time they will still have to comply with any existing disclosure regime. They will be able opt in to the new regime at any time during this two-year period.

For new products, the regime will apply immediately on commencement.

Markets and clearing and settlement facilities

The bill also includes transitional provisions for securities and futures markets and clearing houses which are approved under the current regulatory regime.

In brief, the minister will be required to issue a licence under the new regime to the main markets regulated under the current regime and to currently approved clearing houses in relation to activities they are currently entitled to provide—that is, existing main markets and approved clearing houses will be grandfathered in respect of their existing activities.

Other authorised markets, such as those which are currently regulated as exempt stock markets, will have two years to bring themselves under the new regulatory regime.
although there are limitations on expanding their business before doing so.

Similar transitional arrangements will apply to financial markets and clearing and settlement facilities which are not required to be approved under the current regulatory regime, but will be required to be licensed under the financial services reform regime.

Special provision is made for markets and clearing and settlement facilities which are approved but not operating at the time the new regulatory regime commences.

Other transitional issues

The Financial Services (Consequential Provisions) Bill also provides for regulation making powers and powers for the Australian Securities and Investments Commission to make determinations dealing with transitional issues connected with a person moving from their existing regulatory regime—if any—into the new financial services reform regime.

These arrangements will ensure that such transitional issues can be addressed flexibly and effectively. This is particularly important in a transition that involves moving from a significant number of existing regulatory regimes into a single new regime.

Amendments to other Commonwealth legislation

The bill also makes amendments to a number of other Commonwealth acts. These involve repealing a range of existing provisions that will be replaced by provisions of the Financial Services Reform Bill.

There are also amendments to other Commonwealth acts that contain references or concepts that will change under the Financial Services Reform Bill. The objective of these consequential amendments is to maintain the current effect of the existing provisions.

I have consulted the relevant state and Northern Territory ministers about the provisions of this bill in accordance with the corporations agreement and have obtained the approval of the Ministerial Council for Corporations for those amendments included in this bill for which the council’s approval is required under that agreement.

The Financial Services Reform Bill contains groundbreaking reforms to the regulation of the financial services industry that will directly benefit the 330,000 people employed in the industry and the 17 million consumers of financial products.

The bills I am introducing today are important elements of that regulatory regime. The Financial Services Reform (Consequential Provisions) Bill is vital for ensuring a smooth transition to the new regulatory regime.

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

Debate (on motion by Mr Swan) adjourned.

CORPORATIONS (FEES) AMENDMENT BILL 2001
First Reading

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (10.29 a.m.)—I move:

That the bill be now read a second time.

I refer to the second reading speeches in relation to the Financial Services Reform Bill 2001 and the Financial Services Reform (Consequential Provisions) Bill 2001. These bills dealing with fees and levies are the final pieces of the package to reform the regulation of financial services.

They complement the reforms included in the Financial Services Reform Bill 2001, but are included in separate bills to comply with section 55 of the Constitution.

The fees and levies bills

The Corporations (Fees) Amendment Bill 2001 will make minor amendments to the proposed Corporations (Fees) Act 2001 to accommodate fees currently charged by ASIC in connection with its role in supervising self-listed markets, such as the Australian Stock Exchange, and fees which may
be charged by ASIC in other situations where it is required to take action in the face of conflict between the market licensee’s role as a supervisor of the market and the licensee’s commercial interests.

The Corporations (National Guarantee Fund Levies) Amendment Bill 2001 will make minor amendments to the proposed Corporations (National Guarantee Fund Levies) Act 2001. In particular, it makes changes to terminology and cross-references which are necessary as a consequence of the reforms included in the Financial Services Reform Bill 2001.

The legislation which these two bills will amend was introduced on 24 May 2001 as part of the Commonwealth’s package of new corporations legislation following the states’ referral of relevant power.

The Corporations (Compensation Arrangements Levies) Bill 2001 makes provision for levies on market participants not covered by the National Guarantee Fund to support the revised compensation arrangements for which the Financial Services Reform Bill makes provision. The Financial Services Reform Bill contemplates a wider range of compensation arrangements than is currently allowed and makes no distinction, on the face of the law, between stock and futures markets.

This bill will supersede the proposed Corporations (Securities Exchanges Levies) Act 2001 and the Corporations (Futures Organisations Levies) Act 2001, which also form part of the Commonwealth’s package of new corporations legislation.

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

Debate (on motion by Mr Martin Ferguson) adjourned.

CORPORATIONS (NATIONAL GUARANTEE FUND LEVIES) AMENDMENT BILL 2001

First Reading

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (10.33 a.m.)—I move:

That the bill be now read a second time.

The Corporations (National Guarantee Fund Levies) Amendment Bill 2001 is part of the second package of the financial services reform legislation.

The operation of this bill is outlined in remarks regarding the Corporations (Fees) Amendment Bill 2001. I present the explanatory memorandum to this bill.

Debate (on motion by Mr Martin Ferguson) adjourned.

CORPORATIONS (COMPENSATION ARRANGEMENTS LEVIES) BILL 2001

First Reading

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

Second Reading

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (10.34 a.m.)—I move:

That the bill be now read a second time.

The Corporations (Compensation Arrangements Levies) Bill 2001 is part of the second package of the financial services reform legislation.

The operation of this bill is outlined in remarks regarding the Corporations (Fees) Amendment Bill 2001. I present the explanatory memorandum to this bill.

Debate (on motion by Mr Martin Ferguson) adjourned.

TAXATION LAWS AMENDMENT BILL (No. 2) 2001

First Reading

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

Second Reading

Mr TRUSS (Wide Bay—Minister for Agriculture, Fisheries and Forestry) (10.35 a.m.)—I move:

That the bill be now read a second time.
The Taxation Laws Amendment Bill (No. 2) 2001 makes amendments to the income tax law and other laws to give effect to the following measures.

Public transport provided free to police officers will be exempt from fringe benefits tax, in recognition of the advantages to public safety of a police presence on public transport.

States and territories will have FBT treatment that is consistent with the treatment given to the Commonwealth. States and territories will be allowed to devolve their FBT obligations to certain state and territory bodies, which will be treated as employers for FBT purposes.

All resident companies, not only those falling within the scope of schedule 5 of the Company Law Review Act 1998, will be allowed to transfer genuine share premiums and capital redemption reserves to their share capital account without tainting that account provided the relevant criteria are satisfied.

A loophole will be closed in the dividend imputation provisions applying to life assurance companies. This will be achieved by limiting the extent to which life assurance companies can apply a payment of franking deficit tax or deficit deferral tax to offset their income tax assessment liability.

There will be a transitional rule in relation to the dividend imputation measure that will provide an alternative treatment in certain circumstances where a liability for franking deficit tax or deficit deferral tax arose before 4 May 1999. The transitional rule overcomes concerns that the measures as originally announced have a retrospective impact.

Charitable institutions whose principal activity is promoting the prevention or control of disease in humans will be assured of access to income tax, sales tax and fringe benefits tax concessions. These amendments will be backdated to ensure that these charitable institutions are always entitled to these measures.

The bill makes technical corrections to the franking rebate rules so that complying superannuation funds, pooled superannuation trusts and life assurance companies continue to be entitled to the franking rebate, and refunds of excess imputation credits, for dividends and distributions that are exempt current pension income or certain other exempt income. A further correction will ensure that registered charities and gift deductible organisations are eligible for refunds of imputation credits in respect of indirect distributions through a trust.

The bill also contains consequential amendments to the income tax law, arising from the reduction in personal income tax rates from 1 July 2000, and a technical correction.

Full details of the measures in this bill are contained in the explanatory memorandum.

I commend this bill and present the explanatory memorandum.

Debate (on motion by Mr Martin Ferguson) adjourned.

The purpose of the Excise Tariff Amendment Bill (No. 2) 2001 is to amend the indexation provisions of the Excise Tariff Act 1921 to restrict the application of the provisions to all excisable goods other than petroleum fuels classified to items 11 and 12 of the schedule to the Excise Tariff Act. As a consequence of these amendments, also the Customs Tariff Act 1995 is amended to remove certain excise equivalent imported petroleum fuels from the table of paired customs subheadings and excise items in subsection 19(1) that are subject to indexation. The amendments give effect to the Prime Minister’s 1 March petrol tax backflip. According to the explanatory memorandum, the bill has substantial financial implications.
The cost to the budget of the abolition of petroleum fuels indexation is $150 million in 2001-02, $425 million in 2002-03, $785 million in 2003-04 and over $1 billion—$1,135 million, in thousands of millions of dollars as the Treasurer likes to express it—in 2004-05. So it is a very substantial change in the revenue. I guess the question is: what has brought the government to this point? I will come to that in some detail in due course.

I want to set the background in relation to petrol prices and petrol taxes because it has been a matter of widespread legitimate community concern, particularly in recent times. The first issue about petrol prices is the question of world parity pricing. The crude oil market was deregulated a number of years ago and that ended import parity pricing, but effectively we now have the prices of domestic crude oil and petroleum products reflecting world market prices. The ability of companies in Australia to trade internationally ensures that the domestic price reflects the international price since differences between the two will always result in exports or imports, as the case may be. The bad news is that I do not think that Australia has any alternative. We buy and sell petrol on the international market, just as we buy and sell many other things, and we could only have a different price per barrel if we were prepared to block exports. That is something that we do not do with our exports generally. Whether we are talking about tomatoes or spanners or some other product, we do not block the exports of those, and we have a price that reflects international realities—what people are prepared to pay for products internationally.

The next question that people ask is: who benefits from the higher world prices for petrol which we have been seeing and where does that extra money that people pay at the petrol pump go? The major beneficiaries of the higher prices are the Australian producers of crude oil: for example, BHP, whose directors were patting themselves on the back not so long ago for making a $2 billion profit, but essentially that was all about their higher international price; companies like Esso Australia Ltd, Woodside—of course Woodside, I guess for good reason, was the subject of takeover interest on the part of Shell, but Woodside is one of the beneficiaries of the higher petroleum price—Santos-Delhi and Mobil Exploration.

A secondary beneficiary of these higher world prices generally is the Commonwealth government. It would always get some extra revenue through the petroleum resource rent tax—the PRRT—every time the price goes up. Petroleum resource rent tax is levied at the rate of 40 per cent of taxable profit from a petroleum project. For example, in 1999-2000 the petroleum resource rent tax was budgeted to generate $720 million. As a result of the GST, the government does substantially better out of rising international prices. GST is a 10 per cent tax on the retail price, so when the price goes up the GST goes up. The idea that this money goes to the states—which the Commonwealth endeavours to run around the place—ought not to be believed. The government is legally entitled to all the GST windfall gains for the next few years.

The next element in the petrol pricing equation and the next chapter in this saga relates back to 1998. On 1 August 1998 the Howard government removed the wholesale price cap on fuel. The ACCC ceased to have any role in monitoring wholesale petrol prices. This was exactly what the oil majors wanted. Labor opposed it at the time, saying that deregulating the petrol industry was a gift to the major oil companies and would lead to higher prices. Treasurer Costello claimed at the time that deregulation would ‘promote greater competition which would lower prices over time’ and ‘put downward pressure on petrol prices to the benefit of consumers’. Those claims have proved to be rubbish. What Labor claimed at the time is exactly what has happened, and the government’s 1998 changes have been a failure.

The next element in the petrol prices saga came last year with the introduction of the GST. Liberal campaign headquarters said in September 1998:

There will be no increase in the price of petrol as a result of the GST. The reason is that the Gov-
The government will reduce the Petrol Excise by an amount equivalent to the GST.

And Prime Minister Howard had said in August 1998:

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

In fact, what happened was that the GST had a very substantial impact on petrol taxes. The reasons were as follows. On 1 July last year, the excise dropped by 6.7c per litre, but when the GST came in it added 8.2c per litre, so the cost to motorists was 1.5c per litre and there was a government windfall of $270 million. We then had the August 2000 indexation of 0.65c per litre, which added to government revenue of the order of $115 million. We then had the February 2001 indexation, which was another cent or so per litre. That added a further $155 million to government revenue. Added on top of all those things was the fact that during this period international prices went up and GST increased as well. So, as petrol rose to $1 per litre, this added an extra 2c in GST—additional cost to motorists, 2c per litre; government windfall, $360 million. So the total increase in petrol tax during this period was around 5c a litre, and the windfall gain for the government was around $900 million. No wonder there was a public outcry concerning these matters.

Labor has produced a number of responses to this situation. We think what the government ought to be doing is, firstly, passing Labor’s bill to address the problem of lack of wholesale competition in the petrol industry and the manipulation of petrol prices by the oil majors. Labor’s private member’s bill will address the lack of wholesale competition in the petrol industry by giving service station franchisees the legislatively guaranteed right to shop around for up to 50 per cent of their petrol. That bill will increase competition at the wholesale level, curtail the influence the oil majors have over retail prices and produce lower retail prices for customers. That bill also provides the ACCC with enforcement powers, thus giving the retailers the protection from retribution which they need. The federal government must also bring petrol prices back under the surveillance of the prices watchdog, the ACCC. In contrast with the quite tough approach it takes to many other retailers, the ACCC has accepted manipulation of petrol prices as a fact of life. It is also necessary that the government keeps its pre-election promises and hands back its windfall gains to motorists.

My view is that the government is culpable not only on the question of petrol taxes but also on the question of petrol pricing generally. A statement was made concerning these issues by the member for Gippsland in 1996. The Labor candidate for Gippsland, Mr Bill Bolitho, a very energetic candidate, has researched some of Mr McGauran’s statements on the question of petrol pricing. It is often a very worthwhile exercise researching things that your political opposites have had to say in the past.

Mr Martin Ferguson—he wouldn’t know about it—he doesn’t live there.

Mr Kelvin Thomson—the member for Gippsland might not personally experience much in the way of difficulty arising from rising petrol prices, but he said in 1996: A Liberal and National Party Government will lift the veil of secrecy and introduce transparency and accountability into the pricing chain so that unfair price discrimination against country motorists is identified and outlawed.

The member for Gippsland went on to state that the Australian Competition and Consumer Commission would be directed to examine prices at every stage from the refinery gate to the petrol pump to investigate any anticompetitive or discriminatory pricing schemes so offenders could be prosecuted. When Labor’s petrol pricing inquiry visited Bairnsdale I read that statement out to the audience. The Bairnsdale Advertiser of 16 February reported that:

The repeating of this quote from Mr McGauran brought sniggers from many in attendance.

Well it might, because this government, far from having the ACCC involved in ensuring greater transparency and accountability in the pricing chain and far from directing the ACCC to examine prices at every stage from the refinery gate to the petrol pump, in 1998
deregulated the wholesale price of petrol and said to the ACCC, ‘Your services in monitoring wholesale petrol prices are no longer required.’ So the government did the exact opposite of what the member for Gippsland promised in 1996 before that election, prior to the Liberal and National parties coming to government.

Labor believed all along that that 1998 step was going to be counterproductive. To think that removing a petrol price cap would lead to lower petrol prices is entirely counterintuitive—and indeed that has proved to be the case and the extent of petrol price manipulation today is worse than ever. All too many motorists are conscious of the fact that prices move by 1.0c up and down on a daily basis or even on an hourly basis. We are not far away from the Queen’s Birthday weekend, and you do not need to be a Rhodes scholar to work out that we are likely to see some action at that time on that front. Around Easter time and Christmas it happens all too often. People out in the community generally know that there is price manipulation. They know that, when you manufacture or produce a product in some way, there are costs. Whether that product is a piece of equipment, a tractor, a spanner or an item of food, there are costs in producing it, transport and market costs in distributing it, and taxes—and there also has to be a profit margin. They know there are costs and they also know that those costs did not change on a daily, hourly or weekly basis. We all know that the costs of items change over time and that there may be fluctuations, but they do not change in the way that petrol prices do. Petrol price changes are simply a matter of price manipulation, and the government stands condemned for its lack of seriousness in addressing this area. If the government is really serious about getting prices reduced, it will get the ACCC in and knock off this stuff about the magic of the market because, certainly in relation to petrol prices, it does not work.

I turn to the question of why the Howard government are introducing the bill that we see today. In the past, when it was put to the Howard government by motoring organisations and so on that they should abolish fuel indexation, they said, ‘No, you can’t do that. Fuel indexation is necessary to maintain Commonwealth revenues. On the one hand you want to index pensions and the benefits, but you won’t be able to index the pensions and the benefits unless you are also indexing things like the fuel excise.’ They vigorously resisted that type of change. What happened to change their mind? I will tell you what happened to change their mind: the establishment by the federal parliamentary Labor Party of a petrol price inquiry. At the time—

Mr Truss—A fizzer everywhere it went.

Mr Kelvin Thomson—You can see what has happened now, Minister. At the time, the government said, ‘This is a stunt; this is of no consequence.’ The coalition and the Democrats refused to support a Senate inquiry into petrol prices. We would have preferred an all-party Senate inquiry but, in the absence of that, we initiated and proceeded with our own inquiry into the economic and social effects of high fuel prices and the significance of the fuel excise indexation adjustment which was coming through in February this year. That inquiry went to many locations around Australia. By the time it issued its interim report, it had conducted hearings in 35 locations, had heard evidence from 180 witnesses and had received hundreds of written submissions. I think the petrol price inquiry has since conducted more hearings and received more submissions, and there are things that it remains interested in.

The inquiry reported that the evidence was conclusive that the Prime Minister had broken his promise that the GST would not increase fuel taxation for motorists. It reported that the undertaking had been broken on all the major categories of fuel: petrol—both leaded and unleaded—diesel and LPG. It reported that the first increase in fuel taxation had occurred on 1 July with the rort that I referred to earlier, where excise was dropped by 6.7c per litre but GST was 8.2c per litre. I have to say that when I was talking about GST to groups in my electorate and to people I spoke to prior to the last
election and they asked me what was going to happen with petrol, beer, cigarettes and so on—the areas where excise was involved—I said, ‘You’re not going to be better off and you’re not going to be worse off.’ I believed the government. I took them at their word that they were going to drop the excise by such an amount that, when you added GST back on the top, the tax levels would be the same. But in fact they were not the same and, in relation to petrol, the government had an immediate 1½c per litre windfall at the expense of motorists.

We also saw increases in fuel taxation with the August round of indexation, with the international price pushing up the level of GST and the government being able to pocket one-eleventh of the excess over the strike price of 90c per litre, and the fourth increase which occurred on 1 February 2001. I was astonished that the government thought that they were going to push that through and sit there, in spite of community anger and resentment, thinking that it was okay and that people were simply going to wear it. What we had was the GST adding an extra 10 per cent on top of these excise increases, and so the GST and fuel excise were acting as a tax on a tax, each forcing up the other in a vicious inflationary spiral. The government received a substantial windfall as a result of these measures. In their midyear budget review, the government admitted to a budget windfall of $1½ billion in 2000-01—after having adopted various measures to disguise the full extent of the windfall.

Labor’s petrol price inquiry heard evidence from Australians from all walks of life, including motoring groups, trucking firms, drivers, farmers representatives, fishing representatives, small business proprietors, taxi operators, tourism operators, community groups, volunteer groups, disability service groups and many individual witnesses. Industries for whom fuel was a substantial cost component had been adversely affected by rising fuel costs caused by a combination of rising world oil prices, the falling Australian dollar, non-competitive industry pricing behaviour and rising fuel taxes.

Some of the worst affected industries were trucking, taxis, tourism, farming and fishing. Owner-drivers in the trucking industry have been making long journeys for little or no income above their costs, just to enable them to avoid repossession of their rigs by finance companies. Drivers told the inquiry that they could not afford to stay in the industry but they could not afford to get out of it because the price of second-hand rigs had been so badly depressed owing to the large number of repossessions. The committee was concerned that all this was indeed compromising driver safety, as drivers were working for longer periods without breaks in an effort to recover the large increases in fuel costs.

The inquiry also heard about LPG prices. We particularly heard about LPG prices from the taxi industry, and it is one of the areas of ongoing work and endeavour from Labor’s petrol price inquiry. As a rule of thumb, taxi drivers said that it was economical to use LPG instead of petrol while the LPG price was less than half of the petrol price, but in recent times the price of LPG has been well over this mark. In my own state of Victoria there is a lot of use of LPG; it is a fuel with very widespread use. The prices are high in a way which defies some kind of common-sense explanation, such as the costs of production and distribution of LPG. The price appears to be way too high. The impact of that is very substantial on taxis and on other motorists who use LPG and also on people who use LPG for other purposes, such as heating. A company just on the border of my electorate came to see me, and they were greatly concerned about the cost-effectiveness of LPG conversions. This company, involved in LPG conversions, provided the appropriate tanks and the other necessary equipment for conversions. Their LPG conversions have declined dramatically post GST, and they have had to lay off most of their staff. They were greatly concerned.

Farmers’ representatives gave evidence that the large reductions in fuel costs promised by the government before the last election had failed to materialise and instead fuel costs had risen. They advised that in general the various diesel rebate and grant schemes
were insufficient to offset increases in diesel prices. Indeed, I have heard from some people who say that it is all so complex and difficult to work through that they are not even claiming it back. So much for the much trumpeted rebate. We have heard an awful lot about it in this chamber, but out in the electorate it has not had anything like the value that it is being represented as having. The fishing industry also came along to our inquiry hearings, and operators gave evidence of the severe impacts of high diesel prices. Coastal fishermen operating petrol engine vessels also face significant increases in business operating costs.

Similar impacts have also been felt in the tourism industry. Tourism operators reported a decline in caravanning by retired couples. Motorists in outer urban and regional Australia gave evidence that they felt discriminated against by government fuel taxation policies. Naturally, residents in the outer urban areas and in the rural and regional areas are more reliant on motor cars than inner city residents. There are fewer effective public transport systems in place and of course they commonly travel greater distances to get to work. Because the GST is a percentage tax—10 per cent on the end—it collects more per litre in regional and remote areas, where the pump prices are higher. As Labor has pointed out previously, the GST is a tax on distance, a tax on remoteness. For the first time, people living in country areas in regional Australia are paying more tax per litre of fuel than city motorists. This is extraordinary from a government which claims to be interested in looking after country people. They have introduced for the first time a tax which results in country people paying more tax than city people.

The other area that the inquiry heard a lot from was voluntary organisations. It is not easy to get support from volunteers and to have volunteers involved in these organisations, and often those volunteers have to travel and pay their own petrol bills. Sometimes voluntary organisations have some money to reimburse some of those bills, but the GST both increased the petrol bills and decreased the amount of money available to reimburse volunteers. In a whole range of areas—volunteer bushfire brigades, Meals on Wheels, aquatherapy groups, senior citizens self-help organisations—we heard from witnesses and representatives about the adverse impact of GST on their organisations. The inquiry registered its concern that rising fuel costs were causing the curtailment of voluntary services within the community and the loss of community involvement by older Australians in particular.

When considering its recommendations, the committee took into account the broken promise by the Prime Minister that petrol taxes would not rise as a consequence of the GST; the adverse impact of higher petrol prices on household incomes, small business and, in particular, people in regional and rural areas; the impact of the GST on prices over the six months to the end of December; the higher petrol prices over the last seven months and the consequential tax rake-off by the Howard government; and the refusal by the government to quantify the extent of the fuel tax windfall—they were particularly tricky on that front. It recommended that the federal parliamentary Labor Party propose and support the waiving of the fuel excise increase due on 1 February this year; that we call upon the Howard government to prevent the 1 February indexation from occurring and pledge legislative support to achieve this outcome; and, in the event that the government fails to act and fuel taxes rise, pushing prices even higher, that we introduced a private member’s bill at the first parliamentary opportunity to remove this excise increase. That is exactly what happened. The government thought: ‘No. We are going to skate through this. We do not care about the rising petrol taxes; we don’t care about the impact on the volunteers and on the farmers and on all the other groups. We will be all right.’

On 7 February, the Deputy Leader of the Opposition in the Senate, Senator Cook, introduced the Excise Tariff Amendment (Petrol Tax Cut) Bill 2001. That private member’s bill amends the Excise Tariff Act 1921 to prevent the February 2001 indexation of rates of excise duty applying to various petroleum products. When Senator Cook intro-
duced the bill, he said he was seeking not only to ease the pain of high fuel taxes caused by the government’s attempt ‘to leach millions of dollars out of Australians through its fuel tax squeeze’ but to stop this government ‘lining its pockets at the expense of families and communities, industries, businesses and voluntary organisations, both in the cities and the bush’. The debate on Senator Cook’s bill was adjourned, but we can see quite clearly what the pattern of events has been here. The government was only too happy to take the petrol tax windfall arising from the GST and to break its pre-election promise that the GST would not lead to petrol tax increases. It took concerted community pressure, the results of the state elections in Western Australia and Queensland, which produced absolute policy panic on the part of this government, Labor’s petrol prices inquiry and the private member’s bill introduced by Senator Cook to bring this government to account, which led to that massive petrol tax backflip on 1 March.

No doubt government speakers will come in here and say what a great job they are doing, but everyone out there in the community understands that they had to be dragged kicking and screaming to this point and that they did it under duress from the community and under duress from Labor. They did it in full panic mode following the Western Australian and Queensland state elections. Indeed, if you look at it closely enough, it seems pretty clear that they believe that they are not going to win the next election and that they are leaving these sorts of things behind for the next Labor government to deal with. They took action that they had earlier said could not be done: they could not index pensions unless they were prepared to index fuel taxes and the like. We are certainly supporting this legislation, but we understand the circumstances which have brought it about. (Time expired)

Mr PROSSER (Forrest) (11.09 a.m.)—I rise to speak in support of the Excise Tariff Amendment Bill (No. 2) 2001 and the Customs Tariff Amendment Bill (No. 3) 2001. Both of these bills give effect to the government’s commitment to end the automatic indexation of fuel. This commitment was given during a climate of rocketing world oil prices, a low currency and instability of supply of oil, all of which resulted in higher petrol prices. The people in my electorate of Forrest, in the south-west of Western Australia, told me that all governments needed to do more about the price of petrol. This was a message that I certainly relayed to the Prime Minister and the Treasurer. To their credit, they listened and they acted. The government responded with a comprehensive package which included a 1.5c a litre cut in excise, more powers to the ACCC to monitor petrol prices and a fuel inquiry which will comprehensively examine all issues relating to fuel taxation and fuel prices in this country.

This comes on top of other taxation measures in relation to fuel. For business, the GST component of fuel can be claimed back as an input credit. For those businesses who run vehicles or are involved in transport, this is a substantial saving. Farmers also pay no tax for their off-road diesel and, as for transport, there was a cut of 24c a litre for heavy transport. We have also introduced a fuel grants scheme for regional areas where a rebate of 1c and 2c per litre applies. This is a rebate to reduce the price at the pump. The Labor Party have not announced whether any of these measures will be part of their rollback policy. I suppose this is another thing that Australians will not find out until after the election. If Labor won the next election and abolished this scheme, that would significantly add to fuel costs in the south-west of Western Australia. Motorists there, and indeed all motorists in regional and rural Australia, would pay the price.

In respect of automatic indexation, I can say that I objected to it when it was bought in by the then Prime Minister, Bob Hawke. I was not a member of parliament then, and I am proud to be a member of a government that abolished it. When Paul Keating introduced automatic indexation on that fateful budget night of 23 August 1983, he announced:

The first six-monthly indexed increase in excise rates will take effect from tonight and will reflect
the 4.3 per cent increase in the CPI during the March and June quarters of this year.

He went on to say:

As examples of the effects of these changes on the retail prices of excisable products, the price of petrol might—

be expected to increase by about 2 cents per litre.

Paul Keating then went on to say that the government was concerned ‘for the plight of the disadvantaged, whether they be people in poor health, victims of the recession, or those who are finding it difficult to purchase a home’. Mr Keating and Mr Hawke in government had a funny way of showing their concern. They demonstrated their concern for pensioners on fixed incomes by running higher inflation, indexing excise and increasing sales tax without compensation. Mr Keating’s concern for those who cannot purchase their own homes was clearly manifest in a government that had housing interest rates at the time running at 17 per cent. I want to contrast that with the very low interest rates that we have today and what this government is doing in the area of housing with our $14,000 First Home Owners Scheme.

That was the beginning of indexation in an environment of high inflation and high interest rates. We have now gone full circle: we are in an environment of low inflation, low interest rates and the end of automatic indexation. Transport operators have often asked me why the government should be able to automatically index fuel excise when they cannot automatically index their transport charges. This is an argument that I have a lot of sympathy for. The measures in this bill impose a new and higher level of fiscal accountability. If future governments want to increase taxes on fuel, they can do so by explaining to the parliament and to the Australian public why it is necessary through the budget process.

The steps the government has taken in respect of fuel prices are very positive, yet the disparity in fuel prices in my electorate of Forrest still exists. It is this disparity and the continuing high prices in rural and regional areas which are now of particular concern. Yesterday in Bunbury petrol was retailing at between $1.01 and $1.03 per litre. In Perth, only two hours away, it was retailing at 88.5c a litre. In Mandurah, which is some 100 kilometres from Bunbury, it is retailing at fractionally above the Perth figure. It is not unusual for petrol in Bunbury to be dearer by 1c for every 10 kilometres between Mandurah and Bunbury. Obviously, the further south you go in my electorate the greater that disparity becomes, but at a disproportionate rate. In a regional centre, businesses have an even greater reliance on fuel prices, and this disparity can have a disproportionate economic impact on businesses. Naturally, the same applies to individuals, who must also travel greater distances. High fuel prices impact on all motorists, hurting families, those on fixed incomes and small businesses.

The Western Australian state government made some reforms to fuel regulations. These have included allowing retailers to sell petrol only at the price notified to FuelWatch in the Petrol Pricing Unit of the Ministry of Fair Trading. Whilst I agree that consumers got sick of seeing petrol prices jump substantially during one day, and this change to the law fixes that, it conversely stops fuel dropping in one day. What we have is a regulation which inhibits competition by not allowing retailers to drop their prices. A wholesale price cap is in place, but it has made no difference to the price of petrol in my electorate.

Now legislation has been introduced in Western Australia to allow franchisees and petrol retailers to purchase up to 50 per cent of their fuel from a competing petrol supplier. It has come to be known as the fifty-fifty rule. There are two flaws in this legislation which yet again will result in motorists being slugged. The first is that franchisees will need to install a second tank to accommodate the fuel, and more often than not they do not own the site. If they do, there will be additional costs which will necessarily need to be recouped—generally, of course, through higher margins and higher fuel prices. The second is that all fuel in Western Australia comes from the BP refin-
ery. This is because the fuel standards in Western Australia have been raised in respect of sulfur and MBTE. No longer can WA fuel retailers import fuel from Singapore, thus leaving us vulnerable to the monopoly marketing environment that BP basically has in Western Australia.

Fuel regulation in Western Australia has so far failed to deliver lower petrol prices to south-west communities, and the losers are, of course, south-west motorists. Petrol prices are at a relatively low level at the moment. For some time, petrol prices in Bunbury were hovering around $1.06, and prices were slightly higher the further south you went. An article in yesterday’s West Australian newspaper noted:

The reason for the fall—
in petrol prices—
was unclear, though there was no suggestion that the State Government attempts to regulate the industry to bring down prices were responsible.

Further, the article stated that the Executive Director of the WA Motor Trade Association, Peter Fitzpatrick, said that the normal price cycle was the only reason he could suggest for the fall. I have a suggestion for the state government about what they can do about petrol pricing: how about handing back some of this $320 million tax take they get from fuel? You would be aware, Mr Deputy Speaker, that the Western Australian state government currently collects about $320 million in excise.

If the state government truly wanted to do something about petrol prices which would have an immediate effect on the price of fuel, they would hand back some of this $320 million.

The state government used to have an off-road fuel rebate prior to 1 July 2000. If they handed back an amount similar in scope to that of the former off-road rebate scheme—which was about $155 million—in the form of a state-wide rebate, it would result in a 3c a litre drop in the price of fuel throughout Western Australia. If the state did what the federal government does and introduced a targeted regional rebate scheme, south-western and country motorists could possibly save about 6c a litre. This would make a huge difference to the price of fuel for motorists in my electorate and many country electorates.

Petrol prices are an issue of concern to all people in the south-west. I call on the state government to hand back some of their $320 million tax take—hand it back to the motorist, hand it back to the people. They should honour their election commitment. The Labor Party in the south-west campaigned on ‘killing the gap’, meaning ending the disparity between city and country petrol prices. They have a chance to do it; they have not done so. I say to those same people today: work with me to ensure that the state government do something to make a difference; work with me to ensure that the state government hand back some of this tax take; work with me to achieve lower fuel prices in the south-west of Western Australia.

Mr FITZGIBBON (Hunter) (11.21 a.m.)—I do not mind the member for Forrest; he is not a bad guy. But I find it amazing that he has just come into this parliament and has tried to blame the Western Australian government for all the ills in the petroleum market in Australia. I think that government has been in for six months, if that. Prior to that, Richard Court was the Premier of Western Australia for some nine years at least—it may have been longer. I find it extraordinary that the member for Forrest would completely leave out the main points of this debate on the Excise Tariff Amendment Bill (No. 2) 2001 and related bills—points which are, of course, around federal issues, Commonwealth issues—to blame the newly elected Labor government in Western Australia for some nine years at least—it may have been longer. I find it extraordinary that the member for Forrest would completely leave out the main points of this debate on the Excise Tariff Amendment Bill (No. 2) 2001 and related bills—points which are, of course, around federal issues, Commonwealth issues—to blame the newly elected Labor government in Western Australia for higher fuel prices. He used his own example of the differential in fuel prices between Perth and Bunbury—some 8c difference, I think it was. It is all because of the state government in Western Australia, he tells us. Extraordinary stuff.

He criticised the fuel reform of the state Labor government in Western Australia. It has been there some six months, if that—and it shows that the Western Australian government is trying to do something about petrol prices. He mentioned the so-called 50 per
cent rule—the idea that service station franchisees should be given the power to shop around for their fuel, rather than be tied to one exclusive arrangement with one major oil company. He suggested that that system is flawed because service station operators will be required to put in a second tank. He then went on to say that all petrol in Western Australia comes from one place; so why there would be a requirement to put in a second tank, I do not understand. Petrol today is an homogenous product; it is all the same. We all regularly drive into different service stations and refill our tanks—from BP, from Shell, et cetera. We mix the fuel in the tanks of our cars. There is no requirement for a second tank in service stations as a result of the Western Australian government’s reform.

He mentioned state fuel excises. There is no such thing. The Western Australian government raises no fuel excise whatsoever. It is a desperate attempt to shift the focus off the Commonwealth, where all the blame lies, on to a newly elected Labor government in Western Australia.

These bills will put into effect the government’s backflip on petrol. They are not bills the government introduced willingly; they are bills the government was brought to, screaming and kicking—bills introduced as a result of an overwhelming political backlash in the Australian community. There can be no greater example of the inequitable nature of the GST than the way it applies to petrol. As the shadow minister, Kelvin Thomson, pointed out, for the first time in the history of the Commonwealth, Australians living in rural, regional and remote Australia are paying more tax on their fuel than are their city counterparts. This is a tax on distance.

Mr Truss—That is absolute rubbish.

Mr FitzGibbon—I see Minister Truss at the table frowning and questioning my logic on that. Of course it is a fact. This is an ad valorem tax, a tax on value. The member for Forrest just made the point that petrol in Perth is 88c a litre and petrol in Bunbury is more than $1 a litre. Put 10 per cent on 88c—it would not be 88c but you know what I mean; go backwards to the wholesale price—and 10 per cent on $1 and see what the result is. I cannot believe the minister at the table would be questioning the proposition that this is a tax on distance and the proposition that in his electorate people in Hervey Bay are paying more tax on their fuel than are people in Brisbane. It is an absolute, simple fact.

Let us go back through some of the history of the government’s performance on this issue. The Prime Minister, John Howard, promised the Australian electorate that the GST would not cause petrol prices to rise. That was an absolute, rolled gold, ironclad guarantee. How was he going to achieve that? He said that he would simply take 7c off the excise to compensate for the 10 per cent effect of the GST. That was okay, but he struck that 7c rate at a time when petrol was hovering around the low 70c mark. If you do the simple arithmetic on prices up to 77c you will find that if you take 7c off and put 10 per cent back on, the price will not increase. But, if you go beyond the 77c market and take 7c off and put 10 per cent on, the price increases. It is a long time, as you know, since the Australian motorist has enjoyed a fuel price below 77c, particularly those people living in rural and regional Australia.

Under enormous political pressure, the Prime Minister finally acknowledged this point and said that he would do something about it. With bated breath, we all eagerly awaited the Prime Minister’s new proposition—his solution to his inability to deliver on this promise that the GST would not cause petrol prices to rise. We thought that he would probably decide to decrease the fuel excise by 8c, 9c or maybe 10c. We all waited eagerly, but then one day while the Treasurer was in Paris having a good time, late one afternoon—I think it was about 4 o’clock—to minimise media exposure, the Minister for Finance and Administration snuck out into one of the parliamentary courtyards and announced that the government had decided not to decrease the fuel excise by 7c but to decrease it by 6.7c. That was the wrong direction, Minister for Finance and Administration. So it is now history that the GST has caused petrol prices to rise.
Let us have a look at the impact. The government introduces the GST. It goes on top of petrol. Petrol prices go up. Inflation goes up. Petrol prices are indexed to the CPI, so of course petrol prices go up higher as a result of the impact of indexation on fuel excises—an upward spiral. So it is not surprising that the government has found that it has absolutely no choice but to break that cycle because the windfall it was receiving from the impact of the GST on petrol was absolutely outrageous. But what the breaking of the link between the CPI and fuel excise will not do is repair the damage already done. What it will not do is repair the ongoing impact of an ad valorem tax on fuel prices and that all important city-country differential, and it will not stop country motorists paying more for their fuel than do their city counterparts.

Let us have a look at the government’s response. Its first response was to introduce a fuel grants scheme which was going to pay 1c or 2c per litre to motorists living in rural and regional Australia. Has anyone seen a difference? Not likely. Go out and survey your electorate and ask anyone whether they believe that the fuel grants scheme has made any difference. And the cost of the scheme? It was budgeted to be $500 million. The real cost now? It is $800 million.

The ACCC have just completed a long-running inquiry into the fuel grants scheme based on the question of whether the oil majors are passing the money on to motorists. It was a longwinded inquiry because the ACCC knew something was ‘rotten in the state of Denmark’ but in the end simply could not prove it. They could not prove it largely because, in the government’s own GST legislation, there is a provision to allow the companies to include ‘any other relevant matter’ which might help to explain an increase in their prices, giving them enormous scope to avoid the scrutiny of the ACCC. Labor will fix that. The cost of this measure? In 2001-02, around $400 million.

Then of course there is the money spent on the Roads to Recovery program, something like $1.2 billion over four years—less than the government received in GST petrol windfall in its first year of operation. I do not know what the budget projections were for years 1, 2, 3 and 4 but, if you divide that $1.2 billion by four, it is about $300 million every year. So we are now up to around $1.3 billion spent in a desperate attempt to fulfil the Prime Minister’s commitment that the GST would not cause petrol to rise. The result? Failure—it is obvious that the GST is still producing a higher petrol price for motorists than was the case before the GST was introduced.

I heard the shadow Assistant Treasurer talking about Labor’s petrol inquiry, where we have heard first-hand of the impacts of the GST on petrol prices and the impact on the people in the communities affected. We have heard from small business, including small business truckies and milk vendors who have been hit for six by the impact of the GST on petrol. We have heard from Meals on Wheels organisations, community transport organisations, tourism operators, bushfire brigades and local government in general which have been adversely affected by the GST. These are real problems in real communities. While Labor of course welcomes the break in indexation—it is something that had to happen; you could not possibly allow this GST indexation spiral to continue—it is going to do little to address the impact that is already falling upon communities as a result of the GST on petrol.

It is worth having a wider look at the government’s record on petrol prices. This is a government which promised, before it came into power, to do something about petrol prices. Its first act was to put up a bill to repeal the Petroleum Retail Marketing Sites Act. The sites act is a very important initiative, introduced by Malcolm Fraser in 1980 out of concern about concentration in the
petrol market. Then there were nine major oil companies; today there are four—four in collusion. Malcolm Fraser’s idea was to divorce the major oil companies from the retailing end of the market—to restrict their power to manipulate prices and therefore take excessive profits wherever and whenever they could. It is about curtailing the power of the major oil companies. But what does the Prime Minister want to do? He wants to hand them more power. He wants to give them full control over the price of petrol all the way from the refinery to the bowser. What would be the result? The closure of hundreds of country service stations, reducing competition in those markets, and the total control by the major oil companies of the big service stations on the big highways where volume throughput is high. That is the government’s solution to the difficulties in the petrol industry.

Labor has some different views. Labor believes that the retention of the sites act is important in curtailing the power of the major oil companies. But, more than that, Labor believes that the Commonwealth has to do more to wind back the power of the major oil companies and more to curtail their power. There are a number of ways of doing so. The first is to of course introduce more transparency in the price, both at the refinery and retail levels. Motorists should be able to determine the price coming out of the refinery on any given day to give them some idea, adding transport costs and other factors, what should be the real price of fuel. But, more importantly, the government needs to introduce more competition at the wholesale level, which at the moment is completely lacking.

That is why I have introduced into this place a bill that would allow franchisees and others who have a similar arrangement with the major oil companies to shop around for up to 50 per cent of their fuel. This was the proposition that the member for Forrest was addressing, albeit incorrectly. I am pleased to say that, having had consultations with me throughout the course of the Western Australian campaign, the Western Australian government has picked up on that idea and introduced that legislation. The federal government has been critical of this legislation. That is hardly surprising, because this is a government for the big end of town. This is a government which has a very close relationship with the major oil companies. Of course, for the major oil companies, the idea of allowing, or forcing them to allow, their franchisees to shop around for their fuel, rather than be tied to one exclusive arrangement, is anathema. They hate this idea. We are going to push this idea.

I introduced the bill into the House, and of course the government used its numbers to gag debate on the bill. But this week I have had Senator Schacht introduce the same bill into the Senate. That will be an opportunity for senators to give proper consideration to my bill which, by the way, has been the subject of a Senate inquiry which recommended the bill’s introduction and passage. This will give both the Democrats and the government an opportunity to join Labor and for the first time give motorists a break on petrol prices. I have not secured any guarantees from the Democrats, but I suspect the Democrats will support my bill.

If that is the case, that bill will come back to the House of Representatives. Then, once again, members like the member for Forrest, who is concerned about the prices in his own electorate, the member for Longman—I mention the member for Longman, because I held a public meeting on petrol prices in his electorate recently and I was overwhelmed by the number of people who turned up for that meeting; I can tell you, Madam Deputy Speaker, that the people in the member for Longman’s electorate are very angry about petrol prices—the member for McEwen, the member for Herbert, the Minister for Small Business and member for Groom, who should understand the impact of petrol prices on small business, and the member for Richmond will have an opportunity to come and join Labor in supporting that bill and, by doing so, indicate to their constituents that they are prepared to do something about petrol prices.
I want to go back to the sites act just briefly, because it is an important issue. The sites act is important, but it has not been as effective as it should have been, because the major oil companies have been very clever in determining ways of circumventing it. First of all, they do so by the introduction of a practice known as multisite franchising. Under multisite franchising the oil companies appoint a franchisee—quite often a former oil company employee—and give him not just the master franchise but up to 20 franchisees under that. So one person is controlling the retail prices of up to 21 service stations. Of course, if the major oil companies can control that person and that site, they in effect control up to 21 sites, an obvious means of circumventing the act.

The second means they use to circumvent the act is the practice of price discounting, whereby they sell to the franchisees at a price that is not competitive and to sell that fuel the franchisees have to rely upon a discount offered by the major oil company. By giving and withdrawing these discounts, commonly known as price support, the oil majors once again have effective control over the retail price of petrol. Something has to be done about that, and the best way of addressing that, of course, is to give those service station operators the right to shop around for their fuel, to tell BP on Monday that they are not accepting that price this week but going off to Shell to purchase up to 50 per cent of their fuel for that given period. This, for the first time, would introduce real competition at the wholesale level, and I invite members from the other side to join with us on this side to introduce this very important initiative. 

Mr BILLSON (Dunkley) (11.41 a.m.)—Madam Deputy Speaker, you know that song Nowhere Man? That was like listening to the Nowhere Man in Nowhere Land. What would the Labor Party do for an idea? Here we are talking about the Excise Tariff Amendment Bill (No. 2) 2001 and the end of the automatic inflation linked indexing of petrol taxes and that is all we can hear from the members opposite. The member for Wills talked about LPG and how that is not affordable any more, and he is saying he is standing up for the LPG conversion industry. He is doing enormous harm to the LPG conversion industry. The industry knows that. But he comes in here saying that LPG is no longer an attractive alternative fuel for motorists. He trots our all of these figures and he does not ever get to the heart of the issue; he simply chooses to damage the standing of LPG as an alternative fuel.

I have got an announcement to make for the member for Wills: did you know LPG is actually more affordable now that it was two years ago? It is actually more affordable, because at the end of the day the decision about whether you go with LPG or not is a decision about the price differential. It is the difference between the price of petrol and the price of LPG. You can stand up there and say: ‘Back in November 1998—did you know something—did you know, LPG was 20c a litre? Look at it now.’ LPG was 20c a litre; petrol was 68.7c. So you have got LPG at 20c a litre, you have got petrol at 68.7c—the price differential is 48c a litre, and these morons in the Labor Party cannot work out that what makes LPG attractive is its comparative affordability with petrol. Don’t you guys get it? Have you never canvassed the option of LPG?

Madam DEPUTY SPEAKER (Mrs Gash)—Order! The member will direct comments through the chair

Mr BILLSON—You look at this post tax era, and you are saying, ‘Look, the GST has ruined LPG.’ What are the figures? Actually look at the price differential. I will run through that very slowly. Let us take November 2000. GST is in, the world is truly a finer place because of it, and what have we got for LPG? It is 45c per litre, and petrol is 94.4c. What is the price differential? It is 49½c a litre. It is actually more affordable, more attractive, better value. It is the reckless comments of the Labor Party running around saying, ‘Gee, look at the price of LPG,’ without ever doing the comparison on affordability, which is damaging the LPG industry.

The Labor Party should stand up here and apologise to the LPG industry, to all of the
after market fitters, to all of the good folks who are members of the Victorian Automobile Chamber of Commerce, trying to make a living out of LPG conversion. It is more attractive than it has been for years, and the Labor Party are running around saying it is the worst thing you could do. You guys are ruining the LPG industry. You ought to be ashamed of yourselves, because these are people’s businesses and their lives. You should get your facts right, rather than flap your gums about things you have got no idea about.

Having made that point—quite clearly, I hope—that LPG is more affordable, more attractive, better value, better for our environment, I hope those people listening realise that this is another example of where the best thing you can do is absolutely ignore the Labor Party, because they are political opportunists, misleading people so they can slide in—slippery little move—to government and do what they did when they were last in government, which is what this bill is about today. I will come back to some of the comments from the member for Hunter in a moment.

The bill today is about ending Labor’s law—Labor’s law that said that petrol taxes will go up automatically every six months based on the rate of inflation. Why did the Labor Party introduce that law? Can we remember the years when the Labor Party were last in office? Can we remember those inflation figures? They used to go double digit for some years, and do you know what the Labor Party would say? ‘Gee, that inflation figure is pretty high, but look at all the extra money we’re getting through petrol taxes.’ The Labor Party increased petrol taxes every six months, and if inflation was running amok—you know what? The Labor coffers were also bloating and growing. So they liked it and that is why they introduced that law.

When you look at what happened to petrol taxes during those 13 years of Labor—during those of 13 dark years of missed opportunities, of despair for many families trying to buy their homes because of that high interest rate, high inflation environment where many small businesses were paying more than 20 per cent on their lines of credit—you find that they increased by 29c a litre. Thirteen years, 29c a litre! That is the Labor Party’s record on petrol taxes. When they were first elected in 1983, petrol taxes were 6.15c a litre. By the time the Australian people realised that their future and their opportunities had been stolen from them by the Labor Party, when they were voted out in 1996, petrol taxes were 34.18c a litre—29c in 13 years. What a record! What an achievement! What a way to bloat those Labor Party coffers while they were still running the country on the Bankcard—with all that revenue flow created by their poor economic mismanagement, creating inflation, bumping up petrol taxes, making life very difficult for regular Australians. So for 13 years—

Mr Fitzgibbon—It is a regressive tax, isn’t it? It’s regressive.

Mr BILLSON—The member for Hunter interjects saying how regressive it is. They swallowed in it, they lapped it up, they fed off it. They saw this bevy of cash—this horrible tax that they have described as so regressive—and they just bumped petrol up by 29c a litre, with a reckless disregard for the well-being of the Australian public which they are continuing now in opposition.

Then the coalition government was elected. It was like a bright shining day. A golden era in our country’s history began. We were elected and in that short time you have seen a very modest increase under the Labor Party law in petrol taxes. But it was not only this Labor law that automatically increased petrol taxes with inflation. In addition to that, not satisfied with squeezing all that money out of their higher inflation environment, they actually legislated further increases in petrol taxes—not once, twice, three times, but on five occasions. There were five discretionary increases implemented by the Labor Party in addition to their law that automatically increased petrol taxes every six months linked to inflation. At a time we were having a glut of inflation, they thought, ‘This inflation caper is great, it
beefs up the Commonwealth’s coffers,’ but there were regular people paying that money. So, in addition to those automatic indexation increases, 25 per cent of the petrol tax increases is solely attributable to discretionary budget measures introduced by the Labor Party. And they have got the gall to stand up in this place and roam around the country making cheap political points week in week out about petrol. What absolute hypocrisy.

The way that the Labor Party performs in this regard is absolute hypocrisy.

In addition to those questions about why the Labor Party are so intent upon destroying the LPG industry through their reckless and ill-informed comments—creating fear in the minds of motorists, who should be encouraged to make that conversion to that alternative fuel—they are also running around saying not much about what the Labor Party would do if they were elected. We know for a fact that Kim Beazley stands up and says that under a future Labor government the proportion of taxation that the Australian community pays will not increase. I will stand corrected on the nitty-gritty, but I think the tax take is about 23.1 per cent of everything that is produced in this country. Under the forward estimates of the Howard government budget, it is trending down. So, on the budget settings, on the expenditure and outlay projections and on the income arrangements, it is actually trending down. What you find is the Labor Party saying, ‘Well, we’ll just tell the Australian people that we won’t bump up the percentage.’ By saying that they will not bump up the percentage, in the out years of the budget that is an extra $3 billion worth of tax that has to come from somewhere—an extra $3 billion worth of tax that is not in the program at the moment, that is not part of the Howard government’s vision for the future but is part of the Labor Party’s vision. How are they going to do that? I and many people have a sneaking suspicion that it will be by reintroducing the indexation of petrol taxes, because they have lapped it up—13 years, 29c a litre increase. What a great little earner. And they have got to find an extra $3 billion.

Kim Beazley says how undignified it is to be challenged on his tax position. What a cop-out. The Labor Party walk around this place smirking, so proud of themselves, boasting and jubilant that they are going to just slide into office. It is not a question of if; they are convinced they will. So we are talking not about Kim Beazley, the Labor leader that has had no impact on the Australian body politic ever since he has been leading the Labor Party—a person that should be a small target because he does not matter much in where the country is going—but about Kim Beazley, the person that all those on the Labor Party benches are dead certain is going to be the next Prime Minister. To say that it is undignified for him to answer questions on tax tells us something. It tells us that, again, he has something to hide—like in the 1993 election when he made those same comments to the Australian people. ‘We will not increase the tax burden.’ But we knew the economy was growing, so the tax take grew. And these are the same weaselly words that the Labor Party are using now: ‘We won’t increase the overall tax burden.’ That is what the Labor Party are saying. But remember that that means an extra $3 billion worth of taxation that has got to come on top of what is in the forward estimates. Where is the $3 billion worth of new taxes coming from? I think it is pretty safe to say that why the Labor Party will not stand up in this place and pledge to maintain the end of indexation on petrol prices is because that is their secret plan.

You did not hear the shadow Assistant Treasurer, the lead spokesman here, say anything about it. He wanted to run down and deride the LPG industry. That was his contribution to this debate. He could have said something worth while—that is, ‘This outstanding bill, which stops the automatic increasing of taxes on petrol, will be maintained by the Labor Party if’— heaven forbid— ’we were ever elected.’ But he did not say that. He wanted to run down the LPG industry with reckless indifference to that industry and terrible thing that he was saying, putting those negative messages out
when he could have made it clear what the Labor Party’s position is, but he chose not to.

Why does this matter? The bill itself is fairly simple on paper but its impact is quite profound, particularly in communities like the one I represent in the outer metropolitan area of Melbourne where many people have to commute one hour or 1½ hours each way to their place of employment. More than half of all the households in the Dunkley electorate in the greater Frankston-Mornington Peninsula area have two or more cars, because that is how you have to get around, so the price of petrol matters a great deal to these people. The people I represent are good, hardworking people who felt the impact of the 29c a litre increase in petrol taxes implemented by the previous Labor government—and felt it big-time. People who live in interface electorates, as we call them—the outer metropolitan area where the city stops and the rural areas begin—need their cars. The demographic characteristics are often more aligned to regional centres and they rely heavily on their motor vehicles. They have enormous commutes to get to work. Let us call it ‘suburban toil’. It is pretty tough spending your life in a car for 2½ to three hours a day just to get to and from work, burning up fuel. So fuel matters. When you want to visit your friends and relatives, take your kids to school or go to sporting events you have to jump into your car. Public transport is modest at best and often does not mirror or match the travel destination requirements of people in my community. So cars are crucial down our way. That is why this bill is important.

There are three factors that influence the price of petrol: one is the price of oil, the main ingredient; two is currency, because we buy a lot of it in from overseas; and three is the tax. There is not a whole lot we can do about the oil price. Everyone knows that; the Labor Party know that. It continues despite the 29c a litre increase in 13 years by the former Labor government. Even the fully owned subsidiaries of the union movement, the branch offices of the union movement, being the state Labor governments, are doing the same thing—more than 6c a litre from each litre of petrol sold going to state Labor governments. Yet where are they? AWOL, absent without leadership, on this issue and unable to make a contribution such as the one this government has delivered through the bills we are discussing today.

That is the backdrop. It is also helpful to remember that the Howard government has never increased excise in any of its discretionary budget measures—never—withstanding the task of rectifying the accounts of the Commonwealth with the huge $10.3 billion deficit recklessly left to us by the former Labor government and the debt they accumulated over 13 years. None of the solutions we have put in place involved a discretionary increase in petrol taxes. Contrast that with the record of the Labor government.

There are some other issues that need to be discussed today. The member for Hunter was deriding the fuel delivery subsidy scheme that the government introduced saying, ‘It was only going to cost half a billion dollars a year to subsidise the delivery of petrol to rural and regional centres. It’s terri-
ble, it has actually cost more than that. That means the subsidy is greater. Is that his strongest point, that we have subsidised the price of delivering petrol to rural and regional areas to a greater degree than we forecast? Fancy being beaten up with a wet lettuce leaf. We have done more. We have increased that subsidy and he is saying that that is a negative. Then he had a go at the Roads to Recovery program, which again is something the Labor Party does not seem to have the ticker to support and carry forward. This is also the member who was deriding the diesel fuel rebate, with those in the Labor Party opposite saying that the 22½c a litre discount available to heavy transport vehicles is also a negative.

Let me put these pictures together: Roads to Recovery improving the pavement, the delivery network, for fuel to rural and regional Australia; subsidies for the delivery of fuel, 1c or 2c a litre depending on how far you go—that is the differential in the price to deliver petrol to a suburban area compared with the outback—and, the final point, that even running the truck delivering the petrol, in addition to the subsidy, is cheaper because of the removal of wholesale sales taxes on the vehicle itself and a 22½c a litre discount on the fuel the truck is consuming to get there. And they are criticising us over that? Where were Labor on these things? AWOL, absent without leadership.

Then the member for Hunter stands up and says, ‘Oh, but there is still a price differential between the cities, suburbs and regional and rural Australia.’ In our country we have something called a margin: people who run petrol stations price petrol at an amount that recovers their investment with a profit margin for themselves and to cover the cost of doing business. If I had a petrol station in St Kilda Road in Melbourne where we were pumping three million litres of petrol per day, our margins might be pretty thin, whereas what would they be if I were in the Sunraysia district in far north-west Victoria and we were pumping 3,000 litres a week? Do the maths. This is something that happens in every line of business. What are the Labor Party proposing to do—neutralise this difference in volume? We know the mark-up per litre is smaller when you are moving biblical volumes of petrol compared with a small amount in some of the smaller service stations. What the Labor Party are talking about is nonsense. The way they have been carrying on about petrol prices is cheap, opportunistic and, frankly, shameless, while having the most disgraceful record themselves on this subject.

The response that the government has implemented will not only reduce the excise on petrol and end the automatic six-monthly increase—that is, end and remove the Labor Party’s law to increase the taxes on petrol every six months in line with inflation—but also put money into the road infrastructure network that supports the most efficient and cost-effective use of motor vehicles and call an inquiry to ask what should the future picture be in terms of the way we tax fuel. I am very interested in that because I have long been a supporter of the use of ethanol and other alternative fuels. That can all be part of the tax picture. That is a constructive response to the issues, experience and concerns of the Australian people, it is financially responsible and it is forward looking about where we want to be. That is all on the back of extremely good and credible form on this subject. These bills today characterise the stark differences between the two sides of politics in our country: a constructive, affordable, enduring response to genuine public concern versus hypocrisy from the Labor Party built on the back of a record 29c a litre increase in petrol taxes, and pure humbug—(Time expired)

Mr EMERSON (Rankin) (12.01 p.m.)—I get on pretty well with the member for Dunkley, but I have to question his ability to stay in touch with his electorate. He says, basically: ‘What are they going on about? We have all these rebates and all these offsets; why are people complaining about the cost of petrol?’ The reason they are complaining about the cost of petrol is that it is very high and it has gone up dramatically in the last two years. Yet we have members of the government coming in here time and time again saying, ‘We have this fuel rebate
and the Fuel Sales Grants Scheme, so everything is really fine. We don’t know what they are talking about out there in the community, about high fuel prices, when we have all these schemes in place. Frankly, the schemes are not working.

I am secretary of Labor’s petrol price inquiry. Unlike the member for Dunkley and other Liberals, we have been around Australia talking to people about the impact of the high fuel prices on them. We asked them: ‘How have these various rebates and grant schemes operated? Have they had the effect of lowering the price of petrol? Have they had the effect of lowering the price of diesel? What sort of effect have they had on your business?’ Time and time again we are told by people, whether they be in the fishing industry, the sugarcane industry, the trucking industry or a range of other small businesses: ‘High petrol, high diesel and high LPG prices are destroying our businesses.’ Yet we have the member for Dunkley and other members of the government saying, ‘What are they going on about?’

The member for Dunkley represents an outer urban area and it is quite clear that people living in outer urban areas are the forgotten people—forgotten by this government when it comes to high fuel prices. Typically they have greater distances to travel to and from work and to social activities. There is less public transport in these areas and as a consequence they are much more heavily dependent on fuel. When the price of fuel goes through the roof, obviously it affects their living standards. These people are telling us that, but government members are saying, ‘We aren’t really picking up any particular aggravation about high fuel prices because we have all these terrific grant schemes in place.’

The legislation in front of us represents a spectacular backflip on the part of this government, and it constitutes the politics of panic, not the politics of conviction. Government members, time and time again, opposed Labor’s legislation and our second reading amendment which would have had the effect of not proceeding with the fuel excise increase in February. They came into the parliament voting against Labor’s initiative to abandon that fuel excise increase in February. They are out being tigers in their electorates but they are kittens when they come to Canberra—because every one of them voted with the government against Labor’s efforts, Labor’s legislation to abandon that fuel excise increase. A number of members in Queensland in particular—the members for Kennedy, Herbert and Dawson—voted against Labor’s motion to remove the fuel excise increase. Each of them in their own electorate was saying, ‘We know that there is a big problem in relation to high fuel prices.’ But when they came to Canberra, they hoped no-one noticed that they voted in favour of higher fuel prices caused, in this instance, by excise increases.

Perhaps the most astonishing account of the problems with not proceeding with that fuel excise increase comes from the member for Herbert. It was published in the Herbert Herald, which is an insert of the Townsville Bulletin by the member for Herbert, on Thursday, 9 November 2000. I think everyone will be astonished by this—I am sure that the people of Townsville and other parts of Herbert would be—because the member says:

Everyone thinks that a 2c a litre cut in fuel excise next February would be welcomed, but the reality is that a cut would actually see motorists paying more. Sounds paradoxical but it is true. I understand that motorists don’t like the current price of fuel, but calls by the Labor Party for a discount on the indexation of excise could result in motorists paying $5 a week more instead of $1.20 a week less.

We have the member for Herbert saying that this proposal of the Labor Party to abandon the fuel excise increase in February is a terrible thing because it will force the price of fuel up. He came into this place and voted against the Labor Party’s efforts to do that and now, when a division is held on this legislation, he will come into the parliament and vote for the Howard government’s decision, finally, to do exactly the same thing. Strictly speaking, if the member for Herbert wants to be consistent he should vote against
the Howard government’s proposal because, in the words of the member for Herbert, ‘A 2c a litre cut in fuel excise would cause motorists to pay $5 a week more in petrol costs.’ He should be on one side of the chamber while everyone else is on the other side of the chamber, with him thinking that it really is a good idea not to proceed with the fuel excise increase in February. But the member for Herbert thinks it is a terrific idea to proceed with the fuel excise increase in February because he says that increasing taxation on petrol will force the price of petrol down. He thinks that if we do not proceed with an increase in taxation on petrol, the price of petrol will be forced up.

This is Lindsay economics. I just cannot understand how he could publish in a newspaper something as completely ridiculous as the assertions that he has published in that newspaper. I think that the good people of Herbert will make the appropriate judgment about his unwillingness to support a reduction in fuel taxation from the February excise increase, and so they should.

This whole debacle of the government in relation to fuel was triggered by the following statement by the Prime Minister. He said this not on an obscure radio program but in an address to the nation on 13 August 1998, before the last election and after the GST package had been unveiled. He said:

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

It was not only the Prime Minister making a promise that he knew he had no intention of keeping; it was also the Treasurer. He said in a media release on 7 September 1998:

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

Even after the election, on 28 March 2000, when they knew they had no intention of keeping that promise, the Prime Minister said this:

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

Then after the GST was actually implemented, here in the federal parliament the Prime Minister denied that he had ever made the promise in his pre-election address to the nation that the price of petrol would not go up as a result of the GST. In this parliament on 15 August last year, he said:

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

So let us go back to what he actually said in the address to the nation. He said:

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

Then he came into parliament and said, ‘I never ever said that. What I said is that it need not rise as a result of the GST.’

So the Prime Minister was breaking his promises and knew that he was breaking his promises, because when the GST came in on 1 July the government reduced fuel excise by 6.7c a litre but began collecting the GST that worked out at 8.2c a litre, leaving a 1½ per cent increase in petrol taxation and breaking, on the day of the implementation of the GST, the Prime Minister’s promise that the GST would not increase the price of petrol. From that point on, from 1 July last year until February of this year, there were four increases in fuel taxation in just seven months. They constituted, first, an increase in excise in August, secondly, as world prices and the plummeting Australian dollar forced the price of petrol up, automatically the GST—being 10 per cent on top—was taking an extra amount of revenue from motorists, thirdly, fuel excise was increased in February, and, fourthly, the initial excise increase on 1 July. So there were four petrol price increases in just seven months, and the government said, ‘Oh, the GST will not increase the price of fuel.’

It was only under pressure from the Labor Party, through the petrol price inquiry, and the community at large that the government finally backflipped. That pressure was exerted ultimately through the ballot box in Western Australia, through the ballot box in Queensland and, in anticipation of a defeat in the seat of Ryan in the by-election—in fact a correct anticipation—the government finally backflipped and said, ‘We will no longer go ahead with that increase.’ But it was the politics of panic, not the politics of convic-
tion, because the government does not believe in what it did. Come the next election, if this country were so unfortunate that the government were to be returned, make no mistake, this government would go ahead with the original fuel tax increases that it originally planned and only abandoned under huge community pressure in the lead-up to state elections and now a federal election. The fact is that it still remains the case that, every time you go to the petrol bowser, John Howard is taking back more of the income tax cuts that were provided on 1 July last year. It has gotten to the point already where the income tax cuts have vanished. The budget papers show this. The income tax cuts have been eroded in just one year, but the GST is forever.

What about the other famous promise in relation to fuel? The promise was that the GST would not increase the city-country price differential. They promised that before the last election through a Liberal Party election statement of 6 September 1998 in which they said:

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

Here is yet another example of the government saying and doing anything to save their political bacon. Before the election, they said: ‘Petrol prices will fall after the introduction of the GST, and the city-country differential will narrow.’ Let us have a look at what has actually happened with the city-country differential. The government introduced a fuel sales grants scheme and they said, ‘That’ll do the trick. That’ll narrow the city-country price differential.’ But the Australian Automobile Association has been keeping a careful watch on this and it has confirmed that the city-country price differential has widened under the GST, not narrowed as promised by the Liberal Party before the last election. I quote from a media release of 19 February this year from Lauchlan McIntosh, the Executive Director of the Australian Automobile Association where he said:

We also have concerns about the Country Fuel Grant Scheme. When it was introduced in July it seemed to work well. The gap between average city and country prices fell across Australia but since then it has widened considerably in all States.

So yet another failure of policy and yet another broken promise on the part of this government.

The GST of course is a 10 per cent tax on top of the price at the bowser—therefore it is a discriminatory tax on people living in rural and regional Australia, because everyone knows that the bowser price in country areas is higher than the bowser price in city areas. The GST adds another 10 per cent on top of that. For the first time in Australia’s history, we now have a tax which discriminates against people living in rural and regional Australia. The GST is a tax on distance—a tax that is widening the city-country price differential and a tax that is penalising people who live in rural and regional Australia.

The member for Dunkley, and other speakers, said there are three factors influencing fuel prices. He said the first one is the world price of oil, the second is the exchange rate. The GST publicity that was put out before the last election, and even after it, said that the GST was going to have the effect on the exchange rate and the third is taxation. He is not quite right; there are four—the fourth being market behaviour by the petroleum industry. But let us deal with each of the first three. Yes, world prices have increased. The Labor Party has never denied the obvious, that world oil prices have contributed to higher petrol and diesel prices in Australia. So let us dismiss straight away the suggestion that we have not acknowledged that. Of course we have.

The second factor is the exchange rate. The GST publicity that was put out before the last election, and even after it, said that the GST was going to have the effect on the exchange rate of driving it up. Remember in 1995 when the present Treasurer said that the currency was a mark of a government’s economic credentials, its economic competence—and the government of the day got a fail because the exchange rate was US70c for an Australian dollar. Since the GST has come in, the Australian dollar has fallen against 150 currencies out of a possible 161. It is quite instructive to go through the list of cur-
rencies against which it has depreciated, thereby increasing the price of fuel in Australia. Among those currencies against which the Australian dollar has depreciated are those of Botswana and Swaziland—the very countries the Treasurer is fond of quoting when he says, ‘We are getting rid of this terrible Labor Party tax that is only applied in countries like Botswana and Swaziland and introducing a streamlined new tax system for a new century that, among other things, will lead to an appreciation in the Australian dollar.’ In fact, the Australian dollar has depreciated against 150 out of 161 currencies, including those of Botswana and Swaziland.

I have here the government’s streamlined new tax system for a new century: this is the legislation and the explanatory material associated with the GST and the other measures, and the latest weigh-in has put it at 7.1 kilograms, thicker than three telephone books. This legislation has now been amended, not 50 times, not 100 times, not even 200 times, but 1,800 times. The Treasurer said in January this year, after he came back from holidays, ‘No, no, we’ve got it right now, there will be no need for any further amendments.’ Eighteen hundred times it has been amended—and we are reliably informed that there are more amendments in the pipeline. So much for the streamlined new tax system for a new century that makes life so much simpler for small business.

The Treasurer said on 18 May last year that no small business would go to the wall as a result of the GST. We had the Prime Minister here yesterday again congratulating himself on the smooth implementation of the GST. The Prime Minister, the Treasurer and government members are the only people in Australia who genuinely believe that the GST has been good for small business, that it has been smoothly implemented and that it is a streamlined new tax system for a new century. These people are out of touch. They do not know what is going on in the Australian community. In particular, they do not know what is going on in the small business community.

I am a member of the Labor Party’s BAS inquiry looking into the simplification of the business activity statement. Just last week shadow Treasurer Simon Crean unveiled a proposal we are looking at to simplify the BAS process. It involves provision of a ratio by the tax office based on the experience of small business. Under this proposal for a net GST payable to sales ratio, small business would have the option of simply filling out the BAS in a very short period of time, based on that ratio. But the small business minister comes out and says, ‘We can’t possibly support that. There are problems with that because it could lead to small businesses paying too much tax.’ We have an option under this proposal that small business could avail itself of, and the small business minister says, ‘But they might pay too much tax.’ If they were going to pay too much tax, they would not avail themselves of the option. He does not understand the idea of an option, nor, more fundamentally, does he understand the idea that the GST can be simplified and made fairer. This government says, ‘You cannot make the GST simple.’ This government is saying—to use Jack Nicholson’s words—‘This is as simple as it gets.’ This is Peter Costello’s baby: 7.1 kilograms, 1,800 amendments, thicker than three telephone books.

This government will say and do anything to save its political bacon. It promised that everyone would be better off under the GST. Ten per cent of Australians consider they are better off under the GST. I listened with some interest to the previous address. Ten per cent of Australians consider they are better off under the GST, yet we had the government chortling yesterday, saying: ‘Everything’s fine, the sun is shining, everything is terrific, you don’t know what you are talking about out there. You are all better off under the GST, just like we promised you would be.’ This government is out of touch. It governs for the big end of town. It pits Australians against Australians. It is a divisive government that does not have any idea of the impact of the GST on petrol prices and on the living standards of Australians in general. (Time expired)

Mr CAMERON THOMPSON (Blair) (12.21 p.m.)—I listened with some interest to the previous address. Of course those mem-
bers opposite intend to keep the GST. I thought we were talking about fuel excise today. Indeed, that is the main topic I want to discuss in the debate on the Extract Tariff Amendment Bill (No. 2) 2001. While the member opposite carries on about the GST, his whole intention is to keep it and to add more and more paperwork and to create more and more complexity for business. That is the whole rationale of the ALP in everything they have ever run about. We have had all kinds of inquiries being conducted by the ALP, not in an effort to get to the bottom of serious issues like fuel or the business activity statement but with the intention of creating more and more media comment, more and more confusion in the minds of ordinary people.

Despite the obvious evidence of the statistics that were released yesterday and a range of good economic data reflecting the genuine activity out there in the business community in Australia, they are determined to talk the Australian economy down. And that is why they have a business activity statement inquiry: so that they can walk around and convince as many people as they possibly can that the sky really is falling in and that things really are grim. It really does show, when at the end of it all they intend to keep the GST, just how hypocritical they can get. They intend to plumb new depths of hypocrisy. They want to go as far down that tube as they possibly can. All the evidence shows that it really is starting to wear thin on the average punter out there. People are starting to see that, really, the world has not come to an end. There have been some changes, indeed, and they have been significant changes—and nowhere more than in our treatment of, for example, fuel issues.

I would like to get back to the excise issue and start by talking about the thing that members opposite called a boondoggle. When they were trumpeting on about fuel changes earlier in the year, they were upset over the provision by the Howard government of $1.6 billion—including $1.2 billion to local councils and $400 million to national highways Australia-wide—to go into improved roads for Australians. I have to say I am very thankful for that decision: without that ‘boondoggle’—as members opposite were determined to call it—I would not have received a total of $94 million to go into the road corridor between the Ipswich Motorway and the Warrigo Highway in my electorate. I can tell you that will have a massive impact in that area. The huge pile-ups on the Ipswich Motorway yesterday only go to demonstrate just how very important that money will be. The Labor Party would have denied us that money. They would not have allocated that money. They would not have had it. They said it was a boondoggle; yet we have people being dragged off to hospital and their cars being shunted onto railway tracks in these pile-ups on a section of highway that is in desperate need of repair. Of course, repaired it will be—because of the allocation under the Roads to Recovery program.

What members opposite were trying to say at that time was that there should have been a change in fuel tax allocation instead. Their argument for that—and I thought it was a bizarre type of argument for the ALP to run, because they were arguing it on behalf of the oil companies—was that, because the coalition government was only prepared to give 6.7c a litre on the price of fuel and the cost of the change was 8.2c or around that—6.7c versus 8.2c, or something like that—a difference of 1.5c, they wanted the government to give oil companies something that no other person in business in the whole of Australia had, and that was the full return of the GST, so that they would be the only businesses expected not to make a saving under the GST. That was the whole argument of the Labor Party. Their view was that, unlike every other business in Australia, the oil companies should have got a special deal; they should not have been expected to make the savings that clearly were there for every other Australian business. The oil companies—the ALP’s friends—were the ones that had to get a special deal.

People out there were not happy, just as people all over the world were not happy, about the rises that happened in oil prices as a result of the OPEC price changes. They
were not happy about those changes but they would have been much more unhappy if we had gone down the Labor Party path and had cuddled up to the oil companies. If the oil companies were the sole beneficiaries of a complete exoneration in relation to the need to find those benefits that were being produced by the GST, they would, under the Labor Party, be the only ones given a free ride, the only ones given entree, the only ones with a red carpet laid out before them: ‘If this is what you want, this is what the Labor Party will do for you.’ Obviously, that would not have been acceptable to ordinary people if it had been followed; and it is a joke now for members opposite to hark back to that or to consider that in any way at all.

On another tack, I would like to go back to the issue of this bill in relation to CPI increases. I would like to recall those CPI increases that were such a flavour of the day under the Labor Party. We saw some quite significant increases in fuel excise—driven by the CPI that was so favoured by the Labor Party and was introduced by them. I listened to what the member for Dunkley said, and he talked about an increase, over the Labor Party’s time in government, of 29c per litre. In fact, it was bigger than that: it was a 30.2c per litre increase. You can only come up with a 29c per litre increase if you take the now common unleaded fuel excise price versus the old leaded fuel price. If you take the constant—that is, the leaded—it is in fact an over 30.2c per litre increase that the Labor Party manipulated while they were in government, thanks to the CPI and other ingenious little activities that they conducted to try to ramp up prices as much as they possibly could.

One of things that have been talked about a lot was the l-a-w tax cuts that Labor offered when they were trying to sneak their way back into power in 1993. In fact, we saw changes there: they said they were going to do the tax cuts but, instead, they went in the opposite direction. What we got was an increase, in fuel excise alone, from 26.154c per litre in 1992 to 31.750c per litre in 1994. What is that? That is 5½c per litre that the Labor Party ramped up when they told everybody prior to that election that they were going to give them tax cuts: 5c per litre, something that to the average motorist today would be a huge increase to face—and in those days, given the effect of inflation over that time, even more so. What a thing to inflict upon people—a 5c increase when you had actually promised them a price drop! It smacks of typical ALP arrogance.

Let us look at the CPI increases and talk about them alone. There were 23 CPI increases conducted by the ALP during their time in government over 13 years. If we look at a period in which there was nothing other than CPI increases under the ALP—between December 1987 and August 1993—the fuel price went up by almost 6c a litre over five years, thanks to their constant ratcheting it up through the CPI. This was a lazy government that did not want to come to people every year and say, ‘Hey, guys, we are going to put up your fuel tax.’ They preferred to have it happening automatically, with somebody out in the back room jacking it up, jacking it up, jacking it up, and the price going up and up and motorists suffering as a result.

It is really cute for them now to come here and criticise us, particularly when what we are doing is wiping that out. It is great news for people to see that abolished. It is great news for people to see that abolished. In that period not only did they introduce 23 CPI rises but they whacked people over the head with 14 other rises for things like l-a-w—’We promised you a cut, but we’re going to ramp it up instead.’ Some other comments they made included, ‘Offset lost revenue’—that would be interesting; I wonder what that was— ‘Increase in excise’ and ‘Raise revenue’. Those were the sorts of comments that described their increases—raising revenue was what they were all about.

I did a very interesting calculation. One of the significant changes that has occurred in the interim between those dark old days of Labor government and today has been the High Court ruling that meant that the Commonwealth now collects fuel taxes on behalf of the states. In those days the states had their own taxes. So, at the time that Labor
went out of power, not only did we have a tax on leaded petrol of 35.610c a litre but on top of that we had individual state taxes on fuel all around Australia. The fact is that, if you take off the impact of that, there is less excise being collected today by the Commonwealth than at the time when Labor was in power.

You have to remember that every cent of the GST collections goes to the states. It does not go to the Commonwealth; it goes directly to the states. You also must remember that states did have their own fuel taxes back in the bad old ALP days. There is no doubt, particularly in the light of this decision to get rid of fuel indexation, that when it comes to fuel, motorists in Australia are so much better off with the policies of the coalition government than they ever could possibly have been when they were confronted with continued ratcheting up of fuel prices under the ALP and the other stunts that they conducted in that time.

I said earlier that one of the things that the Labor Party wanted to do was to ensure that the oil companies and not the motorists got the full benefit of 1.5c a litre. What happened in the end was that the Howard government gave 1.5c a litre to the motorist. That was what we were about. At the time that this was going on, when the ALP were trying to confuse the argument, another strange argument emerged from the opposition. The member for Hotham quoted the Prime Minister, Mr Howard, as saying:

*There is no argument between me and anybody—*

and he did not even know who ‘me’ was. He is quoting the wrong ‘me’. He is quoting a guy from another country. They have made total monkeys out of themselves in this whole debate.

This is a big budgetary step that the government has taken on. The cost to the budget of the abolition of excise and customs duty indexation for fuel is $150 million in 2001-02, $425 million in 2002-03, $785 million in 2003-04 and $1.135 billion in 2004-05. Other calculations have been done on it, and I note, for example, that in the *Age* on 2 March 2001 the Director of Access Economics, Chris Richardson, calculated that by 2004-05 the scrapping of indexation and the 1.5c a litre cut would cost the budget up to $2 billion. What that serves to illustrate is the extent of the constraint that will be applied to future governments by this change. Whereas the Labor Party were happy instead to have people in the back room jacking up the tax, providing more and more money into their system and just tickling the taxpayer and dragging money out of them—and that would just go on and ramp up as time went by—the coalition government has opted for a system where the only way you will be able to get those kinds of increases is if you are prepared to front up on budget night and articulate them and say that that is what you are doing.

I think that is very good because that is a real pressure that will apply to governments: they will have to think twice before they go down the track of increasing fuel excise in the future. That is something that motorists in particular will pay this government some credit for; it is something that will pay off over the years to come. Heaven forbid, if there were to be a Labor government, they would have to be prepared, as the member for Dunkley pointed out, to either front up and state the extent of their intended tax rises or to go back to those kinds of dirty tricks of sitting in the back room and cooking up some indexation as time goes by.
In the time remaining to me, I want to make another point that relates to this. It is the point that I spoke about earlier on, the fact that there is now a federal fuel tax that is distributed to the states to replace those old existing taxes that were at the state level. In Queensland, the state that I am from, we did not have a fuel tax, and at the time when this national tax came in it was immediately returned to the motorists in Queensland by the then Borbidge state government. Lo and behold, we now have a Labor government in Queensland and—wouldn’t you believe it—what happened the other day? We had Premier Beattie trying to take that money for his own purposes!

Mr Horne—The other day? It was before the Queensland election.

Mr CAMERON THOMPSON—That is right: it was before the Queensland election. He was trying to take it for himself. He was trying to take it for government purposes and not return it to the motorist. He was trying to put it into the coffers, to put it into consolidated revenue, to spend it on a footbridge. He needed to run the footbridge across the Brisbane River, the footbridge which is turning into an absolute disaster. He needed it for those kinds of profligate policies of the Labor government. He needed to keep those taxpayers being ripped off in the way that the federal Labor government used to do so readily. What happened? He got sussed out by the Commonwealth, and I am quite pleased that in the end he rolled over and he agreed to keep returning that money to the motorist, as he should.

But we have a different situation, for example, in New South Wales. We have the New South Wales government being paid $707 million which it receives from that tax payment. Out of the money collected now by the Commonwealth, it receives $707 million but only returns $47 million to the poor punters who are motorists in that state. So it pockets $660 million, and it has the capacity to return to the motorists of New South Wales a tax cut of 7.2c a litre. Where is it? It is not going to happen: Bob Carr is not going to return it. He is on that Labor agenda of trying to ramp up those taxes as much as possible, in particular fuel taxes.

In Victoria we have something like $507 million being collected but only $38 million being returned to the motorists in that state, those poor long-suffering motorists. The Premier could also provide to motorists in Victoria 6.6c a litre by way of a tax cut. Where is it? He prefers to be like Peter Beattie—he prefers to pocket it. But, unlike Mr Beattie, he has not seen the light. He has not given up; he has not been drawn back kicking and screaming to support motorists, so he is not providing a 6.6c a litre cut. I am very pleased to welcome this Excise Tariff Amendment Bill and the other changes that have been introduced by the coalition government. (Time expired)

Mr HORNE (Paterson) (12.41 p.m.)—Before I start, let me just say I love to be in this House hearing a Queenslander lecture to people from New South Wales and Victoria about how unfair the tax system is in those states. As his state has benefited greatly from the taxes paid by the people in New South Wales and Victoria, he should tread very lightly there.

It is interesting to participate in this debate on the Excise Tariff Amendment Bill (No. 2) 2001. I really think that in brackets after that there should be the word ‘temporary’, because I do not think anyone out there in Australia believes that the Treasurer, who was dragged kicking and screaming to this piece of legislation, has his heart in it. He knows how much this is going to cost the Australian government in revenue, and he knows that this is purely an amendment that is there as a temporary measure—he will get it back. The people of Australia have not been fooled; they are still paying record prices for their fuel despite the cosmetic changes, and this one has not yielded any benefits yet.

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We have the broken promises on petrol related to the GST. Everyone, including the people opposite, has quoted the Prime Minister as saying the price of petrol need not rise because of the GST. The fact is that it did. It did, simply because the sum on 1 July
was to cut back the excise, allow the GST, and there was always a $1.5c gap there. That was picked up by the motorist, of course; it was picked up by the consumer. It was something epitomised in the immortal words of Shane Stone: ‘mean, tricky and not listening.’ That is what this little trick meant. So, after almost 12 months of the people of Australia complaining about fuel prices, this government has still done nothing to give them relief. As a representative of rural and regional Australia, I can say the people that I represent are paying some of the highest prices in Australia. I represent communities that have not seen the price of unleaded petrol below a dollar for at least nine months and probably longer. This government has done nothing to give them relief.

The other thing that has become patently obvious in this debate, according to speakers opposite, is that in the 13 years of Labor government our pricing policy on petrol was so bad that the then opposition members, now government members, hated it! They absolutely loathed it! They could not stand it, and they could not wait to get into government to change it! But we knew what they were going to do: they kept it. Did they bring in a CPI adjustment then? Not one jot. Not one cent of relief did they give. They allowed the CPI adjustment to continue mounting, so much so that this government will go down in history as the recipient of the highest amount of tax through excise on fuel in the history of Australia. I represent communities that have not seen the price of unleaded petrol below a dollar for at least nine months and probably longer. This government has done nothing to give them relief.

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I heard the member for Dunkley, I think it was, saying, ‘Everyone knows what affects the price of fuel: it is the price of crude oil, of course, and the Australian dollar.’ The other factor, of course, is the excise on it or the GST—because now we have two taxes on fuel, courtesy of the Howard-Costello-Anderson government. Members opposite can smile and say, ‘But it is the states that are collecting the GST.’ Regardless of who is collecting it, it is the consumer that is paying it. And the consumer knows that it was legislation in this parliament that increased the cost of fuel directly to them.

But, instead of saying mea culpa, the member for Dunkley very carefully washed his hands and said, ‘We can’t do anything about the price of crude oil.’ Ever since parity pricing came in—I think it was a Treasurer in Malcolm Fraser’s time that introduced parity pricing for crude oil; I am not sure who that was, but it could be the current Prime Minister—we have had that price structured into the price of petrol. Despite the fact that we export about 50 per cent of our crude oil production, Australia still has to pay world parity price. But we will go into that a little later on, because that has also changed.

The other thing is the Australian dollar. Again, the member for Dunkley said, ‘We can’t do anything about that.’ I suggest that we can do something about it. I would suggest that one of the reasons that the Australian dollar has seen historic lows under this government is that there are two factors in its economic policy that have helped the Australian dollar hit the low point in history. That great combination, that great quinella, is: the highest taxing government in Australia’s history—the statistics show that—and also the biggest spending government in Australia’s history. The fact that foreign debt has blown out to an all-time record, in excess of 45 per cent of GDP, is one of the reasons that this government has overseen such a high price for petroleum, because our Australian dollar is so low. All those years ago this government trotted out the foreign debt truck, which I think broke down on its maiden voyage—it is a shame that it did not stay broken down. It certainly reveals the hypocrisy of the government.

There are other matters relating to the price of fuel that this government should wear with dishonour. This is the first government to put a tax on LP gas—that is what the GST legislation did. As a matter of fact, I have a couple of LP gas vehicles of my own,
and I think I represent people in a rural community that understand the value of LP gas. Until 1 July last year, there was certainly a distinct financial advantage in having your car fitted with LP gas. It was a great industry. It cost about $2,000 to have your vehicle converted, but you certainly got a cost advantage once that happened. Prior to 1 July last year, we were probably paying about 36c a litre. Of course, immediately after the GST was introduced, it jumped up. Now we are paying about 59c a litre, and I know many small business people, many people in farming communities I represent and many pensioners who all paid the price to convert their vehicles to LP gas and who now tell me that they wonder whether it is worthwhile running on LP gas. If they see petrol on special when they visit their nearest city, they often fill up with it because they think that it is cheaper. We have killed a home-grown industry in one stroke—just like that. This is the very first government to put a tax on LP gas. It killed a great growth industry at the same time and denied people who were prepared to invest in it access to a cheaper fuel.

The government has also played into the hands of the oil cartel by destroying the LP industry and making it more difficult for people to use LP gas. This piece of legislation is going to do nothing about that. You can bet your bottom dollar that, because this is a long weekend, the price of petrol jumped up yesterday or it will today. Will the piece of legislation we are debating today do anything about that? No. You can bet your life that, on every second Thursday when pensioners get paid, the price of petrol will jump up. Will this piece of legislation do anything about that? Of course it will not. The government does not even pretend that it will, and that shows—what was it that Shane Stone said?—that this government is mean and tricky and not listening. There is no lasting effect in this piece of legislation for the consumers, and the government never intended there to be. It was a knee-jerk reaction at best, because the Australian Labor Party had a committee taking evidence all around Australia. We brought pressure to bear, and Mr Costello, the Treasurer of this country, kicked, screamed, objected and protested but finally decided that the CPI adjustment would be stopped. It will not happen any more; that is the end of it; a moratorium. Temporary though it may be, he wants it back!

But let us go on to regional Australia. As I said, I represent rural and regional Australia, and that is where the pricing policy of this government is hurting most. I have whole communities that have not seen the price of petrol under $1 in over nine months. Many
of the communities I represent are retiree areas; they are communities made up essentially of pensioners. As you know, Mr Deputy Speaker Hollis, in those coastal areas of the mid North Coast of New South Wales, there is no public transport—there is no alternative way of getting around. You have to have your own car.

I did hear the member for Eden-Monaro talking about rebates. I often hear the Deputy Prime Minister also; he loves to come into this House and tell us about the amazing rebates for industry and farmers. Someone should tell the Deputy Prime Minister that the preferred fuel of most rural and regional dwellers is still unleaded petrol because they have a car. They cannot afford the extra for a diesel motor and they certainly are not eligible for a rebate, so they are paying prices around $1.06c in Forster, Tuncurry, Gloucester, Dungog and the places that I represent. They travel the furthest distances when they go to work, when they go shopping or when they go to visit a doctor or a hospital—if they are lucky enough to have one nearby—they travel over the worst roads and they pay the highest prices for petrol. It is the greatest disincentive for people to live in rural and regional Australia that I can imagine, and it has been perpetrated on the people of rural and regional Australia by this government. They claim that they are in coalition with the party that represents rural and regional Australia, but nothing could be further from the truth.

I look forward to the election, whenever it might be, because I know that the people of rural and regional Australia are going to register their protest against this government because of its inaction on fuel prices and because of the constant drain on their savings and on the money that they have to live on. And that money is not being returned to them in any way—in service or in kind. This situation is simply being allowed to run its course by a Prime Minister, a Treasurer and a Deputy Prime Minister who hope that the issue will just go to sleep. It will not go to sleep because people buy petrol a couple of times a week. Every time they buy it they are stung, and they are reminded how much they are stung. They are stung by a government that has received the most in excise of any government in Australia’s history.

In concluding, let me just say that no-one in Australia believes that this legislation is anything more than a temporary measure by this Treasurer. I say that it is temporary—and only history will tell—because this government opposite hated excise increases with CPI so much that for 5½ years they kept excise growing at the highest level that has ever been accepted by any government. You can point to whatever list you like, but in 1996 when you became government you kept excise at the level it was and you allowed it to keep increasing with the CPI twice a year. It took you 5½ years to realise that the people of Australia were fed up with it. If you wanted the excise to go back to the level it was in 1983, it needed only a piece of legislation. You could have cut it. This piece of legislation today could have been designed to reduce excise to whatever level you wanted it to. But you did not.

I suppose there is a certain amount of irony in that in the December quarter we had negative growth. In the first quarter this year we have had a bit of growth, but over the year we will have a two per cent rise in the CPI. But if we had used the December quarter as a base, with negative growth, the CPI would not have been all that grand. There might have been a bit of irony there. You might have been overseeing a negative CPI and a drop. I wonder whether the government would have taken that away from the people too.

There is no doubt that the meanness of this government knows no bounds. This legislation does not yield dividends for people in rural and regional Australia. I certainly look forward to the next six months to see how the people of Australia respond because there is virtually no benefit in this legislation for them.

Mr NAIRN (Eden-Monaro) (1.01 p.m.)—I have heard hypocrisy many times but nothing like that which we just heard from the member for Paterson. I hope he hangs around because I might just fill in many of
the gaps that he very conveniently left out in his contribution to this debate. I very much support the Excise Tariff Amendment Bill (No. 2) 2001 and the Customs Tariff Amendment Bill (No. 3) 2001. The amendments in these bills give effect to the abolition of automatic petroleum fuel excise indexation as announced by the Prime Minister on 1 March 2001. This means that the regular tax hikes introduced by the Labor government in 1983—a government of which Mr Beazley was a member—on fuels, including leaded and unleaded petrol, diesel, aviation fuels and burner fuels such as fuel oil, heating oil and kerosene, will all be axed by the coalition. This is quite something when you look at the axing of Labor’s taxes. This has been one of the biggest of them all.

The other member talked about ‘sneaky’. The indexation that went on through that period was very much that. I will get to that in a minute.

It was under the Labor Party’s automatic indexation introduced in 1983 that petrol excise was raised from 6.2c a litre to an incredible 34.2c a litre by the time that we came into government, a 500 per cent increase. In percentage terms, in 1983 federal and state taxes accounted for 27.6 per cent of the then petrol price, but by March 1996 it was increased to 58.6 per cent. With just about every other tax we always deal in percentages, whether it be capital gains tax, income tax or fringe benefits tax but, for some reason, nobody wants to talk about percentages of tax when it comes to fuel. The Labor Party between 1983 and 1996 increased the tax on fuel from 27.6 per cent up to 58.6 per cent. The percentage now has fallen to 47.2 per cent. The actual percentage of tax on fuel today is lower than it was in 1996 when we came into government. This means that the tax component of the price of petrol has obviously grown at a much slower rate than the price of oil or the price of production.

It is timely, given that we have now heard some of the detail—albeit a minuscule amount of detail—of Beazley’s planned roll-back and the big spend policies, that we pause on how Mr Beazley intends to raise the money to pay for them. I would think it would happen through increased taxes again.

An integral member of his team, the shadow minister for financial services, let it slip when he said:

Look, we’ve got some hard decisions to make over the next couple of months ... we are going to have to make choices between are we going to cut programs, are we going to increase some taxes?

That is something that the proposed minister for financial services should really know—how his team intends to get all the money they plan to spend. Let us all hope that, as a country, we never go back to the situation where the Labor government added $80 billion to Australian government debt in a five-year period. That is the situation Mr Beazley created for the Australian people. There was an incredible waste of money. You had $8 billion a year going out on interest repayments rather than on the many services that the Australian people would like.

One of the tax raising measures of Beazley’s mates last time was to introduce an increase on the petrol tax every six months. That is what this legislation abolishes. The awful thing was that Beazley’s mates did not even stop at increasing the tax every six months. They figured that they were on a pretty good thing by raising taxes on fuel and no-one would really notice. When fuel was down around 60c or 70c a litre they thought that they could get away with this by sneaking a few extra cents in here and there. That is how Labor increased petrol excise 28 times during their time in government from 1983 to 1996. There were 28 tax increases, a great fundraising scheme for the then Labor government.

Let me fill in some of the gaps for the member for Paterson, who tried to make out that there had been some big increase in excise over the last few years. Let us look at the Labor government’s record. In 1987, the indexation whacked up fuel by 1.8c; in 1988, 1.235c; in 1989, 1.622c; in 1990, 1.768c. Why was it so high then? I think it had something to do with inflation. Why was inflation high? It was because they could not manage the economy. Over that 13-year period the rate, on average, was over five per cent per annum. It was not just five per cent
every now and again; it was the average. That means that at times inflation was running at nine and 10 per cent. I remember it well. Being in small business and with costs going through the roof, I remember it very well. It was disastrous, and it was in addition to the 21.75 per cent interest rate that I was paying on my overdraft to keep the business going. I remember that extremely well. Small businesses remember the 21.75 per cent interest rate on the business overdraft. I can assure the Labor Party that we will never forget that interest rate, and every year indexation increased the price of fuel.

In addition to that, Labor thought they would have a couple of extra increases—besides the six-monthly indexation. Immediately after coming to office in 1983, Labor celebrated their win by adding an extra 2½c on the excise tax. In 1986, they added an extra 3c to the tax; in 1993, an extra 3c; and in 1994, an extra 2c. There was a price rise of 10.5c per litre and nobody was given any compensation. The 10½c was in addition to all of the indexation increases. These were just budgetary measures. Labor said, ‘Let’s whack another couple of cents in there.’ I emphasise that this was done without any form of compensation.

The Labor Party have been running around since last year waffling on about compensation for the changes to the tax system, but they sat there, year after year, with huge inflation—the average rate of inflation was over five per cent per annum for a 13-year period—and they never gave anybody compensation. They increased the excise as a result of indexation and, in addition to that, over that 13-year period they whacked in an extra 10½c. That was on top of the indexation. There was not a skerrick of compensation for that. Those two increases after the 1983 election—the 3c and the 2c—followed on from the big campaign in 1993 of ‘no new taxes’.

Not only did they whack up the excise by 5c a litre but they whacked up wholesale sales tax from 10 to 12 per cent and 20 to 22 per cent. They did not even talk about compensation. Now they are wandering around with tears in their eyes, saying, ‘The tax changes have been dreadful for people. It has caused all of these problems and there should be compensation.’ What compensation did they even think about in 1993 when 5c a litre went on, plus the wholesale sales tax? The wholesale sales tax was their hidden tax that people never saw. They whacked it up from 10 to 12 and 20 to 22 per cent. They thought nobody would notice, they thought it would be easy and they would get away with it. They thought it would filter through the prices and nobody would blame them. There was no compensation whatsoever. In addition, they ditched the income tax cuts that they had promised and had put into law, to make sure they would not lose them, but had done nothing about.

Adding the extra 5c after the 1983 election was outrageous. In fact, it was 7c for leaded petrol. Kim Beazley, the then Minister for Finance, was asked about this 5c jump in excise and 7c for leaded petrol and he said that it was a small adjustment. A small adjustment! I remember a great debate going on a few months ago about 1½c. We could pick up the Hansard and again find the great crocodile tears from the Labor Party when they reckoned that there was a 1½c disparity. There they were, back in 1993-94, with 5c, which—according to the now Leader of the Opposition—‘was only a small adjustment’.

The Prime Minister’s announcement of the abolition of automatic petrol indexation came in addition to another tax cut that he announced on the same day—that being the 1½c per litre cut in petrol excise which came into effect on Friday, 2 March. That tax cut was welcomed by residents in my electorate of Eden-Monaro and I thank the Australian Competition and Consumer Commission for ensuring that petrol stations passed on that cut in full. The 2 March cut of 1½c was in addition to the 6.7c cut last year, effective from 1 July. We have seen that 6.7, plus the 1.5, which basically was the compensation for the changes with the taxation system. In effect, over a five-year period there has been a movement of about 3½c in the tax that compared with a 28c movement in taxa-
tion in the 13-year period under Labor. People can easily do the maths on that.

I am the first to admit that there are still some problems with the way in which the whole fuel industry works and the pricing. There is obviously a disparity between country areas and the cities. We have noticed—and it is all documented—that since July last year that gap, in many respects, has narrowed. For instance, in Queanbeyan fuel was always about 5c to 8c dearer than the average price in Sydney. Over the last six to nine months the price of fuel in Queanbeyan has been about the same as the average price in Sydney. When I was in Sydney a month or so ago I noticed that on the very same day the price of fuel differed between 93.9c per litre and $1.09 from one side of Sydney to the other. Obviously competition is working in those places.

Other parts of my electorate prior to July last year had differences often up as high as 15c to 20c on a normal basis. That difference is now down near 10c between various parts of the coastal and mountain areas, compared to average prices in Sydney. People always will compare the highest price somewhere with the lowest price somewhere and say, ‘That is the difference.’ You have to look at averages because, like any product, the prices do change. People can go into Woolworths stores and Coles stores, look at baked beans and all sorts of things and find differing prices on different days and in different shops. But fuel is out there on the street and people see it all the time, so it is something that is more apparent.

There is a very practical and equitable way in which we can narrow that gap between city and country. The New South Wales government could do it tomorrow. The New South Wales government takes a bit over 8c a litre. It does not happen in Queensland, and that is why, when people from my electorate holiday in Queensland, they come back and say, ‘How come the price of fuel in Queensland is so cheap?’ It is because there is no 8c a litre in what is effectively a state tax in Queensland. They give it back. That came after the High Court ruled state taxes on fuel to be illegal. The New South Wales government does not give it back in the way that the Queensland government does.

I am not actually asking them to give all of that back in one hit. In my electorate, there is no public transport. Public transport in New South Wales, and I assume in other states, does not run at a profit. I think that every public transport system in Australia runs at a loss. Therefore it is subsidised by the taxpayer. The public transport system in New South Wales is subsidised by the taxpayer right throughout New South Wales. The suggestion I have made to the New South Wales government, though I did not get any reaction, is that, if they gave back that full 8c a litre, that would drop the price of fuel in country areas and right across the board by about 8c a litre. Then they could reapply a transport levy for those areas that benefit from public transport. Because the greatest volumes will be sold in the city areas, that would probably change the price of fuel in the city areas by only 1c or maybe 2c a litre from the current price—at the most. You would change that difference by between about 7c and 10c a litre. That would be equitable. That would be absolutely equitable, because the people who can use the public transport system are the people who are in New South Wales—Newcastle, Sydney, Wollongong—or, more particularly, in North Sydney, South Sydney, West Sydney, which I think is what New South Wales has been standing for over the last couple of years, particularly with the Olympics. It would be very equitable for them to pay maybe 1c or 2c a litre more, and we would knock 8c a litre off the price of fuel in country areas. Country people are subsidising a public transport system that they cannot access. There is no train line down through my electorate, I am afraid. It comes as far as Queanbeyan and Canberra, and that is it. There is no train line down the coast; there is no train line through the mountains.

Mr Horne—Who cut the line to Cooma?

Mr NAIRN—There has never been a train line down the coast. I think it stops in the electorate of the member for Throsby,
who is currently in the chair. We do not have access to that. It is a very practical, equitable and sensible way to make a difference in that sense. I call on the New South Wales government to use that power to be able to do that. We cannot do it at a federal level, because we have to treat all states and areas the same. Some states, like Queensland—

**Mr Horne**—You love new taxes; you are suggesting another one.

**Mr Nairn**—No, not new taxes at all; a change in the way in which the taxation is applied so that the people who benefit from public transport pay it rather than the people out in the country who cannot benefit from it and so they can get some relief. It is very equitable. It is only pride that would stop the New South Wales government from carrying out such a sensible idea. I call on them to do that.

I finish by strongly encouraging the New South Wales government to make that sort of move. We have made a very positive, strong move in reducing the excise and getting rid of Labor’s six-monthly indexation, the indexation that saw the fuel excise go from 6c a litre to over 28c a litre in a 13-year period. We have abolished that. The soundings from the Labor Party indicate that, if they were ever re-elected, they would have it back in in a flash. They loved it when they were there. It was an absolute cash cow. There was six-monthly increase after six-monthly increase because of high inflation. They also whacked it up on four other occasions over 10c a litre. They are the ones who have put that huge excise in there. We have now stopped that growth in that excise by abandoning the indexation. The people of my electorate welcome that, but they call on the New South Wales government now to do their bit by giving back some of their tax and making it more equitable for the taxpayers of New South Wales, particularly the taxpayers of rural and regional New South Wales and those in the electorate of Eden-Monaro.

**Mr Cox (Kingston)** (1.20 p.m.)—The Prime Minister, Mr Howard, made a solemn promise to the Australian people when he unveiled his new tax agenda. He said:

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

He made that promise in his address to the nation on 13 August 1998 when he was launching the GST. Those were not words said in haste on some radio program or in an off-the-cuff speech; they were carefully considered words coming in a prepared text intended to explain the government’s reasons for introducing the GST. He spoke for only a few minutes, and we can be sure that what the Prime Minister said was designed to reassure voters who five years before had rejected a GST at a general election. He very clearly picked the issues that he knew those voters would be most sensitive about, and petrol was one of those.

Two weeks later, after a massive taxpayer funded advertising campaign designed to reinforce those words, the Prime Minister called an election. More than $20 million of taxpayers’ money had been misappropriated in the intervening couple of weeks for a propaganda campaign designed to convey two messages: the first that a GST would be good for the country; the second that everyone would be better off. Two years down the track, we have had a GST for almost a year and we know that neither of those propositions is true.

One of the areas where it has been demonstrated to be least true was that of petrol prices and petrol taxes. Australians very quickly found out that the words ‘The GST will not increase the price of petrol for the ordinary motorist’ were a lie. They had been lied to and, for many, their votes had been obtained on a false promise. The legislation we are dealing with today, the Excise Tariff Amendment Bill (No. 2) 2001, is nothing more than the government’s attempt to undo the damage and buy back votes for the forthcoming election.

The government has already backed down and cut the petrol excise by 1.5c per litre, effectively handing back the February excise indexation adjustment. The bill we are dealing with today ends the process of automatic fuel excise indexation. The government is doing that because it does not want to face
the reaction to another tax induced increase in petrol prices in August before it goes to the polls.

The Labor Party has seen it as one of its principal roles to try to make the government keep its promises. We are supporting this bill because it will stop the government imposing another excise increase, which would further feed the GST petrol price spiral. In the last year, that price spiral has included three discrete increases in petrol excise, plus the GST on rising fuel prices. If excise indexation had remained, then the six per cent inflation induced by the GST and the falling exchange rate would have fed further rounds of fuel excise and GST petrol tax increases.

I will go through the petrol hikes we have had in the last year. The first one occurred on 1 July, which was the day the GST came into effect. On that day, the government had what it called the strike price for its formula for compensating people for the extra GST that was going to go on their fuel and for the adjustment in the fuel excise. The strike price was 90c. At that rate, the government should have reduced petrol excise by 8.2c, but it reduced petrol excise only by 6.7c. That was a 1.5c increase. What the government said at the time was that there were going to be efficiencies and savings worth 1.5c per litre to the oil industry. Those certainly have not materialised. They were not going to materialise in any quick time, and if they do materialise it will be over a great number of years. So, in the intervening period, the government said, ‘Thank you very much, we will have an extra increase in petrol tax of 1.5c.’

The second increase was the August 2000 indexation of fuel excise. Petrol tax then went up by 0.637c per litre. The third increase was the GST on the price of fuel, which by that time was rising quite sharply from the 90c strike price in the capital cities. That, of course, is an amount of one-eleventh of every extra cent in the price per litre of petrol above 90c. The fourth tax hike is the February 2001 excise indexation adjustment, which was 1.525c per litre. In March, the government backed down on that and cut the excise by 1.5c. It was not quite all of the February indexation increase, but it was nearly all of it.

The effect of those combined increases is a number of cents per litre, depending on where the price of petrol is, because of the effect of the GST. At 90c per litre people are now paying an extra 2.2c in fuel tax. When petrol rises to 95c they are paying an extra 2.6c in petrol tax, over and above what they were paying before the GST. At $1—and certainly in my electorate petrol prices are frequently around $1—they are paying an extra 3.1c. At $1.05 they are paying an extra 6.3c, at $1.10 they are paying an extra 4.4c. I imagine that it will not be very long before the member for the Northern Territory comes into the House and tells people how much extra they are paying at around $1.40 and $1.80 in some remote locations.

The government’s backdown in March was in the face of two things. One of them was the Labor Party’s petrol price inquiry, which had been running by that stage for a number of months. I was a member of that, as were the member for Rankin, Senator Cook and the member for Hunter. We had been touring the regional areas of Australia and hearing absolute horror stories about what rising fuel prices were doing to consumers, to business, to people on low incomes, to farmers, to fishermen and to miners. All over the country, the stories were absolutely horrendous, and the government was totally unresponsive. It pretended that there was not a problem. The Prime Minister even pretended that he had kept his promise.

The Prime Minister’s interpretation of his promise was that on the day that the GST came in, the price of petrol did not shift substantially in major cities. It is very easy for the oil companies to adjust their discounts and market their petrol at any particular price that they choose, so that was not an amazing revelation. They would have been pretty enthusiastic to do that on this day, because they knew that the ACCC was monitoring it. Even the independent resellers would have been very cautious, because they knew that
the ACCC was monitoring it and that the government was threatening that $10 million penalties would be applied to anybody who was seen to be exploiting the price situation on account of the GST. So they proceeded very cautiously.

But, obviously, in the situation where petrol prices were rising rapidly because of the OECD shut-in of production and because of our rapidly declining exchange rate, those cost increases had to be passed on to consumers, and with those cost increases an increase in GST had to be paid and, therefore, an increase in fuel taxes. Therefore, there was a complete negation of the Prime Minister’s promise that the GST would not increase the price of petrol for the ordinary motorist.

I think most people in our community were fairly grievously hurt. People in outer metropolitan areas and near country areas such as those in my electorate of Kingston were particularly badly affected. There are an awful lot of people who live a long way from town because that is the area where they can afford to buy a house, and they have to commute a long way to work. While it may not worry the Prime Minister and it may not worry the residents of affluent inner city areas very much, it worries people in outer metropolitan areas who might have to drive 50 kilometres or 80 kilometres in round trips every day—not necessarily in fuel efficient cars, because they cannot afford them—to go to work and back. It has certainly made a very dramatic impact on the living standards of those people, and it brought home to them very quickly the fact that the GST had not been good for them.

The thing that really made the government change its view about this was that it lost a couple of state elections in very quick succession, and the Liberal Party had obviously done a large number of polls in the course of those elections and knew what was on people’s minds. And one of the things that were foremost in people’s minds in both of those state elections was that they were paying very high prices for petrol and their standard of living was suffering quite markedly.

Before the February fuel excise indexation adjustment, our committee produced an interim report to put pressure on the government, recommending that that adjustment not be proceeded with. The government ignored that recommendation, but within a month and a half it had had these two traumatic electoral experiences, and it decided that perhaps we had been right after all. That gave us some small satisfaction, but I do not think it gave a great deal of satisfaction to a lot of people in our constituencies who have been suffering a fairly diminished standard of living since the GST came in.

There are a couple of other issues I want to talk about, because the inquiry met with a lot of people over the course of those few months and they had some quite serious concerns about the way fuel prices were affecting them. Their concerns related to diesel fuel and to LPG. The price of LPG has gone up very dramatically because of the change in international oil prices and also because for the first time LPG has got an indirect tax on it: the GST.

The transport industry has been particularly badly affected by the increase in the price of diesel. In fact, it has been stunned
that the relativity between petrol and diesel has reversed for the first time, and diesel is more expensive than petrol. The reason for that is that Australia is part of the Asian market. The Asian market is a market that is dominated not by petrol as a transport fuel but by diesel. The shutting in of OPEC production changed the production ratios in Asian refineries and, in terms of our petrol and diesel prices, we are linked to the Singapore price. With a shortage of diesel being produced in our region, the price of diesel went up relative to the price of petrol, and we had this aberrant situation—in terms of the long haul of our transport history—where diesel was for the first substantial time more expensive than petrol.

We have also had a big increase in the price of LPG. This has really hurt people in outer metropolitan areas. The preferred choice of car, by necessity, of low income people in my electorate is a large six-cylinder car which is 10 to 20 years old—and is therefore cheap—which has had an LPG conversion. People have relied on those sorts of vehicles as an economical form of transport. At the end of last year they were suffering very substantial hikes in the price of LPG. The reason for the hike in the price of LPG was that OPEC producers shut in production. When they shut in oil production, they also shut in LPG production. LPG is fairly widely used in Europe for heating and other industrial purposes and, with a shortage of it, the price went up fairly dramatically. Of course, here in Australia that price is linked to the Saudi contract price which is set every month. When the Saudi contract price goes up, in Australia the GST goes up and people relying on that mode of transport suffer.

We also received submissions from people who were of the belief that we could control the price of fuel in Australia by determining at what rate it would be sold after it was produced here. Those people were well aware that we have a reasonable level of self-sufficiency in petroleum production—although not total self-sufficiency. What I think they were not aware of was that, while we have relative self-sufficiency, it is not actually in the fuels that we use. A very large quantity of the petroleum products that we produce are liquid natural gas, and we do not have a capacity to use that readily as an alternative, as a transport fuel or as a heating fuel, because we cannot get it here in our large capital cities. It does not go into cars readily. It is an interesting alternative fuel that is becoming important, but it is not a direct alternative. It is actually sold under long-term contracts around Asia, it is sold under contracts at a relativity with oil and it is sold for very long periods. Under those contracts there is a tail at each end, particularly in the case of the Japanese ones after the OPEC oil shocks, which stops there being a really dramatic fluctuation in the prices that are paid when there is an upward or downward adjustment, but it is basically sold at parity prices.

Mr LAWLER (Parkes) (1.40 p.m.)—It is a pleasure for me to stand up here and speak on the Excise Tariff Amendment Bill (No. 2) 2001 this afternoon, and especially to respond to some of the meaningless rhetoric that is coming from speakers on the other side. I believe they are either confused or purposely misleading people. I have found it astounding that previous speakers have talked about the price of diesel fuel. This government brought in the diesel fuel rebate for the transport industry, which means that, despite high world oil prices, our transport operators are paying 24c a litre less today than they would be paying if the opposition were in government. The opposition opposed the 24c a litre reduction in diesel fuel excise, so how can any of them stand up here in this place and carry on about the price of fuel? We all acknowledge it is harmful to our society, we all acknowledge that it is doing particular damage to people in rural and regional areas who pay a high price—there is no escaping that—but to stand up in here and cry crocodile tears and pretend they have concerns about fuel prices for people in regional and rural areas is wasting everybody’s time—even the time of the people who are recording their words.

Let us stay on diesel. If those opposite genuinely believe in what they are saying,
they can march straight over to the Senate so we can extend—as was the government’s policy—the diesel fuel rebate for off-road users. This was the government’s policy. Because the opposition would not support it, the government had to deal with the Democrats and dramatically hose down the cuts to diesel excise that this government wanted to give to transport operators and heavy machinery operators off-road.

I would like to outline why fuel is of such great importance and why its cost is of such great importance to residents in my part of the world. Many members here, and people listening, may or may not know that to drive from Forbes on one side of my electorate to Tibooburra on the other takes about 10 or 12 hours. Obviously there is a great deal of fuel use. Some of our farmers who, for example, are in horticulture in Bourke and need to access markets in Sydney drive for about nine to 12 hours depending on the truck and the load. Our producers in Menindee who have to take their gear to Broken Hill, Adelaide or Victoria are on the road for about six to eight hours. People accessing medical services from Wanaaring who have to travel to Dubbo have a five- or six-hour drive. People who live in Lake Cargelligo or Condobolin have to travel to Orange, Griffith or Wagga to access medical, legal or financial services. The list goes on. Fuel prices in the electorate of Parkes, as in any area of country Australia, are critical to our lifestyle and to our cost of living. In Wilcannia, for example, the cost of fuel is about 20 to 30 per cent higher than in many places in the states. I found it interesting that the member for Paterson boasted of having the worst roads and the highest fuel prices—around Foster, I believe. I would like him to take a leaf from my book that he will not find among the pages of the books of many of his citicentric mates: he should come out and have a look at my part of the world. I note that the member for Northern Territory is here, and I am sure he will have some horror stories—as will the member for Leichhardt, of course.

The poor people who travel these roads and spend many hours travelling to access basic education, schools, health and legal services are well aware—and certainly I am well aware—of the impact of the cost of fuel on their lives. They are willing to put up with travelling on gravel roads, but they are really irked about paying something like 120c a litre for fuel in some areas. As I said, they put up with travelling on gravel roads. On a recent electorate visit, I left Dubbo and went out to Cobar. From the time I left Cobar and visited Ivanhoe, Wilcannia and White Cliffs, went out to Tibooburra and then Wanaaring and back to Bourke, I had driven for approximately four days. In those four days I spent approximately one hour on a sealed road. These people are very welcoming of the government’s $1.2 billion Roads to Recovery package because it will deliver some meaningful improvements to their roads. By and large they put up with the standard of their roads, but they cannot put up with the price that they pay for fuel. Despite the rhetoric, those opposite have no idea of the importance—or the majority of those opposite, I should say, in deference to the member for the Northern Territory—and no idea of the impact that the price of fuel has on people’s lives.

I will talk briefly about the state government and the contribution that they may make. Again we hear from the Labor Party about the rhetoric that comes from the state government. As everybody knows, and despite how you twist the words around, the federal government collects the fuel tax on behalf of the state government, which used to collect it, and passes it directly to that state. In New South Wales, if the government wanted to match their rhetoric with action, they could drop the price of fuel by 7c or 8c a litre tomorrow—if that were their wish and it were on their list of spending priorities.

It was interesting to listen to the member for Eden-Monaro talking about his plan, whereby the New South Wales government could give back the 8c a litre to motorists throughout New South Wales and then reapply a user charge to people who live in the cities who have access to public transport. That might mean a cost to those who live in the cities of 1c or 2c a litre, but it would mean they would be paying for their public
transport, and not country people subsidising the cost of public transport. It would also serve to narrow to a more acceptable level the difference between the cost of fuel in the country and in the city.

Where do we get automatic indexation from? It does not take Einstein to look back through the history books. The Hawke Labor government introduced indexation in 1983. From the time that it was introduced in 1983 to the time the Keating government was thrown out of government in 1996, the excise on fuel had increased from 6c a litre to 36c a litre. I hark back to my comments earlier about the rhetoric that is being thrown around by those on the other side and their concern about the higher price of fuel. Again, they purposely confuse the argument when they talk about the impact of GST on the price of fuel and the impact of high world oil prices.

If any party should be embarrassed to stand up in here and talk about the excise on fuel, it should be the party that presided over the increase in excise from 6c to 36c a litre. Excise increase was not confined to automatic indexation. On several occasions the government just decided to increase it. Incidentally, this was at a time when the government was presiding over an economy that was growing. It was also a government that was selling off assets. As well as taking the opportunity to increase fuel indexation, selling off assets and presiding over a growing economy, where tax collection was higher anyway, it still managed to go into deficit after deficit after deficit.

A previous speaker in this debate stood up and said, 'If this government believes so strongly that the indexation should not be in place, why didn't it knock it off five years ago?' There is a very simple explanation for that. When this government came into office in 1996, the country's books were in a horrible mess. There was $96 billion worth of debt owed by the government and, therefore, by the taxpayers of this country. Clearly, if any family overspends year after year—if they spend more than they earn—at some point they have to take steps to redress that. In 1996, when this government came into office, the books were $10 billion short of what the present Leader of the Opposition had led the people to believe. Quite clearly, the ability of an incoming government to slash taxes was extremely limited.

Here we are, 5½ years later, and the nation's books are in far better shape than they were in 1996. We only need to look at yesterday's growth figures to note that. We are able to deliver on things like abolishing the automatic indexation of fuel excise. While we are on the topic, I wonder whether the member for Paterson has done a bit of a Senator Conroy. I note that in his speech he referred to this abolition as being 'a temporary measure'. I wonder whether this is a sign to us that the abolition of automatic indexation is regarded as being a temporary measure. Can we take that as confirmation that this is what the Labor Party are going to target when and if they come back into government—that they are going to reintroduce the automatic indexation?

Earlier this year when the Prime Minister announced that the abolition of indexation was going to take place, he also announced that there would be an inquiry into fuel prices in general. From my point of view, that was one of the most critical announcements at that time. The terms of reference, I understand, have been sent to industry for comment and those comments have now been received—contrary to what one of the previous speakers said. From my point of view—rightly or wrongly—I do not believe it makes a hell of a lot of sense in a country as sparsely populated as ours to have such a reliance on fuel tax for consolidated revenue. Obviously it is not as simple as saying, 'Okay, we are going to slash the tax on fuel by 20c a litre.' There are many things to take into account. We have environmental constraints, and I am aware of and sympathetic to those. Of course, we also have revenue constraints which determine our actions.

I welcome the inquiry into fuel taxation. Many people in the community believe that the tax they pay on fuel should be for related spending: spending on roads, bridges, infra-
structure projects, alternative fuel research, renewable fuels, solar power, new energy cells, better engines—that type of thing. If we examined our current spending on alternative fuel research and all that sort of thing and married it to how much we take from fuel excise, we could see whether it is possible to change our approach to fuel taxation. I think the community accept that fuel tax is necessary, but they believe that it should be used for related purposes. That would mean hypothecation, which is something that I think is viewed unfavourably on both the government and the opposition sides, but hypothecation brings a certain amount of discipline to governments. The community will welcome this inquiry.

It is very hard to discipline Labor governments; I will admit that. They have shown in the past that they have no problem in increasing excise on a whim. But, because of the abolition of automatic indexation, now it will be that much harder for them to do. There will be a certain amount of scrutiny by those opposite if and when the Labor Party win government, and certainly there will be a lot of scrutiny by the public.

I reiterate: I urge members opposite not to cry crocodile tears about the price of fuel. They were instrumental in increasing fuel prices to what they are now. They were important prime movers in getting the excise from 6c to 36c a litre during their time in government. It is easy to stand up and say, ‘If you believe the indexation should have been abolished, you should have done it in 1996.’ Clearly there were other concerns then. The nation’s books have been brought back into order. The government now has the ability to do things like that, and the other measures that were announced in the budget. I look forward to the results of the inquiry into fuel tax. I hope that we get some sensible recommendations.

I would like to think that in the future governments from both sides of politics will take into account the impact on people who live in rural and regional areas of the price of fuel, how it is critical to their lifestyle, to their access to health and education services. There is no doubt in my mind that the government is the one that understands the situation. Members of the National Party are entirely based in rural and regional Australia. They have no direct contact with city members. Our party, our side of government, recognises the importance of fuel to our people. In the future, if ever there is a Labor government, mark my words and mark the words of the member for Paterson—this abolition is a temporary measure in the opposition’s eyes. We will see what happens when and if the opposition ever gets back into government.

Mr SNOWDON (Northern Territory) (1.55 p.m.)—I am pleased to be able to speak in this debate on the Excise Tariff Amendment Bill (No. 2) 2001 and the Customs Tariff Amendment Bill (No. 3) 2001. I have before me, as an illustration, two containers. The one on my right holds the amount of fuel that can be bought for $1 in the Prime Minister’s electorate, in the suburb of North Ryde. The one on my left holds the amount of fuel that can be bought within the community of Milikapiti for the same dollar. So this is a dollar of fuel in Milikapiti—roughly half.

Mr DEPUTY SPEAKER (Mr Nehl)—Before you continue, I would like you to assure the House that the liquid in the two containers—there is no need to show them again—is not of a flammable nature.

Mr SNOWDON—My friend has offered to drink it.

Mr DEPUTY SPEAKER—I do not know his habits of drinking; I would just like you to assure the House that it is not flammable.

Mr SNOWDON—My friend has offered to drink it.

Mr DEPUTY SPEAKER—I do not know his habits of drinking; I would just like you to assure the House that it is not flammable.

Mr SNOWDON—I assure the House, and I will drink it if you—

Mr DEPUTY SPEAKER—I do not require you to take that risk. But you might now remove them from your desk. You have made your point.

Mr SNOWDON—You can see, Mr Deputy Speaker, this is a fair illustration of the difference in the cost of fuel between...
Milikapiti in the Northern Territory and the suburb of North Ryde in the Prime Minister’s own electorate of Bennelong. The price of fuel today is 94.9c a litre in North Ryde, whereas at Milikapiti it is $1.80 a litre. We need to understand that, whilst this legislation deals with the issue of fuel excise, what it does not do is deal with the extra tax which people in the bush are paying as a result of the GST. Let me give you an example. The extra tax paid by the residents of North Ryde, if they purchase petrol in North Ryde, is 2.61c in GST. If you live in Milikapiti you are paying 10.37c in GST. So if you live in Milikapiti you are paying 397 per cent more tax—extra tax—as a result of the GST. As I showed you, Mr Deputy Speaker, it is very clear from my graphic illustration that the amount of fuel that can be bought for $1 in Milikapiti is half the amount of fuel that can be bought for $1 in the Prime Minister’s own electorate. The people of Milikapiti pay 397 per cent more in extra GST on that same litre of fuel than the people of North Ryde.

What else do we know about the people of North Ryde? We know that the people of North Ryde have high average weekly incomes. We know that the people in Milikapiti have very low average weekly incomes. These people are amongst the poorest people in Australia. The price of a loaf of bread in Milikapiti today is $2.80. You can ask the residents of North Ryde what the cost of a loaf of bread is in North Ryde—

Mr Tuckey—They must have a lousy member of parliament; he doesn’t do much for them, does he?

Mr SNOWDON—I am rather pleased that the Leader of the Opposition asked that question, because it illustrates that, if you fail with a fear campaign, I suppose you have got to turn to something else. What the Leader of the Opposition has done over the last three months is try and undermine the confidence of the Australian community, he has tried to talk down the Australian economy and he has trashed the national interest in the name of his own political interests. Having done that, he is now grabbing hold of this totally dishonest and false argument about savings.

Mr Crean—Quote figures.

Mr HOWARD—I am rather pleased that the Leader of the Opposition asked that question, because it illustrates that, if you fail with a fear campaign, I suppose you have got to turn to something else. What the Leader of the Opposition has done over the last three months is try and undermine the confidence of the Australian community, he has tried to talk down the Australian economy and he has trashed the national interest in the name of his own political interests. Having done that, he is now grabbing hold of this totally dishonest and false argument about savings.

Mr Crean—Oh, go on—
Mr SPEAKER—The Deputy Leader of the Opposition has an obligation to exercise the same courtesy to the Prime Minister as I expect to be shown to him.

Mr HOWARD—How on earth can anybody who was a record builder of government debt claim respectability in relation to savings? It is a great example of the arsonist claiming respectability as a firefighter. The reality is that aggregate national savings in the Australian community are now higher than they were when the former government left office. What the Leader of the Opposition has done, in his typically dishonest and discriminate way, is grab hold of one narrow element of savings and extrapolate that to the whole economy. But when you actually analyse gross national savings—that is, in both the public and the private sectors—they have in fact risen from 18.2 per cent of GDP in 1995-96 to 19.1 per cent of GDP in the March quarter of 2000. Why didn’t the Leader of the Opposition say that last night? Why didn’t the Leader of the Opposition say that when he asked his question?

Indeed, why didn’t the Deputy Leader of the Opposition say that when he was on the AM program this morning? If ever there were somebody on the run in relation to a logical answer, it was the Deputy Leader of the Opposition on the AM program. It is unbelievable for a person who was a senior minister in a government that left us with $96 billion—not $96 million, not $960,000 but $96 billion—of government debt to come into the House and say, ‘We are worried about savings.’ He was not worried about savings when he ran the nation into debt when he was the finance minister; just as he was not worried about the national interest when he tried to talk the Australian economy into recession after the December quarter national accounts came down. This morning the Deputy Leader of the Opposition said, ‘They have not only run down household savings; they have run down national savings.’ That is what the Deputy Leader of the Opposition—

Mr Crean interjecting—

Mr HOWARD—I have got it here, mate: you have ‘run down national savings’. You go from 18.2 per cent to 19.1 per cent, and that is running down national savings! I suppose you would say that if you think it is acceptable to run up $96 billion of government debt and then proudly say, ‘Gee, we ran a good economy; we were concerned about savings; we were concerned about families.’

Let me say something about families. Families today are enjoying the lowest interest rates for more than 30 years. Australian families are paying $300 on average a month less for their mortgage than they were paying in March 1996 and about $600 a month less than they were paying when your handiwork in government reached its peak—when interest rates went to 17 per cent. The three great legacies of Labor’s last term in office were 17 per cent interest rates, $96 billion of government debt and almost 11 per cent unemployment when the Leader of the Opposition was minister for employment. You tried to talk down the Australian economy and you trashed the national interest in the hope of gaining a short-term partisan political advantage. Now that you have been exposed, you are grabbing hold of some shonky dishonest argument about savings that is totally destroyed by any proper analysis of the figures.

Howard Government: Expenditure

Mr BILLSON (2.07 p.m.)—After that informative answer, my question is also to the Prime Minister. Has the Prime Minister’s attention been drawn to claims that the government is engaging in irresponsible spending? Are these claims correct, Prime Minister?

Mr HOWARD—I have to say that the AM program really surpassed all of my expectations this morning.

Mr Anderson—It was a corker.

Mr HOWARD—It was an absolute corker. I am profoundly indebted to the ABC for running that program this morning. I am not always, as you know, an unconditional admirer of everything in news and current affairs at the ABC, but this morning they did the nation a service: they allowed the Deputy
Leader of the Opposition to talk uninterrupted. We mined a very rich lode: not only did we get the latest version of Simon Crean on how to increase national savings by going into debt but also we got this extraordinary performance from the Deputy Leader of the Opposition complaining about government spending. That is not bad from a senior minister in a government that left us with $96 billion of government debt.

We ought to analyse this. In the general what they say is, ‘The government’s spending money,’ but when you actually analyse what the government is spending money on you do not hear the Labor Party say, ‘We wouldn’t have done that; we’d spend the money on something else.’ No, indeed. What you actually hear in relation to many of these things is the Labor Party saying, ‘They should have spent more.’ You have got an enormous problem when you are a political opportunist, because what happens is that you keep bumping into the argument you used yesterday. That basically is what happened to the member for Hotham this morning. He said, ‘They have been spending all of this money.’

Let me just go through some of the things that they have been spending money on and in relation to each item let us find out whether they are in favour of it or against it—yes or no. I think the Australian people want their politics straight, don’t they? Let us see.

Government members—Yes!

Mr HOWARD—Righto. Let us start with local roads. One of the things that we are spending is $1.6 million on roads. Is the opposition in favour of that—yes or no?

Opposition members interjecting—

Mr SPEAKER—The Deputy Leader of the Opposition and the Manager of Opposition Business!

Mr HOWARD—Come on: let’s hear from him. In December the government announced a plan to increase defence spending. I suppose that is irresponsible, is it? Is the opposition in favour of that—yes or no?

Opposition members interjecting—

Mr HOWARD—a cacophony of opportunism!

Mr Downer—It’s yes and no.

Mr HOWARD—Yes and no—plus a couple of free submarines into the bargain! Then we have the Natural Heritage Trust, an injection of $1 billion over five years—yes or no?

Mr Crean—The pork barrel.

Mr Beazley interjecting—

Mr HOWARD—Pork-barrelling, is it? Oh, shocking! And I suppose, when you fly over all of the salinity problems when flying from Perth to Canberra, you think tackling Australia’s salinity problems is pork-barrelling. If the people of Western Australia knew that the Leader of the Opposition opposes spending money fixing the salinity problem, they would not think he was representing the interests of the state in which he was born.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition!

Mr HOWARD—Western Australia has a enormous salinity problem—

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition!

Mr HOWARD—and it has taken a coalition government—

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition will not defy the chair!

Mr Leo McLeay—One rule for one.

Mr Charles interjecting—

Mr SPEAKER—I warn the Chief Opposition Whip.

Mr McMullan—Mr Speaker, I raise a point of order. I want to know on what basis you consider in the course of all of that hubbub that has been generated by the Prime Minister there are only four people to whom you thought you needed to draw attention:
me, the Deputy Leader of the Opposition, the Leader of the Opposition—

Mr SPEAKER—The Manager of Opposition Business will resume his seat. The Manager of Opposition Business does not have a point of order.

Mr McMullan—I would like to know the answer to the question.

Mr SPEAKER—The Manager of Opposition Business may wish to know the answer to the question. He knows there are other facilities of the House and not in fact a point of order.

Mr McMullan—House of Representatives Practice does require—

Mr SPEAKER—The Manager of Opposition Business will resume his seat.

Mr McMullan—Tell the truth!

Mr SPEAKER—There is an obligation on every member of this House, as the standing orders clearly provide, particularly standing order 55, for them to allow members to be heard without interruption. There was far too much noise from both sides of the chamber while the Prime Minister was on his feet.

Mrs Crosio interjecting—

Mr SPEAKER—The member for Prospect!

Mrs Crosio—I wasn’t—

Mr SPEAKER—The member for Prospect!

Mrs Crosio—Excuse me!

Mr SPEAKER—The member for Prospect is warned.

Mrs Crosio—You can’t even talk—

Mr SPEAKER—The member for Prospect will excuse herself from the House under the provisions of standing order 304A.

The member for Prospect then left the chamber.

Mr O’Keefe—Mr Speaker, I raise a point of order. I do not believe there is anything in the standing orders that provides for the Speaker to eject someone from the chamber who is conducting a private conversation with the person sitting next to her.

Mr SPEAKER—I appreciate the sentiments in which the member for Burke has raised that point but, as every member of the House is aware, there is an obligation on every member of the House when the occupier of the chair is addressing the House to be silent. The member for Prospect in fact, unwittingly perhaps, abused that, and I warned her. It was her subsequent action that resulted in my intervention.

Mr HOWARD—I would move on to the role of science and technology in the Australian community. We have heard a lot from the opposition about science and technology, we have heard a lot from the opposition in relation to innovation; and we have actually heard the opposition saying that we ought to spend more money, not less. That is what they have been saying. When I brought out Backing Australia’s Ability in January, the response of the opposition was that we should be spending more. So I would say to those opposite: if they presume to criticise the $3 billion that we committed in the Backing Australia’s Ability program to expenditure on innovation and on science and technology, if they are saying that that is a spending spree, let them go out to the scientists of Australia and say where they are going to cut our committed expenditure on science.

The day of accounting has got to come. You cannot have it both ways: you cannot run around in general and say, ‘Oh, this is outrageous, they are spending money,’ and then go to the particular community in a narrowcasting way and say, ‘Oh, look, vote for us and we’ll spend a lot more.’ You cannot get away with that. You have got to be consistent. The reality is that we have committed in this budget additional expenditure on roads, on defence, on the environment, on salinity and on science and technology. Another one is the $600 million over four years in fighting foot-and-mouth disease. Is the Labor Party opposed to that? Do you want to put our rural industries at risk by winding that money back? The Deputy Leader of the Opposition shakes his head. The Leader of the Opposition will now rise on a point of order. Are you going to come clean and tell
the Australian public exactly where you stand?

Mr SPEAKER—Prime Minister.

Mr Beazley—Mr Speaker, my point of order goes to—

Mr Crean—You are so grubby that you could never get clean.

Mr SPEAKER—The Deputy Leader of the Opposition is not only defying the chair but denying the Leader of the Opposition the right to a call.

Mr Beazley—Mr Speaker, my point of order goes to the Prime Minister’s answer. He asks me a series of questions, which I would love to answer but standing orders for question time mean that I am not in the position to get up and say how we would slash money to category 1 schools, slash money for consultancies—

Mr SPEAKER—The Leader of the Opposition will resume his seat. The Leader of the Opposition is aware of the fact that that was not a valid point of order. He is equally aware of the fact that the practice of asking rhetorical questions, while not favoured by the chair, has been exercised by other ministers in other parliaments in answering questions, and for that reason I did not intervene.

Mr HOWARD—This budget commits $600 million over a period of four years to fight foot-and-mouth disease. Apparently, that is part of the spending splurge that the Deputy Leader of the Opposition was attacking this morning. It also commits $900 million to high priority health initiatives, including the prevention and management of diabetes, asthma and cervical cancer. Presumably, that is part of the spending splurge that the government is irresponsibly embarked upon! We have been able to commit additional resources to these areas of high national priority that have the unconditional and indisputable support of the great bulk of the Australian community because we have got Australia’s economic house in order. There is a vast difference between spending money by going into deficit and spending money while still remaining in surplus. I know that the concept of spending money and maintaining a balanced budget is beyond the comprehension of the Leader of the Opposition, because when he was finance minister he certainly did not practice that art; in fact, he ran up deficits that contributed to the $96 billion of government debt we inherited in March 1996.

We have committed the resources of the budget of the Commonwealth to high priority things which are important to all of the Australian people. Every last dollar of the expenditure I have mentioned in this answer is necessary and in the long-term interests of the Australian community. Those who argue that that is irresponsible have the obligation to tell the Australian people which areas that they will cut.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon a former President of the Senate, the Hon. Kerry Sibraa. On behalf of all members of the parliament, may I extend to him a very warm welcome.

Honourable members—Hear, hear!

Mr SPEAKER—May I, while I have this opportunity, also inform the House that we have present in the gallery this afternoon members of a delegation from Vietnam led by Mr Nguyen Ba Thanh, Chairman of the Danang People’s Committee. On behalf of the House, I extend to our Vietnamese guests a very warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Goods and Services Tax: Small Business

Mr CREAN (2.20 p.m.)—My question is to the Prime Minister and I refer to his claim today that the GST has now been put behind us. What do you say to the small businessman from Cairns who emailed me:

I listened in disbelief today as both the Treasurer and the Prime Minister crowed about the booming economy. I’ve just experienced my worst March quarter in the nine years I have been in business. The quarter was the worst in real and in adjusted terms.

Mr Ross Cameron interjecting—
Mr SPEAKER—If the member for Parramatta has a particular concern, there is a form for addressing the House. He will otherwise remain silent.

Mr Ross Cameron—Mr Speaker, on a point of order: standing order 142, direct quotes of third parties, contravenes the standing orders. A question like this is not an opportunity merely to ventilate the arguments advanced by others.

Mr SPEAKER—I would remind the member for Parramatta that the Deputy Leader of the Opposition had in fact preceded his quote with a question. That is why I had not interrupted. Clearly, I would be offended if the quote were to be particularly lengthy one. I am sure he is also aware of that.

Mr CREAN—I will continue with the quote:
Most business owners in this city—Cairns—have experienced similar results. The antics of the most senior members of the government today are an absolute disgrace.

Prime Minister, do you really believe that struggling Australian small businesses think that the GST is behind them?

Mr HOWARD—In answer to the Deputy Leader of the Opposition, I would say a number of things. Firstly, I would like him to send me a copy of the email. I will then write to this person and say a number of things in that answer. I will remind this person of what interest rates were like when you mob were last in office, I will remind this person of the company tax rate under this government—I do not know whether this gentleman’s or lady’s business operates as a sole trading enterprise or as a corporation; if it operates as a corporation, then its company tax rate will have fallen from 36 cents to 30 cents in the dollar under this government—I will remind this person of benefits that are available to many small businesses, not all of them in Queensland because not all of the financial institution duties apply in Queensland; and I will remind this person, if he happens to operate as a sole trader and not as a corporation, that he has the advantage of a halving effectively of the capital gains tax.

I will point out to him that the March quarter accounts showed a rise of two per cent in the profit margins of small operations in Australia. If he has a work force of any consequence, I will remind him that, under this government, industrial relations have been made simpler and easier and that there is far greater flexibility at the workplace. I will point out that, if the experience of his staff has been the same as the generality of Australian workers, those staff have enjoyed significant rises in their real incomes and are in fact, in common with other wage and salary earners who are buying a home, increasingly better off because of our lower interest rates.

As to the individual circumstances of a particular business, naturally I am in no position to make a judgment about the individual circumstances of the 900,000 to a million small businesses in Australia. I can make judgments about the generality of the circumstances. They are living in a lower interest rate environment, they are living in a lower tax environment, they are living in a better industrial relations environment and they are living in an environment of rising consumer confidence, despite the worst attempts of the opposition to talk the economy down. And the last thing I would say as I reply to this person is, ‘If you want to experience a lift in your confidence and spirits, don’t write to the Deputy Leader of the Opposition.’

Economy: National Accounts

Mr GEORGIOU (2.25 p.m.)—My question is addressed to the Treasurer. Has the Treasurer seen comments on the future prospects for economic growth in Australia and the implications of yesterday’s national accounts? Would he advise the House of these comments?

Mr COSTELLO—I thank the honourable member for Kooyong for his question. I think I can say to him that practically everybody who commented on yesterday’s national accounts welcomed the fact that the Australian economy grew at 1.1 per cent in
the March quarter. As far as I am aware, the only people who were disappointed yesterday were spokesmen for the Australian Labor Party. Even the ACTU welcomed yesterday’s growth figures, but the Labor Party first of all went AWOL when the member for Hotham could not bring himself to go on the *World Today* and then spent the next 24 hours trying to find some dark side to the national accounts and went on the ABC this morning and made the totally false claim that national savings had been run down. He said on *AM* this morning that national savings had been run down. It was totally false.

The opposition have been unable to welcome good news for the Australian economy because they have decided that it is in their political interests to have bad news for the Australian economy. Shame on them! They would put their own party-partisan political interests in front of the true welfare of the people of Australia. The true welfare of the people of Australia lies in a strong economy with a good tax system. This is consistent with a group of opportunists who make mutually inconsistent claims when they think it suits them. Let us have a look at some of the claims they have now made in relation to the economy and the tax system. On 2 August 2000 the Leader of the Opposition said this:

> These interest rate rises ... have one set of vital origins—GST.

That is what he said on 2 August. On 8 February 2001 he said:

> … these interest rate cuts are a direct result of the government’s GST.

So on 2 August 2000 GST was causing an interest rate rise, and on 8 February 2001 GST was causing an interest rate cut. On 3 February 2000 he said that the tax package:

> ... runs the risk of refuelling consumption and overheating the economy.

But on 7 March he said:

> The GST did not mug the economy; it king hit it.

So on 3 February 2000 it is refuelling and overheating; by 7 March, it is mugging and king hitting. Which one is it?

Mr Beazley—Both.

Mr COSTELLO—‘Both,’ he says. It puts up interest rates and it brings them down, it overheats and then it king hits. On 14 March he goes at it irresponsibly and says:

This is an Australian home grown recession. That is totally false, totally irresponsible and totally partisan. The next day he came out—listen to this—and said:

I’ve now shifted my position to: I hope there won’t be a recession.

Every time you think you have heard the biggest opportunist in Australian politics, along comes the Deputy Leader of the Opposition. In one of those classic interviews on the ABC this morning about the GST—we are now in the mode where the GST has mugged the economy, notwithstanding a 1.1 per cent increase in the March quarter—he was asked this:

> There’s been a big jump in services growth. You’re in a sector that had no indirect taxes before but which now has a 10 per cent GST—wouldn’t you expect to see a sign there if it was mugging the economy?

He said this:

> Don’t you think that if people are forced to pay 10 per cent more to the government that growth should happen? I mean, a sector that had no tax in it and people having to pay 10 per cent additional on everything, you’d expect it to grow, wouldn’t you?

No, your answer is that you would expect it to fall, actually. Your position is that, if you have mugged it with a 10 per cent tax, you would expect it to fall. But, of course, when it actually grows, you would expect it to grow—that is, unless it was falling. You would expect it to put up interest rates—that is, unless it put them down again. You would expect it to overheat the economy—that is, unless it king-hit it. This is an opposition which is wandering around the political landscape, which has no position on anything, relying on a soft press not to pick up its position. But at the end of the day it knows not where it is going—it does not have the wit or the policy to take a position on anything.
Goods and Services Tax: Unemployment

Ms KERNOT (2.31 p.m.)—My question is to the Prime Minister. I refer to his claim today that the GST has now been put behind us, and his 1998 claim that:

I don’t believe there will be short-term job losses from the introduction of the GST.

Prime Minister, don’t Australia’s jobless figures today show that unemployment has risen from 6.1 per cent to 6.9 per cent since the introduction of the GST, and that there are 84,000 more Australians out of work?

Prime Minister, do you believe that the tens of thousands of Australians who have lost their jobs since July last year agree with you that the GST is behind them?

Mr HOWARD—I think comparison of unemployment figures is always useful in the context of the Australian political debate. If my memory serves me correctly, when this government came to office unemployment was running at a rate of 8.7 per cent. It had peaked just under 11 per cent on the new measure—11.2 per cent on the old measure—under the stewardship of you know who, who was in charge of things then. I am very proud of the fact, can I say to the member for Dickson, that under this government more than 800,000 new jobs have been created. There are 800,000 more jobs in the Australian economy as a result of the policies of this government. We have also seen significant falls in the rate of youth unemployment, and we have seen very significant improvements in the position of the long-term unemployed. We have also seen the introduction of a number of programs, particularly through Work for the Dole, which has been very successful.

I interpolate here that I read in the press this morning that the New Zealand Labour government has decided to abandon work for the dole. I am not surprised to read that because when Labor governments get into office, no matter what they have said about work for the dole when they were in opposition, when they get their hands on the levers of government, they decide to abandon it.

Unemployment remains too high in this country. I would never argue that the job in relation to employment is ever done. The reality is, though, that unemployment now is significantly lower than it was when this government came to office, and nothing that the member for Dickson can say alters that unassailable fact.

Ms Kernot—Mr Speaker, I raise a point of order.

Mr SPEAKER—May I first inquire as to whether the Prime Minister has concluded his answer?

Mr Howard—Yes.

Mr SPEAKER—He has concluded his answer.

Roads to Recovery Program

Mr NAIRN (2.35 p.m.)—My question is addressed to the Deputy Prime Minister and Minister for Transport and Regional Services. Would the minister advise the House as to the progress of the successful Roads to Recovery program in delivering benefits to communities in my electorate of Eden-Monaro and in rural and regional Australia?

Mr ANDERSON—I thank the honourable member for his question. I know that he is seeing the benefit of many of those very projects that are being funded under Roads to Recovery in his own electorate. This program was announced in November last year. It is an additional $1.2 billion for local roads, around $850 million of which will be spent in the regions. It underscores, of course, a very deep commitment by the Liberal-National government to rural and regional areas.

I noted that the PM made the comment that there were three essential hallmarks of the ALP’s abysmal performance in government: $96 billion worth of public sector debt, record interest rates and 11 per cent unemployment. They came together in a way which led to a fourth hallmark, and that was dying regions, dying regions with a real shortage of basic services, the loss of mobile phone coverage, a shortage of doctors—GPs and specialists—and nurses, and collapsing road infrastructure. We are seriously addressing those problems.
One of the things I want to draw to the attention of the House with this very successful program is the flexibility of the program. In March I announced that the government would speed up Roads to Recovery payments to local governments wanting to get on with projects that involved large up-front costs. Today I am delighted to announce that I have approved a second round of accelerated payments totalling $46 million to assist 98 councils across Australia to complete important road projects as quickly as possible. They range from the sealing of dangerously inadequate dirt roads right through to kerbing and guttering in flood prone regions. In fact, there are now 3,000 projects up and running under this program across Australia, involving 480 councils.

This is a program that the Leader of the Opposition initially described as a boondoggle. They then decided that it was not worth continuing. They have now got to the point where we do not know where they stand on it but, worse than that, we do not know where the states stand on it either. Far from increasing their funding for local and regional roads to dovetail with what we are doing, to really accelerate this important infrastructure program across Australia, we now find that in Queensland, despite the Prime Minister writing to each of the state premiers urging them to commit themselves to this program and to not undercut it by reducing their own expenditure, the Queensland minister will not make that same commitment. Not only do we have the federal Labor Party refusing to commit to this valuable program but we have the states refusing to increase expenditure. The state Labor Party in Victoria I think spends $14 million or $15 million a year—it is in that sort of bracket; that is the level of their commitment. While we put in $1.2 billion, they spend around $14 million or $15 million—no increase. In Queensland, we have a refusal to commit to maintaining the program.

While I am on that, there was an earlier question about a small businessman in Cairns. I just happened to be in Cairns recently. I know the Prime Minister would welcome me adding to some comments he made. The basis of the economy up there is sugar, bananas and tourism. All of those three industries face real challenges. It is not the Labor government in Queensland that is helping them address those challenges, it is not members oppose—it is us. Regarding tourism, we have been working with Warren Entsch and a task force to try and get more international tourists in through Cairns airport. Regarding bananas, my colleague the Minister for Agriculture, Fisheries and Forestry is working to help them cope with black sigatoka, a very serious threat to that industry. Regarding sugar, we have the work of the sugar task force and we have the sugar package securing the future of that industry.

Mr Speaker—The Deputy Prime Minister will come back to the matter of roads.

Mr Anderson—it reflects again our commitment to rural and regional Australia, which is simply not matched in rhetoric, let alone in action, by the ALP.

Goods and Services Tax: Unemployment

Mr Swan (2.40 p.m.)—My question without notice is directed to the Minister for Community Services. I refer to the Prime Minister’s claim today that the GST has now been put behind us. Minister, can you confirm that in the four months to February this year there was a massive 60 per cent increase in the number of people applying for unemployment benefits compared with the same period last year? Minister, do you believe that the 125,000 extra Australians lining up to apply for Newstart think the GST is behind them?

Mr Anthony—If you look at the Labor Party’s record, unemployment was up to 11 per cent and we have reduced it now to under seven per cent. The proof of the pudding is there, in new jobs. It is just outrageous that the member for Lilley is proud of the Labor Party’s record on employment generation when it was absolutely woeful, and it was most woeful under the stewardship of the Leader of the Opposition.

Mr Swan—Mr Speaker, I seek leave to table answer to Senate question No. 3503 on applications for Newstart.
Leave granted.

Mr SPEAKER—The Prime Minister has drawn my attention to the fact that he believes a microphone may not be operating as it should be. We will see at the next ministerial response whether or not it can be heard.

Tax Reform: Charities

Mr BARRESI (2.42 p.m.)—My question is addressed to the Treasurer. Would the Treasurer explain to the House how charities will benefit from the government’s reforms as part of the new tax system?

Mr COSTELLO—I thank the honourable member for Deakin for his question. I can inform the House that as part of taxation reform Australian charities, such as schools, church groups, welfare organisations and registered charities are entitled to refunds of any excess imputation credits on any share or trust dividends they receive. There would be many charitable trusts that have investments in shares and those shares pay franked dividends. Those charitable trusts are not subject to tax, so where franked dividends are paid they have not been able to use the tax paid—they have no tax liability to set it off against—and, as a consequence, have borne a taxation liability for which they were not liable.

The government has introduced the refunding of excess imputation credits so that those charities which do not have a tax liability can claim back the full amount of the tax on franked dividends. It is expected that this will deliver an additional $50 million to the charities of Australia in tax reductions. The Australian Taxation Office is sending out kits now to 42,000 organisations that may be eligible to claim these refunds on imputation credits. To apply for the refunds, they need to complete a form in the kit that is being mailed out, rather than filing a tax return. Of course the refunding of excess imputation credits is not just available to charities and tax exempts; it is also available to taxpayers.

In the past there have been numbers of people on low tax rates, particularly pensioners, who may have some Telstra shares or Commonwealth Bank shares which pay franked dividends and were paying them at 36 per cent, even though those taxpayers did not have a marginal rate of 36 per cent—they might have only been on 20 per cent, and so they were paying 16 per cent more tax on those dividends than they needed to. As a result of this government’s reforms, they can now claim back the excess imputation credits: they do not have to pay on those dividends a higher tax rate than their personal tax liability. It means for older Australians and pensioners that the value of their dividends and their investments is increased. That is just one of the things that was done as part of tax reform. It was never introduced previously; it was never available under any other government. It of course is being funded by the new taxation arrangements. And we ought to ask the question: if the Labor Party is going to roll back the revenue base and increase spending and run bigger surpluses, what is the future with tax benefits like these? Every tax benefit like these is at risk.

The reason why the Labor Party of course will not come clean on their roll-back policy is that they do not want to tell the public of Australia which taxes they are going to put up to pay for it. In fact, we had an extraordinary situation at the National Press Club about a week ago when the Deputy Leader of the Opposition said that he was going to set up a committee to advise him on roll-back after the election—after the election! They have been going on about roll-back for—what is it?—four years, I think. They still cannot announce any of it. And now he wants the chance to announce it after the election. Well, come clean with the people of Australia. Stop running away. Be honest and have the courage to put your policies out to the public so they can assess them.

Defence Force Retirees: Pension Indexation

Mr EDWARDS (2.46 p.m.)—I address a question to the Minister for Veterans’ Affairs. Minister, why, on budget night, when you were promising to index Commonwealth superannuation pensions, did you fail to make clear that 53,000 Defence Force retir-
ees would be ineligible? Minister, isn’t this just another example of a group of people who have had to read the fine print to find out they have been dudged by you?

Mr BRUCE SCOTT—The honourable member may not be aware, but there is a review, entitled the Nunn review, into military remuneration, which includes superannuation entitlements. That review, under General Nunn, will be reporting by the middle of August. We thought it was appropriate, as remuneration for Defence Force personnel includes retirement benefits, that it would be considered as part of that review. We expect to have that review in our hands by the end of August. That is the appropriate course.

Let me also say that those who are on retirement benefits as former members of the Australian Defence Force will in fact have those retirement benefits increased by six per cent on 1 July this year. So let us not have any of this misleading humbug coming from the other side of the House.

Employment and Unemployment: Young People

Mr NEVILLE (2.48 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Minister, would you inform the House of the latest employment figures and what steps the government has taken to preserve the jobs of young Australians? Would you also advise what threats exist to the continued reduction in youth unemployment? Are there any alternative policies in this area?

Mr ABBOTT—I thank the member for Hinkler for his question. I am sure the members on this side of the House will be pleased to know that the latest ABS figures show that full-time employment, part-time employment and the participation rates are all at near record levels. Today’s figures show that trend employment, at 9,149,000, is at an all-time high. What they suggest is that this government’s changes to workplace relations and to employment services mean that, at any given level of economic activity, the unemployment level is now significantly lower than it has been in the recent past. This is very good news for Australia, but it is very bad news for the Australian Labor Party, which is constantly finding fault with our country. Unemployment can never go too high for the economic vultures on the other side of the House. For months they have been trying to psych Australia into a recession, and it just has not worked. But what they have shown over the last few months in what they have said about the Australian economy is that they are guilty of little short of economic treason against Australia.

I am pleased to say that youth unemployment, at just 5.2 per cent of the teenage population, is now one-third lower than its peak, when the Leader of the Opposition was minister for employment.

Ms Kernot interjecting—

Mr SPEAKER—The member for Dickson!

Mr ABBOTT—One of the reasons why youth employment is strong is that this government has successfully passed youth wages legislation. Let me give credit where it is due. That legislation was passed with the support of the member for Brisbane.

Ms Kernot interjecting—

Mr SPEAKER—The member for Dickson!

Mr ABBOTT—It was one of the very rare acts of statesmanship from this opposition.

Mr Bevis—Did you amend the bill?

Mr ABBOTT—The Labor Party have been gunning for the member for Brisbane—

Mr SPEAKER—The member for Brisbane!

Mr ABBOTT—ever since. They have never forgiven him for this act of statesmanship.

Mr Bevis—Did you amend the bill?

Mr SPEAKER—I warn the member for Brisbane!

Mr ABBOTT—In fact, according to today’s Financial Review:

“Arch is squealing like a stuffed pig about to be ...

Ms Kernot interjecting—
Mr SPEAKER—The minister will resume his seat. I warn the member for Dickson!

Mr Martin Ferguson—You’d know all about stuffed pigs from the seminary.

Mr SPEAKER—I warn the member for Batman!

Mr McMullan—Mr Speaker, my point of order is of course relating to relevance. It is bad enough that we have to put up with this fellow throwing around words like—

Mr SPEAKER—The Manager of Opposition Business will resume his seat.

Mr McMullan—No, no; I am serious.

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

Mr McMullan—I am. He was throwing around words like ‘treason’, which was not, I did not think, relevant; but he has now gone on to something that is obviously irrelevant, which is the quote that he is seeking to put in from the Australian Financial Review and which does not relate in any way to the question that he was asked.

Mr SPEAKER—I noted the Minister for Foreign Affairs has a point of order.

Mr Downer—Mr Speaker, I think the—

Mr O’Keefe interjecting—

Mr SPEAKER—The member for Burke!

Mr Downer—is he still a member?

Mr SPEAKER—The minister will resume his seat. The Manager of Opposition Business has raised a point of order on relevance. I will listen closely to the quote being used by the minister. The minister was asked a question about employment figures and their impact on young Australians, and about alternative policies—as I recall. The Treasurer has a point of order.

Mr Costello—Mr Speaker, there was a comment made by way of interjection from the member for Batman, one which was crude and offensive and which was heard on this side of the House and I would ask you to ask him to withdraw.

Mr SPEAKER—If the member for Batman made a remark that was not in fact appropriate in the parliament, I ask him to withdraw.

Mr Martin Ferguson—I withdraw, Mr Speaker.

Mr SPEAKER—I thank the member for Batman.

Mr ABBOTT—The sad truth is that members of the Labor Party have been gunning for the member for Brisbane ever since his act of statesmanship—

Opposition members interjecting—

Mr SPEAKER—I am listening to the minister’s reply.

Mr ABBOTT—ever since the member for Brisbane did the courageous thing and supported the government’s legislation on youth wages. He has most recently upset the AWU faction of the ALP and as a result of this the paper says today:

“Arch is squealing like a stuffed pig about to be lowered into a vat of hot oil,”

Mr SPEAKER—I am not being assisted by members on my left. I am listening to the minister and am having difficulty hearing him.

Mr ABBOTT—it seems that the only way the member—

Mr SPEAKER—The minister will resume his seat.

Mr McMullan—My point of order is relevance, Mr Speaker. I understand that you may not be able to hear, but we all can; and what he is reading is in no way relevant to the question, nor even attempting to be. It is no more relevant than his accusation—

Mr SPEAKER—The Manager of Opposition Business will resume his seat. I am listening to the minister’s reply. I am not being aided by those, principally on my left in response to the minister, who are in fact drowning out his answer.

Mr ABBOTT—The payback for the member for Brisbane for supporting the government’s policies on youth wages is, according to one Queensland party source last night:
“Arch is squealing like a stuffed pig about to be lowered into a vat of hot oil,”

What that means is that, if Arch is going to save his preselection, he has to appeal to—  

Mr SPEAKER—The minister will resume his seat. While I was prepared to hear him out of the matter of youth wages and on the support that the member for Brisbane had given him, there is no way that the member for Brisbane’s preselection has any bearing on the question.

Mr Crean interjecting—

Mr SPEAKER—I warn the Deputy Leader of the Opposition!

Mr Downer interjecting—

Government member interjecting—

Mr Bevis—You haven’t even got a Liberal candidate against the union.

Mr SPEAKER—The member for Brisbane, who had already been warned, will excuse himself from the House under the provisions of 304A.

Mr Beazley—You have been interjected upon by that side of the House for the last 10 minutes.

Mr SPEAKER—The Leader of the Opposition understands perfectly well what the standing orders require. The member for Perth has the call.

The member for Brisbane then left the chamber.

Member for Farrer: Federation Fund

Mr STEPHEN SMITH (2.57 p.m.)—My question is to the Minister for the Arts and the Centenary of Federation, representing the Minister for Communications, Information Technology and the Arts. Minister, are you aware that your representative in the Senate, Senator Alston, yesterday in a Senate estimates committee dismissed the member for Farrer’s claim, ‘I wondered what would have happened in the election campaign if we did not have the pork-barrelling of the Federation Fund to give it a bit of spice,’ describing the member for Farrer as ‘an outsider ... not a decision maker’. Can you confirm that the then Deputy Prime Minister, Mr Fischer, was a member of the committee of ministers, operating under the authority of cabinet, which considered applications for funding under the Federation Fund and made recommendations to cabinet? Minister, who is right: Senator Alston or the member for Farrer?

Mr McGauran—I thank the honourable member for his question. What a great program it was. The Federation Fund has created jobs and conferred lasting benefits of a very concrete kind on communities across the nation.

Mr Snowdon interjecting—

Mr SPEAKER—I warn the member for the Northern Territory!

Mr McGauran—It was an integral part of a legacy from the Centenary of Federation for generations to come, and it is a program and fund that should be supported by all members of the House. I know that my electorate has benefited from it, as have a large number of Labor Party electorates—so much so that the Auditor-General has examined the Federation Cultural and Heritage Projects program and has found that it was fairly, equally and in a balanced way administered and that the coalition held 63.5 per cent of the seats in the House of Representatives at the time of its distribution and were allocated 61.7 per cent of the projects—below our representation, Labor held 33.1 per cent of the seats and was allocated 31.7 per cent of projects, and the Independents held 3.4 per cent of the seats and were allocated 6.6 per cent of projects.

Mr SPEAKER—The minister will resume his seat. That was an abuse of the standing orders. The minister has the call.

Mr McGauran—What we have found is that this fund in its different aspects has created jobs, developed infrastructure and
stimulated economic activity, particularly in rural and regional Australia. In regard to the alleged comments of the member for Farrer associated with the publication and promotion of his excellent biography, they have been taken somewhat out of context, as I am sure he would be the first to say. It is gripping reading—

Mr Costello—Yes. I am reading it.

Mr McGauran—You are reading it and you have found it to be interesting. You are learning a lot about how government operates and how distinguished a career he has had in the parliament. There is no doubt whatsoever that the Federation Fund was of great benefit to all Australians, wherever they lived, whoever represented them.

Mr Stephen Smith—I am seeking leave to table papers. The minister referred to alleged comments of the minister. I seek leave to table pages 295 and 301 from the book, The Boy from Boree Creek, which prove the comment, and I also seek leave—

Mr Speaker—I am indicating to the House that it is quite evident that you will be tabling extracts from a book written by the member for Farrer.

Mr Stephen Smith—And other papers, Mr Speaker, which you will not allow me to identify.

Mr Speaker—If there are other papers, I would be grateful to the member for Perth for indicating that, because what he had indicated thus far, as the Hansard record will show, was that he was tabling excerpts from the book.

Mr Stephen Smith—If you were to have given me the opportunity, I would have already done so. I now do so. I also seek leave, Mr Speaker, to table an extract from Hansard, 11 May 1999, providing an answer from the Prime Minister detailing the detailed involvement of the member for Farrer in the administration of the Federation Fund.

Honourable members interjecting—

Mr Speaker—When the House has come to order, is leave granted?

Leave not granted.

Rural and Regional Australia: Initiatives for Young People

Mr St Clair (3.03 p.m.)—My question is addressed to the Minister for Agriculture, Fisheries and Forestry. What is the government doing to encourage young people in rural and regional Australia to take leading roles in the primary industry sector? How are these initiatives assisting tomorrow’s leaders gain the skills and experience needed to ensure our agricultural sectors have a positive future?

Mr Truss—Obviously, the future of rural and regional Australia is very much de-
pendent upon having an effective range of well-equipped and skilled young people to provide leadership roles. That is vital for country communities and it is vital for rural industries. It is certainly important that we build on the skills and the talents of the many very able young people who live and work in country Australia. This government has announced a range of initiatives to assist young people in agriculture, particularly those in the age range from about 18 to 35 who have chosen to take up a career in agriculture or the fisheries and forestry industries. Amongst the initiatives that the government will be funding are a number of leadership training courses. I am pleased to inform the House that we have present in the gallery today the 40 members of the first rural young leaders training course.

Honourable members—Hear, hear!

Mr TRUSS—They include Leanne Kelly from the honourable member’s electorate, Michael Duff from my own electorate and, indeed, representatives from many of the regional—

Mr Howard—Is there anybody from Bennelong?

Mr TRUSS—I am sorry, Prime Minister, it is not a rural electorate, so there is not anybody from your electorate, but I would be more than delighted to choose somebody from your electorate to participate in a program of this nature. These are the people who, as a result of the leadership training course that they are participating in this week and other initiatives involved in this program, will be leading the farm organisations of Australia in the future. Many of them may be occupying seats in this chamber, coming down from the gallery and playing a leadership role also in government. We wish them well in this course. That is only a part of the program. There will also be opportunities to participate in director training courses, to be involved with the young people as clients strategy and grants to youth organisations and to participate in study programs—all key elements in developing the skills available in rural and regional Australia.

This is one of the initiatives that is included in the Agriculture Advancing Australia program—an $830 million initiative funded by this government and one which is already playing a very important role in rural and regional Australia. When you look around at Labor leaders and deputy leaders complaining about government expenditure, you have to actually ask this question: will this program survive a Labor government? We know it is very hard indeed to find any Labor government at state or federal level in history that has not slashed programs in rural and regional Australia.

Yesterday we had the opposition spokesman for agriculture, who is not even present in the chamber at the moment, making his response to the budget speech. He did not even mention agriculture in his entire speech—no policy, no indications of expenditure initiatives. We have to indeed be concerned about what is going to happen in relation to rural expenditure should Labor ever be in government. Vital programs like encouraging young people in rural industries are certainly at risk if Labor were ever to come into office. The coalition is committed to helping young people in rural areas. We are doing something about it, and of course Labor have never done anything about it when they have had the opportunity.

Defence Force Retirees: Pension Indexation

Mr LAURIE FERGUSON (3.08 p.m.)—My question is directed to the Minister for Veterans’ Affairs. I refer to your previous answer relating to the indexation of Defence Force retirees pensions and the reference that this is being ‘dealt with’ by the Nunn review. Isn’t it true that the terms of reference for this inquiry contain no reference whatsoever to defence service pensions? Why did you attempt to mislead the Defence Force retirees?

Mr BRUCE SCOTT—My answer before was entirely relevant because the Nunn review is reviewing Defence Force remuneration, which includes superannuation. Unfortunately it is a little bit hard for the opposition member to understand that, when you
look at Defence Force remuneration, it includes superannuation retirement benefits. Apparently he just does not understand that.

Mr Beazley—On a point of order, Mr Speaker: the question relates to the existing retirees of our defence forces—

Mr Speaker—I would be grateful to the Leader of the Opposition if he would indicate what issue he is raising.

Mr Beazley—The standing order, Mr Speaker, is relevance. The question is not about the scheme, it is about the retirees—

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

Mr Beazley—it is to do with them.

Mr Speaker—The Leader of the Opposition will resume his seat. The minister was asked a question about retiree pensions and benefits for servicemen, and he has referred to that in his answer extensively.

Mr BRUCE SCOTT—The retirement benefits for members who have retired from the Defence Force are all part of the Nunn review. If, given what the Treasurer announced in the budget papers on budget night in relation to CPI increases that will apply to the Public Service, the opposition is suggesting that members of the Defence Force are public servants in uniform and should have been linked to that same announcement, that is something that this side of the House rejects. Our Defence Force personnel are very special people and that is why we, through the Nunn review, looking at their remuneration and their retirement benefits, I repeat for the benefit of the opposition that on 1 July this year, 2001, those who have retired and are drawing superannuation benefits will get the normal CPI increase which was due to them, which is six per cent.

Let us not have any more of this humbug from the other side of the House, and I hope that the opposition spokesman on these affairs can do better in terms of policy development than he did at the Labor conference in Hobart last year—

Mr Speaker—The minister—

Mr BRUCE SCOTT—when he was seen and photographed outside the conference—

Mr Speaker—Minister, unless the matter—

Mr BRUCE SCOTT—contemplating—

Mr Speaker—The minister—

Mr BRUCE SCOTT—Defence Force retirement benefits policy. Mr Speaker, that is the opposition!

Mr Howard interjecting—

Mr Speaker—The Prime Minister! The minister has the call; I was merely asking the Prime Minister not to interrupt him. Has the minister concluded his answer?

Mr BRUCE SCOTT—Mr Speaker, we expect to have the Nunn review details before us by the end of August, and at that time the government will be considering the appropriate way that we address retirement benefits and Defence Force remuneration.

Mr Speaker—the member for Reid.

Mr Laurie Ferguson—I seek to table the terms of reference of the Nunn inquiry.

Government members interjecting—

Mr Laurie Ferguson—are you telling us what it says?

Mr Speaker—The member for Reid is seeking the leave of the chair?

Mr Laurie Ferguson—I seek to table the terms of reference of the Nunn inquiry.

Government members interjecting—

Mr Laurie Ferguson—are you telling us what it says?

Mr Speaker—the member for Reid! I need to ask: is leave granted?

Mr Reith—No.

Mr Speaker—Leave is not granted.

Rural and Regional Australia: Employment Services

Mrs GASH (3.12 p.m.)—My question is addressed to the Minister for Employment Services. Is the minister aware of recent comments calling into doubt the future of employment services in regional and rural Australia, and what is the significance to job seekers, employers and local communities in regional and remote locations?

Mr BROUGH—I thank the member for Gilmore for her question. Obviously, she is a
great supporter of the Job Network and operations like Gemcell Pty Ltd and Shoalhaven Employment, operating out of Moss Vale, Nowra and Ulladulla. Of course, she has concerns about what might happen to those operations should we ever be unfortunate enough to have a Labor government and she asked am I aware of any comments in recent times which would bring into question the whole issue of regional services, in particular for Job Network. It is one of the significant pluses of this government that we have actually put 1,100 separate Job Network operations into regional and rural Australia when under the Labor Party there was a total of 300 CESs throughout the whole of Australia. So I was very interested to see comments by the member for Dickson down in Melbourne on 17 May—

Ms Kernot interjecting—

Mr BROUGHHYes, not Adelaide; it is in Melbourne that you made the comments, but the quotes are accurate. The member for Dickson, the shadow spokesman, says:
I question whether the government’s boast about the increased number of Job Network sites is valid. In places like Kingaroy—

the member for Blair might be interested—

the number of providers actually made very little difference. I think we can question a bald assertion that an increased number of sites automatically means increased prospects for job seekers.

Now this raised the interest of some of those there, so she was asked a question. A fellow actually from Ballarat—from the chief whip’s electorate—Mr Stone, asked her a question as to what she actually meant by this. It was really quite interesting. After the gobbledegook she got through, she had this to say:

... when you are assessing bids in terms of sites, I don’t think you take as your number one criterion pure number and geographical spread.

Not geographical spread. She continues:
It doesn’t seem to have this problem in urban areas, but in some regional areas I don’t think you should say that the competitive model is the only way to go. I’d probably make a distinction between regional coverage and urban coverage.

She says that there is too much competition in Kingaroy, so I ask her: which of the Job Network members, which of the small businesses, in Kingaroy do you intend to close down? Do you intend to close down the South Burnett Community Trading Centre? Or perhaps you intend to close down the Gympie Skillcentre Inc., operating in Kingaroy, because there are too many small businesses there?

The question asked whether or not there is anything else to support this. The Leader of the Opposition says that there is too much fat in employment services. So where do you intend to cut the fat from? Perhaps you intend to cut the fat from the electorate of Bass? Maybe in a regional area like Bass you would like to get rid of Job Net Tasmania Inc. in Mowbray? The member for Northern Territory is still in the chamber. Maybe in the Northern Territory Alice Springs does not need the Industry Association Network, or perhaps a regional community like Katherine really does not need the services of another small business like the Industry Education Network. I was going to bring up the electorate of the member for Paterson, but of course he is not here. Oh! He’s back! The member for Paterson is back. You have put the dummy back in, have you?

Mr SPEAKER—I remind the minister of his obligation to address his remarks through the chair. If he is going to frame questions in the third party, they ought to be framed through the chair—as was done by the Prime
Minister—not in the way in which he just did it.

Mr BROUGH—I appreciate that, Mr Speaker. We all know that the Leader of the Opposition had a fantastic record as the minister for employment services. He was at the top of the pile! He was 11.2 per cent, he had 1 million unemployed. With the unemployment figures having come out, today we have at the top of the pile a Labor premier in Peter Beattie at nine per cent—the worst unemployment level in the whole of Australia. And what does the Leader of the Opposition say? He says, ‘I set Peter Beattie as my benchmark.’ Nine per cent unemployment: if that is your benchmark, the best you did as employment minister was 11.2 per cent, old son—not very good.

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

Minister for Employment Services

Mr BEAZLEY (3.17 p.m.)—My question is to the Minister for Employment Services. I refer to the five-day intensive training course on certificate IV in assessment and workplace training—

Miss Jackie Kelly interjecting—

Mr SPEAKER—Minister for Sport and Tourism, the Leader of the Opposition is entitled to be heard in silence.

Mr BEAZLEY—My question is to the Minister for Employment Services. I refer to the five-day intensive training course on certificate IV in assessment and workplace training which, according to your flyer, you are jointly promoting and which begins today at North Point Institute of TAFE. Minister, have you done the right thing and informed all of the course participants, who have each paid $350 to attend this course, that they are part of a Liberal Party fundraising effort, unbeknownst to them.

Mr Danby—Why didn’t you put ‘Liberal’ on the leaflets?

Mr SPEAKER—The member for Melbourne Ports!

Mr Danby interjecting—

Mr BEAZLEY—My question is to the Minister for Employment Services. I refer to the five-day intensive training course on certificate IV in assessment and workplace training which begins today at North Point Institute of TAFE. Minister, have you done the right thing and informed all of the course participants, who have each paid $350 to attend this course, that they are part of a Liberal Party fundraising effort, unbeknownst to them.

Mr SPEAKER—The member for Melbourne Ports is defying the chair.

Mr BROUGH—I really thank the Leader of the Opposition for the opportunity to answer the question. I have spoken to Marc Ratcliffe, the promoter of this particular training course, today and he informs me that he is not conducting the course at $350, because none of the 50 people that received the brochure that was distributed actually took up that offer.

Opposition members interjecting—

Mr BROUGH—I think 12 people—keep laughing—are doing the course at somewhere of the order of $600, as part of his business. Not one cent of that money is going to the Liberal Party, and he has told them that.

However, this coming weekend he will provide another quality course. I believe about seven individuals are taking that course at $350, and every one of them knows that he is making a contribution to the Liberal Party.

Mr Danby interjecting—

Mr SPEAKER—The member for Melbourne Ports is warned.

Mr BROUGH—It raises an interesting question. The whole attack on me is because I did not have ‘Liberal Party’ on the promotion of an activity that I undertook in my electorate. There was another assertion today in a newspaper that Sarino Russo, who is a Job Network member, held a fundraiser for me in the same sort of line and that I had somehow misled people. Can I just explain to people—

Mr Beazley interjecting—

Mr SPEAKER—if the Leader of the Opposition wants the recognition of the chair, he knows that he will not pre-empt his words with that sort of interjection.

Mr Beazley—Mr Speaker, my point of order is on relevance: a very clear question was asked by me of him about the people attending the course. I think that he has actually answered it: nobody is going, so they do not need to know.
Mr SPEAKER—The Leader of the Opposition will resume his seat. The minister will bring his remarks back to the question.

Mr BROUGH—The point I would like to make is that the Labor Party has made a concerted attack on me during the week regarding the fact that I have somehow misled people. I have here in front of me an invitation which reads:

Sarino Russo would like to extend a special invitation for you to attend a briefing with the Hon. Kim Beazley MP, Leader of the Opposition, and Ms Cheryl Kernot MP, Member for Dickson, Queensland.

Date: 15 May
Time: 7 p.m. for 7.30 p.m.

Mr Crean—So what?

Mr BROUGH—So what? I hear him say. It continues:
Venue: Cabinet Room—the closest you are going to get to a cabinet room—Conrad International Hotel

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

Mr BROUGH—Mr Speaker, it continues:
Tickets: $500 per person
Please make your cheques payable to Dickson MPE
No reference to the Labor Party: how tricky is that?

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the Qantas mail handling unit in Sydney detected one kilogram of compost material from the Netherlands, suitable for growing mushrooms. There was 1.5 kilograms of salami from France that was misdeclared as books; dog food from the UK declared as make-up; and prohibited meat and cheese, which was seized at the Clyde mail centre, labelled ‘T-shirts and crayons’.

Under Labor, that advice would largely have been accepted without any proper testing and checking. Now there will be 110 quarantine officers, plus X-ray machines and dog teams, to make sure these products do not get through our borders. Of course, the whole $600 million is at risk because Labor considers the government is spending too much money. They want to slash these sorts of expenditure. Only under this government can the Australian public rely on getting an effective screening and the building again of our defences at the quarantine borders.

Minister for Employment Services

Mr McMULLAN (3.27 p.m.)—My question is to the Minister for Employment Services. Minister on what basis did you assert on Sky TV news yesterday that donations to the Liberal Party from Mr Marc Ratcliffe of Workplace Education and Development, from the proceeds of previous training courses promoted by you, were ‘disclosed through the normal Electoral Commission processes’? If they were disclosed, why is there no record of any such donations to the Liberal Party, either from Mr Ratcliffe or his company, Workplace Education and Development, in either the donor returns to the Australian Electoral Commission or the Liberal Party returns?

Mr BROUGH—Clearly the donation that was provided was below that required to have an individual’s name named.

Youth: Apprenticeships

Mr BARTLETT (3.28 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Would the minister inform the House how Commonwealth policies are expanding apprenticeship opportunities for our young people? Is the minister aware of any alternative policies?

Dr KEMP—I thank the honourable member for Macquarie for his question. In 1996, the coalition promised to replace Labor’s demoralising roundabout of short-term training programs with quality training leading on to real jobs—and we have delivered on that. The last five years have seen a massive expansion in quality training opportunities for young people, especially for the 70 per cent of young people who leave school and do not go straight on to university. When the Leader of the Opposition was training minister, apprenticeships declined by 20,000 in one year, while unemployment soared. And he did nothing. He let the union bosses devastate the apprenticeship system. He told his biographer at the time that he was not interested. He said:

... I lost a lot of ambition and I stopped straining ... I thought that there was less capacity to achieve in that portfolio than in just about any I have had.

He simply was not interested. He surrendered the apprenticeship system to the trade union bosses and the apprenticeship system was devastated. The Howard government has more than doubled apprenticeship opportunities. There are now over 300,000 young people in apprenticeships and traineeships in Australia for the first time in Australian history—303,000 new apprentices in training at the end of March—far more than double the 135,000 of Labor’s last year. Indeed, almost half of all the teenagers in training in employment in Australia at the moment are in a new apprenticeship, and 90 per cent of those young people go from their new apprenticeship into employment.

If you put Labor in charge of training, opportunities decline. For Labor, power to the unions is much more important than training young people. When the Beattie government came to office we saw a collapse in training opportunities in Queensland. In fact, there are still fewer new apprentices in Queensland than there were in 1998 when the Beattie government came to office. The Carr government has actually provided fewer new apprenticeships than are available in Victoria, even though New South Wales is a much larger state. And the Bracks government has
capped the number of apprenticeship opportunities.

Tomorrow is the day of reckoning for the state Labor governments, because in the recent budget we put some $230 million down on the table to add an extra 20,000 new apprenticeships and so far the Labor states have failed to say that they will match the Commonwealth’s contribution. They need to match that contribution. So far, we have had governments like that in New South Wales taking money out of training—actually reducing the contribution to training. That is the pathetic training performance of the Carr government. Tomorrow we will see where the state Labor governments stand. But we know the great flaw in Labor’s attitude to training: its main agenda is to hand the training system back to the trade unions and deprive young Australians of training opportunities. It is this government which is prepared to invest in training, and I will be saying to the Labor Party tomorrow, ‘Show me the money.’

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

QUESTIONS TO MR SPEAKER

*Hansard* Minister for Employment Services

Mr McMULLAN (3.32 p.m.)—Mr Speaker, I have a question to you. It refers to the *Hansard* of yesterday’s question time, in which the member for Dickson asked a question of the Minister for Employment Services in the following terms. I will not quote the whole question, but the relevant part was:

... did you use your parliamentary allowances and entitlements to promote an employment training course ...

To which the minister is quoted in the *Hansard* as having said:

Did I misuse any of my entitlements? No.

Did I use any or misuse any of my entitlements? No.

That is not just a semantic difference; that is a very substantial difference—a difference of current importance and, might I say, one that is likely to be of even more importance in the future.

Mr Ross Cameron interjecting—

Mr SPEAKER—The member for Parramatta is warned! He too seems to think that responding to the chair from his seat is an entirely proper action. Given the familiarity he tends to indicate he has with the standing orders, I would expect better.

Mr McMULLAN—I ask that you—

Mrs Crosio interjecting—

Mr SPEAKER—The manager of Opposition Business to respond to the chair, not the member for Prospect.

Mr McMULLAN—I ask: can you examine the tape and make sure that the *Hansard* record accurately reflects what was said in the chamber yesterday?

Mr SPEAKER—I will of course examine the tape. I recognise that the Minister for Employment Services wants to add to an answer. The Minister for Employment Services is not, I imagine, wanting to make any comment about the remarks just made. I was about to indicate, in response to the Manager of Opposition Business, that I will look at the tape and consult with his office and the minister’s office.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Minister for Employment Services

Mr BROUGH (Longman—Minister for Employment Services) (3.35 p.m.)—Mr Speaker, if it will assist the House, I would like to add to an answer given yesterday. Is that suitable?

Mr SPEAKER—The minister can add to an answer given yesterday, if that is helpful.

Mr BROUGH—There has been no use of my office or my entitlements in any way in relation to this training course—I cannot make it any clearer than that—and I take the
opportunity to table the Sarina Russo invitation.

Honourable members interjecting—

Mr SPEAKER—The chair would appreciate some civility being exercised in the chamber by the member for Charlton, the Leader of the House and others who are interjecting across the chamber.

QUESTIONS TO MR SPEAKER

Questions on Notice

Mr DANBY (3.36 p.m.)—Mr Speaker, under section 150 of the standing orders, will you write to the Treasurer and ask him if he would answer my question 2367 of 26 February?

Mr SPEAKER—I will follow up the matter raised by the member for Melbourne Ports.

Questions on Notice

Mr MURPHY (3.36 p.m.)—Mr Speaker, on 5 April 2001, question No. 2520 addressed to the Prime Minister and question No. 2521 addressed to the Minister for Transport and Regional Services, related to the sale of Sydney (Kingsford Smith) Airport, first appeared on the Notice Paper in my name. Under standing order 150, I would be grateful if you would write to the Prime Minister and the minister and expedite a response for me.

Mr SPEAKER—I will follow up the matter as standing orders provide.

PERSONAL EXPLANATIONS

Mr HORNE (Paterson) (3.36 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr HORNE—Most certainly, Mr Speaker.

Mr SPEAKER—Please proceed.

Mr HORNE—In the debate today on the Excise Tariff Amendment Bill (No. 2) 2001 and the Customs Tariff Amendment Bill (No. 3) 2001 the member for Parkes claimed that I stated that this was a temporary measure and that a Labor government would return this. At no time did I say that. What I did say, and I did use—

Mr SPEAKER—The member for Paterson has indicated where he has been misrepresented.

Mr HORNE—I used the word ‘temporary’, and I said—because I have the Hansard green here:

... I do not think anyone out there in Australia believes that the Treasurer, who was dragged kicking and screaming to this piece of legislation ...

Mr SPEAKER—The member for Paterson will resume his seat. As was evident yesterday, the opportunity is to correct matters of personal misrepresentation. The member must indicate where he has been misrepresented, just as the member for Paterson has done, and indicate that in fact it was an inaccurate portrayal of what he was saying, which he has also done. The opportunity cannot be used to further debate the matter or in fact in some way involve other parties in the House or outside the House.

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

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

Mr ZAHRA—I do, Mr Speaker.

Mr SPEAKER—The member for McMillan may proceed.

Mr ZAHRA—in an interview on ABC radio Gippsland yesterday, when asked why the Latrobe Valley, despite very similar circumstances to the Wide Bay-Burnett region, was not getting anywhere near the same amount of support through the Regional Solutions Program, Senator Judith Troeth said:

There would have been assistance to the timber industry provided if Mr Zahra had gone ahead with the rest of his party and supported the Regional Forest Agreement.

She then said that I had abstained from voting on the RFA Bill. I am on the public record as being a strong supporter of the RFA process. In particular, I have played a role in securing the RFAs which relate to the timber
industry in my electorate. In September 1999 I wrote to the Minister for—

Mr SPEAKER—The member for McMillan cannot debate, as I indicated to the member for Paterson. He is allowed to indicate where he has been misrepresented—

Mr ZAHRA—I am coming to the point, Mr Speaker. There is a further point to make.

Mr SPEAKER—I will hear him out, but he must come instantly to where he has been misrepresented.

Mr ZAHRA—In September 1999 I wrote to the Minister for Agriculture, Fisheries and Forestry and set out my support for those RFAs which concerned the Gippsland region.

Mr Speaker, I am sure you will recall that I have previously sought leave to table in this place the letters I have sent and received—

Mr SPEAKER—The member for McMillan will resume his seat. There are opportunities for him to indicate where he has been misrepresented, and he has failed to do so.

ANSWERS TO QUESTIONS WITHOUT NOTICE

Member for Farrer: Federation Fund

Mr SPEAKER (3.40 p.m.)—In a rather unusual act I find that I have unwittingly misled the House. The member for Farrer has pointed out to me that in a response during question time about his biography I indicated that it was a book he had written. He points out to me that in fact he has not been the author, because of course it is a biography. Mr Rees was the author. I am not sure whether my intervention is meant to increase interest in the book or decrease it by revealing that source, but I should indicate that Mr Rees is the author.

AUDITOR-GENERAL’S REPORTS


Mr SPEAKER—I present the Auditor-General’s audit reports Nos 47 and 48 of 2000-2001 entitled No. 47—Performance audit—Managing for quarantine effectiveness—Department of Agriculture, Fisheries and Forestry—Australia; and No. 48—Performance audit—Air traffic data collection—Airservices Australia.

Ordered that the reports 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.

SPECIAL ADJOURNMENT

Motion (by Mr Reith) agreed to:

That the House, at its rising, adjourn until Monday, 18 June 2001, at 12.30 p.m., unless the Speaker or, in the event of the Speaker being unavailable, the Deputy Speaker, fixes an alternative day or hour of meeting.

MINISTERIAL STATEMENTS

Fishing: Illegal Operators

Mr TUCKEY (O’Connor—Minister for Forestry and Conservation and Minister Assisting the Prime Minister) (3.42 p.m.)—by leave—Today I inform the House of the successful interception, hot pursuit, detainment and escort to Australia of the fishing vessel South Tomi, charged with illegally fishing in Australia’s exclusive economic zone, EEZ, around Heard and McDonald Islands, HIMI, in the subantarctic. This detention flows directly from this government’s commitment in the national ocean policy to ‘provide for an increase in the number of patrols in our subantarctic waters to deter illegal fishing’. I also report to the House on the impressive progress made to date by this government in putting in place regimes to deal with sustainable fisheries management on the high seas, particularly with respect to southern bluefin tuna and in dealing with illegal, unreported and unregulated fishing—referred to as IUU.

Following the successful apprehension in November 1997 of two vessels illegally fishing in the EEZ adjacent to Heard and McDonald Islands, the Howard government in December 1997 provided funding for strengthened arrangements for protecting Australia’s sovereign rights—and, in particular, fisheries resources—within those waters. Specifically, the government supported upgraded surveillance, monitoring
and appropriate enforcement measures targeted at combating illegal fishing, deploying combinations of both civil and ADF resources as appropriate in the circumstances to assist in deterring and apprehending illegal vessels in the subantarctic.

On 29 March 2001 the government chartered patrol vessel *Southern Supporter*, operating in the HIMI region under these arrangements, challenged the Togo flagged fishing vessel *South Tomi*, suspected of illegal fishing for patagonian toothfish in the HIMI EEZ. Following a short pursuit the *South Tomi* was instructed to make for Fremantle, some 4,000 kilometres north-east. The vessel complied initially but once outside the HIMI EEZ altered course away from Australia. In the circumstances, all feasible options to ensure the vessel’s apprehension were urgently considered. I am pleased to report to the House that both French and South African authorities promptly offered to assist in any way possible. This exemplifies the quality of our relations with these two nations and reflects well on Commonwealth officials involved, particularly those from Foreign Affairs and Trade, Agriculture, Fisheries and Forestry, Defence and Attorney-General’s as well as the Australian Fisheries Management Authority, AFMA.

Accordingly, on 12 April 2001, with South African naval support, the *South Tomi* was stopped 320 nautical miles—or some 600 kilometres—south of Cape Town, South Africa, and the ADF secured the vessel for boarding by AFMA fisheries officers. The hot pursuit of this vessel in accordance with international law had spanned 14 days and some 6,100 kilometres. The *South Tomi*, accompanied by the *Southern Supporter*, then made for Fremantle, a distance of 8,500 kilometres, where they arrived on Saturday, 5 May 2001. Of course, the return journey was no easy matter in itself with the ADF and AFMA having to provide a crew not only to supervise those detained but also to steam the vessel to Fremantle. This government recognises the significance of their task in very trying conditions, which makes them deserving of the accolades of the House. At this stage, Mr Deputy Speaker, I would seek leave of the House, under the rules applying to items being included in *Hansard*, to have a map of that particular journey included in *Hansard* as part of my address.

Leaf granted.

*The map read as follows—*
Australian Fisheries Management Authority
Pursuit and apprehension of fishing vessel South Tomi
by fisheries patrol vessel Southern Supporter
Operation Cosmo

- Southern Supporter departed Fremantle 11 March
  returned 5 May 2001
- South Tomi intercept 29 March 2001
- Boarding by ADF (Via SANDF Vessels) 12 April 2001
- Hot Pursuit 6100 km (3300 nm) 14 days
- Southern Supporter with South Tomi 8500 km (4500 nm) 19 days

Map produced June 2001 in Fremantle using ERSI 3D and ERSI ARC/INFO data
Mr TUCKEY—The successful outcome of this operation marked some significant firsts and has laid the groundwork for enhanced international cooperation in dealing with the problems of illegal fishing activity in both the remote waters of the Southern Ocean and in other parts of the high seas. It is particularly significant to Australia, given the distances involved and the environmental importance of the waters of the Southern Ocean.

Australia’s subantarctic territory of Heard and McDonald Islands—HIMI—is located more than 4,000 kilometres south-west of Western Australia, being both remote and subject to extreme conditions. It is also the location of Australia’s newest fishery based on the patagonian toothfish valued at between $20 and $30 million per annum. HIMI is also environmentally important: it is included on the World Heritage List, in addition to being listed on the Register of the National Estate as islands that are the only unmodified example of a subantarctic island ecosystem in the world. Australia’s national interests in the HIMI region cover a broad range of sovereign rights issues but focus closely on the protection of marine resources and the environment. Our concerns are exemplified by the government’s intention to create the Heard and McDonald Islands Marine Reserve, as announced by my colleague the Minister for the Environment and Heritage on 31 January 2001.

Also of significance is that the EEZ around HIMI falls within the area of waters covered by the Commission for the Conservation of Antarctic Marine Living Resources, otherwise known as CCAMLR, one of a number of bodies established to protect and manage the Antarctic environment. Vessels fishing illegally in the HIMI EEZ are not fishing in accordance with CCAMLR requirements, which are designed to achieve responsible fishing and minimise the impact on the sensitive Antarctic marine ecology. The uncontrolled introduction of foreign organisms into a new environment may have adverse consequences. Although expected to be small, there is some risk of foreign illegal fishing vessels introducing marine organisms, pollens or seeds into the HIMI environment. Unregulated fishing is known to cause serious mortalities on threatened seabird species, particularly the wandering albatross, and this government has been at the forefront in encouraging responsible practices for seabird protection.

HIMI fish stocks have been illegally taken by foreign fishing boats in direct breach of internationally approved and domestically implemented management measures designed to develop a proper understanding of the stocks and will most certainly lead to long-term depletion of the stocks unless prevented from doing so. Illegal HIMI fishing is a direct challenge to Australia’s sovereign resources and the rights of Australians to utilise those resources in a sustainable and ecologically friendly manner. It is also a challenge to the responsible management of fisheries and protected heritage areas. The fishery is potentially a long-term, commercially valuable one for Australia if illegal fishing can be eliminated.

It is for these reasons that this government continues to commit significant resources to arrangements for protecting Australia’s sovereign rights and, in particular, fisheries resources within the HIMI EEZ.

Fish stocks in the waters of the Southern Ocean and their sustainable management are not the only ones of concern to this government. The global supply of fish is increasingly reliant on low value species, reflecting the overexploitation of many high value species.

According to the Food and Agriculture Organization of the United Nations—FAO—about 60 per cent of the world’s major fisheries resources are fully exploited or experiencing declining yields. Illegal, unreported and unregulated fishing, as well as the existence of an excess of fishing capacity in many countries, are major causes of this overexploitation.

For Australia, several fish species are of particular importance. Southern bluefin tuna parental stocks have been at very low levels. Accordingly, Australia has constrained its national catch of southern bluefin tuna—SBT—to a very conservative level. The
T—to a very conservative level. The species is heavily fished by countries not currently members of the Commission for the Conservation of Southern Bluefin Tuna—CCSBT. This government has worked tirelessly to bring about a regime that will see the management of this fishery occur in a sustainable manner with annual harvest decisions based on good scientific data. I am pleased to report to the House today that we have in the last 12 months made significant steps in achieving these goals.

The Republic of Korea and Indonesia along with Chinese Taipei have indicated their willingness to participate in the CCSBT, and Korea has recently indicated that formal approval of its membership will progress through its parliament by July 2001.

This government, with New Zealand, has directed a great deal of effort in successfully resolving the SBT dispute with Japan, and the last 12 months have seen significant progress in resolving the core elements of the dispute. The government is confident that measures are now in place which should ensure a more effective, dynamic and cooperative CCSBT.

Australia, Japan and New Zealand have committed to implement a scientific research program—SRP—for southern bluefin tuna, designed by a panel of eminent international fisheries scientists and endorsed by the CCSBT. All sides now accept that any experimental fishing programs will not proceed contrary to the decision procedures of the CCSBT. Agreed scientific processes have been put in place to enable a stock assessment to be undertaken and subsequently for the CCSBT to set a preliminary total allowable catch on an objective scientific basis by October 2001. The satisfactory resolution of this issue has enabled the government, as of 29 May 2001, to lift bans then in place on Japanese fishing boats visiting Australian ports.

The SRP agreed between the parties is a very sound way to further develop our understanding of this important fishery. The key elements of the SRP are to determine the actual catch of the stock, to institute an effective observer program of boats in the fishing fleets of all countries, to determine a more effective stock assessment model and to undertake a large scale tagging program of fish to provide a better indication of stock levels. This is a responsible approach to scientific research and the countries and the external scientists should be congratulated for bringing it forward.

While the progress made is very welcome, there is no room for complacency in ensuring more effective conservation and management of SBT, based on agreed, scientifically based management strategies. The government has also seen Australia take a leadership role in addressing illegal, unreported and unregulated—IUU—fishing. Reflecting our concern at the state of global fisheries, Australia has led international efforts over the past two years to combat all forms of illegal, unreported and unregulated fishing. I am able to inform the House today that this resulted in approval, in March 2001, by the Committee on Fisheries of FAO of an international plan of action to prevent, deter and eliminate IUU fishing. This involves all countries and regional fisheries management organisations acting to strengthen implementation of flag state fisheries’ obligations; putting in place new measures for port states aimed at stopping the landing or trans-shipment of IUU catches in their ports; limiting the opportunity for IUU operators to get their catches to market through multilaterally agreed WTO consistent trade related measures, including, when appropriate, the prohibition of imports of fish and fish products from persistent offenders; and preventing companies which profit from IUU fishing from hiding behind flags of convenience and foreign registered shelf companies.

The government is giving a high priority to effectively implementing the international plan of action on IUU fishing. Where possible and appropriate, it will apply the provisions of the plan of action more stringently than called for in the plan itself and will encourage others to do likewise.

Despite the detention of the South Tomi and the apprehension of vessels fishing ille-
gally in the Heard and McDonald Islands exclusive economic zone in 1997 and 1998, the risk of further damage to patagonian toothfish stocks—and other important living marine resources, including rare species of albatross and other seabirds—in our far southern waters remains high. The government will continue to ensure Australia has a fully effective and flexible surveillance and enforcement capability, supported where necessary by the Australian Defence Force, and will be looking to enhance regional cooperation with like-minded countries that share our concern to combat the ongoing threats to these valuable resources. We will also use our membership of the Commission for the Conservation of Antarctic Marine Living Resources to build more effective multilateral measures against IUU fishing in the CCAMLR area.

The events surrounding the detainment of the South Tomi, which I have brought to the attention of the House today, bode well for future international cooperation, particularly among nations with an interest in Indian and Southern Oceans fisheries. This government believes that, with commitment and cooperation, responsible nations can succeed and I assure the House that this government will continue to look for the most effective ways to deal with this very complex economic and potentially environmentally damaging problem.

Regional fisheries management organisations—RFMOs—such as CCAMLR and the CCSBT are well known to many Australians. Less well known and of emerging importance are the Indian Ocean Tuna Commission—IOTC—and the Western and Central Pacific Tuna Commission—WCPTC—which is currently being established. These commissions are and will be responsible for the management of fish stocks and the allocation of catch to countries for important tuna and billfish species, which support commercial and sport fishing industries around the Australian coast. The emergence of RFMOs is a relatively new aspect of Australia’s fisheries management and policy. However, we have and will continue to take a strong and active role in the operation of all of these RFMOs to ensure sustainable and responsible fisheries management and to protect the access rights of our own domestic commercial and recreational fisheries.

The success of this operation, facilitated by this government’s enhanced Coastwatch organisation and the judicious use of ADF resources as appropriate, justifies the government’s rejection of calls to establish a totally unnecessary and costly separate coastguard. In this respect, I wish to convey the government’s gratitude to all those Commonwealth and state officials who not only contributed to the successful detention of the South Tomi but work tirelessly on a day-to-day basis to ensure that one of this government’s primary objectives—that of having resources exploited for the national good in a sustainable and ecologically friendly manner—is achieved.

Mr O’CONNOR (Corio) (3.59 p.m.)—by leave—The interception, hot pursuit, detainment and escort to Australia of a fishing vessel charged with illegal fishing in Australia’s exclusive economic zone around Heard and McDonald Islands in the subantarctic sends an important signal to the international fishing community of our determination as a nation to protect our sovereign rights in these areas and our commitment to regulate activities that have the potential to alter significantly the ecological balance in these sensitive environments.

I would like to join the Minister for Forestry and Conservation in congratulating the Commonwealth officials from AFMA, the Department of Agriculture, Fisheries and Forestry, the Department of Foreign Affairs and Trade and the Department of Defence who were involved in the pursuit and detainment of this vessel. This sort of action can be extremely difficult and dangerous in what is a very treacherous ocean. Its success is reliant not only on a high degree of cooperation between Australian governments and their agencies but also on international cooperation. I also join the minister in thanking French and South African officials and their governments for their cooperation. The role of the French and South African govern-
ments and authorities is very significant, for without their cooperation the protection of resources such as the patagonian toothfish would be virtually impossible.

This successful chase highlights the fact that the Australian fishing industry is no longer an industry built around our coastline but is now an industry that operates on the high seas. The Heard and McDonald Islands fishery is located in the southern Indian Ocean some 4,000 kilometres south-east of Perth. This is a long way from Australia’s coast. The value of that fishery—Australia’s newest—is in the order of $30 million. In addition to the toothfish, the fishery also yields mackerel ice fish, grey rock cod and unicorn ice fish. The main markets for the toothfish are Japan, Asia and the United States.

Australian fishing in the area commenced in 1997 and currently two boats are operating there under permits. By the end of this year, when a management plan for the Heard and McDonald Islands fishery is in place, those vessels will have a more secure statutory fishing right to operate. These two operators are currently meeting world best environmental and management standards and, importantly, are happy to comply with these standards. These stringent management arrangements include: restricting the method of fishing to trawling to minimise the impact on seabirds and marine mammals; restricting access to just two boats to ensure minimum impact on the fishery until adequate data is collected; setting annual maximum allowable catches for every species taken, including all by-catch species; mandatory carriage of one AFMA approved observer and one data collection officer to collect fishery and ecological data; comprehensive data collection requirements; and use of an AFMA approved vessel monitoring system, which is able to track the vessel at all times in the fishery. As I said, this management is due to expire on 30 November and the new management plan is to come into effect on 1 December. Under this plan the number of vessels allowed in the fishery will increase to three.

It is important to note that not only are those vessels in the Heard and McDonald Islands fishery required to operate within environmental constraints but there is an increasing awareness in the industry generally of the importance of setting and meeting environmental standards. For example, significant progress has been made in meeting environmental standards in the northern prawn fishery. The same can be said for the blue grenadier fishery off the west coast of Tasmania. Clearly, the Heard and McDonald Islands fishery is a resource worth protecting, and we support the efforts of the government in that regard. But it is not the only fishery that requires an effective and enforceable management regime. While there has been progress made, there is still a lot more to be done.

In evidence to the recent Senate estimates hearings, the head of AFMA, Mr Frank Meere, said the authority had to work in a data-poor environment with large levels of uncertainty. If we are going to ensure that all our fisheries are properly managed and able to provide a sustainable resource, this government must, in its remaining time in office, and a future Labor government will, work towards building that adequate database.

AFMA and the states are also dealing with significant problems flowing from the previous overexploitation of stocks. Mr Meere told the committee that AFMA was in the process of rebuilding the southern bluefin fishery, the northern tiger prawn fishery, and school shark gem fish in the south-east trawl fishery as well. So, while it is important to recognise the efforts of those who have acted to protect the Heard and McDonald Islands fishery, it is also important to ensure that the national effort to effectively manage fishing continues. This is an industry that contributes several billion dollars to the Australian economy. Commonwealth fisheries contribute about 20 per cent of fisheries production, with major fisheries being the northern prawn fishery, the southern bluefin tuna fishery and the south-east trawl and non-trawl fisheries. This is a fishery that also has important regional significance for job and income generation. I can assure the House that
it is an industry that will be well supported by the incoming Labor government.

The minister has also reported to the House on matters of sustainable fisheries management in the high seas, with reference to the southern bluefin tuna, and on dealing with illegal, unreported and unregulated fishing. The minister referred to the fact that his government had just signed up to a set of arrangements with Japan and New Zealand which would allow for a scientific research program for southern bluefin tuna which allows for an additional 356 tonnes of tuna to be taken on top of the current agreed total allowable catch of 11,700 tonnes. It is perfectly proper and desirable for research to be conducted to determine the size and viability of current fish stocks, and for that research to be used to guide decisions about the size of the catch that can be sustained in the long term. However, it is not proper—and I stress this point—to use the veil of research as a mechanism for getting around international agreements on allowable catch limits.

Japan has been using its so-called scientific research programs to flout international agreements for many years. It has also allowed tonnages of tuna onto its markets which are greatly in excess of the agreed total allowable catch. It has been estimated that up to 21,000 tonnes of southern bluefin tuna find their way onto Japanese markets annually. This is more than 8,000 tonnes in excess of the agreed international quota. This issue has been under negotiation for a very long time and progress was being made. When the Howard government imposed its ban on Japanese trawlers using Australian ports in 1998, it said that the ban would not be lifted until the Japanese changed their practices with respect to bluefin tuna. Japan has still not changed those practices. It will still be taking more tuna than allowed under the agreed total allowable catch, yet Australia has lifted its port ban. We on this side of the House would like the government and the minister to explain very clearly to the Australian fishing industry and to the Australian public exactly why they caved in on this issue at this very late stage. Without clear evidence that an increased catch is sustainable, there can be no justification for an increase to the catch limit.

I note that in the minister’s concluding remarks he made a rather disparaging remark—well, he may not see it in those terms—about the opposition’s announced policy to establish an Australian coastguard. Providing protection for our national fishing resources is an important role for national government, and Labor takes that role very seriously. The South Tomi incident shows just how vulnerable those stocks can be. Unauthorised and unregulated fishing threatens the viability of fish stocks, the biodiversity of our oceans and the livelihood of many Australians who work in coastal communities and make their living in the fishing industry.

A future Labor government will move quickly to improve the policing of waters under our control by setting up an Australian coastguard which will assume responsibility for conducting coastal surveillance and for meeting Australia’s maritime protection needs. It will act as a maritime police force and will have prime responsibility for maintaining and enforcing Australia’s maritime laws. Its role will extend well beyond our coastline to include the detection, surveillance and apprehension of those involved in illegal fishing, as well as those involved in people-smuggling and drug running. It will be provided with specialised vessels, equipment and arms needed to carry out its very important policing task. The Australian coastguard that Labor will establish will be a maritime police force within the Justice and Customs portfolio and it will work closely with the Australian Fisheries Management Authority and others with a role in managing our fisheries.

In times of declared emergency and war, the coastguard will form an important fourth arm of the Australian Defence Force. It will bring together the resources and expertise of existing federal agencies to ensure that those who choose to operate outside of Australian and international law will have a much greater opportunity of being caught. I note
the minister’s statement in relation to the vessel which has been intercepted and escorted into Australian waters and I concur with the sentiments that have been expressed in the ministerial statement.

MATTERS OF PUBLIC IMPORTANCE

Employment and Unemployment:

Government Policies

Mr DEPUTY SPEAKER (Mr Nehl)—Mr Speaker has received a letter from the honourable member for Dickson proposing that a definite matter of public importance be submitted to the House for discussion, namely:

The adverse consequences of government social and economic policy on employment.

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 KERNOT (Dickson) (4.11 p.m.)—The government was just a little too smug and smirky yesterday about the growth figures and it continued that approach in question time today, but today’s employment figures have put a nasty dent in the duco of those figures. At the end of the day, growth figures are not about statistics; they have to be about jobs. While the government is understandably keen to move on from the damage it did to the economy in the latter half of last year, these employment figures will unfortunately be a more lasting legacy of its economic mismanagement.

Don’t we all remember when the Treasurer boasted about achieving an unemployment rate with a number five in front of it? We remember. As we stand here today, we are just millimetres away from a figure with a seven in front of it, and the budget says we will get there pretty soon. Indeed, the budget says that we will go above seven per cent. Make no mistake: despite all the sanctimonious lectures in question time on a daily basis, this employment figure is all the government’s doing. There would scarcely be a person in Australia today who does not understand the effect the GST has had on the labour market. I think we all remember what happened to Australia when that momentous decision was taken and implemented in July 2000. If we look back at trend unemployment then, it was 6.2 per cent. It went down to 6.1 per cent in August and that was as far as it got because by November it was 6.2 per cent, by December it was 6.3 per cent, by January 2001 it was 6.4 per cent, by February it was 6.5 per cent, by March it was 6.6 per cent, by April it was 6.7 per cent, and today it is 6.8 per cent.

What else has happened since the GST was introduced? Since the GST was introduced we have had a rise in the unemployment rate of 0.8 of a percentage point, we have had an increase in the number of unemployed by 84,300—I bet they are all smirking about the growth figure!—the rate of jobs growth has more than halved and we have had a fall in the number of full-time employed workers of 41,700. You would think that the government would be just a little bit perturbed about the effect of its economic decisions on the unemployed. You would think that you might actually do something which showed that you cared about the consequences of your actions on the most vulnerable. We have seen the government’s much vaunted welfare review and the response to that in this year’s budget. The Prime Minister said in question time today, ‘The employment job is never done.’ It is okay to say that, but it is not good enough to never start. If you look at this year’s budget, you will find that all the measures to improve the Job Network, all the measures to provide training, do not come on-stream for another 16 months. What have our trend figures shown us? That since July the needs of the unemployed have been steadily rising.

There is no action on the policy front on this government. But there is plenty of action from the minister for employment, isn’t there? There is plenty of action making barking mad speeches to poor unsuspecting groups of bewildered observers. He is not the minister for employment; he is the minister for union bashing. He talks about treason. If the minister believes any of us to be guilty of
treason for drawing attention to the effects of the GST on employment, I reckon most of the disadvantaged unemployed would want to see him hung, drawn and quartered for his punitive victimising approach to the treatment of them and their future employment prospects. In fact, I think we could all have a different offence in mind for the minister for employment: libel against every trade unionist in this country. On Monday we even saw the minister for employment refuse on behalf of the government to support the OneTel workers’ bid for their entitlement. Then he was backflipped by the Prime Minister. And then there is the Minister for Employment Services: plenty of action from him too—most of it, though, not about getting people jobs.

If employment is to keep rising, as both the budget and the ANZ job ad series tell us it will, how is the government placed in policy terms to deal with it? What is the only employment option open to people now when they go to what used to be the CES? The only option open is the government employment services agency of the Job Network. We have recently had the second round evaluation of the Job Network. There have been so many misleading assertions about its success, and every time one tries to draw just a little bit of attention to maybe it is not working as well as it ought to, one is always contradicted. However, we have had Senate estimates and we have had the second round evaluation. These documents show three important things. Firstly, that the Job Network is underperforming in serving particular groups of clients. I quote from this government’s own evaluation report:

Some groups have consistently lower outcomes than other job seekers across all services …

Now just listen to who they are:

These include older job seekers, those on unemployment allowances for more than two years, job seekers with less than year 10 education, indigenous job seekers and those with a disability.

It almost begs the question: who does it actually help? What the figures from the evaluation show is that those being helped by the Job Network are those who would be the easiest to place under any employment services system. The evaluation network report also showed that only an extra three per cent of people who undertook Jobsearch training left benefits compared to a similar group of people who did not undertake Jobsearch training. This means that for every 103 people who found a job under Jobsearch training 100 would have found a job anyway. And for intensive assistance the figure was only 10 per cent.

Questioning in this week’s estimates revealed that the Job Network’s performance under intensive assistance for getting people into full-time jobs went from 19.5 per cent for the period May 1998 to September 1999, to an average of 16.3 per cent. This is a one-third decline in performance. And, when placed on the spot, the government’s only response was that the performance had not really declined that much because the original figures were ‘overstated’. Who has been doing all that overstating? The minister sitting opposite here and his predecessor, Minister Abbott. Now, through the courtesy of Senate estimates and the ‘frank and fearless’ testimony of the department, we know about the overstated and bogus figures. I think Minister Abbott should apologise to the House for serially misleading it on the performance of the Job Network.

Finally, we have serious allegations about a scam under the Job Network. An alleged scheme involves Job Network providers setting up their own labour hire firm and then hiring an unemployed person—one of their clients—for 15 hours work, which is the minimum period to qualify for a job matching payment. The provider allegedly pays them $150 for this work and then sacks them. The provider would then receive up to $400 from the government for finding the unemployed person a ‘job’ and would make a $250 profit for no effort. The government has long concealed full information on the Job Network’s performance to protect its spin from public scrutiny. The danger was always that this obsession to protect from public scrutiny would increase the scope for unscrupulous practices.
We can see from all the above that the government is sleepwalking its way through this employment problem. Its only ideas are those which have been stolen from Labor.

Mr DEPUTY SPEAKER (Mr Nehl)—The minister will have his turn soon. Be quiet!

Ms KERNOT—As usual, the government can steal ideas but it does not know how to implement them and make them work. The core of the problem is twofold. One, it is philosophical: its starting point is that the markets and economic growth will fix everything and look after everything and that it is all the fault of the unemployed that they are unemployed. That is at a time when we have seven job seekers for every one job in the country. Its second problem is that it has a very lopsided view of reciprocal obligation and no program for creative community based job generation. It only has Work for the Dole—and we are glad it has finally seen the light to add basic accredited training to it to make it a more genuine program.

What is needed is a genuine doctrine of corporate responsibility. That includes policies like the national entitlements scheme we have been talking about all week. Corporate responsibility means that employers join with governments and unions to plan for the future of workers about to lose their jobs, before they lose their jobs, rather than just treating them as disposable and letting unemployment happen to them. That is where our idea of a national work force council, the skills profiling process and the early intervention for at-risk workers comes from. We believe in getting to workers before they become unemployed and on the downward spiral onto the scrapheap of long-term unemployment. We know it is so much easier to find them a job while they still have one.

If it means being honest about the performance of programs like the Job Network, so that we can build on its deficiencies, this is what we should be able to see from this government: policies which fulfil the government’s side of the reciprocal obligation bargain: training, incentives and meaningful assistance in the search for work. Australians are spending $1 billion a year a year of taxpayers’ money on the Job Network, and we need to be able to honestly appraise its strengths and work on its weaknesses. My private member’s bill to set up an independent job monitoring authority ought to be taken up by the government, so that we can actually have a more honest assessment of how and why these figures were overstated, Minister. Taxpayers have the right to know how this $1 billion of money is being spent and how effectively it is being spent, and not in the cheapest way, to create long-term sustainable jobs for the most disadvantaged job seekers in this country.

In conclusion, we have to challenge the culture that is creeping into commentary on unemployment figures in this country, a culture whereby, if the unemployment level is not as high as the market has been predicting, we say, ‘Oh, it’s good, actually. It doesn’t matter. It’s not really nine per cent. It’s only 8.9 per cent.’ Try telling that to the 4,900 Australians who have lost their jobs in the last month. Try saying, ‘Oh well, it’s not as high as the market said, so it doesn’t matter about you. You’re only one of 84,300 Australians who have lost their jobs since the GST was introduced.’ I want to conclude with the remarks of the BT Funds Management report of today on employment and unemployment. They make wonderful reading. This is the beginning of the report, which talks about market implications. It backs up what I was saying: Market Implications.

Credit markets sold off, on the apparent interpretation that this report was strong. Then in bold letters it says:

The inmates are now, apparently, in charge of the asylum.

Please note: employment fell and unemployment rose!

And it is your work, Minister.

Mr BROUGH (Longman—Minister for Employment Services) (4.26 p.m.)—Let us have a quick look at what this matter of public importance is that the member for Dickson has put up today:
The adverse consequences of Government social and economic policy on employment.

Let us have a bit of a look at what the Labor Party did in government and what the adverse impacts were to social, family and economic policy.

Mr Sidebottom—Can’t you deal with the present? You live in the past.

Mr BROUGH—The opposition do not like you to remind the public of their record. Quite obviously, historians always look to the past to get a picture of what is going to happen in the future. In the past we saw under the Labor Party extraordinary levels of government debt, unemployment and household interest rates. Consider this: today the average person in my electorate, in Caboolture and the Glasshouse Mountains and Maleny area, is paying 6.8 per cent interest rates—as they are in the seat of Aston. What could they hope for under the Labor Party?

Go back to the late eighties and nineties, when rates peaked at 17 per cent interest rates—as they are in the seat of Aston. What could they hope for under the Labor Party?

Consider this: today the average person in my electorate, in Caboolture and the Glasshouse Mountains and Maleny area, is paying 6.8 per cent interest rates—as they are in the seat of Aston. What could they hope for under the Labor Party?

Mr BROUGH—I would like to present a graph for the benefit of the shadow minister. This graph shows the expenditure of Employment Services from 1991 to 2000. See the big finger on it? That is the big finger that the Labor Party gave to the Australian public. The graph shows expenditure from when they thought it was fine to spend $16,000 per outcome, and at that time unemployment actually went up. Outcomes went down, and unemployment actually went up, and your expenditure went up. You wasted taxpayers’ money. Look over here at the Job Network, the much maligned Job Network.

Mr DEPUTY SPEAKER—Order! the Minister will resume his seat.

Mr O’Connor—Mr Deputy Speaker, I rise on a point of order. As I understand the practice, the minister is not permitted to show graphs. We are being most indulgent here with those graphs.

Mr DEPUTY SPEAKER—I thank the honourable member for Corio. The fact is that the minister is using a graph to illustrate the points of his talk. I say to my friends on my left that, after the member for the Northern Territory today introduced several containers of pseudo liquid to illustrate a point, I am not going to stop the minister.
Mr Danby interjecting—

Mr DEPUTY SPEAKER—And I would like to tell the member for Melbourne Ports that he is not in his place.

Mr BROUGH—Mr Deputy Speaker, thank you. I am wondering whether the shadow minister does not want to see the extraordinary expenditure, where unemployment and expenditure went up, or is it down here, on the Job Network, where outcomes improved, employment went down and expenditure was at reasonable levels. Which part don’t you accept? Or is this the graph that the Labor Party does not want to see? This graph here is Job Network’s job matching. As you can see, the graph continues to improve—lower costs, improved outcomes. And look here at intensive assistance. For those who do not understand, like the shadow minister, intensive assistance is for those unemployed people who actually are difficult to place. Look at the tram line on this particular graph: it continued to improve at lower cost.

So what was the cost per employment outcome under Labor? In 1991 it was $8,000. With the pork-barrelling of the then Labor government in 1996, as the graph clearly demonstrates, this peaked at $16,000 per net outcome—a fantastic effort! Today the Job Network, which has been performing so well, is doing the same job at about $4,500 to $5,000 per net outcome. In other words, the taxpayers are spending one-third to get the same result or they are getting three jobs for the same expenditure as under Labor.

So what did the Labor Party do when they were in government? They had great programs for putting people into training. If there was a direct correlation between worthwhile training and job outcomes, then you would expect the outcomes to improve and you would expect unemployment to come down. Their expenditure went through the roof—money they did not have; money that was put on the bankcard; remember that? This is money that we are still paying back. Today taxpayers are paying $4 billion in interest on money that the Labor Party spent in government. That is $4 billion that could actually improve the social aspects of our lives. It could improve the social consequences for families. We could put that into the private hospital system or the public hospital system or into state schools, or we could just give it to the states in grants. For example, Queensland got an extra $46 million the other day, and they could put that into, dare I say it, the police, or into something that is actually going to help the fabric of society. But not under the Labor Party; they are not interested in that.

They are more interested in spending an extraordinary sum of money to put people through training courses. So they had people cycling through ‘mickey mouse training courses’. That is a term that the Leader of the Opposition likes to use when referring to Work for the Dole, which is giving people about a 78 per cent better chance of getting into employment, which is ensuring that about 35 per cent get work or go into education, which has 90 per cent support and which is not costing not $180,000 per outcome. I have not mistaken that figure, by the way; I have not got it wrong. It actually cost you and me—and those ignorant people over there with their backs turned who do not want the facts—$180,000 to get someone a job that would not have otherwise got it. I bet there is not a person in this House, not even a child in the gallery or another person up there, that could not get someone a job for $180,000. In fact, come on down if you cannot, because I am sure you can. But the Labor Party thought that was a wonderful program. What does Work for the Dole cost? Something in the order of $2,500—less than that, in fact. The Labor Party probably want to join their supporters in the Labor Party in New Zealand, which got rid of their program which was similar.

This whole MPI is about the consequences of the government’s social and economic policy on employment. How can those oppose be so hypocritical, when they had more than one million unemployed—that is a million families who did not have a breadwinner, who did not have someone that could be in charge of their family household and had
to look for welfare. This government does not run away from the facts. It strongly sup-
ports the view that work is the best form of welfare. How can you afford it, though,
when you have 17 per cent interest rates, when you have high taxes and when you
have increasing unemployment? That is the Labor Party’s legacy; that is what they left
Australia. And they want to have the treasury bench again.

What we do know is that the Labor Party has no plan. When it comes to employment
services, the member for Dickson sits over there and says, ‘They have stolen my plan. I
agree with the member for Longman.’ If you agree with us, why haven’t you bothered to
put anything on ‘my plan for Australia, Kim Beazley’? Why wasn’t it important enough
for you to actually sit down at the word processor and put down ‘Here is my plan—
the member for Dickson’s plan—for the un-
employed of this country?’

Ms Kernot—You will see.

Mr BROUGH—Oh, we will see. We are going to have an election in the next four to
five months, and we do not have one thing on your web site. As I said at question time
today—and I challenge the member for Dickson—will the member for Dickson take
the opportunity to actually tell the people of
Kingaroy, the people of Wondai, the people of the Blue Mountains, the people of Rock-
hampton or the people of Mackay which of
the Job Networks you are going to close
down. By saying, ‘We don’t want them,’
which small businesses and small towns are
you going to tear the heart out of? In
Caboolture we have about six or seven Job
Network members, and I can just imagine
what the uptown traders would say if you,
Cheryl Kernot, bothered to take a trip—an
extra 10 minutes up the highway—and said
to them, ‘You are out of here, you are gone.’
This is a part of town that is struggling. This
is a part of town that actually thrives on the
fact that we have employment services being
paid for by the federal government and being
delivered by committed members of the
public, both community and private sector.
But, no, that is not good enough for those
opposite. That is not what they are interested
in. All they are interested in is scaremon-
gering and misrepresenting us, and they talk
to Job Network members as though they are
children at school. They do not actually un-
derstand the ramifications of what they have
done.

Since this government came to power in
1996, there have been over 800,000 new jobs
created. How does that compare with La-
bor’s last attempt: in the last five years of
Labor 27,000 jobs, compared to 800,000
jobs. Unemployment has come down, the
cost of delivering employment services has
come down, outcomes have gone up and in-
terest rates have come down. Let us get on to
tax, because under Labor the average family
was paying 34 cents in the dollar in tax. For
every dollar they earned, they gave 34 cents,
and that was climbing to 43 cents in the dol-
lar. I come from one of the lower socioeco-
nomic areas of this country. The neighbour-
ing electorate of Dickson, contrary to what
the member for Dickson had to say the other
day, is in fact the second wealthiest seat in
the Queensland electorate.

Mr Hardgrave—That’s because it in-
cludes the Broncos.

Mr BROUGH—I was wondering, as the
member for Moreton said: is that because she
includes in her electorate, where she tends to
reside—

Ms Kernot—I wouldn’t go there if I were
you, Mal Brough.

Mr DEPUTY SPEAKER—Order!

Mr BROUGH—having had a residence,
of course, down on the Gold Coast—

Ms Kernot—I wouldn’t go there if I were
you.

Mr BROUGH—Try your luck.

Ms Kernot interjecting—

Mr DEPUTY SPEAKER—The member
for Dickson!

Mr BROUGH—Mr Deputy Speaker—

Mr DEPUTY SPEAKER—Order!

Mr BROUGH—Right, are we?
Mr DEPUTY SPEAKER—Yes.

Mr BROUGH—Thank you, Mr Deputy Speaker.

Mr DEPUTY SPEAKER—Well, I am; I do not know about you. But carry on.

Mr BROUGH—Thank you very much. I was just a bit concerned about the blood pressure of those opposite. The opposition promised the Australian people tax cuts, which would have actually added to the social fabric because people would have had a bit more money in their hand. Did anyone listen to the World Today yesterday?

Government members—No.

Mr BROUGH—They said, ‘Gee, isn’t it great that the economy has bounced back: we’re getting 1.1 per cent growth in the economy,’ and they said, ‘That must be because Australian families are spending their tax cuts’—tax cuts delivered by this government. That is in contrast to what the Labor Party said. Keating got up here with Beazley as his finance minister and said, ‘We’re going to deliver you tax cuts after the election.’ Every pensioner in this country will receive, from a budget that was brought down only a few weeks ago, $300 in the next two to three weeks. They will get it in the month of June 2001, not promised to happen after the next election in never-never land. The people of Australia are still waiting on the tax cuts that were going to be delivered by the Leader of the Opposition and the then Prime Minister, who of course now prefers to go out and tender his work elsewhere. So l-a-w tax cuts: they are the Clayton’s tax cuts, the Labor Party’s tax cuts. They are the tax cuts that people cannot spend.

Today the average Australian family is paying just 30 cents in the dollar tax, and this side of the House would like to see that driven down lower. What we know from those opposite is that they have given no commitment to not increasing fuel excise, which hits every family and every small business. They have given no commitment to not taking small businesses out of country towns. They have given no commitment whatsoever to assisting the unemployed of this country and the small businesses of this country. They cut real wages; this government has increased them. We have cut tax; they would increase taxes. We have lowered debt; they have increased debt. Those are the things that make the social fabric of this country; they are the things that determine whether or not we have a social and a just society. This government has delivered and will continue to deliver, and woe betide Australia if they ever get their hands on the Treasury benches, because the Australian public will be the loser.

Mr Danby—Tell us how small business loves the BAS.

Mr DEPUTY SPEAKER (Mr Nehl)—With the support and permission of the honourable member for Melbourne Ports, who might get back in his place if he is going to continue interjecting and then I can deal with him, I am very pleased to call the honourable member for Blaxland.

Mr Brough—This is an l-a-w government staffer—gotcha!

Mr DEPUTY SPEAKER—Order!

Mr HATTON (Blaxland) (4.41 p.m.)—‘Oh Lord, it is hard to be humble, when you’re perfect in every way.’ That could in fact be the little slogan we could have not only for the proper minister but also for the minister who just deals with employment services. We did not see the Minister for Employment, Workplace Relations and Small Business in here today, defending himself in regard to this MPI. What we did see was the junior minister attempting to turn the question around and look at Labor’s record. I am actually very proud to have been a staffer to the former member for Blaxland for 11¼ years, because one of the things that is extremely helpful, having worked in an electorate office for that period of time, is that I actually do know the record of the Labor government over 13 years. I did deal with the problems that people had. I do have a race memory of what the Liberal Party and the National Party in opposition did from 1985 until 1996, and before 1985 I was actually listening and watching, and I know what the government did between 1975 and 1983. I know what John Howard, the member for Bennelong, did as Treasurer, and
did as Treasurer, and I am pretty sure that even some members of this current coalition government backbench know that, somewhere in the dim, dark misty past, the member for Bennelong was actually responsible in some way for very high unemployment figures.

Mr Kelvin Thomson—That’s right.

Mr Hatton—The member for Wills will remember as well—I am sure he does—that, when we came to government in March of 1983, we had double digit inflation and double digit unemployment.

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Dickson would do well to observe standing order 56.

Mr Hatton—I can ask a rhetorical question of the House: who was the Treasurer of the Commonwealth of Australia in 1982-83 responsible for double digit unemployment? And who was the Treasurer of Australia in 1982-83 responsible for not one, not two, not three and not four but five quarters of negative growth? They have just missed out on a second quarter of negative growth. We have seen a big boost in activity within Australia, and that is a good thing. That boost has come, in large part, from massive government expenditure: more than $16 billion worth of expenditure poured into the economy to try to kick-start it again. But we on this side remember that John Howard—the member for Bennelong, the then Treasurer, the current Prime Minister—had double digit unemployment, and he was the one primarily responsible for it. Every day that he gets up in this House at question time and berates the Labor Party because of our unemployment record during our period in government, I intervene—not loud enough, apparently, for him, but I am sure he gets the message sometimes—to tell him that I remember that it was him, that I remember that he had double digit unemployment and he had double digit inflation.

I also remember that there was $9.6 billion that he did not own up to prior to the 1983 election. The budget deficit for that year was $9.6 billion. When first asked, he said, ‘Oh, it’s about $4 billion.’ Under pressure, a week later—about six days before the election—he admitted to it being more. We found out, when we opened the books afterwards, that it was $9.6 billion.

Mr O’Connor—Liberal debt.

Mr Hatton—In today’s money, that Liberal debt would be $26 billion worth of budget deficit, which he tried to hide. The current Prime Minister is joined wholeheartedly by the current Minister for Employment, Workplace Relations and Small Business—and what a ‘special’ he is! It is utterly true that the adverse consequences of government social and economic policy on unemployment entwine these two. Both are ideologues; both are attempting to make their mark by the hardness of the stances they take. Both are entirely uncomprehending in terms of the social consequences of their economic policies.

The current minister for employment actually tries to argue a philosophical case that is broader than the narrow conservativism of the Prime Minister. In the last year we have seen some whoppers of speeches from him, such as the reflections of the new boy to the H.R. Nicholls Society. He said, ‘The member for Flinders was pretty good as minister for employment; I hope to do better, and I’ll take my mark from him.’ He has also given us this beauty: ‘combating the culture of despair’. This is a philosophical minister. This is someone who talks about ‘tackling the moral deficit’ in Australia—not just a budget deficit but a moral deficit. So what does he actually think you should do to tackle the problem of unemployment in Australia on a practical basis? This is a person who does not believe in the ‘third way’; this current minister always has to come up with something new. He says:

On this score—that is, the score of restoring full employment—

“socialism” and “capitalism” have both failed and what’s now needed is a kind of pragmatic “personalism” based on social values as well as sound economics focused on the individual in community.

Pretty devastating stuff.
Mr O’Connor—PP.

Mr Hatton—PP: pragmatic personalism—not a third way; Tony Abbott’s way, the minister for employment’s new way. What it means very few people within the Commonwealth of Australia would be able to work out. But what people really know—those people who are unemployed, those people who have been kicked to death by this GST, those people who have had the boot put into them by the provisions that this minister and the previous one put on them—is that unemployment is high. They know that in the past year unemployment has gone up. As the shadow minister indicated, we have a one percentage point increase in the levels of unemployment.

The Roy Morgan group is not a group of researchers renowned for the fixity of their support for the Labor Party. In the past, they were the official researchers and pollsters for the Liberal Party for a couple of decades. However, they have gone their own way, and Mark Textor has now taken on that job. Roy Morgan has had a bit of a look at the unemployment figures, and he has had a talk to the Australian people about what they think of them. One of his respondents said this: Howard says there is low unemployment but most of the jobs are part-time. Tell me one person in Australia outside the coalition government who does not know that that is true: that most of the jobs they have put on—even though in the last year we have had a dramatic increase of almost one percentage point in the level of unemployment—have simply been part-time, casualised jobs. ‘Part-time’ can mean one hour of work a week. The government and the minister have said, ‘It’s always been done that way.’ A third-party endorsement for our position—not theirs—comes from Roy Morgan, who says that unemployment at 6.8 per cent is some 3.7 points lower than real unemployment. He says: This is significantly underestimating the true number of Australians unemployed. For example, people who have had one hour’s paid employment in a given week but who would accept full-time employment if offered it are classified by the official ABS figures as employed even though they are, in reality, looking for work.

He also points out that there have been ‘recent changes in the ABS questionnaire’. I wonder what the recent changes did, Mr Deputy Speaker. Do you think they might have clarified the situation? Do you think they might have demonstrated that unemployment was higher than has actually been shown before? You would be surprised to know, I am sure, that in fact those changes in layout have caused a downward revision of ABS employment data back to 1986. Interestingly, what is the effect of that? Oh, there have been fewer unemployed for the last year—less unemployment by almost 0.3 per cent at least. It just so happens that, in the six months before the election, the current minister has been at work not only labouring on those philosophical speeches but rejigging the way the ABS does the numbers. With his philosophical bent, he has made sure that he has pointed out to people that they should not really be worried about being employed part time. In answer to a question from a reporter about whether there is a problem with jobs being part time, he said this: There’s nothing wrong with part-time work if that’s what people want, and we shouldn’t assume that people don’t want part-time work.

He says that many people want a part-time job and that they are really happy with how things are. This minister for employment should have been in here today to answer for himself, to answer for the effects of the GST, to answer for the one percentage point increase in employment in the last year. This minister, who is more concerned with building his image as a philosophical counter-weight to John Howard and as a future political aspirant, should be in here to give us an answer about how he has rigged the way the ABS calculates unemployment in this country. (Time expired)

Mrs De-Anne Kelly (Dawson) (4.51 p.m.)—When I read today’s MPI, ‘the adverse consequences of government social and economic policy on employment’, I was reminded of one of the classic sayings from that marvellous Australian film, The Castle. I do not know whether your family enjoys The
Castle, Mr Deputy Speaker, but mine does. One of the classic lines from that is, ‘You’ve got to be dreaming!’ I looked at the MPI and I thought, ‘The member for Dickson has got to be dreaming.’ She really has, because the truth of the matter is that we have the runs on the board.

Let me compare Labor’s last six years in government with the coalition government’s results from March 1996 to May 2001—slightly less than the six years. Total jobs growth under the Labor Party in that period was 404,600. What did the coalition achieve: 820,000. The member for Dickson has got to be dreaming. Full-time jobs growth under Labor was 27,000, but full-time jobs growth under the coalition is 405,000. She has got to be dreaming. Part-time job creation under Labor was 377,500; under the coalition, 415,300. Total male jobs under Labor was 102,500; under the coalition, 380,000. She has just got to be dreaming. Average annual jobs growth under Labor was 71,400; under the coalition, 158,000. Our employment result is double the rate it was during Labor’s last six years in government. The member for Dickson has got to be dreaming. What about annual percentage jobs growth? I love percentages because they are nice and clean and easy to understand. Those figures are 0.9 per cent under Labor and 1.8 per cent under the coalition.

The unemployment rate under the Labor Party was 10.9 per cent. The latest figures under the coalition are 6.9 per cent. The unemployment rate has fallen by 1.3 percentage points since the government was elected. The member for Dickson has got to be dreaming. What about young people—the future of our great nation? What is the result for young Australians? ‘Teenage full-time unemployment under the Labor Party was 133,300. That was the high in July 1992. Our latest result is 70,400. Young people actually have a future under the coalition. With regard to the unemployment rate for young people—teenagers—under Labor, the high, again in July 1992, was 34.5 per cent. What a disgrace. Under the coalition we brought that down to 23.3. There is hope for young Australians under a coalition government.

Let us go to my own area. I always think the story is told on the home patch. Look at the heading in today’s Daily Mercury: ‘Extra jobs will give huge boost’. The Daily Mercury has given the lie to Labor’s story. Listen to this:

The unemployment rate under the Labor Party was 10.9 per cent. The latest figures under the coalition are 6.9 per cent. The unemployment rate has fallen by 1.3 percentage points since the government was elected. The member for Dickson has got to be dreaming. Average annual jobs growth under Labor was 71,400; under the coalition, 158,000. Our employment result is double the rate it was during Labor’s last six years in government. The member for Dickson has got to be dreaming. What about annual percentage jobs growth? I love percentages because they are nice and clean and easy to understand. Those figures are 0.9 per cent under Labor and 1.8 per cent under the coalition.

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Let us go to my own area. I always think the story is told on the home patch. Look at the heading in today’s Daily Mercury: ‘Extra jobs will give huge boost’. The Daily Mercury has given the lie to Labor’s story. Listen to this:

The Mackay region will benefit from up to 7,000 new jobs which will flow from the world’s biggest magnesium plant to be built in central Queensland.

Do you know who is out getting jobs for Mackay? It is being done by MAIN—the Mackay Area Industry Network, a cluster of 45 companies in Mackay. Do you know who funded that cluster? It was funded by the coalition government, under the area consultative committee set up by this government—going out to tackle multinational companies overseas for jobs in Mackay. And we did it. What about other local projects?

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And the early vision unveiled yesterday will go a long way to putting some life not only into the City Heart, but Mackay itself. It is the river of dreams. And what about the building industry? Let me read from the Daily Mercury of 15 May, in which the
Besser Masonry North Queensland manager, David Ede, said:

We believe that from 2002 to 2007 there’s going to be significant growth in Queensland, particularly from Gladstone north.

But this is the one:

But since the federal government has ... introduced the new home buyers’ grant, as well as the consistent dropping of interest rates, we’re seeing a big increase in interest in housing.

We’re going to start seeing that ramp up, and that dramatic improvement in housing will keep going.

They are all initiatives of the federal coalition government.

Mr Slipper—All good news.

Mrs DE-ANNE KELLY—It is great news. Even Peter Beattie, trying his hardest to actually drive up unemployment, cannot override the good news and the good efforts of the federal coalition government. What about this newspaper article of 2 June? This gives a lie to the member for Dickson. She has got to be dreaming. Look at the heading in the paper: ‘Jobs: $425 million go ahead’.

It says:

About 600 jobs will be created when on-site works begin later this year on a new $425 million mine at Hail Creek.

That is all being done under a sound, federal coalition government keeping interest rates low, providing incentive, ensuring that the building industry keeps going—sensible initiatives to encourage investment and create real jobs. The member for Dickson has got to be dreaming.

Mr Slipper—It’s a nightmare.

Mrs DE-ANNE KELLY—You are right.

It is not a dream; it is a nightmare. Many of my constituents agree with the parliamentary secretary and his comment. In a letter to the Mercury of 17 May, George Cowan of Andergrove says:

Has the alternative—that is, the Labor party—

got the solution or only a promise? ... Folks, if you wonder why I call them socialist—get a copy of their rules and you will see why! ... Times have changed, but the face of Socialist Labor, their aims, ideology, haven’t, new Labor—what a laugh ... Don’t get stung by not thinking—you know you have to wait three years before you can use this anti-venom.

Here is a letter about the GST—you see, people do think—from Brian Wallace in Mackay. He says:

They all blame the GST, but hey, let’s have a reality check here.

........

... the Beazley/Crean alternative of blaming everything that goes wrong on the GST is just propagating plain lies ...

These are decent, ordinary Australians who can see through the Labor Party. But I think that I will leave it to Mr Woodford, who says:

You could go on forever. How could you possibly vote this mob in to run Australia?

Thank you, Mr Woodford from Paget—an area, by the way, with a lot of railway workshops and railway workers. He is absolutely right. The member for Dickson is dreaming—she has got to be dreaming. We have got the runs on the board and we will continue to do the right thing by Australians: low interest rates, sensible programs and a job network that delivers. The coalition government are there with the runs on the board.

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

ASSENT TO BILLS

Message from the Governor-General reported informing the House of assent to the following bills:

Sydney Airport Demand Management Amendment Bill 2001

Communications and the Arts Legislation Amendment Bill 2001

GREAT BARRIER REEF MARINE PARK AMENDMENT 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.
Thursday, 7 June 2001

**Third Reading**

Bill (on motion by Mrs Stone)—by leave—read a third time.

**PRIME MINISTER AND CABINET LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001**

Main Committee Report

Bill returned from Main Committee for further consideration; certified copy presented.

Ordered that the bill be taken into consideration forthwith.

**Second Reading**

Mr Slipper (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.03 p.m.)—The Prime Minister and Cabinet Legislation Amendment (Application of Criminal Code) Bill 2001 was being dealt with in the Main Committee this morning. The only speaker was the honourable member for Mitchell, who referred in his contribution to certain proceedings of the Shepherdson inquiry in Queensland and to how the laws in Queensland meant that certain people who were perpetrators of crimes did not have their day in court—they were not actually charged. When I referred to the contribution made by the honourable member for Mitchell, the Labor Party sought to close this matter down and refer the bill back to the main chamber. This bill is one of a number of portfolio bills intended to harmonise offence provisions in Commonwealth legislation with chapter 2 of the Criminal Code. Chapter 2 of the code establishes general principles of criminal responsibility and a standard approach to the formulation of Commonwealth criminal offences. The code will govern the interpretation of all Commonwealth offence provisions from 15 December this year. It is possible that the code will change the meaning and operation of some Commonwealth offence provisions from that date. As a result, each portfolio will be amending the offence provisions in their legislation to harmonise them with the code and to preserve their current meaning and operation. The bill currently before the chamber represents the contribution of the Prime Minister’s portfolio to this project and will ensure that the portfolio enjoys a smooth transition to the new Criminal Code. I commend the bill to the House.

Question resolved in the affirmative.

Bill read a second time.

**Third Reading**

Leave granted for third reading to be moved forthwith.

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

**PRIVILEGE**

Privileges Committee Reports

Mr Somlyay (Fairfax) (5.07 p.m.)—I present the reports of the Standing Commit-
the Committee of Privileges concerning the alleged threats or intimidation against a witness before the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade and the possible unauthorised disclosure of in camera evidence to the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade, together with the minutes of the proceedings.

Ordered that the reports be printed.

Mr SOMLYAY—by leave—The two reports I have tabled report on references arising from an inquiry of the Defence Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade into issues of military justice. The first report relates to allegations of threats or intimidation of Corporal Smith, a former member of 3rd Battalion Royal Australian Regiment, as a witness before the Defence Subcommittee. Corporal Smith appeared before the Defence Subcommittee on 6 October 2000 and gave evidence in public and in camera. The committee received evidence that Corporal Smith had received a threatening telephone call on 14 October 2000 and that there had been criminal damage on 21 October to an external wall and door of a room where he had been living.

Unfortunately, it has not been possible to identify the person or persons responsible for these incidents and it appears unlikely that they will be identified. While Corporal Smith indicated to the committee that he was not concerned about his immediate safety, he was not sanguine about his safety in the longer term or his career prospects in the Army. Corporal Smith indicated that he thought it may be in his best interests to apply for a service transfer to the Navy or Air Force. The Australian Defence Force indicated to the committee the efforts it had taken to protect Corporal Smith. In the committee’s view, these have been satisfactory. Admiral Barrie also told the committee in relation to Corporal Smith’s career options that the ADF would:

... do everything we can to look after Smith. That is the assurance that I can give the committee.

The committee was satisfied that the threats to Corporal Smith were serious and could reasonably be concluded as relating to his evidence before the Defence Subcommittee. Unfortunately, as the person or persons responsible have not been identified, the committee cannot take the matter further. However, the committee wishes to make clear that it does not regard this report as necessarily concluding its inquiry into this matter. Should the committee be provided with information during the current parliament that suggests to it that the matter is ongoing, then it will seek to investigate further. The committee also wishes to see that Corporal Smith has every opportunity to complete his career with the ADF with safety and confidence. Consequently, the committee recommends that the ADF does all within its power to accommodate any request for a transfer by Corporal Smith.

The second report relates to the alleged unauthorised disclosure of in camera evidence taken by the Defence Subcommittee as part of its inquiry into military justice issues in an article by Mr Michael Ware in Time magazine. On the basis of the evidence, the committee cannot rule out any of a number of possibilities as to how the unauthorised disclosure occurred. It is also not clear whether there was more than one unauthorised disclosure.

Nevertheless, the committee finds that there was an inadvertent or deliberate disclosure of in camera evidence so that Mr Michael Ware, a journalist with Time magazine, was able to publish extracts from the evidence disclosed to him in an article in Time magazine. The disclosure and the subsequent publication of the in camera evidence created the potential for serious consequences, including damage to witnesses, interference with the work of the Defence Subcommittee and damage to the parliamentary committee system generally. Unfortunately, the committee has not been able to ascertain the identity of the person or persons responsible. However, if further evidence becomes available about the source of the disclosure, the committee considers the matter should be referred again for further investigation.
In addition, the committee finds that there was an inadvertent or deliberate unauthorised disclosure to an officer in the Department of Defence of a copy of the in camera evidence. While the committee had no evidence to connect the unauthorised disclosure with the publication by Mr Ware in his article of quotations from the in camera evidence, this possibility cannot be ruled out. The unauthorised disclosure to Defence is a serious matter and very regrettable. However, the committee has no evidence that the disclosure caused damage to witnesses or caused interference with the work of the subcommittee.

The committee’s primary concern about this disclosure is that the committee was not advised of it sooner. The then Defence adviser was aware that the transcript had been received by an officer of the Department of Defence at the time this inquiry was referred to the committee. He should have advised the committee secretary at the earliest opportunity of the disclosure. The committee secretary should have advised the Chair of the Defence Subcommittee at the earliest opportunity of the disclosure and, in turn, the chair of the subcommittee should have told the Chair of the Standing Committee of Privileges. If there had been earlier advice of this disclosure, then the inquiry would have been handled very differently or may not have been undertaken at all. The failure to inform the committee was a considerable error of judgment.

The committee is particularly concerned that the committee secretary and the Defence adviser were not more frank with the committee regarding the disclosure of the in camera evidence to an officer in Defence when they first gave oral evidence. They had refreshed their memories on the morning they gave evidence about this disclosure and should have made the committee aware of it when they first appeared. If further evidence becomes available about the source of this disclosure, the committee considers the matter should be referred again for further investigation.

Finally, the committee makes some general observations about such cases. The committee recommends procedures for committees to use in handling in camera evidence. The committee also considers that there should be greater onus on committees which experience unauthorised disclosures to investigate these matters in more detail before they are referred to the Standing Committee of Privileges. In this case, a more thorough inquiry by the Joint Standing Committee on Foreign Affairs, Defence and Trade may have revealed the unauthorised disclosure to the officer in Defence and possibly have averted the need for an investigation by the Standing Committee of Privileges.

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

Cognate bill: **CUSTOMS TARIFF AMENDMENT BILL (No. 3) 2001**

Second Reading

Debate resumed.

**Mr SNOWDON (Northern Territory)** (5.15 p.m.)—Mr Speaker, with your indulgence, I will just remind the House where we were before we left off. I had bought a litre of petrol from the Prime Minister’s electorate for $1 and half a litre for $1 from Milikapiti in my own electorate. I pointed out that, as a result of the tax changes, people in my electorate pay substantially more tax on fuel. I pointed out that the people at Milikapiti, where unleaded fuel is $1.80 a litre today, pay 387 per cent more tax on their fuel— that is, the extra tax on their fuel—than the people in North Ryde in the Prime Minister’s electorate, where a litre of fuel is 94.9c.

It is also worth pointing out that it is just not Milikapiti where the price of fuel is so high. The price is 112.9c a litre in my own town, Alice Springs. As a result, we in Alice Springs pay 163 per cent more GST on our litre of fuel than do people in the Prime Minister’s electorate. If you live in Darwin, where the price of fuel is only 103.5c a litre, you still pay 130 per cent more tax—more GST—on your fuel than you do on a litre of
fuel in the Prime Minister’s electorate. If you live in Wallygerang in the eastern part of the Northern Territory, where you pay $1.40 a litre, you are paying 233 per cent more tax—more GST—on that litre of fuel compared with people in the Prime Minister’s electorate. That I think indicates very clearly to this House the impact of the changes in the new tax system and what it has meant. The Prime Minister, in talking about the need for this current bill, which of course the Labor Party supports, said in a press conference on 1 March:

... the main reason petrol prices are high is because of the high price of crude oil, they recognise that, but they really think that we could have done a bit more.

Let me ask the Prime Minister this question: how much extra tax in the form of a GST does he think the people of Milikapiti pay? The fact is that it is 10.37c for every litre of fuel they buy. So, while it is true that the price of crude oil is a significant factor, in the case of these remote communities in my own electorate, a major and very significant factor in the high price of fuel is the GST.

I recall the days when it was being trumpeted around this parliament by the Prime Minister and the then Leader of the National Party, and I recall their saying when they were flying around the community, that the price of fuel would not rise or need not rise. Indeed, we had the former Chief Minister of the Northern Territory having the gall to say to the Northern Territory community that he had spoken to the Prime Minister and had an assurance that the price of fuel would fall by up to 7c a litre. I do not know what he was sniffing at the time, but I have to say that that was an outrageous statement, for which he has never been held responsible. He is now a significant adviser to the coalition—because he is of course none other than the President of the Liberal Party of Australia. To have perpetrated on the Australian community the view that, somehow or other, this new tax system and fuel prices would be dramatically impacted upon by the current legislation is of course a ruse, because it is very clear, as I have indicated, that if you live away from major metropolitan areas you are substantially disadvantaged by fuel prices.

Of course, it is worth while pointing out the nature of the electorate in which I live and the nature of the communities that I am referring to and comparing them with the communities the Prime Minister represents. What we discover is that not only do they pay the highest cost for fuel probably in Australia but they are amongst the poorest people in Australia. Indeed, the average income in what will be the new seat of Lingiari, which is all of the Northern Territory with the exception of Darwin and Palmerston, is $288 a week. That is not a lot of money, is it? It is less than $15,000 a year. This is in communities like Milikapiti, where the price of a loaf of bread is $2.80. A survey conducted by Territory Health Services in 1988 found that the average cost of the total family basket of food purchased in remote communities throughout the Northern Territory—principally Aboriginal communities—was 61 per cent more than the average cost of the same basket when it was purchased in an Australian capital city. I think that demonstrates clearly that we have people who live in remote communities who are poor, who pay higher prices for their food and who now find that their circumstances have been exacerbated by the GST.

We know that, as well as paying 60 per cent more for a basket of standard goods on top of what is already paid by people in Epping, East Ryde, Eastwood, Gladesville, Hunters Hill, Marsfield, Meadowbank, Pymble, North Ryde and West Ryde in the Prime Minister’s electorate, people in my electorate—in this case the people at Milikapiti—in addition to the extra 2.6c a litre paid by the people of Bennelong, pay an additional 7.5c a litre on every litre of petrol. You would have to ask: how is it that this government can introduce changes, say somehow or other they are working for the Australian community and that somehow or other the GST will benefit all Australians? This week we have seen what the Prime Minister’s view is in relation to the impact of the GST. Here we have the Prime Minister’s rhetoric that the new tax system was going to deliver jobs and
opportunities to all Australians, yet we have a situation in the case of the communities to which I am referring where there are increased costs and fewer opportunities and people are saddled with the iniquitous and regressive GST. These people do not have access to the same range of services that the good burghers of Bennelong and other metropolitan areas have access to.

It is of concern to me because not only are we getting a raw deal in fuel prices but the other leg of this is that which was touted by the Leader of the National Party today in question time—the money which has been put out for roads. I have raised this matter before. A cartoon in the *Northern Territory News* dated 28 May headed ‘Wicking’s view’ shows a man and a woman—presumably husband and wife, partners at least—sitting inside their house and outside the house, through a window, can be seen a motor car. The woman is saying to the man: Snowdon is calling on the government to spend more on roads.

Which I am, and the male responds: That we can’t afford to drive on.

In my electorate, people clearly cannot afford to drive on some of the roads, that is, if they have a road. I tried to find out today what the price of fuel is in Mungoorbadau, a community in my electorate alternatively called Robinson River, which is 150-odd kilometres south of Borroloola on the gulf. I thought I would do a random check around some of the communities to find out the price of fuel. Remember that we are also talking about roads—at least I am in the context of this discussion. They could not tell me what the price of fuel was at this community because the road has been closed for six months and there is no fuel to be had. This is a community of 300 or 400 people in my electorate and they do not have a road that they can drive on to go to Borroloola not only to get fuel but to get other services.

The Leader of the National Party, the Deputy Prime Minister, was standing up here and saying what a great thing is the Roads to Recovery program. We know that the seat of Gwydir, which has an area of 114,000 square kilometres, has 72,930 voters and a population of 111,146, received $42,386,389 under the Roads to Recovery program—that is, $581 per voter, $381 per person or $372 per square kilometre. Let me compare that to the Northern Territory, which has an area of 1.34 million square kilometres. It has 105,048 voters and 190,000 people and received less than half the amount of money that the seat of Gwydir got—that is, $20 million. Per voter, the seat of Gwydir received $581; the seat of the Northern Territory received $190. Per person, the seat of Gwydir received $381; the seat of the Northern Territory received $105. More importantly, and perhaps more starkly, the amount of money per square kilometre was $372 in Gwydir and in the Northern Territory it was $15.

Mr Pyne—That’s very generous.

Mr SNOWDON—That is what you would expect from the member for Sturt. He probably says that they are not paying enough for fuel at Milikapiti when they are paying $1.80 a litre and too bad that the people at Robinson River do not have a road they can drive on—too bad that roads on unincorporated areas of the Northern Territory have not been funded appropriately. I am fed up to here with the rhetoric which comes from this government which says that they are looking after the people of Australia, particularly people in the bush. They do not care about the bush—out of sight, out of mind. We see National Party members come in here like lemmings and say, ‘We think the coalition is doing a great job for the people in the bush.’ They are doing well if they are in the seat of Gwydir.

Mr Martin Ferguson—And Wide Bay.

Mr SNOWDON—Wide Bay and other National Party electorates. What we are seeing in this place day in day out, week in week out, month in month out is the most apparent, obvious pork-barrelling that this country has seen for a long time; yet no apology from the government for the fact that the people in my electorate are so severely disadvantaged by not only the GST on the price of fuel but also the infrastructure which is being made available for them to
drive their cars on—if they can afford to drive them because of the price of fuel. It is a sick joke which is being perpetrated on the people of Australia, and the people of my electorate in the Northern Territory know it is a sick joke. Despite what the Prime Minister thinks, the GST is going down like a lead balloon. If he thinks there will be no retribution at some point, he is dead wrong, because I can tell him that that is exactly what will happen. *(Time expired)*

Debate interrupted.

**ADJOURNMENT**

*Mr SPEAKER*—Order! It being 5.30 p.m., I propose the question:

That the House do now adjourn.

**Edmondson, Corporal John Hurst**

*Mrs IRWIN (Fowler)* (5.30 p.m.)—The 13th of April this year marked the 60th anniversary of the awarding of the first Victoria Cross to an Australian of the Second World War. Corporal John Hurst Edmondson of the 2nd/17th Australian Infantry Battalion, from Liverpool in New South Wales, received the award posthumously for conspicuous bravery at Tobruk in Libya.

On the night of 13 April 1941, a platoon of the 2nd/17th Australian Infantry Battalion, in which Corporal Edmondson served, was helping to defend Tobruk from land and air attacks. That dark Easter Sunday night, a party of about 30 German infantry broke through the wire defences and established themselves with machine guns, mortars and two small field pieces. It was decided to attack them with bayonets, and a party consisting of one officer, Lieutenant Austin Mackell, Corporal Edmondson and five privates took part in the charge.

During the counterattack, Corporal Edmondson was wounded in the stomach and neck by machine-gun fire, but he continued to advance under heavy fire and killed one enemy with his bayonet. Later his officer had bayonetted a German soldier who grasped him about the legs while another German attacked him from behind. Lieutenant Mackell called for help, and Corporal Edmondson immediately came to his aid and, in spite of his wounds, killed both the enemy, saving his officer’s life. After being carried back to his post, Corporal Edmondson died of his wounds after asking that other wounded men be treated before him. The citation accompanying his award says:

His actions throughout the operation were outstanding for resolution, leadership and conspicuous bravery.

The seven-man patrol routing of the German machine-gun post was a turning point in the four-day Tobruk Easter battle in which Corporal Edmondson’s platoon bore the brunt of the German attack. It saw the beginning of the eight-month Tobruk siege, the longest in British military history, and the end of German supremacy in North Africa.

After the action, the commander of Australian forces in the Middle East, Lieutenant General Thomas Blamey, wrote to Corporal Edmondson’s parents expressing his tribute to their son:

I write in sincere sympathy to you for the loss of your magnificent son. I understand he was your only son. It is a sad hour for us all. He cannot be replaced. His life was beyond reproach, his courage something I fear none of us could aspire to. He has left his name in history.

There is now only one surviving member of the platoon, Mr Doug Foster. He was 16 at the time, and recently remembered John Edmondson in the following way:

I had the greatest admiration for Jack Edmondson, he was a terrific bloke. He was 28 and he took me under his wing because I was so much younger. Jack was a marvellous leader who lifted our morale. He was a quietly spoken, reserved man who treated all of us the same.

*Mr Speaker,* on 10 April this year, the Liverpool sub-branch of the Returned Services League of Australia, in conjunction with the 2nd/17th Battalion AIF Association, Liverpool City Council and the John Edmondson VC Memorial Club, held a commemorative ceremony in honour of Corporal John Hurst Edmondson VC. Unfortunately, I was unable to attend the ceremony, which did much to rekindle the memory of Liverpool’s finest son.

*Mr Pyne interjecting—*
Mrs IRWIN—John Edmundson is remembered in many ways throughout Liverpool. The local RSL club takes the name of the John Edmundson VC Memorial Club. Edmundson Avenue in Austral is named in his honour. And a new suburb of Edmundson Park is situated close to the Edmundson family home which still stands today.

The other day as I walked along Macquarie Street, Liverpool, just after reading the background for this speech, I thought of a young John Edmundson walking along that same street—that quietly spoken, reserved man that Doug Foster spoke of. I thought also of his parents walking along that same street, and their sadness at the loss of their only son. And I thought of the words of General Blamey in his letter to Corporal Edmundson’s parents:

... his courage something I fear none of us could aspire to. He has left his name in history.

For the people of Liverpool, Corporal John Hurst Edmundson has been an inspiration. His name and courage are remembered 60 years after his passing and will, I am sure, be remembered for many years to come.

The honourable member across the chamber interjected to ask why I did not attend that memorial service, which I should have probably attended. As you are aware, Mr Speaker, I was on a delegation with you and other members of the House. (Time expired)

Herbert Electorate: Road Funding

Herbert Electorate: Television Reception

Mr LINDSAY (Herbert) (5.35 p.m.)—I want to express my frustration tonight with the Queensland government. In Queensland, particularly in regional Queensland, roads are one of the most significant issues in the electorate. In Townsville Thuringowa we have a major road project which I have desperately tried to get up and off the ground. I got the Commonwealth funding, but the state government will not build the road. I am not sure why this is. I do not know whether they do not have the money to meet their contribution. I do not know whether they are doing it for crass political purposes, but I am just getting a no, no, no from the state minister Steve Bredhauer. It is terribly unfortunate; it is holding our city back.

The state minister says that that road is a federal responsibility. In an attempt to find another way around this—there is a lot of private interest in building the road and the bridge—I looked at getting the Commonwealth government to take over the project and to build the project ourselves. I went to Queensland Transport to see what the process might be. Guess what I was told? I was told that it was a state controlled road and that the Commonwealth could not take over the project—another road barrier, another road block, another no from the Queensland government. On the one hand the state minister says, ‘It’s a federal responsibility’ and on the other hand his department says, ‘It’s a state controlled road and the federal government should keep out of it.’ I am determined to get this road built one way or another. I am going to fight tooth and nail continually, with the support of my community, the Labor Townsville City Council, the independent Thuringowa City Council and state members of parliament, to try to get the Queensland government to get this problem sorted out.

I think it is probably time that the Premier, Mr Beattie, intervened. I think that he should take his transport minister to task and I think he should say, ‘Look, in the interests of all our community, this is a road that has a benefit cost ratio of 13. For goodness sake, any road that has a benefit cost ratio of one generally gets a funding guernsey—this has a BCR of 13. I want to see that get up and I want to make sure that it is there for my community.’

On another matter, I report to you that in March of this year the UHF television services in Townsville and Thuringowa were badly affected when the transmitting antenna was burnt. It was quite spectacular. I well remember the front page of the Townsville Bulletin the next morning which had a picture of the 500-foot television tower with the top 80 feet burning away—a big smoke stream—and the caption ‘Towering inferno’, and it was. It has never happened anywhere
in Australia previously but it happened in Townsville and it took out Channel 9, Channel 7 and SBS television services. They are currently transmitting on a temporary antenna and it is providing unsatisfactory service in the Upper Ross and in other parts of the city.

There has been some frustration also in the community as to when the television reception on these channels might be improved. I have spoken to NTL who are the group responsible for the maintenance and operation of the transmitter and antenna site. A new antenna has been manufactured—because you cannot just buy these things off the shelf—and should be delivered to the site within the next couple of weeks. However, under new tower compliance regulations which have come into force since the tower was originally built, there needs to be further strengthening of the steelwork on top of the antenna structure. Remember that this is some 450 feet in the air—a very difficult job indeed. That design will be completed and that steelwork will be put in place. Then we have the problem of getting this very high antenna structure up at that height. There is a problem apparently in finding a suitable helicopter that could lower this thing on. So I have said to NTL that if they have that difficulty to let me know. I will see if there is a way that we can get one of the Chinook helicopters from 5 Aviation Regiment to help out, because I think that it is a community service to get our television transmissions properly back on the air. If we can do that, I think we can look forward by the end of July to seeing the new antenna system in operation and we will bring proper, crystal clear pictures back to the area of service that were serviced prior to the fire.

Community Legal Centres

Mr MARTIN FERGUSON (Batman) (5.40 p.m.)—I rise this evening to speak on an issue of fundamental importance to the rights of individuals and communities—the Commonwealth’s review of the operation of community legal centres, with particular reference to Victoria. This review has unfortunately raised the spectre of forced amalgamations, fees for service and means testing—issues that have caused a great deal of angst amongst the many thousands of people who rely on community based services when they get into trouble and need a helping hand.

Community legal centres, as you appreciate, Mr Speaker, are at their most effective when they provide a service for people who simply cannot afford flash lawyers when they get into trouble. Community legal centres also provide vital information as a first point of contact for people forced to confront the mind-boggling, twisting paths of our judicial system on their own. I am extremely concerned that the current review of the operation of community legal centres in Victoria could lead to the closure of centres such as the Darebin Community Legal Centre near my own office in the electorate of Batman. People in the northern suburbs of Melbourne can ill afford to lose another community asset, especially one that is relatively easily accessible to multiple transport modes. If the Darebin Community Legal Centre were to be closed or amalgamated with another centre and moved further north, it would cut off valuable legal services to a whole community of people in need. The closure of such a service would hurt a community and it seems that these communities in need are always the ones that are unfortunately hurt yet again.

I simply say that, despite the apparent assurances of the Attorney-General last week, the government has failed to guarantee that no centre will be closed under the review. In effect, there is still a guillotine hanging over the heads of a number of community legal centres in Victoria. I actually believe that we should put an end to that uncertainty because we should be about guaranteeing access and community development through those centres. Such is the level of anger in Darebin about the government’s review that I have received a petition from more than 1,000 local people asking me to deliver a message to the federal Attorney-General, Mr Daryl Williams. That message is coming loud and clear to keep community legal centres in their current form as independent organisations that are community managed, commu-
nity based and community owned. Rather than threatening the existence of community legal centres, the Attorney-General would be better off reducing the burdensome and unnecessary administrative reporting requirements which prevent community legal centres from engaging in their bread-and-butter activities—that is, advocacy on behalf of those who do not have a voice.

I welcome the Attorney-General’s apparent about-face on the funding of community legal centres in Victoria. It is clear that some centres will still face closure if the Commonwealth persists in placing unreasonable conditions on its offer to fund these services. The Victorian review had proceeded on the basis that there was to be no increase in funding from the Commonwealth under any circumstances. Although the federal government’s offer last week to work with the Victorian government to fund new centres is obviously a step in the right direction, the tone of the offer suggests that the Attorney-General has not learned from the review. On the one hand he is holding out a carrot but on the other hand he wishes to blame the state for his own inadequacies. By doing so, the federal government is demonstrating that it fails to understand that community legal centres are most effective when built from the ground up.

As my colleague the member for Barton and shadow Attorney-General has pointed out in no uncertain terms, imposing solutions from Canberra is no substitute for meeting the needs of people in outer metropolitan, rural and regional areas. In many cases, it might be more effective to help existing community legal centres with their well-developed volunteer support structures and expertise built up over many years. We should be about expanding outreach services to embrace larger catchment areas and growth corridors rather than trying to reinvent the wheel. It is unfortunate that the federal government has chosen the path of trying to lecture community legal centres about what they should be doing and where they should be located, rather than working more constructively with those local grassroots organisations to deliver improved services.

The Attorney-General’s conditional offer of additional funding would be more sincere if the annual cuts to funding for legal aid in Victoria, to the tune of $5 million, were also restored. Unless the Commonwealth takes a more flexible approach, any promise of additional funding will simply not be realised and the fate of existing centres will remain in jeopardy. Today I simply call on the Attorney-General to guarantee that there will be no closure of any community legal centre in Victoria and, more importantly, that the Commonwealth will work with the Victorian government to strengthen the community centre network, including establishing outreach services to extend and embrace other communities in need of legal assistance.

Murray-Darling River System

Mr PYNE (Sturt) (5.45 p.m.)—Tonight I want to discuss an issue which is not a new one to the Commonwealth parliament, and that is a question of handing the power over the Murray-Darling river system from the states to the Commonwealth. This issue was debated very hotly in the federation conventions in the 1890s, particularly in Adelaide in 1897 and in Melbourne in 1898. But South Australia lost out to New South Wales in the form of a motion moved by George Houston Reid, the future Prime Minister, and section 100, as it came to be known, was inserted in the Constitution. It reads:

The Commonwealth shall not, by any law or regulation of trade or commerce, abridge the right of a State or of the residents therein to the reasonable use of the waters of rivers for conservation or irrigation.

Through section 100, the Commonwealth has been unable to achieve a cooperative approach to the management of the Murray-Darling river system as the states have jealously guarded their powers over the system—the Murray-Darling river basin—and we have been the poorer for it. One hundred years later, it is time that we revisited the issue.

In the 1890s, the issue was the navigation of the waterways. South Australia wanted to be sure that navigation of the waterways would not be hindered by customs or other
things from Victoria or New South Wales. Today, it is not about navigation of the waterways; it is about the ecological and economic importance of the Murray-Darling river basin to South Australia, Victoria, New South Wales and Queensland that makes it so important for the Commonwealth to take over power from the states, given the fact that, 100 years later, they are still bickering over how the system should be managed. It would require a referendum to remove section 100 from the Constitution and to replace it with a new head of power under section 51 of the Constitution which could read something like:

The control and regulation of the Murray-Darling River Basin and the use of the water thereof.

That would be inserted under section 51 to give that as a head of power to the Commonwealth so that the Commonwealth could make laws with respect to the Murray-Darling river basin. I would propose that it be a concurrent head of power, so that states could continue to legislate over water and land management issues to do with the Murray-Darling river basin, except that, as a concurrent power, it would mean that any legislation the states introduced that was different from the Commonwealth legislation would be immediately invalid and that Commonwealth legislation would always prevail over any inconsistent state legislation.

Mr Speaker, as the member for Wakefield who represents a large part of the River Murray in South Australia, you would be well aware that there are very good reasons for Australians to be concerned about the Murray-Darling river basin ecologically. I do not wish to go through them all today, but if members are interested they can look at things like the ‘Australian dryland salinity assessment 2000’, the national land and water resource audits ‘Australian water resources: environmental perspective’ and the Murray-Darling Basin Commission’s salinity audit. These three studies into the Murray-Darling river system have made it very clear to me and to all South Australians that ecologically the Murray-Darling river system is in tremendous danger. In fact, the Murray-Darling Basin Commission’s salinity audit found that, in 20 years time, on two out of every five days in Adelaide the drinking water will be undrinkable. Twenty years is not that far away. In 20 years time I will only be 53, and hopefully still in this House.

We need, as a House and as a Commonwealth, to consider taking over the power over the Murray-Darling River Basin. It is very simple. The Queensland government has held out against a cooperative approach through the entire process of the Commonwealth trying to bring about one unified approach to the Murray-Darling river basin. Senator Hill, as Minister for the Environment and Heritage, has done his best to try and get a cooperative approach. But Queensland still fails to sign the capping agreement which New South Wales, Victoria and South Australia signed in 1997, based on 1993-94 water flows. Queensland still holds out against it. In fact, Queensland still takes all the water from some rivers that are supposed to flow into the Darling, like the Condamine River. It has shown and evinced a complete lack of interest in adopting a cooperative approach, with obfuscation, putting up hurdles to a cooperative approach, and continuing to take as much water as it can from the system before it flows into the Murray at dangerously low levels. So I am proposing that the Commonwealth proceed with a referendum to take power from the states and deliver it to the hands of the Commonwealth for the good of the country. (Time expired)

Defence Estate Organisation: Contract Management

Mr Byrne (Holt) (5.50 p.m.)—I rise to discuss the harassment, intimidation and sheer incompetence of a government bureaucracy, the Defence Estate Organisation, and its head contractor, Asset Services, which has imperilled a fine Dandenong based company, Ridgewell Pty Ltd. This company is a building subcontractor which has undertaken much work for the Defence Estate Organisation in the past. This company, which was established in 1987, employs 36 people, and, as a consequence of
the campaign of victimisation and the incompetence by DEO and Asset Services, it is looking forward to a very gloomy future indeed. This is a company which has suffered because no-one really is in control of the contracting processes undertaken by the Defence Estate Organisation. Most tenders appear to be poorly presented, without proper scopes of works and drawings for contractors to work off.

I want to detail the particular experience by Ridgewell Pty Ltd, which entered into a contract with Asset Services for remedial works to the Junior Sailors Gallery Cafeteria building at HMAS *Cerberus* in November 1999. They experienced continuous alteration to the scope of works by Asset Services which took about 12 months to clarify. This delayed the completion of the works. What happened was that there was a non-payment of the delay costs, which were about $91,250, by Asset Services to Ridgewell. When they raised this they were victimised and intimidated by Asset Services. Sadly, it got to the stage where a member of Asset Services had to write a formal apology to Ridgewell. There were threats from Asset Services’ senior manager to prevent Ridgewell from being awarded future contracts for services if Ridgewell pursued claims for delayed costs. There was a request by Asset Services for Mr Ashman to sign a blank contract to cover up previous mismanagement by the head contractor in DEO. There was another request for Ridgewell to sign a new novated contract with DEO, removing Asset Services as head managing contractor for a sign-on fee of $24,950. I have been informed that this is a standard sign-on fee when things have been bungled, then everyone becomes part of the mess.

The problem appears to be that many contracts apart from Ridgewell have been mismanaged continuously. Take, for example, the hospital at *Cerberus*. The roof on the hospital has had to be replaced three times. The last time, it blew off in 29-knot winds. Every floor in every ward in the hospital has had to be jackhammered because it was not laid properly. In total, there were 12 scopes of work for the hospital contract. It appears that contractors who have not met their obligations are not asked to draw upon their warranties to fix up their mistakes but instead are given a new contract to fix up the problems. Sadly, though, we the taxpayers are actually paying for this. The funniest problem we encountered was a building that was built in a hole at the Laverton air base. It was only meant to flood once every 25 years, according to Kinhill Engineers. Sadly, Kinhills basically got it wrong. The carpets had to be replaced at a cost of $40,000 and pumps had to be installed to remove the water from the actual site.

Variations requested by Asset Services do not appear to have been documented, as in the case of Ridgewell Pty Ltd. In that way, no-one can ever be found to blame for the problems. We know the minister has written a nice letter to Ridgewell, telling them about the Inspector-General’s Management Audit Branch inquiry. What did they find? Of the $235 million spent by DEO, 50 per cent had no documentation to support the spending, while the other 50 per cent had serious questions raised about it. So what has the minister suggested: rewrite the policy. This is just not good enough. Many of the people involved in the management of these contracts have now been promoted.

This is an unacceptable situation. I call upon the minister to seriously investigate the claims made by Mr Ron Ashman of Ridgewell, and to ensure that transparency and accountability are restored to the contract processes undertaken by the Defence Estate Organisation and its head contractor, Asset Services.

**Work Experience: Victoria Hantis**

**Mrs GASH (Gilmore) (5.54 p.m.)—**During my time as a federal member, my office has had in it a number of young people doing work experience. Tonight I would like to place on record the work of our latest recruit to politics. Her name is Victoria Hantis, and the following is entirely her work. It was given to me five or 10 minutes ago, and so I really have not had a good look at it. It reads:
My name is Victoria Hantis and I’m 16 years old. I live in Nowra, in the electorate of Gilmore and attend Chevalier College. Over the last week I have been lucky enough to have been given the opportunity to come down to Parliament House here in Canberra with my local member, the Member for Gilmore, Mrs Joanna Gash, and to see the functions and running of parliament.

I came to Canberra from the south coast and wasn’t at all sure what to expect. I knew that I wanted to:

- Take a closer look at the tactics and strategies used by both parties
- Meet as many people as possible
- Look at the different roles and functions of different people in parliament e.g. the ministers, the members, clerk, speaker, but also the people behind these people: their advisers, media people, etc.

Above all I wanted to get the most out of it that I could.

My first impression of the house was that it was slightly daunting. I was quite bewildered and even a little overwhelmed. I quickly found my feet though and began to just absorb up everything around me.

During my visit here in the house I saw and experienced many different things. This has been an amazing, not to mention enjoyable experience. Some of the highlights for me personally were:

Meeting the Hon Mrs Jackie Kelly and being able to ask her some questions and talk to her about her role as minister for sports and tourism.

Attending question time. I found this to be really interesting and at times entertaining. Here I was able to see some of the tactics used by both the parties.

Meeting Lauren Van Dyke from Senator Brown’s office who told me about the Greens’ policies; I was invited—by Ms Jackie Kelly—to attend a lunch on tourism, and specifically on the “See Australia” programme.

I met Claressa from the Clerk’s office who spoke to me about the roles of the Clerk, the Speaker and the Whip;

I attended the launch of the new government programme in accordance with Bass Hotels and Flag Choice Hotels to provide accommodation for all defence staff (including civilians with defence contracts, and war veterans) and their immediate families at a reduced fee.

I spent some time looking around the parliamentary library. I researched some information and statistics on youth voting, political awareness and attitudes among young Australians.

As a young Australian and someone who is interested in politics, I’d really like to see more young people getting involved, because we are the future and the way I see it is, if we are apathetic and ignorant about politics and the way our country is run, what hope do we have for the future?

The Australian Temperament Project is one that is designed to assess how ‘civic minded’ the youth of Australia were towards different aspects (‘civic minded’ is defined as “willingness of an individual to actively take on the role of being a citizen”). This includes an active role in the community, civic responsibilities and political awareness.

In this article, political awareness is said to be a prerequisite for a successful democratic society. They surveyed a number of teenagers on several issues, one being political awareness. They found that 54% never, or very rarely, follow the news in relation to politics, only 12 per cent often or always. 67% of teenagers have very little or no feelings about politics. 37% seldom follow news about international affairs. Furthermore only 3% of youth in Australia get involved in political activity like writing letters. I am aware some of the members think “not all of Australia’s youth is like that and there are many people in my electorate that are interested and they are taking an active role”. This is true but they are only a small minority.

A good starting point would be involving and educating youth. An excellent initiative already in place is the youth parliament, but I feel that this is not extended to enough people. We need to educate the youth now, not when they are 18 and when you want their vote. We should be proud of what we have. We have a fair and just democratic system, unlike some other countries that are under dictatorship or have communistic rule; we have one of the best democratic systems in the world. For this we should be grateful.
I hope that in the future more Australian youth do become more politically aware and more involved in Australian politics.

I'd like to re-inforce what a wonderful experience this has been. I've had an excellent time, learned a lot and have benefited so much. I achieved everything I hoped plus more.

I'd like to send my thanks to Mrs. Gash for this unique opportunity and her staff, Lexie Meyer and Lajia Sidhu. Thank you to the House for this chance to express my views. This has been a truly once in a lifetime opportunity!

Victoria is in the gallery, and I too would like to thank her on behalf of my staff for sharing that experience with us.

**Lidbetter, Mr Peter**

**Mr LEE (Dobell) (5.59 p.m.)**—I take this opportunity to advise the House that last Saturday Peter Lidbetter, the former Deputy Managing Director of the ABC, died after a struggle with cancer. Peter was highly respected, both within and without the ABC, and was a man of great integrity. He gave me wise advice on many occasions during the time that I was Minister for Communications. He was a strong advocate for public broadcasting, and very loyal to the people he worked with. He was extremely popular within the ABC because of the contribution he made.

On behalf of, I am sure, people on both sides of the House, I extend my condolences to his wife, Helen, and their four children.

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

**House adjourned at 6.00 p.m.**
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

STATEMENTS BY MEMBERS

Australia-Iran Parliamentary Friendship Group

Mr SERCOMBE (Maribyrnong) (9.40 a.m.)—I take this opportunity to talk briefly about the recent formation in the parliament of the Australia-Iran Parliamentary Friendship Group. This group has been formed largely at the instigation of the member for Farrer, Tim Fischer, who has had a considerable interest in this part of the world. He is to be commended for his initiative in that respect.

Iran is attracting quite a bit of interest in Australia presently because of the presidential elections that are under way there. It is a country which is a very important economic partner to Australia. Indeed, wheat, in particular, is exported to Iran from Australia in very substantial quantities at great value. The oil and gas industry in Iran that underpins its economy is vital not only to Australia but to the Australian region. Therefore, exercises to improve the relationship between the two countries are quite important.

I had the opportunity in April, along with Mr Fischer, to attend a conference in Teheran—the second stage of an Australia-Iran dialogue. The first stage of that dialogue was conducted in Canberra last year. The conference was attended by a number of academics as well as some business people. Most notably, BHP, which wants to develop considerable interests in Iran, was represented, and some Australian government officials attended as well.

In addition to the economic relationship, we need to continue to pursue opportunities for political dialogue. Australia is potentially very important to Iran as a conduit to the broader Western community of nations. I think we are all aware of the history of some difficulty in that regard. Therefore, a country like Australia can play a most useful role in that respect. There are a number of other very important issues that we need to be pursuing. Arms control is a matter of considerable interest to Australia. Iran has an important role to play in that respect as well. There are a range of important human rights issues which affect Iran as well as other countries that need to be placed on the agenda.

In the cultural context, we had the opportunity to visit a city called Isfahan, which is an architectural gem. The city is UNESCO listed, and it is an absolutely fantastic place to visit. I believe there are significant opportunities for promoting cultural contact between our two countries. I know that Mr Fischer, the member for Farrer, led a delegation of tourist operators to Iran. The opportunity for the promotion of cultural tourism on a bilateral basis is very substantial. I think this relationship can be developed rapidly. Hopefully, the Parliamentary Friendship Group can play some role in that respect. (Time expired)

Nurses: Rural Areas

Mrs HULL (Riverina) (9.43 a.m.)—I take the opportunity to quote from the Murrumbidgee Irrigator, a paper in the electorate of Riverina. The article reads:

Leeton District Hospital is in urgent need of nurses ...

Health service manager, Joan Geraghty said she was currently trying to fill nine permanent nursing positions.

“We are still looking for a physiotherapist. The one we had due to start took a position in Melbourne.” Mrs Geraghty said that staff were working extra shifts as needed to help plug the gaps and patients were receiving the same standard of health care. We can’t have too much overtime. We don’t want to burn the nurses out,” she said.
The council has kept a close eye on health services ever since the massive restructure which eliminated locally-controlled hospital boards, amalgamated Leeton and Griffith hospitals, and eventually led to the formation of the Greater Murray Area Health Service.

Earlier cutbacks to bed numbers and day care services saw council delegates fly to Sydney to ask the Health Minister to intervene.

There have been no further upheavals apart from the on-going battle, experienced by many country hospitals to recruit nurses.

Nursing agencies are increasingly being called on to provide contract staff ...

The article states that Mrs Geraghty will enlist the help of the Network 2 Health Council to carry out a survey, which will hopefully provide the answers to what it would take to get them back to nursing part time and at hours to suit. I am very pleased to speak today about rural nurses and the 400 scholarships worth up to $3,000 each for ex-nurses who are considering a return to nursing, with particular emphasis on those nurses who may wish to concentrate on primary and community care.

The budget has just delivered an enormous amount of benefit to rural and regional areas, which currently have a shortage of nurses and a crisis in nursing. While more practice nurses will help, rural nursing scholarships may be one of the biggest incentives we have had in many years. One hundred rural nursing scholarships of $10,000 per annum will be available to rural students. A further 10 scholarships will be available to indigenous Australian nursing students or Aboriginal health workers who want to upgrade their qualifications. The item in the *Murrumbidgee Irrigator* says:

The Federal Budget delivered on Tuesday night provides for 100 Government-funded rural nursing scholarships ...

The Riverina’s share of the allocation is not known.

Mrs Geraghty welcomed the scheme and said anything which brought more nurses to the country would be of benefit.

I am hopeful that I can pursue our fair share of those scholarships through Charles Sturt University. That will benefit my electorate of Riverina at a critical time when we are trying to encourage nurses back into the work force and back into providing community care. I applaud the budget measures for hearing my plea and for assisting the Leeton and district community.

**Gambling**

**Digital Democracy**

Mr LATHAM (Werriwa) (9.46 a.m.)—I rise to report on the results of the first digital democracy ballot in the seat of Werriwa. In response to the question, ‘Should the federal government ban Internet gambling?’, 68 per cent voted yes and 32 per cent voted no. So a significant sample of the Internet users in my electorate voted to ban Internet gambling. Many people, me included, were surprised by this result and by the strength of the antigambling sentiment. This is one of the benefits of such a system: it ensures that members of parliament stay in touch with their constituencies. I have certainly had to rethink my position on this issue.

Gambling is not a matter that the political system handles well. State governments have looked at it as a revenue raising opportunity. Federal politicians, by and large, have looked at it through the ideals of libertarianism—that people have the freedom to do whatever they like with their money, even to the point of gambling it all away. For the public, gambling is a much more practical issue. For them, it is not about revenue and it is not about abstract libertarian freedoms. Most people have some first-hand experience with the difficulties caused by problem gambling. This is not so much a moral crusade—what was once described as wows-
erism—but rather a practical recognition that gambling addiction can destroy families and drive people into poverty.

This is where the libertarian argument comes unstuck. The victims of gambling have lost their freedoms and their liberty—all they have left is the freedom to be poor. As a parliament, we should certainly focus more intensely on social issues such as this to get the balance right between economic issues and social questions. We need policies which aim to rebuild social capital and social cohesiveness. We certainly need policies that identify problem gamblers and give them the counselling and social support to help them overcome their addiction.

I want to say two other things about the system of digital democracy. Firstly, it empowers the backbench members of parliament. We all know in this place that to a large extent modern politics is driven by polling. We know that the polling is generally held at the top of the party hierarchy. It is not accessible to backbench members and backbench members are, to some extent, led into policy making decisions because others say, ‘It shows up that way in the polls.’ It is good for members of parliament in their constituencies to use the power of the Internet to develop their own polling devices—to have their own ballots on important social and moral issues. It empowers the backbench members of parliament.

Secondly, I also believe that, in an outer suburban electorate like mine, such polling empowers the public. Generally, we find that the media concentrates on inner city and rural questions. The rural lobby groups are powerful and well organised. Between the inner city and the bush, the outer suburbs—the great silent majority of Australian politics—tend to be overlooked.

Mr Sercombe—The great milk-drinking electorates.

Mr LATHAM—So any system which gives the outer suburbs a stronger voice—on dairy deregulation, moral or social issues—is one which has a great deal to commend it, as my colleague the member for Maribyrnong knows full well.

Roads: Ipswich Motorway

Mr CAMERON THOMPSON (Blair) (9.49 a.m.)—I rise today to thank the Deputy Prime Minister and the Minister for Transport and Regional Services, Mr John Anderson, for the recent allocation of $64 million to begin to address the problems on the Ipswich motorway. And that money has arrived not a minute too soon. Today’s Queensland Times in Ipswich provides an example of what can happen on the Ipswich motorway when things go wrong the way they are at the moment:

Smashed cars rolled down an embankment on to train lines twice during a drama filled day on the Ipswich motorway yesterday.

Slippery and hazy conditions were blamed for four separate accidents which involved 12 cars over an hour period yesterday morning.

Then during peak hour last night, 15 cars became entangled in a series of minor accidents about 800 metres back from the Logan Motorway interchange about 6 p.m.

The highway was blocked for about 40 minutes and one woman was taken to Ipswich Hospital with neck injuries.

That shows the carnage that is going on on the Ipswich motorway at the present time and it is good that the transport minister has recognised that. Almost a quarter of the $400 million allocated nationally under the Roads to Recovery program for national highways was allocated along the Ipswich motorway and Warrego highway corridor. I really give thanks for that. Now comes the difficult part of implementing that $64 million, particularly on that motorway, because it is directed at the infamous spaghetti junction where the Logan motorway joins the Ipswich motorway. That is a terrible intersection. It is a very badly designed series of flyovers and off-camber and badly potholed lanes. All kinds of retrograde road design faults apply
there. In fact, under the government’s allocation, it is proposed to six-lane the Ipswich motorway at that point and provide a series of new flyovers to connect them. There are a lot of difficulties because it will be necessary for the organisers, planners and consultants to conduct this road work while that traffic continues to flow through the Ipswich motorway and Logan motorway intersection.

I urge the transport minister to consider ways to divert traffic around that trouble spot while the work goes on. One way to do that would be to get behind the extension of the Springfield diversion that would enable traffic on the Cunningham highway in particular, and locals around the central Ipswich area, to take a diversion down through Springfield and join the Centenary highway to avoid the trouble spot at the intersection of the Logan motorway and the Ipswich motorway. If we were able to do that, we could take the pressure off while the work gets done. (Time expired)

**McMillan Electorate: Youth Band**

Mr ZAHRA (McMillan) (9.52 a.m.)—When most people think about the Latrobe Valley, they think about power generation, about our tradition of multiculturalism, about our pulp mill and forestry, and about agriculture, but not too many people understand that we also have a very rich and diverse history in the arts, and in particular in music. It might be of interest to honourable members that, in the 1940s and 1950s, there were two symphony orchestras in Victoria—the Melbourne Symphony Orchestra and the Yallourn Symphony Orchestra in the Latrobe Valley. We have had a long history with the arts, and in particular with music. I am very pleased to be able to report to the House today that this tradition of outstanding music from the Latrobe Valley continues.

I want to point out to the House the work of an outstanding group of young people in my electorate, most of whom have now moved to Melbourne to pursue their musical career. The band is known as The Grand Silent System and people can find out a little more about them by going to their web site, thegrandsilentsystem.com.

This is a group of people with a lot of talent and expertise in music. This group of young people, in my view, is going to generate the next new wave of music. I have listened to their CD a number of times. The CD is titled *They who built* which could be a title for the people in the Latrobe Valley who built so much of the infrastructure which the state of Victoria depends on today. They are an outstandingly talented group of people and we in the Latrobe Valley are extremely proud of them. The people in the band are Daniel Calabro, who I have known for a number of years—I have known his father for a number of years as well—and Karen Heath, Ben Hellmig, Jova, Craig Moran and Ben Rejmer.

This is a group of people who are playing a number of gigs around Melbourne: on 8 June, at the Esplanade Hotel in St Kilda; on 16 June at the Punters Club, a place where I used to have a drink when I was a bit younger, in Fitzroy; again at the Punters Club later on; on 23 June at the Corner Hotel in Richmond; at the Minky Bar in Adelaide on 5 July; and in the Holdfast Hotel on 6 July a bit later on.

We have this rich tradition in the Latrobe Valley. Not many people are aware that for many years Ben Cary of Savage Garden studied with Tony Calabro in Morwell, that Tommy Emmanuel lived in Heyfield for many years, or that Lisa Gerard, who won a Golden Globe award for putting together all the music to do with the film *Gladiator* came from Moe in my electorate. We have that long tradition and we are very proud of it. I would encourage radio stations such as Triple J to get behind the Grand Silent System. (Time expired)

**Maroochy Airport: Aircraft Noise**

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (9.55 a.m.)—The last time I rose in this place I brought to the attention of honourable members the concern of the Buderim community over increased aircraft noise. On Wednesday
30 May, I held a public meeting to listen to the views of the community on this issue. Airservices Australia were also present to answer questions and to discuss current flight path issues. This is obviously an issue of serious concern to many Buderim residents. More than 100 people packed the Buderim Craft Cottage to take part in the forum, and many views were put forward. I was also pleased to accept a petition from Mrs Marilyn Keelty on behalf of the Buderim community. At the time of the meeting it contained over 2,000 signatures. The number of constituents’ signatures has grown to almost 4,000. The petition says:

We the undersigned residents of Buderim urge you to redirect all aircraft using the Maroochy Airport to be redirected to the established off shore flight path for the following reasons:
1. Buderim residents have paid a premium price to live in a quiet and peaceful town. We all came here to enjoy the wonderful lifestyle.
2. Previous to January 2001 there were no commercial flights over Buderim. All such aircraft were required to fly the off shore route which minimized flights over established residential areas.
3. Now over 60 flights a week transverse directly over Buderim, a dense residential area over 500 feet above the coastal plain.
4. Our lifestyle is seriously disturbed, our properties are devalued and we are very apprehensive about the safety of living under a flight path.
5. No valid air safety reason for the change to the off shore routes has been given.
6. It seems the change is to suit commercial interests. This is totally unacceptable to the Buderim residents.

At the meeting, Airservices Australia gave me a number of undertakings. They are going to look at the following possibilities: research the possibility of a southerly departure track from runway 18, which initially tracks commuter aircraft to the west of Buderim; research the possibility of an easterly departure track from runway 18, which initially tracks commuter aircraft over water east of the coast; research and provide information about aircraft emissions; investigate and provide information regarding the jet operations over Buderim on the weekend of 26-27 May 2001, which was raised by a community member; attend the Maroochy Airport community forum on 5 June; investigate at what stage of flight activity other regional airports have had a radar system installed; and investigate what is the estimation of the cost to airlines and passengers as a result of the radar purchase. They have undertaken to attend a further community forum.

I intend to call another meeting when we receive the responses from Airservices Australia. Buderim is a community where people are upset. There were representatives at the meeting from Maroochydore who were also concerned about aircraft noise over their area. I pledge that I will continue to work on behalf of the local residents to sort out this very difficult issue.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

GREAT BARRIER REEF MARINE PARK AMENDMENT BILL 2001
Consideration resumed from 4 June.

Second Reading

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (9.59 a.m.)—I move:

That the bill be now read a second time.

The Great Barrier Reef is a national treasure. It includes over 1,300 coral reefs; many beautiful islands and lagoons; thousands of fish species; threatened marine mammals such as whales, dolphins and dugongs; and six of the world’s seven species of sea turtle. In terms of biodiversity, its coral reefs are the rainforests of the ocean. The Great Barrier Reef Marine Park is perhaps the most beautiful and important marine protected area on earth. Its interna-
The Great Barrier Reef also supports a thriving tourism industry and a fishing industry that is important to many regional communities along the Queensland coast.

The Howard government has a proud record of protecting the Great Barrier Reef. Over the last five years, we have taken a series of initiatives to enhance the conservation and management of the world heritage area. These initiatives include:

- We have extended the Great Barrier Reef Marine Park by more than 2,400 square kilometres. Areas of important habitat for species such as dugong and turtles are now better protected. We are progressing inclusion of an additional 10 ‘excluded areas’.
- The Howard government has extended the prohibition of mining to the entire Great Barrier Reef region through regulations under the Great Barrier Reef Marine Park Act 1975.
- In 1997, we established the world’s first chain of dugong sanctuaries in the southern Great Barrier Reef.
- Surveillance and enforcement measures in the Great Barrier Reef Marine Park have been upgraded. Patrolling has increased substantially, focusing on dugong protected areas and ‘green zones’.
- Regulations have been introduced to deal with the discharge of waste from aquaculture operations. These regulations operate as a ‘safety net’ to protect the Great Barrier Reef from loopholes in Queensland legislation.

The Great Barrier Reef Marine Park Amendment Bill 2001 is further evidence of the Howard government’s commitment to the conservation of the Great Barrier Reef. The bill provides increased protection for the reef from the threat of negligent navigation and the risk of an oil spill or the discharge of other hazardous material. In addition, the bill enhances protection for the Great Barrier Reef and the fishing industry by including strict provisions dealing with illegal fishing.

Last year, a Malaysian-registered vessel, the Bunga Teratai Satu, ran aground on the Great Barrier Reef. The accident was caused by negligence on the part of the operators of the vessel. Damage to the reef—while significant—was fortunately restricted to an area of approximately 100 metres by 300 metres. Through a combination of good luck and an effective response from management agencies, an ecological disaster was averted.

The Bunga Teratai Satu incident highlighted the need for the act to be strengthened. For example, the Great Barrier Reef Marine Park Act 1975 does not currently provide an offence for negligent navigation. In addition, the maximum penalty for the discharge of waste—including oil—is only $110,000 for a corporation.

The Great Barrier Reef Marine Park Amendment Bill 2001 represents a swift response to this incident by the Howard government.

The bill creates a new offence dealing with negligent navigation. The offence applies if a vessel is operated in the Great Barrier Reef Marine Park in a manner that results in, or is likely to result in, damage to the marine park. The maximum penalty will be $1.1 million for a corporation. A strict liability offence is also included. The strict liability offence applies to the owner and the operator of a vessel where its operation results in damage to the marine park. In addition, the bill will increase the maximum penalty for the unauthorised discharge of waste into the marine park.
The existing maximum penalty under the Great Barrier Reef Marine Park Act 1975 for the intentional or negligent discharge of oil and other hazardous material in the marine park is $22,000 for a person or $110,000 for a corporation. This penalty is manifestly inadequate given the significance of the reef’s environmental values. It is also less than the existing penalty in similar state and federal environment and maritime pollution legislation.

The bill will increase the maximum penalty to $1.1 million for a corporation that negligently or intentionally discharges waste into the marine park. A strict liability offence is also introduced, with a maximum penalty of $275,000 for a corporation.

To complement the provisions dealing with the discharge of oil and other hazardous material, the bill also introduces new offences covering the unlawful operation of ships—that is, the operation of ships in contravention of zoning plans, in the absence of relevant permits and in contravention of the conditions attached to a permit. Again, the maximum penalty is set at $1.1 million, and strict liability provisions are included.

Compulsory pilotage in the Great Barrier Reef was introduced in 1991. It is a vessel management tool that requires ships over 70 metres in length, or carrying cargoes of oil, chemicals or liquid gas, to employ a licensed pilot to assist with the navigation of ships through areas of the Great Barrier Reef Marine Park. Compulsory pilotage areas have now been declared for the inner shipping route north of Low Isles, which is north of Cairns, and Hydrographers Passage—offshore Mackay.

The Great Barrier Reef Marine Park Act 1975 currently provides for compulsory pilotage areas to be defined in a schedule to the act. An amendment to the act is therefore required whenever the pilotage areas are to be extended or altered. The bill alters this position and enhances the capacity of the government to respond to new information and new threats by allowing the declaration of, or adjustment to, compulsory pilotage areas in regulations. This additional flexibility will boost Australia’s capacity to protect the reef from the risks associated with navigation.

At the direction of the Minister for Transport and Regional Services, the Hon. John Anderson, the Australian Maritime Safety Authority is coordinating a more detailed review of ships safety and pollution prevention measures in the Great Barrier Reef. I look forward to further measures to enhance the protection of the reef as a result of that review. The bill will ensure that any extensions to the compulsory pilotage area arising from that review can be immediately implemented.

This bill also deals with the threat to the Great Barrier Reef from illegal fishing. The vast majority of fishermen conduct their activities honestly and in accordance with the rules. These fishermen and their families look after the environment of the reef because it provides the basis for their livelihood. Illegal fishing damages the environment, threatening fish stocks and the reputation of the industry. The Queensland government is responsible for the day-to-day management of fisheries in the Great Barrier Reef Marine Park. However, the federal government has a responsibility to ensure that fishing is ecologically sustainable and is carried out in a manner that is consistent with the conservation of world heritage values. Accordingly, the Great Barrier Reef Marine Park Act 1975 provides a framework within which activities such as fishing are regulated through zoning plans, regulations and so on.

A recent CSIRO investigation revealed that 40 to 50 fishermen regularly illegally trawl in the major green zone in the far northern section of the marine park. Trawling is not permitted in green zones. This evidence, and other evidence of unlawful fishing, demonstrates that the existing penalties for illegal fishing under the Great Barrier Reef Marine Park Act 1975 are inadequate. It also provides further evidence that the Queensland government is failing to
adequately discharge its responsibilities to manage fishing in the Great Barrier Reef Marine Park.

In response to the evidence of illegal fishing, the Howard government has provided funding to substantially boost compliance and enforcement measures on the reef. This bill represents taking another step to combat illegal fishing. The amendments to the Great Barrier Reef Marine Park Act 1975 will increase the maximum penalty for illegal fishing, including fishing in contravention of a zoning plan, to $220,000 for a person or $1.1 million for a corporation. The increase in fines demonstrates that the Commonwealth government is serious about protecting the Great Barrier Reef and preventing pirate fishermen putting at risk the livelihood of honest fishing families. In practice, the maximum penalties are likely to be reserved for serious cases involving intentional breaches of the law. The amendments do not alter the fact that day-to-day management of the fishing industry is the responsibility of the Queensland government.

Finally, the bill contains some minor and technical amendments that deal with matters such as the relationship between regulations and zoning plans. The bill will significantly enhance the conservation and protection of the Great Barrier Reef. It will benefit not only the environment but also the tourism and fishing industries that rely on the Great Barrier Reef. As such, it deserves the support of all parliamentarians. I present the explanatory memorandum to this bill.

Mr KELVIN THOMSON (Wills) (10.08 a.m.)—The objective of the Great Barrier Reef Marine Park Amendment Bill 2001 is to improve environmental protection of the Great Barrier Reef from oil pollution, ship grounding and illegal fishing. Essentially, the purposes of this bill are to increase the penalties for the discharge of oil and other hazardous materials into the Great Barrier Reef Marine Park in order to obtain a greater parity with other marine pollution legislation; to increase the penalties for illegal fishing by providing that it is an offence to fish in the marine park contrary to the provisions of a zoning plan or contrary to the conditions of a permission issued by the Great Barrier Reef Marine Park Authority; to create a new offence for the negligent operation of vessels in the marine park in circumstances where that operation results in, or is likely to result in, damage to the marine park; to establish specific offences for ships operating in zones contrary to the provisions of a zoning plan and for ships operating in a zone contrary to the conditions of the permission issued by the Great Barrier Reef Marine Park Authority; to create a new strict liability offence for persons who enter a zone contrary to the provisions of a zoning plan; and to provide for appropriate regulations. This legislation is said to provide a more effective regime for the proper management of the Great Barrier Reef Marine Park and the world heritage area, and it is said that it will only adversely affect those undertaking illegal activities on the reef.

There are some changes to the compulsory pilotage provisions for commercial shipping. Vessels over 70 metres in overall length which are loaded oil, chemical or liquefied gas carriers are currently required to carry a licensed pilot while traversing declared compulsory pilotage areas within the park. Those compulsory pilotage areas have been declared for the inner shipping route north of Low Isles—that is, north of Cairns—and Hydrographers Passage—offshore Mackay. However, the Hydrographers Passage compulsory pilotage area does not cover the entire length of the passage and pilots may currently disembark a ship prior to the vessel exiting the passage. Some ships are currently navigating the final section of the passage without a pilot, which increases the risk of a ship grounding, with the possibility of an oil spill. This bill declares the entire passage a compulsory pilotage area. This will require that a ship retain a pilot on board for the entire transit of the passage. The Maritime Safety Authority has reported that the pilotage companies have no objections to the proposed extension.

The bill also provides for increased penalties for illegal fishing. A recent major research program on the impacts of trawling in the far northern section of the marine park—commis-
TION of the Great Barrier Reef Marine Park Authority and undertaken by the CSIRO and
the Queensland department—found that trawling has major adverse impacts on the seabed
and marine communities. The study found that, for every tonne of prawns taken by a trawler,
six to 10 tonnes of by-catch is taken, most of which is discarded. Each pass of a trawl net re-
moves five per cent to 25 per cent of seabed life. The impact is cumulative, with 13 passes of
a trawl net removing 70 to 90 per cent of seabed life. That study also revealed that illegal
trawling regularly occurred in a zone in which trawling was prohibited.

The current maximum penalties under the Great Barrier Reef Marine Park Act of 1975 are
not adequate to deter fishing in contravention of a marine park zoning plan. Indeed, the pres-
ent penalties might be considered by illegal fishers as simply the cost of doing business, and
in many cases are substantially less than the financial rewards that may be gained by contra-
vening the zoning plan provisions. The bill increases penalties for illegal fishing by estab-
lishing a specific offence for trawling and fishing contrary to zoning plans. The maximum
penalty will be 10,000 penalty units, which I understand is currently the equivalent of $1.1
million for bodies corporate, and 2,000 penalty units, the equivalent of $220,000, for natural
persons.

The bill also creates new offences and penalties for negligent shipping. Since 1995, there
have been five groundings of large merchant ships within the park. None of these incidents
resulted in the loss of fuel or cargo but they did result in structural damage to four reefs. The
current act does not allow the authority to take effective action against vessels that are in-
volved in incidents such as grounding or collision which potentially or actually causes dam-
age to the values of the marine park. So the bill creates an offence for negligent shipping,
which will enable the authority to prosecute instances of negligent operation. This will not
require a higher standard of operation than is currently required under international and Aus-
tralian law, nor will it impose additional costs on a shipping company that operates its ship
properly.

The Great Barrier Reef was one of Australia’s first world heritage areas. It was listed as an
outstanding example of something which represents major stages of the earth’s evolutionary
history. It is an outstanding example of significant ongoing ecological and biological proc-
esses, a superlative natural phenomena, and contains important and significant habitats for the
conservation of biological diversity. It is not a continuous barrier. It is a broken maze of coral
reefs and coral cays, with some 2,900 separate reefs, 940 islands and extensive areas of sea-
grass, mangrove, soft bottom communities and island communities.

Australians value and treasure the Great Barrier Reef greatly, and it is important in all this
process that we do not damage that which we love. The reef does face some significant threats
from human activity. The Great Barrier Reef is under threat from overfishing; it suffers pres-
sure from tourism—we have two million per annum, growing at 10 per cent per annum; we
have agricultural and industrial run-off from the coast; we have plagues of crown-of-thorns
starfish; and we also have coral bleaching from warming waters as a result of climate change.
The inshore reefs suffered intense coral bleaching in early 1998.

I want to spend a further minute on the impact of climate change on the reef. Research by
the Australian Institute of Marine Science has shown that corals are currently close to their
upper thermal limits. In 1998 there was widespread coral bleaching around the world at the
same time as the warmest sea temperatures on record occurred both globally and in Australia.
With climate change, bleaching events like that which occurred in 1998 are likely to become
more commonplace. Substantial areas of the southern reef could die in the course of the next
20 to 40 years and the northern parts of the reef would be likely to be affected over the course
of the next 60 years.
Climate change is a real phenomenon and I express concern that Senator Hill and the Howard government generally appear content to hide behind the United States and its opposition to the Kyoto protocol. We had Senator Hill recently questioning whether the next round of climate change talks in Bonn was really necessary. That seems to me to be further evidence of the Australian government’s short-sighted approach to issues of climate change. The next round of talks in Bonn is important in progressing the outstanding issues. The international community generally is not simply waiting for the United States to reappear at the table. Things are moving forward, and I believe that Australia ought to be part of that rather than seek to isolate itself from it.

Over the years, Labor governments have taken significant steps in the protection of the Great Barrier Reef. The original Great Barrier Reef Marine Park Act was introduced and passed by the Whitlam government in 1975. Under the Hawke government, significant sections were added to the marine park, including the far northern, central, southern, Townsville and inshore southern sections. Other Labor initiatives have included regulations to prohibit oil drilling from areas of the Great Barrier Reef region outside the marine park, regulations to control offshore structures in unzoned sections of the park, the Crown of Thorns Starfish Advisory Review Committee, charges for commercial use of the marine park, penalties of up to $1 million for the deliberate discharge of oil into the Great Barrier Reef, a 25-year strategic plan for the Great Barrier Reef World Heritage Area, and an environmental management charge, charging tourist operators for tourists travelling to the reef, with funds to go to research at James Cook University.

I should mention that my colleague the member for Lowe, who is here with me, has received representations from marine aquarium hobbyists raising certain issues with him and inquiring whether it is the government’s intention to close the coral fishery on the Great Barrier Reef, and, if this is the case, what consultation it has undertaken with interested parties and what impact the closure of the coral fishery might have on jobs in that industry. I request that the Parliamentary Secretary to the Minister for the Environment and Heritage seek a response to that issue which has been raised by the marine aquarium hobbyists and provide it either back to the House or directly to my colleague the member for Lowe, given the representations that have been made to him about it.

In conclusion, the Great Barrier Reef has evolved over hundreds of thousands of years. It is the world’s most extensive coral reef system. It is one of the world’s richest areas in terms of biodiversity. All of us in the parliament and current Australian and future Australian generations have an obligation to do everything we can to preserve what is undeniably one of the natural wonders of the world. The opposition supports this legislation.

Mr LINDSAY (Herbert) (10.20 a.m.)—The Great Barrier Reef Marine Park is a national treasure. Indeed, it is an international treasure, and it is right outside my backdoor. I am very privileged to represent part of the park in the parliament. The boundary of my electorate extends 240 kilometres offshore to the outer Barrier Reef and encompasses 14 islands. So I have had significant experience in dealing with the problems and issues that occur across a number of facets with respect to the users of the marine park.

On the one hand, we have a responsibility to protect that national treasure forever. On the other hand, we have a responsibility to ensure that the operations in the park are sustainable and that people can get the most enjoyment out of the use of the marine park. It works very well on Magnetic Island, which is only eight kilometres across the bay from Australia’s largest tropical city, Townsville. It is a marine park zone B, which means you cannot touch any-
thing or take anything; you can only look and experience. This is right in the middle of a major tropical city, and it works. People respect the need to preserve forever our wonderful heritage, as does the Howard government.

The Howard government has got a strong and proud record of protecting the Great Barrier Reef. Since its election in 1996, the government has taken a series of initiatives to enhance the conservation and management of the world heritage area. We have extended the park by more than 2,400 square kilometres. That, in itself, in the totality of things, might not seem important, but what it did was to include small areas of the marine park in very strategically sensitive areas—for example, along the coastline. That has been a very good initiative and certainly was worth doing.

Species such as dugongs and turtles are now much better protected. In 1977, we established the world’s first chain of dugong sanctuaries in the southern Great Barrier Reef region. We have extended the prohibition of mining to the entire reef region through regulations under the Great Barrier Reef Marine Park Act 1975. I can tell you, Mr Deputy Speaker, that in my patch the very thought of mining on the reef or just outside the reef is anathema to the people whom I represent. Some mining companies get a little clever in this regard and, with the technology that is available these days, they can park their rigs outside the reef, drill down and then drill sideways under the reef. It is quite remarkable. Even that technology is opposed by the majority of constituents in my electorate.

Something that is also important is the surveillance and enforcement measures, because they have been upgraded. Patrols have increased substantially. I pay tribute to Australia’s Coastwatch team, Coastwatch, which is the agency that delivers the surveillance on behalf of many clients, one of them being the Great Barrier Reef Marine Park Authority, delivers it in a very effective—indeed, cost-effective—manner. The Coastwatch aircraft, which are Dash 8s—there are also some helicopters in the Torres Strait—are very well equipped. In fact, those in the know would concede that their technology is significantly better than what we have in the PC3 Orions which fly out of RAAF Edinburgh and which are run by Surveillance Australia. They look out for Australia; they look out for the reef. They detect all of the illegal activities that are happening, as directed by their client agencies.

Regulations have been introduced to deal with the discharge of waste from aquaculture operations. These regulations operate as a safety net to protect the Great Barrier Reef from loopholes in Queensland legislation. I note that in the budget this year an extra $1 million was provided to the Great Barrier Reef Marine Park Authority in relation to the problems of aquaculture discharge into the marine park. That was a very welcome initiative in this year’s budget. It will enable the marine park authority to further enhance its control and supervision of these discharges.

Sitting in the electorate of Herbert, right on the coastline at Cape Ferguson, is the Australian Institute of Marine Science. It was mentioned earlier by a previous speaker. The Australian Institute of Marine Science is the leader in marine science research in the world. The Australian Institute of Marine Science, the Great Barrier Reef Marine Park Authority, James Cook University and some elements of the CSIRO combine to produce a marine science body that is unparalleled and unequalled anywhere in the world today.

I visited AIMS a couple of weeks ago, along with the Parliamentary Secretary to the Minister for Industry, Science and Resources. We saw coral cores taken off the reef which dated back to the Battle of Hastings. The entire history of the modern world could be tracked in those coral cores. Because of the research that the Institute of Marine Science is doing, you could see where there were floods, droughts, polluted water and so on.

This legislation carries on the government’s commitment to the protection of the Great Barrier Reef Marine Park. The measures contained in the bill which will further enhance the pro-
tection have already been articulated. I am particularly pleased to see that shipping companies will now have to sit up and take notice, and make sure that whatever happened to the Malaysian vessel does not happen again. I pay tribute to the marine park authority for managing that impact on the reef so extraordinarily well.

I will close by pointing out to the parliament that the Natural Heritage Trust, which has been extended in this year’s budget by $1 billion for another five years, has been warmly welcomed. The government’s attention to the environment, the marine park and elsewhere has been widely welcomed. It is fascinating that the green groups and the conservationists, who see this as their traditional patch, cannot quite bring themselves to say to the Howard government, ‘You’ve probably done better in the environment than any government in the history of Australia has ever done.’

Mr Slipper—The greenest government in Australia’s history.

Mr LINDSAY—The greenest government in Australia’s history. I welcome this bill. I support it strongly, my community supports it, and I commend it to the parliament.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (10.28 a.m.)—in reply—In summing up this debate today, I want to thank the member for Wills and the member for Herbert for their contributions. The member for Herbert, who has this magnificent Great Barrier Reef as very much a part of his world, is absolutely right in describing the significance of this bill not only for Australia but also for the world. The Great Barrier Reef has world heritage status. It is one of the great natural wonders of the world, but it is an extraordinarily fragile ecosystem—one that can very easily be destroyed.

The Malaysian cargo ship coming aground in the northern section of the Great Barrier Reef was the trigger that sent alarm bells ringing across the nation. We understood that we needed to do more to protect this great reef; hence, the amendments to the bill today.

The government are also taking this opportunity to further protect the interests of the vast majority of honest fishermen by seeking to discourage illegal fishing, and the member for Wills very rightly described the damage that trawling does on the reef. There is, in fact, an estimated yearly total of over 3,260 days of illegal trawling occurring on the cross-shelf closure, giving an estimated 69 days of illegal trawling per regular offender. So, quite clearly, there is a significant level of non-compliance. We had to do something about that, and we hope this bill changes the attitude of those who at the moment feel that the fines that could be levied are less than the worth of the take if they are illegally trawling. The damage they do to the reef is now well understood.

I was disappointed that while he was on his feet the member for Wills took the opportunity that this bill presented to have a jab at Australia’s stance on greenhouse emissions. It was a cheap shot because Australia is leading internationally in terms of its commitment to greenhouse gas emissions. We understand that, per capita, Australia has emissions that we simply must rein in, both for our own domestic wellbeing and to redress global climate change problems. We, in fact, lead the world by being one of the first countries to establish a dedicated office—the Australian Greenhouse Office—which works across portfolios and has had more than $1 billion of federal government commitment. Through its work, we have engaged with local councils in Australia to the point where we have had more local government authorities undertake climate change specific work, compared to any other developed nation, in terms of demonstrating their commitment by being prepared to do something about global warming.

I think it is a nonsense to suggest Australia is going soft on carbon emissions because we are concerned that the United States have, at this stage, indicated that they are not very interested in the Kyoto agreement. We are not withdrawing any of our support but rather are very realistically indicating that the United States have over 25 per cent of the world’s emissions of the damaging greenhouse gases. Therefore, we need to make sure that they are at the table.
Like the United States we are concerned that, if developing nations are not aware of the problems and are not participating in solutions, that is an issue.

The member for Wills referred to representations the member for Lowe has received. I understand that the member for Robertson had also received representations on the issue of marine aquarium hobbyists, who wonder whether their interests will be damaged or in some way overlooked in these regulations. There was a question on notice lodged by the member for Robertson, which appears in the papers today, which asks the minister to, in particular, demonstrate what impact our Great Barrier Reef protection might have on the aquarium trade. Obviously, as it is a question on notice, that will be dealt with. Of course, the member for Lowe, the member for Robertson and others can be assured that everyone’s interests are fundamentally served by protecting the reef. There are individuals and others who might feel that what they have been doing for a very long time might have to be modified. We will explore everyone’s requests in terms of the coral reef’s usage, and that question will be answered in due course.

This is a very important amendment to the bill, as the Great Barrier Reef is one of the wonders of the world. I am very pleased with the bipartisan support for this bill, and may it be the sort of amendment that very swiftly becomes legislation. I commend this bill to the House.

Question resolved in the affirmative.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

**PRIME MINISTER AND CABINET LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001**

Consideration resumed from 24 May.

**Second Reading**

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.35 a.m.)—I move:

That the bill be now read a second time.

At the outset, I would like to welcome a group of school children to the Main Committee of the House of Representatives. I hope that they find the experience of being here very interesting.


Many Commonwealth offence provisions predate the Criminal Code, and there is a possibility that the application of the code will change their meaning and operation. As a result, each portfolio is introducing legislation to amend offence provisions in their legislation, where necessary, to harmonise them with the code. In most cases, this will preserve the current meaning and operation of offences.

This bill harmonises offence and related provisions in the Prime Minister’s portfolio in several ways. These amendments are largely of a technical nature. First, the bill makes it clear that the Criminal Code applies to offence provisions within the Prime Minister’s portfolio. 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 those offences where, if the defendant has a reasonable excuse for doing something or failing to do something, the prosecution will fail. The Attorney-General’s Department has advised that there is some uncertainty about whether this defence applies to certain offences as they are currently drafted. The bill will remove that uncertainty by creating separate provisions stating that it is a defence to a charge if the defendant had a reasonable excuse for doing what he or she did.

Fourth, the bill replaces inappropriate fault elements for certain offences. 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 Prime Minister’s portfolio currently use inappropriate fault elements and the bill removes and replaces these.

Fifth, the bill removes parts of offences, such as attempt, which duplicate the general offence provisions in the Criminal Code. Sixth, the bill will transfer the legal burden of proving matters relating to two specific defences in the Royal Commissions Act 1902 to the prosecution. This will ensure conformity with the policy underlying the code. Finally, the bill also makes certain changes consequential to the expected passage of the Law and Justice Legislation Amendment (Application of Criminal Code) Bill 2000, as well as renumbering some sections in the Ombudsman Act 1976 and removing gender specific language in the Royal Commissions Act 1902.

The harmonisation process will pay a substantial dividend by bringing greater consistency and clarity to Commonwealth criminal law. I commend the bill to the chamber and present the explanatory memorandum.

Mr CADMAN (Mitchell) (10.38 a.m.)—I say to those in the gallery: welcome to Parliament House. We have just heard from the Parliamentary Secretary to the Minister for Finance and Administration, who has introduced the Prime Minister and Cabinet Legislation Amendment (Application of Criminal Code) Bill 2001, which deals with the Criminal Code. The parliament is making sure that all of the penalties and punishments that apply to contravening acts of parliament are consistent, whether it involves customs, relating to the import of goods, illegal immigration or, in this instance, those things that are the responsibility of the Prime Minister.

What is the responsibility of the Prime Minister under the law? He looks after a number of things that are pretty significant in our democracy. In the application of the Criminal Code—and that is what we are looking at; the way in which the penalties apply—the first one that comes to my attention is the Inspector-General of Intelligence and Security. He is the man who makes sure that people do not try to spoil the Australian system by adopting strategies that would destroy or interrupt things like powerlines and water supply—any of the sorts of acts that we read about in some countries that are not as democratic as Australia. The inspector-general’s job is to know about those things and prevent them from happening.

Another one with that capacity is the Ombudsman. The Ombudsman is the person that anybody can complain to. The part of the Criminal Code which applies to the Ombudsman is really interesting. I draw the attention of the chamber to some of the changes—and an interesting inquiry was conducted by the House of Representatives Standing Committee on Constitutional and Legal Affairs. Items 7 and 8 amend section 36 of the Ombudsman Act, which makes it an offence to refuse or fail to attend before the Ombudsman, be sworn, furnish information or produce documents to the Ombudsman without reasonable excuse. Item 7 removes the reference to ‘reasonable excuse’ from subsection 36(1) and substitutes other requirements.

This is a uniform approach that in some instances has some surprising impacts. In particular, I draw the chamber’s attention to the impact of the Criminal Code on the Royal Commissions Act 1902. That act will be triggered shortly, I would think, by the inquiry that is going
to take place into HIH. I draw the chamber’s attention, as a matter of curiosity, to item 24, which transfers the legal burden of proving the defence in section 3(3) from the defendant to the prosecution. The words ‘it is proved that’ in existing section 3(3) suggest that the defendant currently bears the legal burden of proving this defence. The Criminal Code envisages that a defendant should only bear an evidential burden in relation to a defence. This item, along with item 25, makes it clear that the defendant only bears an evidential burden in relation to this defence. So in some ways we are looking at a more democratic approach to a royal commission, but the royal commissioners will have to be right on the job to make anything stick.

Further, I draw the chamber’s attention to item 30. This item restructures that part of item 6J of the Royal Commissions Act which deals with making or exhibiting false statements, representations, tokens or writings to remove inappropriate fault elements. There are two physical elements of this part of the offence: conduct and circumstance. Intention remains, but knowledge is removed as a fault element in terms of conduct. I commend the government for these actions and endorse them. I note, in closing, that my colleague from Queensland will be aware of the loophole in the criminal law which allowed an inquiry in Queensland, conducted by Mr Shepherdson, to allow certain members of the Australian Labor Party to go scot-free because there was a problem with the legal code in Queensland. We are rectifying that. It is about time the blokes who try to rort the electoral system were stopped.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.43 a.m.)—I thank the honourable member for Mitchell for his erudite contribution to this particular debate. He is absolutely right: the Queensland Labor government was let off the hook with respect to the Shepherdson inquiry. People who should have been prosecuted now walk freely in the community. Most people would be fairly upset that obvious criminality is not being dealt with in the courts. I believe the people of Queensland will be quite upset that people who have broken the law have not been prosecuted.

Motion (by Mr Sercombe) proposed:

That the bill be returned to the House.

Mr Slipper—Mr Deputy Speaker, I only have a couple of notes on this bill, which I understand is an urgent bill that we would like to have dealt with.

Mr DEPUTY SPEAKER (Mr Quick)—The parliamentary secretary will resume his seat for a moment.

Mr Sercombe—Mr Deputy Speaker, with your indulgence, the opposition has sought to facilitate the government’s—

Mr DEPUTY SPEAKER—Order! Resume your seat. The question before the chair is that the bill be returned to the House.

Question unresolved.

Mr DEPUTY SPEAKER—As it is necessary to resolve this question to enable further questions to be considered in relation to this bill, in accordance with standing order 277, the bill will be returned to the House for further consideration.

APPROPRIATION BILL (No. 1) 2001-2002

Second Reading

Debate resumed from 6 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 Griffin (Bruce) (10.46 a.m.)—Amongst other things, Labor’s second reading amendment to Appropriation Bill (No. 1) 2000-2001 condemns the Howard government for being profligate and wasteful. Nowhere is this description more appropriate than in the handling of Australia’s subsidised medicines program, the Pharmaceutical Benefits Scheme. The maintenance of the PBS, like Medicare, is central to Labor’s health policy. Labor has always supported, and will continue to support, a system that provides equitable, affordable access to safe and cost-effective pharmaceuticals for all Australians. Labor will not allow the Americanisation of our subsidised medicines scheme that moves away from government support for all to a ‘consumer gets what he or she can afford’ situation.

If you do not think this is on the Howard government’s agenda, look at what it has done in the past five years. In the past five years this government has removed 60 medicines from the scheme at a current saving of about $115 million to the coffers, with more to come. Who has paid for these savings on products such as nasal sprays and antifungal medicines? The Australian public and, more specifically, pensioners. These people, who can least afford it, are the ones being forced to pick up most of the tab. These are the people who paid $3.50 for their nasal sprays and may now have to pay up to $30. At that rate it certainly will not take them long to use up their $300 pay-off on their medicines alone.

Last week the Minister for Health and Aged Care tried to tell the public that the sorts of financial blowouts we have seen in the PBS over the past two years will not be managed by removing more medicines from the list, by making more Australians pay for Howard government mistakes. I am sorry: after overseeing the removal of 60 medicines in five years, I doubt whether the Australian public will believe the health minister. I certainly do not.

What is of great concern is the cost which average Australians will have to bear as our universal, affordable and fair system is moved along the American ‘consumer pays’ line. In the US pharmaceuticals cost almost double the price that the government pays for them here. So for more expensive products, instead of paying $21.90 or $3.50 per month for prescriptions, people could be paying tens or even hundreds of dollars more. I had a call recently from a constituent who has to take a life saving drug, Viokase, because her pancreas does not work any more. Now, for reasons that are not yet clear, the company who makes Viokase decided to
remove it from the subsidised medicines list. Now this constituent will have to pay the full price for it unless her practitioner can find a suitable substitute. Her pharmacist has told her that the cost of her medicine will now rise from $6 for a prescription to $90. This is an extra $84 per prescription that this pensioner has to find to pay for the medicine that keeps her alive.

In this case, it was the manufacturer who chose to remove the product from the scheme. This instance does, however, illustrate the sorts of price differentials that Australians may face if the Howard government continues down the path of consumer pays. Labor knows that the PBS is sustainable and manageable, and that a balance can be reached between the need for newer more expensive products and maintaining existing products. There are three essential requirements for doing this.

Firstly, and probably most importantly, decisions on which medicines will or will not be subsidised, and at what price, must be based on independent and scientific evidence—as should be provided by the Pharmaceutical Benefits Advisory Committee. Political interference—which is neither scientific nor independent—in this process is not appropriate. We know well the results of politicising the PBS. Just look at the cost of the decision by the minister for health to ignore the advice of the PBAC in relation to the price at which the arthritis product Celebrex was listed.

The PBAC made it clear that, in order for this product to be a cost-effective addition to the PBS, it should be made available at the price to government of $1 per day with a price volume agreement. What did the minister do? He agreed to list the product at $1.17 per day. The results can be seen in the massive blow-out to the PBS in this financial year. Whether or not there was a price volume agreement at the time is not as clear as the minister would have us believe. There has certainly been a decrease in the price as of May this year, and the removal of the 60s pack and replacement by the 30s pack is also aimed at saving money—again at consumers’ expense. However, I refer to the Hansard of 7 February this year, when both my colleague Ms Macklin and I questioned the minister about the listing of Celebrex. Ms Macklin asked:

My question is to the Minister for Health and Aged Care. Minister, why did you ignore the pricing conditions recommended by the PBAC for the Pfizer drug Celebrex of $1 a day with a price volume agreement and instead set the price at $1.20 a day with no cap on the number of scripts issued at the higher price? Minister, is this first time the pricing authority has not agreed with the PBAC price recommendations, and is it also the first time a minister for health has approved a drug for listing on the PBS at a higher price with less stringent conditions than those recommended by the PBAC?

Dr Wooldridge responded:

I thank the honourable member for the question because it is a chance to clear up a completely incorrect article that appeared in one newspaper. It is a small point but it is actually cabinet, not me, that makes these decisions when they are over $20 million a year. In doing that, cabinet has the chance to take advice from all departments. It is quite strange—and I guess I can understand it, because it is a complex area and in opposition it is hard to understand—but the PBAC has no role in pricing whatsoever. The pricing body is the Pharmaceutical Benefits Pricing Authority. So, if the PBAC is actually recommending a price it is going way beyond its brief. The Pharmaceutical Benefits Pricing Authority, also an independent body, recommended that government list this, and it came to agreement with the company at $1.17 a day. So we took the Pharmaceutical Benefits Pricing Authority’s advice, as we should and as is absolutely proper.

In the submission I put to cabinet was normal proper advice that had come up through the committees. I had not sought to influence that myself directly or indirectly in any way whatsoever. We now have some disaffected full members of the PBAC trying to say the government somehow did not take
their advice. Why would we take their advice when they are not the body that advises us on pricing? It would be patently absurd to do so. I should say that the price we listed—$1.17 per day—is, I am advised, the cheapest price paid by a government anywhere in the world. We have achieved a price that no other country has been able to achieve. That a body with no power or expertise to list on pricing should recommend $1 a day is completely meaningless. It should have stuck to its area of brief and not tried to take over another committee’s work. Finally, had we attempted to go ahead with the PBAC recommendation—which I think would have been quite improper, given it is not their responsibility—we would never have got the drug listed in the first place. So we have achieved a world best price, absolutely in keeping with proper practice and, I tell you what, people on Celebrex are pretty happy about it.

The follow-up question was from me. It said:

My question is to the Minister for Health and Aged Care. Minister, is it not the case that the pricing authority itself says that the main mechanism to determine initial prices for newly listed drugs on the PBS is the advice of the PBAC? Is the minister aware that the most recent annual report of the Pharmaceutical Benefits Pricing Authority states:

‘... the Authority has increasingly recommended the use of price/volume agreements.’

Why in the case of the Pfizer drug Celebrex was the PBAC’s advice ignored and a higher price, without a price-volume agreement, approved?

Dr Wooldridge responded:

I can only reiterate and expand on the issue of what the PBAC does. It advises on cost effectiveness. But the issue of negotiating price is an issue for the Pharmaceutical Benefits Pricing Authority. Had they gone ahead with what the PBAC suggested, you would not have got the drug listed. It simply would not have happened. We already listed it at the world’s lowest price, which is not a bad effort. What I did was rely on the advice of my independent committees. I have not sought to influence them in any way whatsoever on price. I put that to cabinet, cabinet agreed and we ended up making a very substantial announcement that has helped an enormous number of Australians. So it was perfectly normal practice.

I then sought to assist the minister to understand the system. I sought leave to table the report from the pricing authority, but leave was not granted. What is interesting in these exchanges is what the minister has not said. Despite the fact that both Ms Macklin and I raised the issue of a price-volume agreement—or, more to the point, the lack of one—the minister neither accepted nor denied its existence. Why not? Either we were correct and at that time no such signed agreement existed, or the minister had no idea what was going on. Had such a signed agreement been in existence, I am sure the minister would have defended himself as strongly as he tried to do earlier this week.

So, working on the assumption that such a signed agreement did not exist at that time, one can only conclude that the most recent price drops and restrictions on pack size we now see with Celebrex support and vindicate the PBAC’s original advice. Had the minister listened then to his independent and scientific committee, he may have saved the taxpayer a lot of money. Labor, on the other hand, will listen to the PBAC and, in government, will ensure that this committee is independent and its processes are more transparent.

The second requirement in maintaining the PBS is that, in order to be safe and cost effective, a medicine not only must pass the clinical tests but must be appropriately prescribed. Appropriate prescribing is not just about fiddling with definitions in the yellow book or sending the HIC auditors in; it is about providing education and information in an acceptable manner to prescribers. It is about evidence based information provision.

Finally, consumers of medicines must be educated about the appropriate use of medication—importantly, issues such as compliance and the most appropriate medication option for their illness. The common belief that the newest and most expensive option must be the best has to be addressed. But again, this can only be done through the provision of unbiased, clear and evidence based education and information. Evidence, quality, transparency, education and communication are the vital ingredients in maintaining the Pharmaceutical Benefits Scheme.
If all these factors work together effectively, then the important role of pharmaceuticals as one of the most cost-effective interventions in the health care continuum is undeniable.

What will also help is Labor’s proposed Medicare alliance—an agreement between federal Labor and all Labor states to work together and share information and data. With that agreement, for the first time it will be possible to cost, compare and measure the effectiveness of all health care interventions, from preventative measures through to hospitalisation. There is no denying that the cost of the Pharmaceutical Benefits Scheme will rise. We have an ageing and growing population, and new and innovative medicines that are more expensive are being introduced. These costs can be managed and the growth can be controlled, but only if evidence based, transparent and independent processes are in place.

Labor condemns the Howard government for ignoring these processes, for pandering to the big end of town and for standing back while PBS growth spirals unchecked and unmanaged. Who will pay for these mistakes? Australians will pay out of their own pockets, and, in the end, as it is in America, those who can afford it will have the best of care and those who cannot will either go without or have to make decisions about whether to pay for food and rent or for the medicines that keep them healthy. This is not what Australians want and, as I have outlined, it is not what has to happen—and it will not happen under the next Labor government.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.59 a.m.)—I listened to the honourable member opposite as he made his contribution on the appropriation debate. He had 20 minutes to talk about the outstanding budget that the Treasurer delivered recently and he ran out of steam after about 13 minutes. So it is pretty clear that there was not much to criticise there. It is an outstanding document which positions Australia very well as we enter this new century.

Over the last six years or so, since the Howard government have been in office, we have made many difficult decisions. We have been a government which have been prepared to accept responsibility for problems which we did not create, and we have now arrived at a position where the coalition’s sixth budget had a surplus of $1.5 billion. Every cent of this will be used to pay back Labor’s debt. A lot of people look at debt and they ask, ‘What does it matter?’ But when a government borrows more than it earns, we mortgage Australia’s future and mortgage the future of our children. Over the period since we were elected in 1996, the coalition has paid back nearly $60,000 million of Labor’s $80,000 million debt. This means that our interest bill is now $4,000 million less than it was under the former Labor government and that $4,000 million, or $4 billion, of savings is being invested in better things like health and education.

I am particularly proud and pleased to have the opportunity to represent the electorate of Fisher, which is part of Queensland’s wonderful Sunshine Coast. The budget was very warmly received on the Sunshine Coast, which is a community where approximately one in five people are aged over 65. We have brought about a number of important reforms which recognise the debt that, as a society, we owe to those people who are retired, whether they are self-funded retirees or pensioners. I want to place on record that we are giving a $300 one-off payment to 2.2 million older Australians, and they will be eligible for this non-taxable lump sum.

With respect to income tax cuts, there has been an increase in the pensioner rebate and low income aged persons rebate, so the effect of the tax free threshold for a single self-funded retiree of aged pension age will rise to $20,000. For couples of aged pension age, the tax free threshold will rise to $32,612. As a result, single senior Australians on incomes up to $20,000 will not be obliged to lodge tax returns. Singles on taxable incomes up to $37,840 will pay less tax, and couples with equal incomes up to $58,244 combined will pay less tax. This will
take effect for the current financial year, meaning it is backdated to 1 July 2000. We ought to contrast this with Labor’s la-w tax cuts, which were legislated and which were torn up by the Keating Labor government after it had crawled back into government on the basis of a false promise. I also want to point out that there is an increase in the threshold for eligible senior Australians from $13,550 to $20,000, with no payment applicable with respect to the Medicare levy until income is above that amount.

The Commonwealth seniors health card has been extended to an additional 50,000 older Australians through increases in the income limit to $50,000 for singles and $80,000 for couples. This particular budget measure has been very warmly received on the Sunshine Coast. I personally have received very many calls from senior Australians on the Sunshine Coast who say that this gives them access to the Pharmaceutical Benefits Scheme, when they previously have not had access to it, at a time in their lives when they do have increasing medical challenges.

I have set up the Fisher Seniors Council, and we have representatives from a range of seniors’ organisations on the Sunshine Coast. The purpose of this very important body is to make sure that the government listens to senior Australians and that the government is able to hear what people are saying. I must point out to the chamber that I have had the opportunity, on a number of occasions, of speaking to the Minister for Aged Care about matters that have been raised by members of the Fisher Seniors Council. I have also set up a Small Business Advisory Council in the electorate of Fisher, because the coalition is, of course, the party of small business. We have to recognise that small business is the engine room of the Australian economy and that an enormous proportion of jobs in Australia is created by people in small business.

The Minister for Small Business, Mr Ian Macfarlane, visited the electorate of Fisher recently when I launched the Small Business Advisory Council, and we were very heartened by the responses that small business people gave in full and frank discussions with the minister. There is no doubt that the government has made mistakes over its period in office. Everyone makes mistakes. But we are clearly listening to the Australian people. We have pulled our socks up.

However, there is a great concern in the community at the prospect of the member for Hotham obtaining the position of Treasurer of Australia. Kim Beazley believes that he is able to flip-flop into government by not having any detailed policies. He is obviously operating on the basis that he hopes that the government will lose support and he will be elected by default. The message coming back to me from the community is that, while people are, at times, disappointed with some of the things that the government has done, at the end of the day, there is no enthusiasm for the Labor Party. People well remember the arrogance of the Keating Labor government, they recall the important role that the opposition leader held as Minister for Finance and Deputy Prime Minister in that government and they really do not want to go back to the situation where during its time in office Labor was able to spend more than we, as a nation, earned. It was able to build up foreign debt and, in doing so, it mortgaged the future of our children and our grandchildren. I think that the community is very keen to ensure that the member for Hotham does not become Treasurer of Australia.

You can look at almost any area of the budget and you can see that we have been able to assist various sectors of the Australian community. There were benefits to small business. The simplified tax system begins on 1 July 2001. Small business tax payments will be cut by more than $1 billion, or $1,000 million over three years. Eligible small businesses will be provided with cash-based tax accounts, simpler depreciation and trading stock rules. Full import tax credit claims on the purchase of motor vehicles have been brought forward to 23 May this year, saving business $600 million in 2001-02. Company tax will fall from 34 per cent to 30 per cent from 1 July this year and $8.2 million is being allocated to expand the business entry
point to help businesses deal more easily with government departments. This government is clearly taking the important steps necessary to ensure that we continue to respond to what the Australian people are saying to us.

With respect to road funding, I am particularly pleased with the moneys which have flowed through to the City of Caloundra and the Shire of Maroochy under the Roads to Recovery program.

Mr Nairn—Hear, hear!

Mr SLIPPER—The honourable member for Eden-Monaro, along with his local authorities, has been very pleased to see local councils fixing local roads in accordance with local priorities. Obviously, the state governments have been cut out of the equation because they are removed from the people. The federal government has taken this funding right down to the local community. That means that, right across Australia, individual local authorities will be able to spend the $1.2 billion allocated under the Roads to Recovery program in accordance with what local people want. As local members, we all know that there is a road that needs to be improved or fixed up, and the state minister for transport is often a long way away and is not interested. For the first time, we have empowered local communities to fix local roads in accordance with local priorities.

Also contained in the budget is improved funding for the Bruce Highway. The Bruce Highway is the main access road to the most wonderful tourist area in Australia, and that is the Sunshine Coast of Queensland. There was a big grant of Federation funds to improve that roadway, and additional moneys have been allocated. Most people travelling to the Sunshine Coast travel by road—they are local Australian domestic tourists—and they stay in accommodation, they go to restaurants, and thus they create employment. A good road access system to the Sunshine Coast will encourage more people to go there. When increasing numbers of tourists visit our area, our economy is boosted very much.

Tourism is an important industry on the Sunshine Coast, as is building. I recognise that the building industry has been hit over the last number of months, but we are now seeing a recovery, particularly with the First Home Owners Scheme being extended. I have spoken to a number of builders who tell me that there is now increased demand, and that is also very important. I mentioned before that we are helping older Australians, but we are also assisting young Australians to buy homes and to establish themselves financially. We now have the lowest interest rates for many years, and Australian home buyers are now paying $300 less per month on average home mortgages. Mr Deputy Speaker—and even you would have to be impressed with that—than they were when your own party was last in office in 1996. That, of course, is something that everyone in the community ought to applaud.

We on the Sunshine Coast are also privileged to have many veterans. They are people who risked their lives and served their country during times of conflict during the 20th century. I must say that I am particularly sympathetic with those who were prisoners of war, detainees or internees of the Japanese. I had a great-uncle who was a prisoner of war of the Japanese. When he emerged from captivity he was a shell of a man of only about four stone. I dare say that members on both sides of the house all know of people, either friends or family, who were subjected to inhumane treatment by the Japanese during the Second World War. The Japanese did not observe the Vienna Convention and they did not observe civilised behaviour. It is appropriate that we are giving a $25,000 one-off payment to former prisoners of war of the Japanese and that we are also restoring the war widows pension to widows who remarried before 1984 and who had their pensions cancelled.

The education of our children is very near and dear to my heart. The Sunshine Coast is a rapidly growing area—the population will double in the next few years—and it has many schools, both state and non-government schools. Many people struggle to give their children a
decent education. The future of our children, of course, is the future of Australia. That is why I was particularly pleased to see boosts to government schools with an extra $238 million over four years, and that builds on the coalition’s commitment to government schools that will see Commonwealth funding grow by 42 per cent between 1996 and 2002.

We ought to look at that against the backdrop of the Beattie Labor government actually reducing spending on state schools over the last 12 months. It is all very well for Labor to criticise this government for increasing state school funding by 42 per cent between 1996 and 2002, but Labor is being absolutely hypocritical because, at the same time, it has had a policy of slash and burn of state education in Queensland.

We are also continuing the coalition’s national literacy and numeracy plan—millions of dollars are being put into that. There is a definite connection between children being able to read, write and count and their employment prospects. I know that you, Mr Deputy Speaker, as a former schoolteacher, know how important it is that children are taught the three Rs. Minister Kemp had to drag the states kicking and screaming to the starting post. If people are literate and numerate when they seek to put one foot on the employment ladder they are given an opportunity of getting into the workforce and being productive citizens. I do not have time to go through everything else in relation to education. We have the Jobs Pathway Program; an extra $318 million to provide service and information to employers who take on a new apprentice; financial incentives worth $1½ billion to make it easier for employers to take on more apprentices; increasing opportunities for students in the bush; and so on.

In education, we have a really good story to tell. I am particularly proud that we are not only supporting state schools but we are also recognising that many parents scrimp and save to exercise their right to opt for non-government schooling. This government has a very balanced approach to state and non-state schools. I regularly talk with all the school principals in my electorate and am very impressed with the quality of education that is provided to students in the electorate of Fisher by both government and non-government schools.

I want to reinforce in the mind of those listening that Labor left a $10.3 billion budget deficit when it left office. The coalition has delivered five successive budget surpluses, and this budget delivers a surplus of $1.5 billion. When you look at the Labor Party’s appalling record, a reasonable person might ask, “How is it that the minister for finance and Deputy Prime Minister in the former Keating government has the hide and the audacity, as we approach the next election, to ask for the support of the Australian people so that he can deliver more of the same?”

Labor increased government debt by $80 billion; the coalition will have repaid $60 billion of that by the end of the 2001-02 financial year. Under Labor inflation averaged over five per cent; under the coalition it has averaged just over two per cent. Labor left unemployment at 8.5 per cent; the coalition has created about 820,000 jobs, and unemployment is now at 6.8 per cent. We all remember the million Australians lined up in dole queues during the period that the Labor Party was in office. The Labor Party has an absolutely appalling record in this area and its members strut around and posture and pretend that they are in some way sympathetic to the situation of unemployed Australians. A vote for Labor is a vote for longer dole queues. The Labor Party has no sound economic management. The Labor Party is comprehensively incompetent, whereas this government, while we have made mistakes—

Opposition members interjecting—

Mr SLIPPER—and my colleagues opposite ought not to interject—is prepared to admit when we make mistakes. We are prepared to listen to the Australian people, and we are prepared to react very positively when ideas are put to us and when changes need to be made.

The fact that the growth figures announced yesterday are so outstanding indicates that Australia’s economic future is rosy. We had a very good national accounts figure yesterday,
and I believe that Australians will welcome the boost in growth. As the Treasurer said yesterday:

It shows our economy roared back in the March quarter, growing faster than any of the economies in the industrialised world, in March, and with very good prospects for the future.

The Treasurer went on to say that there are clear signs that construction activity will pick up solidly over coming quarters, with households benefiting from the more generous First Home Owners Scheme, recent falls in interest rates and substantial tax cuts. I am proud to be part of a government which has done such an outstanding job for the Australian economy and for the people of Australia. We were able, in the budget delivered a couple of weeks ago, to return to the community some benefits which resulted from sound economic management over the six years since we were elected to office. We have done a good job in the areas of education, transport and the economy, as well as for older Australians, veterans and small business.

Australians are not silly. Australians will not be fooled by the opposition. People like the Leader of the Opposition and the Deputy Leader of the Opposition are going around the community like false prophets, but I believe they will be rejected because the Australian people want a government that is prepared to listen and is prepared to govern for all Australians.

Mr HORNE (Paterson) (11.19 a.m.)—It is always interesting to come into this chamber. I particularly liked the last words of the last speaker, Mr Slipper, saying ‘for all Australians’, a quote from the leader of the government. I would rather quote from another fairly high-ranking officer of the Liberal Party. I think his words were: mean, tricky and not listening. That was what Shane Stone said. That is what this budget epitomises—a government that is mean, that is tricky, and that is not listening. As a representative of rural and regional Australia I can only attest to the meanness of this budget.

You do not have to take my word for it. There is plenty of evidence out there from other groups within the community that support what I am saying, whether they be small business, young families or the farming community—and when I talk about the farming community, in my region I talk about the dairy industry. They also include builders, pensioners or independent retirees aged between 55 and 65, and people who rely on Medicare because they do not have medical insurance. Most of my colleagues know that, if you are pensioner, you probably do not have medical insurance; you rely on a doctor that bulk-bills, if you can find one—and you certainly cannot find them.

This is a government that did claim that it would govern for all. I can remember John Howard in his post-election speech in 1996 saying that he was going to govern for all. I can tell the Prime Minister and his comrades on that side that there are many people who are falling through the safety net and not receiving any benefits from this government at all. In fact, they are receiving just the opposite; they are receiving extreme hardship because of this government.

I would also like to go on to defence because in the electorate of Paterson I represent the biggest RAAF base in Australia, a great place. They are great young people who work there. They are committed to Australia’s defence. I have the utmost respect for them. The amazing thing is that people who have a defence establishment in their electorate are always told, ‘These people are conservative voters, you know. They don’t support the Labor Party.’ But they do not support the Labor Party because the opinion has been out there that the Labor Party does not support defence.

Let us just have a look at the record of this government on defence alone. When this government came to power in 1996 there were 58,000 defence personnel. What was this government’s attitude? They did want to reduce it to 42,000, but the Defence chiefs soon took the minister aside and said, ‘If you do that, you may as well reduce it to zero and we will pack up and go home, because there is no point having a defence force.’ They succeeded with the
slash and burn; they got it down to 50,000 defence personnel. Then we had East Timor and
suddenly they realised, ‘We do not have enough personnel to defend Australia; we had better
do something about this.’

Over the last few weeks I have heard members opposite saying, ‘Hey, there is $6 million a
year there for cadets; what a great thing.’ We had the Minister for Defence stand up in the
House the other day and say, ‘Hey, don’t forget the cadets. We are going to teach young kids
how to care for weapons and there will be weapon training and all the rest of it.’ I was a cadet
once; I was a cadet underofficer at school. I know the value of cadets. I would like to think it
goes a bit beyond weapon training. I support the existence of cadet units.

The whole point is that I also support every FA18 that our Air Force owns having a pilot. I
have not heard too many comments from the minister telling the people of Australia that we
only have half as many pilots as we have aircraft. The Labor Party supported a pilot for every
aircraft. That is why we had 58,000 defence personnel, and I would like someone from the
side opposite to tell me why they slashed that to 50,000. I would also like someone opposite
to tell me about the patrol boat project that was in place over 12 months ago but was aban-
doned so the white paper could proceed and not interfere with the project. Actually, the white
paper supported the patrol boat project. Where do we find it in the budget? It is not an ap-
proved project. It will not be in existence in the next 12 months because tenders will not be
called, because the money is not there. These are the sorts of mean and tricky things this gov-
ernment does and the sorts of things that this government does not listen to, and they are why
this government should be and is being condemned by the people of Australia. It is not lis-
tening to the needs of Australians.

We could talk about the shortage of medical officers and nurses in defence forces. That is a
national disgrace. Fifty thousand people, people serving overseas in warlike environments and
being exposed to danger, need their own doctors and nurses for their medical needs. But we
cannot satisfy those needs. These are the sorts of issues we have.

The Treasurer did make mention in his speech of the early warning aircraft project. He can
take pride in it if he likes, but the point is that this is now an emasculated project, it has been
robbed of its promise for Australia—and that is because of procrastination. We are getting less
than half the original aircraft, and they will be fitted out in the United States of America, not
in Australia as originally proposed. We were originally getting seven aircraft. They were
coming here and, with Boeing, a new industry was going to be developed in which those air-
craft would be fitted out and serviced here. There is even talk now that these aircraft may go
back to the United States for servicing. This was a potentially great project that suddenly has
been wiped. The promise has evaporated as quickly as this Treasurer’s supposed budgetary
surplus.

I heard the previous speaker talk about there being great news in this budget for regional
Australia. I have here a copy of something put out on the 2001 budget by the Anderson-Vaile
Nationals. As they go round, they talk about taxation and transport. This is a government that
claims it has been of great benefit to Australian exports and has cut transport costs. What rub-
bbish! That is an absolute falsehood. The cost of transport has gone up under this government.
The cost of fuel is at a record high and the cost is being borne by all exporters.

I notice they have a headline ‘Aged care’. In rural and regional Australia, the number of
beds in virtually every regional centre is below the need for aged care beds, and we find that
smaller communities have difficulty in accessing aged care places. They simply do not go
there. I must admit that in a small community that I represent, Stroud, we were successful in
getting four beds in the last round at the end of last year. I am very grateful for that, because I
believe that people who have lived in these small communities, who have reared their family
and have their network of friends and families there, have the right to expect aged care be
provided in their community. The worst thing I know of—and I have stated this often—is that, at the end of a long life with a companion, a partner, people get broken up and one has to move away from the town, away from their family, to find access to an aged care facility. It is one of the most inhumane things I know, but it is one that this government has become quite expert in passing on to our rural and regional communities.

The budget’s tax relief for self-funded retirees is a tricky little sidestep—I suppose this is the sort of trickiness that Shane Stone was talking about. This government prides itself on people being able to become self-funded retirees at an early age, but now it is saying, ‘Don’t count on us for help, brother! If you are an independent retiree aged 60, you are not going to get any of the tax relief that we are giving to people aged 65 or over.’

To pensioners who were promised the $1,000, the government is saying, ‘Okay, you didn’t get it. You didn’t read the fine print. We spent the money on TV ads and our chains brochures, and so on. We didn’t have enough left over to give to you. Sorry, you’re not going to get the $1,000, but we’ll give you $300 instead. That’s not bad—it’s 30 per cent. We’ll give you 30 per cent of what we originally promised.’ That is tricky in the extreme, I would say. It is mean. It epitomises the meanness of this government. And this government is not listening either. And that comment did not come from this side of the House—it came from within your own ranks.

Let us turn to unemployment. If there has been one failure from this government, it has been the inability to create jobs in rural and regional Australia. That is the tragedy that is befalling Australia. That is the tragedy that I see in areas that I represent. Great young people go to their local school, grow up in their local town and, as soon as they get to university age or trade training age, they have to leave home. It is not a country of equality. I know about that because my children did exactly the same thing—I reared them in a country town. Most of their schoolmates also did that. What happens to these young people? They leave home, they train, they get a job, but they do not get a job back in their home town. We are rapidly depopulating rural and regional Australia. That has accelerated under this government, and this budget does nothing for it. This budget does nothing to create jobs in rural or regional Australia. Rural and regional Australia will condemn the government because people who live in rural and regional Australia expect to have the same rights as all other Australians—and in this respect they do not.

Agriculture is mentioned. Immediately before the budget, Minister Truss announced an extra slush fund for the dairy industry. If one thing is going to hang around the neck of this government like an albatross, it is what they have done to the dairy industry, particularly in New South Wales and Queensland. They have destroyed an industry that has survived for over 100 years and has been the mainstay of many communities, particularly the communities I represent—Dungog, the most adversely affected community in Australia according to the ABARE report that was brought down by this government, and Gloucester, the third most adversely affected.

It is estimated that the dairy industry was worth in the order of $16 million a year to the Dungog community. What have they got out of that $45 million fund? They have got the princely sum of $84,000 to write a report over the next 12 months. By the time they write the report, the dynamics of the Dungog economy will have changed so much that the report will no longer be relevant, and so they will have to apply for a grant to write another report. This is a government that thinks that an $84,000 report can replace $16 million in actual income. Gloucester did a little better. Let me tell you what happened in Gloucester. After the dairy deregulation legislation was passed, the Dairy Farmers Cooperative—after trading for about six months with a processing plant in Gloucester—decided that the economics of the situation were not satisfactory and that they would have to close their plant—a loss of 36 jobs. I made a
plea to the minister, ‘Please, give some funding to this town. Let the local government employ these people. Do something. A town such as Gloucester cannot afford to lose 36 jobs.’ That generally represents 36 families. What would happen if 36 homes went on the market and they moved out of town? The whole thing was just too horrific to think about. So they did get $1 million, and that will employ these people for six months. But the factory is closed, and the factory will not reopen. There will be no permanent industry created in the town of Gloucester to replace the industry that has gone. That is what this government has destroyed.

The member opposite asks, ‘What did the state government do?’ From day one the state government indicated that the milk quota was not a saleable commodity. It had been indicated by the dairy industry. They knew that, because it is in the guidebook of the Dairy Industry Authority that it is not a saleable commodity. The dairy farmers were told, ‘If you support deregulation, there will be no money for the quota.’ This federal government has not put one cent in. This government prides itself on being the lowest taxing government—what did the government do? The government brought in another tax. Does that sound mean and tricky? It certainly sounds mean and tricky to me—11c a litre for nine years. That is how this government will raise the money. The government says, ‘Aren’t we great people? This is what we are doing.’ Every dairy farmer out there knows, just as I know, that that 11c a litre is being paid for by the farm gate price of milk that has dropped to its lowest level. It has dropped to pre-production levels, and farmers certainly cannot survive on it. Those dairy farmers are taking the meagre handouts that are given by this government, and they are using that to supplement their income. But, at the end of the day, they will be broke.

I have a delightful story. I was contacted by a 78-year-old lady. She and her husband had dairied all of their life. He is now in a nursing home—he is one of those people I referred to—and he lives about 80 kilometres away from the family home. She sees him occasionally. He has advanced dementia. They got out of the dairying industry last November. She applied for her compensation. Because she is 78, she applied for it to be paid in a lump sum, which is an alternative. What happened? The government are going to pay it off over the next eight years. She said to me, ‘I’m a bit flattered by it, because there is a vote of confidence that I am going to live for another eight years.’ Do you want something to epitomise the meaness of this government? I tell you that that says it all. There is a 78-year-old lady who has been told, ‘We’ll pay you off over the next eight years.’

I could go on. I could talk about mobile phones and the communities that I represent. People in those communities do not buy a mobile phone because they cannot get mobile phone reception. If they want to apply, the government demand that that community come up with $10,000. They say, ‘You come up with $10,000, and we will look at providing a mobile phone tower for you. But unless you come up with your $10,000, you will not get it. You will not get the service.’ The government are mean and tricky. The city cousins of people in these communities can have the choice of two or three towers.

This budget, as I said, epitomises all that is wrong with this government, and it is manifold. (Time expired)

Mr McARTHUR (Corangamite) (11.39 a.m.)—I think the previous speaker needs some enlightenment on the dairy industry and I would be happy to provide that enlightenment at another time. I put on the record that his New South Wales Labor government has not contributed to the reconstruction and deregulation of the dairy industry, and he well knows that. Could I refer to the outstanding budget that has just been brought down by Treasurer Costello. For the fifth year in a row the budget is in surplus—on this occasion by $1.5 billion, given the somewhat difficult economic circumstances in which the budget was brought down.

This budget allows for a reduction in the massive $80 billion that was accumulated by previous ALP administrations. Some $60 billion has been taken off that quite massive debt. This
budget also fulfils the promise of reducing company tax from 34c to 30c. It means that company tax is now internationally competitive and that Australia is now a place to invest and for companies to set up their headquarters—as shown by BHP, which has maintained its Melbourne office because of the internationally competitive tax rate. Likewise with the financial institutions tax, a comparatively minor tax, but one costing individuals $1.2 billion. Again, it is a step in the right direction towards making a more efficient and effective financial market. Stamp duty on shares has also been removed, with a cost to government of some $675 million. These very important measures in the budget are designed to improve the economy and its efficiency and make Australia a more productive economy in the world setting.

I would just like to refer to the debt levels of the government by way of relativity with other international countries. New Zealand is reducing its government debt levels, compared with GDP, down to about 20 per cent, and the OECD is in the range of 40 per cent of GDP. The Japanese one is particularly interesting in that it is calculated that they almost have 100 per cent debt level relative to their GDP, and that is a clear indication of why the Japanese economy is in such serious trouble. Australia, on the other hand, is reducing its percentage of government debt to somewhere in the range of four per cent of GDP. That is because of the frugal way in which the budgets have been framed and the reduction of the debt that I referred to. By international comparisons, Australia is handling its economic affairs very well.

Could I draw to the attention of the House two important figures in the budget, and then I will leave the details for other members to discuss. The important feature I note is that 52 per cent of the income for the budget comes from income tax. Hardworking Australians contribute more than half the source of income in the budget. On the expenditure side, it is worth noting that 42 per cent is in social security and welfare, with health being an extra 17 per cent, so that 59 per cent or almost 60 per cent of the budget is accounted for in these two areas: health and social security. All those people who argue about some of the fine print in the budget should be very aware of that important figure.

I just put on the record the outstanding tax cuts that many Australians have come to take as being part of the system they were given on 1 July this year, when $11 billion of tax cuts were given to middle income earners of Australia. The government fulfilled its promise that 80 per cent of taxpayers would be paying no more than 30c in the dollar. The levels of taxable income to the highest level of 47c were taken in hand and are a step in the right direction. However, I would like to raise the issue of taxation and the impact that high levels of taxation in Australia have upon hardworking, enterprising Australians and that, by way of comparison with the world, we do not stand up too well.

I draw your attention to an article by Robert Gottliebson in the Australian of 28 May, 2001. The headline reads ‘We must be competitive on income tax’. In that article, he draws on some interesting examples of people who have worked in other countries. He has observed their particular tax rates and how much better off they are in other countries where the marginal tax rates are better than those in Australia. One particular example is an Australian who moved from Melbourne to Hong Kong. He found that, whilst the standard of living in Hong Kong was very high, his net position was much better. He said:

When the tax system is explained to them the penny drops and they laugh hysterically. When they then work out that the top rate of 47.5 per cent cuts in at the equivalent of £20,000 or $US30,000 they are horrified.

Unless the tax system is fixed, many of the Australian expats will not come back.

That is one interesting comment from an individual Australian who has tested both Australia’s tax system and Hong Kong’s tax system. A second individual in the article makes this comment:
I am the first to admit that I think twice about going the ‘extra mile’ to achieve my annual bonus payment. It is not worth the time, stress and sacrifice to earn a bonus to have half taken from me. I would be more than happy to give up 35 per cent as my contribution to society but not 48.5.

The notion that you are well off once you earn $50,000 to $60,000 is so out of touch. That puts it in fairly common language. Mr Deputy Speaker, I seek leave to have incorporated in *Hansard* a table which shows the various tax rates in other countries.

Leave granted.

*The table read as follows—*

<table>
<thead>
<tr>
<th>Country</th>
<th>Top tax rate %</th>
<th>Threshold $A</th>
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<tr>
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<td>71,500</td>
</tr>
<tr>
<td>Australia</td>
<td>48.5*</td>
<td>60,000</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>17</td>
<td>24,700</td>
</tr>
</tbody>
</table>

*include 1.5% Medicare levy*

**Mr McARTHUR**—The table clearly demonstrates the threshold of incomes in Australian dollars. I do acknowledge where Mr Probyn and Mr Wallace got their information, which was quoted in the *Herald Sun* of 26 May. This information comes from CCH International Tax Planning and is edited by Horwath International. It is a reputable source of information, and I have some of the original documents that support this incorporated table in *Hansard*.

Quite simply, the table demonstrates that in America the top rate of tax is 39.6c, nearly 40 cents in the dollar. The threshold in Australian dollars is $550,000 income. That might be quite extraordinary in America, where the standard of living is different. The important point to note is that it is 40 cents in the dollar and it is a very high income. In Singapore, it is even a bit more advantageous and we note the strength of that economy, where 28 per cent is the top marginal rate and the threshold is just over $400,000. Likewise, even in Britain—where Margaret Thatcher was so influential in reducing the level of high income tax rates—the top rate is now 40 cents in the dollar and the threshold is $76,000. Likewise in Canada, it is even a lower rate of 30 cents in the dollar, with a $73,000 threshold. In France, the rate is 53 cents in the dollar. In France there are particular aspects in relation to family members that do impact on the tax rate there, as some members would be aware, and the threshold is $71,000. In Australia, of course, we have the situation where it is 48 cents, nearly 50 cents, in the dollar and the threshold is $60,000. As Robert Gottliebson said in his article, that is not a big salary in Australia’s terms, especially for those in middle management and those who are working very hard.

We see a very difficult position where influential and entrepreneurial Australians will be looking hard at whether they stay here in Australia to provide their brains, ability and intellectual capacity to create the wealth that everyone is so keen to have. We also have a position where there are 6½ million Australians who pay no income tax. There are a lot of hard working Australians who have to make up for that shortfall. Could I put on the record that this government, in relation to the changes for taxation, tried very hard to move that higher level from $60,000 to $70,000. The opposition parties and the Democrats felt that that was too high a figure—a mere $70,000 that the higher tax rates would not apply to.
The issue of the political debate about taxation levels is raised when we have a situation where people who work hard and have the capacity to do so will join the so-called brain drain. People who are educated in Australian universities and TAFE colleges and through the general education system, at considerable cost, seek opportunities internationally because of the lower tax rates in other countries. The other important aspect is that we have a new group of ‘aspirational’ people.

It is interesting that in America we see a change of attitude towards taxation. I was interested to read a comment by the US writer, John O’Sullivan, in the National Review, which is a very respected journal, on 2 April 2001, that, ‘The workers have become rich and therefore more conservative.’ He went on to say, ‘The rich have decided to become less conservative to spite them.’ They are now looking at tax rates and their ability to bring about a change in their lives.

He made the interesting point that even the auto worker’s son is reading the conservative notions of Ayn Rand which would be known to some members of the House. Some of these voters in middle America are now changing their attitude towards taxation and share market investment. So we have a new group of people who have a stake in business. We have a whole group here in Australia with an interest in superannuation—even members of this parliament have an interest in that matter. By way of that link with trade unions, they are very interested in the share market because their assets are tied up in investments via superannuation. The stock market is part of voters’ concerns. An issue that is related to the stock market is business tax paid by companies and the level of income tax paid by individuals.

It is suggested that this investor class in America comprises about 60 per cent of the electorate. So there is a changing situation in the American electorate, and it would be presumed that there is a similar group of people in Australia—the so-called investor class—who read the financial columns, who have a very personal interest in the outcome of the stock market on a day by day basis and who are concerned that their standard of living is being somewhat impeded if income tax levels are too high.

That leads me to another interesting and important factor—the level of the Australian dollar. In the electorate of Corangamite, many of my constituents are very pleased with the level of the Australian dollar because they are exporters. They export wool products, they have got cattle and they have got fat lambs. Their general comment to me is that the value of the Australian dollar relative to the American dollar is very helpful to them. But in the longer run all of us in this parliament should be aware that the Australian dollar needs to maintain its value. Whilst exporters, the miners and the farmers, enjoy the short-term advantages of a lower Australian dollar relative to the American dollar, in the longer run imports become more costly. That impacts on business and creates inflationary pressures.

The other important feature of the value of the Australian dollar relates to international investors looking at Australia. International investors have a sharp pencil in terms of return on their investments and the value of investments they make in Australia. With the fall in the value of the Australian dollar, there are a number of gilt-edged investments in Australia—in the share market, in assets, in mining, in agriculture and in manufacturing. Obviously, we would hope that the Australian dollar would maintain a genuine value that would not allow international investors to make too many investments at bedrock prices because of the value of the dollar. It is important that, in the longer run, we maintain the value of the Australian dollar so that we can ensure that the productivity of Australia, the real wealth, is maintained. The way to do so is by maintaining the policies of the Howard-Costello government, having regard to the way in which the budget is framed.

It is important to maintain employment contracts and a more flexible labour market. Members opposite want to change that and go back to the old industrial relations days that impeded
Australia’s growth. If, by chance, a Beazley government were elected, this important part of productivity will be sent back to the dark ages. It is important to maintain competition policy so that there is genuine competition among state agencies to provide goods and services to Australia. It is important to provide political stability. I think everyone on both sides of the chamber would agree that investors look at the political stability of countries in which they want to invest. Mr Laurence Kudlow, writing in the May 2001 edition of the American Spectator, made this interesting comment:

Financial market behaviour is a daily referendum on policy. Ignoring the markets is more dangerous to government than ever.

What he is really saying is that policy makers—governments around the world—need to keep a weather eye on financial markets. Financial markets are now internationally competitive; people can move their capital across international boundaries. So there is a very important assessment of governments’ performance in these areas that did not occur previously. In the same publication, Mr Kudlow made this comment:

In the political economy of the 21st Century—defined by global markets, more democratic, universal, reacting more quickly and perhaps more ferociously than ever—ignoring the markets referenda is more dangerous to governments than ever.

I conclude by saying that the Howard government is very aware of the international pressures on our national debt, the relative value of our dollar and the need for competitive taxation rates. I have been advocating that both sides of the parliament should look at the taxation impact on individual hard working Australians. I refer to the impact of income tax rates on Australian shearsers. Members opposite would be interested in that issue. Australian shearsers are among our hardest working citizens, yet the impact of high income tax rates which they pay during the weeks or months when they work is very debilitating and does not give them an incentive to work harder. If this is occurring in the shearing sheds of Australia, think what it is like for those workers who want to go and live in Hong Kong, Singapore, Europe or the USA because the tax rates in those countries are so much better.

I encourage the Senate and the Labor Party to look very carefully at this threshold question of the level of income tax and its impact on hard working Australians. An income of $50,000 to $60,000 in the year 2000-01 may be seen to be a fairly large income, but in five years time, as bracket creep becomes a factor, that income will not be quite as large.

Dr LAWRENCE (Fremantle) (11.58 a.m.)—In speaking about this budget, I want to focus on one absolutely critical factor that is important for Australia’s future—that is, innovation. There has been a great deal of talk about innovation, research and development, scientific research and our technology base over the last year or two. Frankly, there has been more talk than action by this government. Innovation is one of the key drivers of economic growth and the community’s prosperity. I think that is now very well recognised, not only in Australia but elsewhere.

That international recognition of the importance of innovation has, in the case of most governments, led to a very impressive and substantial array of policy solutions that have sought to maximise the national competitive advantage of those countries. We have all heard a great many stories—whether it is from Israel, Ireland, Finland, Norway or Korea—about governments recognising the importance of innovation, the education and science underpinning it, and investing accordingly in their nations’ futures.

Sadly, our own government is almost alone in the developed world in its very sluggish and inadequate response to these competitive pressures. A recent paper by the group of eight universities put it very bluntly indeed, and I quote:

It is essential...that we face up to the fact that our R&D capability is now at serious risk. The investment of the past is being run down and Australia is going backwards relative to the rest of the world in R&D.
And there is a great deal of data, I might say, to support that assertion. Again, in a joint statement last year, senior members of the business, higher education and science communities argued:

If Australia is to sustain growth, increase the number jobs and improve living standards, we have to develop and implement urgently—and underline that word—an innovation action plan to underpin growth in existing and emerging industries and be a ‘knowledge based society’.

That is precisely what a Labor government intends and, under the heading of ‘knowledge nation’, we will take these issues seriously.

In urging the government to take decisive action these business and education leaders recommended that the government needed at the very least to do three things: firstly, to improve incentives for business to invest in research and development; secondly, to provide appropriate levels of public investment in competitive research and world-class equipment and facilities; and, thirdly, to encourage better links between researchers and industry. There are a great many other things that can be done, but they really are the irreducible minima.

What is needed to achieve these outcomes is, firstly, a national approach, something sadly lacking at the moment; and, secondly, leadership which recognises the importance of our intellectual and creative assets—and we rarely hear the Prime Minister talk about these things—and leadership which is prepared to invest in the necessary foundations for such assets to produce the maximum benefit for all of us. I have to say the current government’s policy record in all of these areas is pretty abysmal. We have seen cuts to government schools funding. Seventy per cent of our children attend those schools; that is where the talent resource is in this community.

Then we have seen a reduction in the government’s contribution to higher education and TAFE at a time when every other nation in the world, especially in the developed world, is investing heavily in both these areas. We have seen reductions in research funding generally, including research infrastructure which is now very run-down. There have been significant cuts to funding of CSIRO, our national research and science institution, including in the most recent budget a further cut of 100 staff and, of course, we have seen dramatic reductions in tax concessions for business to undertake research and development.

On top of that, the government sought to replace what were some programs with the proliferation of small poorly funded grants programs which are not currently being evaluated. In fact, the Australian Institute of Engineers has pointed out that there are some 142 separate programs in the Commonwealth and states purporting to support research and evaluation, and most companies you talk to have never heard of any of them.

As a result of these cuts, Australia is now falling behind comparable nations in the OECD, the list of developed countries with which we like to compare ourselves. For example, our investment in knowledge, broadly defined as a percentage of GDP of our nation’s wealth, is third last of the OECD countries. We are near the bottom now in business research and investment and falling, if the last budget is any indication. Not surprisingly, this is affecting the morale and productivity of Australian researchers whether they are in public or private research. In a recent report in Science magazine a young Sydney microbiologist, Dee Carter, described the crowded and dilapidated conditions in her laboratory, which she says is so bad that she refuses requests from overseas collaborators to visit, and I quote: I’m too embarrassed about the state of the lab to invite them over. For young academics like me it’s pretty depressing.
And I had similar information yesterday from a young woman who is working here at the
ANU in the John Curtin school. She says that doors are actually falling off; they are not even
getting a necessary level of maintenance as basic as that.

The Howard government has presided over an ad hoc approach lacking strategy, and that
simply is not able to be afforded. They also lack the appropriate sense of urgency. Although
several reports, including that of the Chief Scientist and the Innovation Summit Implemen-
tation Group, recommended substantial and immediate action, the government dallied for
months and months. Their related action, which they announced early this year on 29 January,
unfortunately is likely to do very little more than partially repair the damage created by their
own actions and certainly will not develop the sort of momentum and commitment that is so
clear now in other nations with whom we compete. Australia’s performance in this area is
now an embarrassment, as it is in a whole range of other areas as well. Indeed, the group of
eight universities have stated:

… the package does not significantly close the gap between Australia and the 1998 OECD average ex-
penditure on R&D as a proportion of GDP.

A major repair job—and I underline ‘major’—is now needed and it will take considerable
time, effort and resources to reinvigorate the Australian R&D effort. One of the reasons why
aspiring young scientists and researchers are leaving Australia is not the tax treatment of their
incomes, but their inability to find a decent place to work. The ‘group of eight’ universities
have estimated that Australia needs to spend $13 billion over five years just to catch up with
the OECD average of 2.2 per cent of GDP. I am not suggesting that that is immediately going
to happen, but that is the estimate of the size of the problem.

The government’s Backing Australia’s Ability package provides a tiny proportion of what
is required, and it was a grave disappointment to those who had contributed to the various
reports. I would have to say they were very polite in their response, but behind closed doors
they were scathing, because this innovation package, as it is called, provides for $2.9 billion
over five years, a figure which falls well short of the $5 billion that had already been removed
from education, public research and business R&D over a similar period. Much of it was on a
promise. It does not appear in this year’s budget nor, for the most part, in next year’s. We all
know what this government’s record on promises is like. What has been made available is a
mere $160 million in the first year. That is a three per cent increase. Yet the year on year in-
flation figures show that that is not even enough to cover inflation. In other words, it is a de-
crease in real terms under the innovation package, certainly not a real terms increase.

In the immediate aftermath of the announcement, some sectors even appeared pathetically
grateful that the government had acted at all—they expected so little. Seeing what the gov-
ernment has since spent in areas where it could buy its way back into government, that
amount now seems derisory. Very large sums of money indeed have been thrown at political
problems. After its shock at the Queensland election and the Ryan by-election, the govern-
ment quickly found the money to placate some pretty angry constituents. But it does not ap-
unger to understand that failing to invest in innovation compromises not its future but Austra-
lia’s future by undermining our growth and prosperity.

In a recent forum organised by the Federation of Australian Scientific and Technological
Societies, many participants observed that current approaches and policies were doing little to
address the collapse in science in the education system. They recorded declining levels of in-
terest, poor teacher competence, falling enrolments and lack of resources at the university
level, and a poor climate generally for postgraduate research. Australia cannot thrive on that
basis. At the same forum, concerns were raised that the government’s innovation package—which, as I say, does not provide an increase in real terms—might even make things worse, especially by the use of so-called matching funding: the leveraging of funds, as they describe it, is central to this innovation package. Indeed, the government’s statement claimed that its mere $2.9 billion over five years, most of it in the outyears, will be matched by $6 billion from industry, universities and science agencies.

The problem for the universities and the science agencies is that they do not have the funds with which to match the government’s contribution. For example, Professor Barber, the science policy spokesman for the Australian Academy of Science, said that this leveraging was in danger of going too far. He believed that this level of commitment, without additional core funding, would eventually compromise the discovery process. In other words, they would be having to put most of the money into these industry linked programs without being able to undertake the core research. We have to remember that in the past five years the Howard government has ripped about $2 billion out of government support for research and development, alone, for the business sector. Over the next five years it is only putting back, on the most generous estimate, about one-third of this amount—around $600 million. I think that is a generous estimate, indeed.

One of the problems identified by the research community is the lack of attention to the problem of long-term operating costs for the universities and CSIRO. Respected science journalist Peter Pockley reported that he found it impossible to extract from the budget documents—or from the attendant officials, as it turned out, in the lockup—a firm figure on what was actually provided for operating grants or any comparison with earlier years. That is characteristic of the way this budget has been presented. It is actually impossible to find out what has formerly been spent in key program areas and what is proposed to be spent. The same journalist was able to identify, after some very careful work, a shortfall in expenditure of $70 million by the National Health and Medical Research Council, but this money then appeared as additional funding in 2001-02. So there is no new money but it is masquerading as an increase.

Like a number of these journalists and commentators, I was shocked to discover on budget night that the government had substantially reduced the amount of information available in the science and technology budget statement, which has been, I have to say, a comprehensive and reliable source of data on science and technology and R&D expenditure and performance. We need to know where we are in order to see what changes we make to policy and how we need to improve our performance. Since the budget papers—and I know that a lot of members have been frustrated by this—no longer contain detailed examples of expenditure on science and technology, or anything else much, for that matter, as a result of the introduction of accrual accounting, the statement was one of the few remaining sources of data on government science and technology expenditure. Given the government’s performance in this area, perhaps it is not altogether surprising that the Minister for Industry, Science and Resources would try to hide the truth about what was really going on, and all we had was a truncated web version which no longer includes the comprehensive data previously available on Australia’s international position or on the performance of individual R&D programs, such as the R&D tax concession. This information is critical if we are to be decent policy makers.

The gutting of the science and technology statement follows hard on the government’s decision last year to abandon the triennial innovation survey by the Australian Bureau of Statistics. They do not want to know what is actually happening out there. Furthermore, on instruction from the minister’s office, the internal comparisons in the statement that did appear this year went beyond the OECD, which is our normal comparator, and included Mexico, Greece
and Turkey, where the figures, to say the least, are not particularly reliable. This is obviously a transparent device to make Australia’s performance look better than it is. Mind you, using that shonky measure, it only improved performance very slightly.

What the minister is trying to hide from us is the fact that Australia’s international performance on R&D, both public sector and business, is abysmal and declining. As a result of the policies that I have already described, business investment in innovation and spending on R&D have fallen very sharply indeed. In particular, the decision to cut the R&D tax concession from 150 per cent to 125 per cent produced an immediate decline from a peak of 0.86 per cent of GDP in 1995-96 to just 0.67 per cent of GDP in 1998-99. By fossicking through those figures, you can actually extract some comparisons with previous years and determine that it is looking even worse this year. As to precisely what the number is, it would be a brave soul who would calculate it.

The group of eight universities also point out that Australia generally stands well behind the last formally recorded level of average OECD expenditure on R&D, and we are going further down. For instance, we invested about 1.43 per cent of our GDP, down from a previous level of 2.05 per cent. So we are sliding all the time in these performances, but the minister is basically saying, ‘Don’t ask the question; we don’t want to know what the answer is likely to be. It’s too embarrassing.’

I think it is important to make some comparisons. Australia’s performance in R&D has never been at the top of the range when you look at the overall performance. From 1985-86 until 1995-96, considerable progress was made and we started to move into the position in the league where you would expect us to be. In the last year of the Labor government, the Commonwealth alone was spending over a billion dollars each year in support for research and development by business, including the tax concession. Under the Howard government’s new proposals, the government will be spending less than a billion dollars in each of the next five years in support for research and development by business. In other words, by 2005-06, a decade after the initial cuts, the government will still be spending less on support for business R&D than Labor was spending in 1995-96. The current investment is 33 per cent lower than it would have been had it continued to increase at the same rate as over the three years before the cut. We were starting to get up there, and suddenly the impact of those changes reduced that momentum.

In the innovation statement the government committed an extra $335 million over four years for the particular R&D tax concession, but at the same time it actually removed $250 million by changing the treatment of plant—give with one hand and take with the other, a pretty familiar theme. When the budget emerged, this amount that would be clawed back had increased to $330 million, leaving a net increase—the much touted improvement, the premium tax concession in the innovation statement—of just $5 million over four years. And it provided nearly $11 million to the department to administer a net increase of $5 million, a fairly crazy manoeuvre. When we made public this sleight of hand, the government suddenly found an extra $70 million within 24 hours that had missed the budget papers ‘by accident’. My guess is that it would have been slipped in just before the election as a new amount of money, when in fact it barely covered the original promise. In any case, it does not go anywhere near restoring the cut the government made in its 1996 budget, which ripped $450 million a year out of the R&D tax concession.

The government’s supposed contribution to the R&D Start program actually involves very little new money—again sleight of hand. Most of the money that is touted as new is merely being used to maintain existing funding levels. If it had not been there the whole program would have collapsed. It is no wonder that, although the Prime Minister’s speech on the day and the joint ministerial press release referred to this money as continuation, they did not exactly point to the fact that it was not new money, so that it still appeared as if it were. Even in
this case further reductions have appeared in the budget, with $38 million now being provided in the form of loans instead of in the form of a grant. That was not mentioned in the statement at the time either.

Everyone would be well aware of the fact that the government’s new R&D tax rebate for small firms is a pittance, just $13 million over five years. It is hardly worth administering that amount. Certainly from the point of view of the firms, it will barely be worth the red tape and paperwork that small business will have to master to receive it. We need to get this in perspective. The President of the Business Council of Australia did that. He said very clearly to the government and to the whole community that, unless we embrace that change—referring to the need to increase expenditure, effort and innovation, others who do embrace it ‘will eat us for breakfast’. Frankly, we are being gobbled at a great rate.

It is now clear that failure to spend more on research is stifling innovation and dragging down the economy. The government does not appear to understand that future industries are built in today’s research. It might want to look at quarterly changes in GDP but it should be looking at the long haul into the future. This government does not even seem to understand where that is. It is not surprising that Australia is now perceived by many as an old economy with few prospects of participating fully in emerging industries—industries built on information technology, biotechnology, renewable technologies, to name but a few. A vibrant and growing research effort is absolutely critical for Australia’s future. New economic opportunities and improved social and environmental outcomes depend fundamentally on the quality of our education and research effort. That is why a Beazley Labor government would put so much effort into it and why we are now increasing the community discussion on this key issue.

This effort is under threat as a result of cumulative cuts to funding and the failure of the government to give due weight to research and education in the public policy debate. We almost never hear government members in this place talk about these issues. They appear not to care about it. We rarely hear the Prime Minister talk about it and never the Treasurer. There appears to be an extraordinary chasm in their understanding of Australia’s future. As it is, we are now seeing researchers leaving this country because of the shrinking opportunities and investors refusing to invest in Australia because of the government’s lack of interest. The government needs to be a leader in this field. It needs to be making sure the investment is being made both by government and the business sector. It needs to talk and think innovation in a way that clearly is not shown today.

Mr NEVILLE (Hinkler) (12.18 p.m.)—I appreciate the opportunity to speak in this debate on Appropriation Bill (No. 1) 2001-2002, in response to the 2001-02 budget. It has been very interesting to watch and listen to Labor’s reaction to what has been another excellent budget for all Australians—one that builds on a strong economy, promotes our traditional values, such as self-reliance, and secures our country’s future. It is the fifth successive budget in surplus, and this is a credit to the Treasurer. Despite all the gloom and doom in the Labor Party and sections of the media, the $1.5 billion surplus, at a time of great strain on the government, is quite a remarkable achievement.

I will explain in this speech how Labor’s response, including that of my opponent in Hinkler, has highlighted their inability to grasp the basic tenets of good economic management. Their reaction to the budget shows that they are unfit to rule. That has been said time and time again in the parliament. I am frank enough to admit that I fear for people in my electorate in the unlikely event of a Labor government. I am talking about people and places that the Leader of the Opposition probably does not know exist—places like Apple Tree Creek, Bargara, Agnes Water, Boyne Island, Tannum Sands, Builyan, Woodgate, Ambrose and Mount Morgan. I fear for them because my opponent labels the budget as being out of touch. Nothing, of course, could be further from the truth.
Typically, the local ALP machine took a cheap shot last week because the Prime Minister did not travel further north than Gympie on his post budget listening tour. He was accused by my opponent of swanning around the tourist spots of Noosa. She sadly missed the point because the Prime Minister was actually in Gympie to award a $1.6 million grant to the Nolan meatworks, which will greatly enhance the security of Gympie, one of the Wide Bay-Burnett cities, and it will also secure jobs in one of the most depressed areas of unemployment in Australia.

She also said that the Prime Minister had not visited the electorate yet. That is hardly a fair comment. John Anderson and Tim Fischer, since the last election, have been to my electorate a number of times—I believe five times. If I am not mistaken, over the same period Kim Beazley has only visited the area once. So I am surprised that my opponent would indulge in such cheap politics when the score is so heavily against her. This is obviously a smokescreen for Labor’s lack of policies and its secret plans to raise taxes and cut funding to rural and regional areas. Quite frankly, Mr Deputy Speaker, it does not require you to be a rocket scientist to understand that, if you are going to roll back the GST, if you are going to create the spending that the Leader of the Opposition claims he will, one of two things has got to happen. Some programs will have to be cut. With Labor’s traditional track record in this field, that will be in regional and rural areas. Alternatively, taxes will go up. They have shown on various occasions that they are not averse to doing that.

The Labor Party and Kim Beazley are only fair-weather friends of the people in Bundaberg and on the Coral Coast, in Isis, Miriam Vale, the Discovery Coast, Gladstone, Mount Morgan and Central Queensland districts. National Party leaders do not just come to our area at election time. They are always listening, chipping away with wins on important issues like fuel excise, single desk selling for the sugar industry, a package for the sugar industry, mobile telephone coverage, family farm trusts, and black spots television reception. That is one issue that really staggers me. I cannot believe that for 40 years people in provincial cities between places like Bundaberg and Gladstone have not had television reception. For four years I have worked assiduously to get this television black spots program up and running. The minister acknowledged my part in that and I am pleased that, of the 10 black spots that were announced recently, three of them are in the Hinkler electorate—in Agnes Water, Miriam Vale and Mount Morgan.

On top of the accusation that somehow the electorate is being neglected because the Prime Minister did not visit recently, I have to say that John Anderson will visit my electorate several times between now and the end of the year. I believe it will be a minimum of four times. It will not just be for electioneering: we will be doing things. Most importantly, when Liberal and National Party ministers come to visit, we work and we talk projects of substance. We do not go on with this politics of smokescreens, like a so-called small business seminar in Gladstone, promoted by the shadow minister for small business, or a visit by Sharan Burrows to talk to the workers of Gladstone. That is smokescreen stuff.

My opponents’ depressing criticism of this budget is just as easily exposed as bluster and bluff. There is nothing better for low income families, unemployed people, pensioners and, for that matter, all Australians on low incomes, than stable costs associated with low inflation and low interest rates, and cuts in taxation. How did we get these conditions? We got to these conditions by steadfastly reducing the $80 billion debt that the previous government left us; $80 billion! Ten billion dollars more has been paid off in this current budget, meaning that we have now reduced that $80 billion by $60 billion and only $20 billion remains. Of course, the implications of that are that the interest savings from the reduction can go to spending on schools, hospitals, roads and the like. As I said before, despite all that, and despite the difficult times for the government, the Treasurer is able to bring in a surplus of $1.5 billion.
The other thing I would like to talk about very briefly today is the general effect on people in the community of this budget, the previous budget, the low interest rates and the low inflation. In the previous budget, taxation came down to 30 cents or less in the dollar for 82 per cent of Australians. For the average young man with a wife and two kids, on average weekly earnings, that amounted to a saving of about $47 a week. If you add to that the savings on a home loan as a result of lower interest rates, which amounts to about $300 a month on the average home loan, about $2,500 is saved in taxation and anything up to $3,000 in home loan interest payments. In other words, if you look at taxation and savings on home loan interest, you will see that the average young family with two kids, on average weekly earnings paying off the average home loan, is about $5,500 better off than it was in the last years of the Labor administration.

If you look at the Working Nation program that Labor put in place, that never provided any lasting jobs in places like Lowmead or Agnes Water in my electorate, yet Labor say that they would scrap such successful programs as Work for the Dole and the Job Network. The Job Network has been demonstrably more effective than the old CES. Given the right conditions, local family businesses and rural industries are picking up momentum throughout my electorate. Good economic conditions allow them to hire with confidence and, thanks to the Job Network, Work for the Dole and the Green Corp, a lot more people are now job ready. Small business will benefit from the GST input tax credits on motor vehicles and the reduction in company tax from 36 per cent to 30 per cent will encourage even more local investment. I can assure you, Mr Deputy Speaker, that that would be very welcome in the Hinkler electorate.

Labor have been trying to pick at the budget in isolation because they are, and always have been, the mouthpieces for undeserving, noisy, sectional interests rather than for the broad mass of average working Australians. Speaking of noisy interest groups, I think people in my electorate are growing weary of the election trick of wheeling out a barrel load of union money every election. Not only do the unions donate money directly to the ALP; they are now going to run campaigns directly.

Debate interrupted; adjournment proposed and negatived.

Mr NEVILLE—The AMWU will spend $400,000 on targeting me and my colleagues in marginal electorates and claiming that the government has hurt manufacturing industry in my electorate. Nothing could be further from the truth. At present, I am working on a chicory project. In Gladstone, a number of major industry initiatives are on the boil. The sum of $100 million has been set aside for the Comalco project, and $50 million has been set aside through the CSIRO for the AMC project on the fringe of my electorate. If you look through a range of other matters, you will see that in government the Nationals have spent about $109 million in Hinkler, thereby boosting industry facilitation, services and value adding industry. That is not only that $109 million but also the $50 million in the AMC project on the fringe of my electorate—$159 million. That will be very important for the small community of Mount Morgan, which is very close to the AMC project. That is on top of the fact that under the GST program exporters are not charged GST, and that puts export industries in a most advantageous situation. It was interesting to see the figures that were released yesterday and to see just how well exports are now starting to perform in this country. For the AMWU to say that I am not interested in industries in my electorate is bunkum.

On top of that—and this relates to young people and to the building industry—I take some pride in being one of those who pushed very hard for a higher new home buyers grant. I was delighted when the Prime Minister announced that he was doubling that grant for new homes. It was needed because, in Queensland alone, 92 per cent—it is a very interesting figure—was going into existing homes and only seven per cent was going into new homes. I brought up that matter in the party room, and I will not go into the details of what was said there on that day, but I take some pride in being one of those who pushed the program. As Mr Deputy
Speaker will attest, I have assiduously pushed it, because I sensed that the one sector of the community that was going to be damaged was the building industry. What flows from that industry? It is the builders, painters, electricians, plumbers, tilers—even people in the carpet and fabrics industries, people who lay lawns and people who do footpaths. It is an extraordinarily multiplier—

Mrs Crosio—It is a multiplier.

Mr Neville—There is an extraordinary multiplier effect in it. I am also pleased that as a result of the government’s activities over the last six years we have seen a steady reduction in the number of people claiming unemployment benefit in the Bundaberg and Gladstone areas. In October 1995, the figure in Bundaberg was 6,413, and in Gladstone it was 2,134. In April this year—the most recent figures are for the month before last, and last month’s figures will be released today—the Bundaberg figure had come down to 4,248; and the Gladstone figure had come down to 1,549. Therefore, there are 2,750 fewer people in Bundaberg and Gladstone on unemployment benefits since the Nationals came to government.

I have always been keen on apprenticeships and I have worked very hard in my community, both before and since I became a member of parliament, to promote things like group apprenticeships. The budget has earmarked $1.5 billion in financial incentives to hire more apprentices. That is significant because more than 820,000 jobs have been created by the National-Liberal government since 1996 compared to 42,000 jobs that disappeared in the first year that Kim Beazley was employment minister. When that is combined with the paying off of $10 billion of Labor debt and a $1.5 billion surplus, you can see that the government has got plenty to be proud of in this recent budget. I have always had a profound concern for self-funded retirees. I very strongly welcome the increase in the tax threshold to $20,000 for single self-funded retirees, for part-pensioners, and $32,600 for couples.

Mrs Irwin—How about a married couple on that amount of money?

Mr Neville—That is the threshold, and that will mean they will be paying a lot less tax than they were before. That will make a great difference to them. I would have thought the member would welcome that. In addition, self-funded retirees earning up to $50,000 for a single person and $80,000 for couples will be eligible for the seniors health card. That means they will be eligible for cheaper prescriptions—down from $21 to $3.50 for the first 52 prescriptions, and free after that. People in that age group sometimes have medical problems, and that will be a great boon to them. In addition to the seniors health card, they will also be eligible for phone rental savings of $17.20 a quarter or $68 a year.

Some members of the opposition have asked: why didn’t the government bring the eligibility down to age 55? We have eased the means test requirements for those with superannuation. The value of superannuation for those aged over 55 will no longer be taken into account with respect to the means test. That will be helpful to them. But as much as I would like to see taxes reduced for that group as well, and while I recognise that some people will miss out because they had to leave work early against their wishes, the vast majority of those who retire between 55 and 65 do so in the knowledge that they are taking a cut in pension or retirement benefit in order to enjoy a better lifestyle. So I do not think it would be in the interests of the whole community to extend those benefits to all those groups. In short, I welcome this budget. I am proud to be a member of the government which introduced it and I am sure it will be of great assistance to my electorate.

Mrs Crosio (Prospect) (12.38 p.m.)—I, too, rise to speak on the appropriation bills. I will start by saying that this budget will only result in further dividing the Australian community between those who are doing well and those who are not. It is the product of a government that is stuck for new ideas, imagination and vision. Most importantly, the 2001 budget is not about Australia’s future. It is a budget framed by the politics of panic, not the politics of
conviction. It offers absolutely no vision for the younger generation of this country—those people who will be the next generation of parents, the future high, middle and low income earners. These people need policies from the federal government which will help them to provide a sustainable future for themselves and their new families.

Most leaders of other countries in today’s world seek to offer their constituents a vision, a plan for the future, a group of new ideas that are designed to inspire and capture the country’s collective imagination. The Labor opposition in Australia offer the future generations of this country investment in public education, better and more accessible universities, more secure and stable workplaces, better public health care systems, and investment in research and development. So Australians can seize these opportunities as soon as they present themselves. We offer a path down which Australia will travel to become a knowledge nation.

The best that the Howard government could offer in this budget, after six years of office, is a workplace environment which is insecure, unstable and hostile to the rights of employees; a more selective, expensive and exclusive education system which is inaccessible to most Australians; and what will become the longlasting legacy of the Howard government—the goods and services tax. It is quite obvious from this budget that, after bringing in the GST and embarking on their ideological obsession of crushing unionism in industrial relations, this government has now become stale in its thinking and now lacks the courage to create a plan for Australia’s future. The Treasurer himself even admitted this in a speech in the National Press Club after the budget when he said that this budget was ‘aspirational—driven by national necessity—rather than inspirational’. This was a clear admission by the Treasurer that his government has run its race and has now started to back-pedal to try to repair some of the damage the GST has caused.

This budget claims to solve some of the injustices and divisions that exist in society. However, it was this government that created these divisions and it is only now in an election year that this government attempts to fix the problems it has created. This budget is the government’s political lifeline. The people who have mostly been deceived and misled by this government throughout its entire term in office, and since the GST came into effect, are our aged Australians and pensioners. My electorate of Prospect is an electorate with a high population of elderly Australians and pensioners—many of whom have worked most of their life in Australia. Having paid taxes all of their working lives, they now expect to have some peace of mind, financial rewards and incentives in their old age. Many of these elderly people have families that live in my electorate. They support and often care for their elderly relatives. There are many who are still waiting to be reunited with their families from overseas. All of these people—the aged, the pensioners, the carers and the families—have been dealt a very heavy blow for five years by this very high taxing Howard government, and in this budget they have received precious little.

The major drawcard of this budget is the one-off $300 cash payment to pensioners and part pensioners as compensation for the GST that they pay on certain goods and services. The Treasurer proudly announced in parliament that every Australian pensioner and every Australian part pensioner will receive a $300 bonus next month. Like everything this coalition government announces, you should look at the fine print and discover the full details, and you would soon realise all is not as the Treasurer says. The Treasurer was wrong to say that all Australian pensioners would receive a $300 bonus. In fact, only people receiving income support over age pension age—that is, 65 years for men and just over 61 years for women—will receive a one-off payment of $300.

On the government’s own figures, a total of 835,750 Australians will miss out on the $300 bonus because they are not old enough. This group includes those people on disability pensions and those on carer payment pensions. People who receive disability pensions are those people whose physical disability prevents them from working. They often struggle to survive
on a very tight budget from week to week and have to pay the same amount of GST as everyone else on their goods and services. However, they still receive no compensation for the extra tax, which eats away at their fixed income. Disabled pensioners may, by nature of their disability, often have extra costs which many other people do not pay—such as special aids which are essential to their development and survival. These items also attract the GST, but these people do not receive any extra compensation.

Another group of people who quite rightly feel that they have been hard done by are those that receive a carers pension. These people give of themselves day in and day out to care for elderly or disabled friends or relatives but still face a raft of extra expenses which attract the GST. Like the people on disability pensions, they will not be compensated. The Sydney Morning Herald on Friday, 25 May 2001 reported a story of a couple close to my electorate in western Sydney who survive on a carers pension and a disability pension. They heard the Treasurer say that all pensioners will get a $300 bonus. They were devastated to learn, after reading the fine print of this government’s policies, that they would not receive the bonus and that only age pensioners would receive that bonus.

People on carer pensions often have unforeseen circumstances when their wife or husband or mother or father or children need that care because they have fallen sick or in some way become disabled. They then opt to stay at home and give up their jobs to look after the disabled, sick or elderly and should be given the proper recognition and adequate compensation they deserve. But they are ignored in this budget. The Treasurer said in his budget speech that self-funded retirees were being rewarded and helped because they deserved equality. I say to the Treasurer: where is the equality for people on carers pensions? Does the Treasurer believe that these people on carers pensions are less deserving than self-funded retirees? According to the Treasurer, some people are more equal than others. Many carers would have once been in the work force and paid their taxes. But they now find that, when they are in need of support from the federal government, they are ignored—not only that but they are now paying an extra tax in the GST.

That $300 is probably not going to change these people’s worlds entirely, but it sure would be a great help towards paying a few bills or a month’s rent for these people who sacrifice so much and are rarely rewarded. This $300 payment is still small compensation. Because Labor refused to play the government’s petty political games and we passed the bill immediately, pensioners who are entitled to the payment will receive it by June this year. Pensioners will not—and should not—be used as pawns in the political power struggle. The $300, for those who are lucky enough to receive it, is a one-off payment which will be whittled away very quickly by the GST. Once it has been spent on taxes it is gone forever while the GST will be for around with them for life.

The Labor opposition have been fighting time and time again to get the government to honour their promise in relation to pensioners. The government have a solid track record for giving with one hand but taking back much more with the other. It was not long ago that elderly Australians were promised—not once, but many times—by the Howard government that every person over the age 60 would get a $1,000 rebate. As it turned out, 40 per cent of people aged over 60 received nothing and more than 150,000 Australians received between $1 and $50. Now the government have claimed that they overpaid 1,800 people and are now claiming back more than $2.3 million in bonus payments. It is only pensioners over age pension age who are now expected to be grateful for getting a one-off $300 payment. They should be asking the Treasurer: where is the other $700 that was promised to us last year?

The Howard government do not stop being divisive and their policies continue to drive a wedge through the Australian community. It is not just pensioners who will miss out on the $300 payment but also, as I have said, self-funded retirees under age pension age as well. They are the people that this government said deserved equality and should be rewarded for
providing for themselves in their elderly years. However, retirees under age pension age—almost one-quarter of all retirees in this nation—will not receive the $300 nor will they receive any benefit from the retiree measures announced in the budget.

How can the Prime Minister say this budget is fair when a retired couple living on a joint income of $80,000 per year will receive an ongoing tax reduction of $2,844 per year or $55 a week, a seniors health card and a pensioners telephone allowance of $17.20 per quarter, but a full rate pensioner living on $10,500 per year will get a one-off payment of $300? Worse, those people surviving on carers and disability pensions under the age pension age will receive nothing. And we call that fairness? I do not think so.

If the government believe that they can continue to buy people off on the cheap like this, get away with these broken promises, and continue to treat pensioners with contempt, they will certainly be in for an electoral hiding in the federal election later this year. Elderly Australians know that the Howard government are mean spirited and have further divided the community between those who were doing well before and are now doing even better and those who were doing not so well before the GST and are now doing a lot worse. Many elderly Australians have already made up their minds about coalition governments and no pre-election budget vote buying will convince them otherwise. The Prime Minister at times is like the three monkeys—speak no evil, hear no evil, see no evil. He knows he did not tell older Australians the truth. Now he is trying to make sure he does not hear or see how they are suffering. Older Australians are not stupid and they do not appreciate being misled.

Instead of dwelling too much on what is in this budget, which in reality is not much at all, I want to turn my focus on what should have been in this budget. There are a range of issues out there which remain neglected by this government. One of those is the Commonwealth Dental Health Program. The Keating Labor government, in introducing the Commonwealth Dental Health Program in 1994 to reduce severe inequality in dental health care within the community, stated that it was designed to ensure equitable access to appropriate dental services, to improve the availability of effective and efficient dental interventions, and to achieve high standards of program management, service delivery, monitoring, evaluation and accountability to those struggling to afford dental health care. Under the program, dental health services were available to the holders of pensioner concessions, pensioner health benefits, health care and Commonwealth seniors cards.

It was an efficient system. It was very useful, and a relatively light burden on the taxpayer and the budget. However, the Howard government, in its 1996 slash and burn budget, cut funding and thus abolished the program completely. Nothing could be more basic than dental care. It is one of the most important ways of enabling a person to enjoy a decent quality of life. Axing the program is just another example of how mean spirited the Howard government is. Without the Commonwealth Dental Health Program, many of my constituents have had their oral and overall health placed at risk. This budget provided the government with a perfect opportunity to give some recompense to our many elderly people, especially those in my electorate, after taking away the Commonwealth Dental Health Program. But, despite the fact that we now have a budget surplus and despite the fact that the Howard government wants to spend an extra $4 million on the Kings School, $4.3 million on Geelong Grammar, $9.2 million on Caulfield Grammar and $10.5 million on Wesley College, there is nothing for the Dental Health Program. The 2001 budget does not reinstate this absolutely vital service for those on low incomes suffering from lack of access to dental care.

However, I must give credit where it is due. This budget announces $25,000 in compensation to all living Australians who were held as prisoners of war by the Japanese forces during World War II. This payment is long overdue, and something which I believe should have been enacted by previous governments, of whatever political party.
This budget is a sign that the Howard government is in full panic mode. There is no thinking behind the budget initiatives, which do not last beyond the federal election of 2001. I am so pleased that the honourable member for Hinkler is still in the chamber to hear that the housing scheme grant, while it was increased to $14,000, finishes in December. I say: if you support a scheme like this, get on with it and have it included for a lot longer than just until December 2001.

The time allocated to this debate does not allow me to go through everything that should be in this budget. Initiatives that would provide a vision, a plan for the future, and would set a path down which Australia would head in the new millennium are missing from this budget. We are now at a time when Australia must stand up as a country and seize opportunities in research and development as they present themselves in the new economies. We must create a healthy and well-educated population which does not discriminate between those who can and those who cannot afford these necessities in life. Only a Labor government would be capable of delivering such a budget which closes the ever-widening divisions in our society.

Later this year, when the Prime Minister calls a general election, the Australian people will be asked to decide whether they still want a government which is backward looking and is constantly trying to repair the damage which it helped create, or whether they want a government which will steer Australia to a brighter, fairer, more equitable future and set this country along the path to becoming a knowledge nation. The Australian people will, I believe, overwhelmingly reject this backward looking government, which has run out of steam. I know they will elect a Labor government, which will govern in the best interests of the people and the nation, rather than in the interests of a select few and of the big end of town.

Mrs MOYLAN (Pearce) (12.53 p.m.)—In view of the time, I will be able to deliver only part of what I wanted to say. I look forward to continuing in the next sitting of this chamber.

In 1994 business people asked us to take measures, when in government, to bring interest rates down to manageable levels. If we cast our minds back to the time when Labor was in government, small businesses were paying interest rates of up to 24 per cent on their overdrafts and loans. This was very damaging to their businesses, particularly in a climate in which inflation was running rampant, there was a downturn in business and there were record numbers of bankruptcies. The combined effect of these high interest rates and the poor business climate was crippling businesses and, particularly, farmers. In 1994 they told me they wanted a government that would bring down interest rates, keep inflation under control and improve the debt-to-GDP ratio—because that was one of the critical factors in the poor economic environment at that time. They wanted a government courageous enough to implement a new tax system. It was a very much talked about subject in Australia at that time.

We know that when Mr Keating was Treasurer the Labor Party held a tax summit, and that he and Mr Hawke fell out because Mr Hawke did not have the political courage to implement a new tax system. He knew it was right for the country but he did not have the political courage to implement it, and he made decisions that were politically expedient in the short term.

Business people said to me, ‘We want to elect a government that has the courage to make decisions not for short-term political expediency but for the long-term good of this country, and for stability within the business environment, which, in turn, will deliver benefits to the public.’ They also said, ‘We want a government that is prepared to put into place a tax system which spreads the burden of tax evenly and fairly throughout the community.’ Again, if we cast our minds back to that time, we saw a Labor government intent on finding creative ways to raise revenue because of the black hole that existed in the system at that time. They would always tackle the weakest link or the smallest people—those who had an inability to raise concerns and protest—and that meant new taxes that impacted in the most dramatic ways on small businesses and families. You only have to go back and look at the figures to see what I am talking about there. We saw, at that time, that business people had had enough of Labor’s
poor economic management in the small business sector. They had also had enough of the policy of finding creative ways to tax them, such as the fringe benefits tax, one of the highest compliance-cost taxes we have ever seen in this country and the brainchild of a Labor government.

Yesterday, I heard comments from representatives of the tourism industry. They said that they had been at a function at which the shadow minister for small business and tourism told them that Labor, if they get into government at the next election, would wind back this brainchild that they imposed on the business community while they were in government previously. I would love to see them put that in writing. It would be good to see them give some strength to that easily spoken commitment. Labor keep making statements about winding back the GST and then they talk about all the money they are going to spend. They are making promises that they know they have no way of keeping without going back to the old high debt, unstable economic environment that they presided over under Prime Minister Keating. Senator Conroy made the embarrassing mistake of foreshadowing Labor’s intentions, if elected, to raise taxes. He made this embarrassing statement on the eve of the opposition leader’s address in reply to the budget.

Government member—He was telling the truth.

Mrs MOYLAN—Yes. Labor have form on this. We saw it in the lead-up to the 1993 election when the then Labor Prime Minister, Mr Keating, said that they would not only decrease taxes but also put it in l-a-w law that they would not increase taxes. He made two statements—promises, in fact—and neither were kept. The first was that they would not increase taxes and the second was that they would cut some taxes. He said this would be l-a-w law. Not only were the tax cuts not delivered but also they went ahead and raised sales tax on almost everything. So the business community in particular need to be very wary—

Mr DEPUTY SPEAKER (Mr Nehl)—I am loath to interrupt the honourable member, but I would be grateful if she would seek leave to continue her remarks.

Mrs MOYLAN—I seek leave to continue my remarks later.
Leave granted; debate adjourned.

ADJOURNMENT

Motion (by Mr Neville) proposed:
That the Main Committee do now adjourn.

Grayndler Electorate: Champion Forms

Mr ALBANESE (Grayndler) (1.00 p.m.)—Last Saturday I hosted a barbecue in my electorate for workers and their families. However, it was not a pleasant experience because these workers had just lost their jobs. Some three weeks ago, these people were told by their employer, Champion Forms Australia, that they had to leave the premises at once, and they were escorted out. One gentleman had worked loyally for this company for 21 years. The workers are owed two weeks pay and they have lost all their entitlements. The same thing happened to the workers of this company in Melbourne. In Melbourne, it has affected some 100 workers. In Sydney, some $500,000 has been lost to the workers in wages, leave payments and entitlements.

I hosted the barbecue because the workers had been on the picket line for 10 days when I visited them eight days before, but it was a picket line where nothing was happening. No-one was coming in; no-one was going out. What was interesting about that picket line was the extent of support from the people driving past on Victoria Street, Marrickville, who were honking their horns. I think Australians have had enough of corporate Australia behaving in such a reckless way. It is an outrage that when a company goes bust the workers are not at the front of the queue to receive their entitlements. I certainly understand the anger and frustra-
tion this is causing many workers and their families. I also believe that this injustice cannot be tolerated.

Just like Patricks in the 1998 waterfront dispute, Champion Forms recently undertook a corporate restructure so that it would not have to meet its obligations to its workers. The workers did not know that they were employed by a company which had no assets and no income. They found that out when they were marched out the door. Unfortunately, this is a situation which is not uncommon. Unfortunately for these workers, Stan Howard was not a director of the company. So these workers have had no assistance from the federal government—none whatsoever. At the moment, they literally do not know where the money is coming from to put food on the table for their families.

Three things need to happen. Firstly, we need to make illegal corporate restructures aimed at avoiding obligations to workers. Secondly, we need to reform superannuation so that payments are made at least quarterly. Thirdly, everyone in this House should pass the bill moved by the leader of the Labor Party, Kim Beazley. That bill would ensure that payments were available to all workers through a simple 0.1 per cent surcharge on superannuation so that no one would miss out.

Government members interjecting—
Mr ALBANESE—The member for Robertson opposes this. The member for Moreton opposes workers and their families being paid out. I am disappointed. In this case, one gentleman had worked for this company for 21 years, yet he missed out on all his entitlements. I am very disappointed that those opposite do not think that this issue needs government action. These workers need support and government assistance. Corporate Australia behaves in this way—in this case, unabated by government; in the case of Patricks, assisted and advised by the Howard government—(Time expired)

Hawkesbury-Nepean Catchment Management Trust

Mr LLOYD (Robertson) (1.05 p.m.)—I rise today to condemn the actions of the New South Wales Carr Labor government in scrapping the Hawkesbury-Nepean Catchment Management Trust without reason or without notice. My colleague the member for Macquarie also raised his concerns. I can assure the state government that the communities affected by the Hawkesbury River are up in arms about the scrapping of this trust.

The catchment management trust was a coordinating body which did some magnificent work. In fact, the federal government provided almost $5 million through the Natural Heritage Trust to the catchment management trust to assist in the rehabilitation of the Hawkesbury River. What has made this decision by the Carr government even worse is a report, which has just been released, on the surface water quality of the Hawkesbury-Nepean catchment. This report was released by the state agricultural minister in the Carr Labor government. This report showed poor quality water in the Cattai, Cowan and Berowra creeks, Mulwaree, Wingecarribee, lower Nepean, upper and lower Coxs River, and Brisbane Water. The total nitrogen and total phosphorus levels in the river exceeded recommended levels. This resulted in very poor compliance for ecosystem health.

The report found that there was blue-green algae in recreational and drinking water, that faecal bacteria levels exceeded guidelines and that faecal coliforms at times were present in drinking water supplies. These are very serious findings, yet the state government—almost in contempt of the community feeling on the environment and of what the federal government is trying to do to rehabilitate rivers such as the Hawkesbury River—without notice or without reason decided that it will scrap the Hawkesbury-Nepean Catchment Management Trust, which has been in place for many, many years. It really is a disgraceful decision.

The Hawkesbury-Nepean is the longest river system on the east coast of Australia. In fact, there are many federal electorates whose boundaries or areas are located near the Hawkesbury
River. This includes the electorates of Macquarie, Lindsay, Berowra and my electorate of Robertson—just to name a few. Even the electorate of Parramatta is near the Hawkesbury River catchment. So it really does affect literally millions of people in the Sydney western area and the central coast and south coast areas.

The Hawkesbury River is important not only to tourists but also to industry. I speak with some experience on that. For five years I was master of *Lady Hawkesbury*—a 68-metre cruise vessel which took local, interstate and international tourists up the Hawkesbury River for five days. It was one of the great inland cruising trips in Australia that was a major tourist feature of the Hawkesbury River.

Then there is the Sydney rock oyster, which is grown in the Hawkesbury River. Of course, the oyster industry is worth many millions of dollars to the economy in New South Wales and to Australia. If you do not have good river quality, this sort of industry is directly threatened. This industry relies on public confidence, and over the years we have all seen what has happened when there has been a health scare in the oyster industry. Not only is it devastating to the particular area but it has an overall effect on the oyster industry. People lose confidence in the reliability of oysters and sales go down. That is a loss to all of the communities which are involved in the oyster industry. It is important that we show that we are doing everything we can to maintain the water quality of the Hawkesbury River.

The Hawkesbury River is a river that is under pressure because of the expansion of the urban sprawl from Western Sydney and some of the decisions by the state government to continue to develop residential and industrial areas. We need to address some of the issues such as run-off from urban areas into the Hawkesbury River. This is what we have been doing through the catchment management trust by injecting a very large amount of money from the Natural Heritage Trust from the federal government. I would appeal to the state Labor government to rescind its decision to scrap the trust. *(Time expired)*

**Roads: Kessels Road**

Mr HARDGRAVE (Moreton) *(1.10 p.m.)*—I am pleased to rise today to report on my ongoing activity and efforts to bring about a proper solution to the festering sore of the Kessels Road continuum through my electorate. Ever since 1991 when a sleazy deal was done by the then Goss Labor government and the Hawke-Keating-Beazley government to transfer what was an important suburban corridor to part of the national road freight corridor, locals in my electorate have suffered the indignity of heavy traffic which competes for space each morning as people take their children to school.

Other local roads like Mains Road at Sunnybank, Newnham Road at Upper Mount Gravatt, McCullough Street and Padstow Road through Sunnybank and Eight Mile Plains and Granadilla Street at Macgregor have suffered all of these additional heavy vehicles essentially rat-running and finding their way through my area. The road that was set aside by the then Goss Labor government and the Hawke-Keating-Beazley government is not suited for the purpose that it now currently undertakes.

At the same time there was a major road costing hundreds of millions of dollars being built to continue the Gateway Motorway through to the Logan Motorway. We were all told as local residents that this, in fact, would be the route used by trucks. The Logan Motorway hooks onto the Ipswich Motorway at Gailes and, of course, it continues on to the New England Highway and is a major transport corridor. The Gateway is meant to be a way around Brisbane heading up the Bruce Highway through the member for Hinkler's area and to other points north. But, of course, those link roads all run through my area.

The trouble was that the extension of the Gateway Motorway became a tollway. Trucks were essentially told by the state government of Queensland not to bother using that road. If it had not been for my efforts and those of people like Geoff Wilson and Greg Jackson from the...
Southside Chamber of Commerce to embarrass the Queensland government sufficiently, a sign which actually told trucks to head through my area to avoid the toll would never have been taken down. Even the local state Labor member for Mansfield, Mr Reeves, said in his report of August 1999, that the state government were looking at a number of solutions, including providing incentives for trucks to use what is known as the Southern Bypass, the extension of the Gateway Motorway to Logan Motorway. That was two years ago and nothing has happened.

What I want is very simple. I want the bad decision of 1991 to be reversed: for the state government to take back control of Granard, Riawena, Kessels and Mount Gravatt-Capalaba roads and to take them out of the national road freight corridor. I want the federal government to therefore gazette the continuation of the Gateway Motorway and the Logan Motorway as part of that national road freight corridor. The toll that is existing there is a natural impediment to transporters using that route, and I want it to be taken off.

It is now no longer good enough for state members in my area to put up signs asking trucks to brake quietly as they head up and down the dozen or so hills of this ill-designed route as they go through the 15 or so sets of traffic lights. It is no longer good enough for state governments to say, ‘Let us put up sound barrier fences.’ That might suit about 100 metres of back fences in the suburb of Salisbury but it does nothing for a lot of other people around Launceston Street at Salisbury, through Macgregor, Upper Mount Gravatt or Wishart who see massive trucks tearing along what is really a suburban road. It is no longer good enough for the state government to seek funds, such as they got in the last budget of $667,000, to repair the tarmac between Gowrie Street, Wishart, and the Gateway Motorway—money that could in fact have been better spent somewhere else if this road had not been used for the purpose that it is currently being used for.

As far as I am concerned, and from the amount of support I am getting out of my local area for this issue that I have worked consistently on for the past 5½ to six years, this decision must be reversed. The road must be returned to the local community, the toll must come off and the Queensland state government must be put on notice that action is needed now. Nothing is going to stop me from trying to progress this issue until we get the result the local community demands and expects. (Time expired)

Nursing Homes: Australian Capital Territory

Ms ELLIS (Canberra) (1.15 p.m.)—I bring to the attention of the Main Committee today a federal issue of very serious concern, the current state of aged care places and the allocations of those for the ACT, particularly within my electorate. The government has set a ‘target’—in other words, its formula for the allocation of these numbers—to provide 40 high care or nursing home beds and 50 low care or hostel type beds per 1,000 people in the ACT aged 70 and over. As at 30 June 2000 the ACT had a shortage of 73 high care beds and 10 low care beds relative to the government’s own target or formula. Despite the critical shortage of high care beds and the pressure that this places on both the clients in question and their families, the announcements by the Minister for Aged Care for the 2001 round of allocation of aged care places is not going to adequately address the needs of this community.

What the community really needs is an honest and straightforward statement from the minister which puts into true perspective the reality of the situation. Announcements of numbers is one thing, but actual beds and places on the ground—allocated, built, serviced and in use—are another thing entirely. This is where we come up with the phantom bed statement,
because there are numbers floating around this country and around this town in relation to aged care beds that actually still do not exist. They are in a formula, they are on a piece of paper, but they are not in reality, and that is where the confusion and the consternation of the community come in.

The minister’s announcement of early April indicates an allocation of 50 high-level beds, 20 low-level beds and six community care places in the 2001 allocation round for the ACT. We do not know yet where these beds will actually be, when they will be a physical reality or what effect they will have on the waiting lists. In last Saturday’s *Canberra Times*, in an article referring to pressures within the Canberra Hospital system, the chief executive of the Canberra Hospital was quoted as saying he would be lobbying government to seek alternative accommodation for over 19 nursing home patients staying in acute beds in the hospital. The article went on to say the hospital could be in danger of becoming a de facto nursing home if the number of nursing home patients rose dramatically. With winter coming on in the ACT and the need for hospital beds, this danger becomes even more acute. Of course this is of concern to our community. Not only is it providing difficulties for the hospital; it is most inappropriate for these elderly patients to be in a hospital ward bed instead of in the suitable nursing home care that they are awaiting.

I understand that within the ACT in general terms the highest pressure within the aged care sector is for high-level care beds and community care package places, followed very closely by low-level care beds. We must remember that those folk who wish to and can obtain a community care package have been assessed as needing low-level hostel care. This is an alternative to their entering into a facility. In all of these cases, the longer the person is required to wait for appropriate care, be it in their home or in an aged care facility, the more their needs increase. This waiting period is a critical part of the debate.

In 1997-98, just three per cent of persons in the ACT assessed as needing a nursing home bed had to wait more than three months to find one. By 2000, that number had increased to 21 per cent, and there seems to be some difficulty in our getting hold of the most recent updated waiting time data. It is intolerable that one in five persons needing nursing home care in the ACT have to wait more than three months to find that care. The pressures that that places on individuals, families, our support services and our public hospital are not acceptable.

The government claimed that their recent budget especially targeted our older citizens. It does not look like that to me or to the families and elderly people who are waiting for appropriate care. We have just seen the 2001-02 budget brought down. There was an opportunity in that budget to address the aged care crisis but, as I understand it, not one extra bed was delivered in that budget, and in fact some $71 million went out of care subsidy. The minister, in announcing these figures, would be honest if reality became part of the statement. The minister should tell us in real terms how many places, at what level, delivered when, and how all that affects demand in the community throughout Canberra and Australia.

**Wixted, Mr Ted**

Mr NEVILLE (Hinkler) (1.20 p.m.)—I would like to record my sadness at the passing of one of Australia’s leading aviation historians, Mr Ted Wixted, who passed away at Norman Park, Brisbane, on 17 May. Ted was 74 years of age.

Ted was an authority on Bundaberg’s Bert Hinkler, after whom my electorate was named. That electorate was created in the 1983 redistribution. People in the aviation industry and in the Hinkler Commemoration Committee suggested the name. Ted was an indissoluble link between my electorate and the famous aviator.
I came to know Ted Wixted as part of the Hinkler Commemoration Committee and the Hinkler House Committee, which rescued Bert Hinkler’s house from Southampton in the early eighties. Ted provided a wealth of knowledge and background material for that movement. He was a man of strong opinions and he seldom compromised on issues he believed in. Attracted by Bert Hinkler’s Avro Avian, which hung in the old Queensland Museum, Ted commenced work at the museum in 1961—an association which was to continue for 30 years—primarily as that institution’s librarian. He also founded the museum’s Thomas McLeod collection of original, authentic items of pioneer aviation.

When Ted commenced his efforts, those who had first-hand knowledge of pioneer aviation were fast disappearing. Had it not been for his prodigious efforts at that time, much of the aviation history that has been collected would have been lost to Australia for all time. Ted’s achievements in recording, preserving and promoting Australia’s aviation history were immense. His research analysis and administrative skills were of the highest order, and his search for the truth was unrelenting. He played some significant roles. He had a great sense of occasion and timing when it came to recording the great moments of aviation. He contributed to a three-hour radio special by the ABC, and he was responsible for the instigation and organisation of the Kingsford Smith Centenary in 1997, which was a magnificent effort that linked cities throughout Australia.

In 1975, Ted also instigated an expedition to the Sahara Desert and recovered the Southern Cross Minor, which is now on permanent display in the Queensland Museum. It was also his initiative that traced Hinkler’s Avro Baby, which is also now on permanent display there. He believed that the Lady Southern Cross, which was piloted by Sir Charles Kingsford Smith and Tommy Pethybridge, would be found in waters off Aye Island in Burma. As you know, that was the flight on which Sir Charles Kingsford Smith lost his life. Ted organised an expedition to Burma in 1983, and he was organising a second expedition, convinced that he would find the Lady Southern Cross, at the time of his death.

I have also spoken about Ted’s association with the Hinkler Commemoration Committee and we were indebted to him for his great support, as we were to his associate in London, Kevin Lindeberg, to whom I am also indebted for much of the material that I have presented here today. Ted was a man with an immense knowledge of aviation. He was a repository of the pioneer history of aviation. He was an enthusiast and a man of strong opinion. He will be a great loss to those in the history of aviation movement. I extend to his wife Barbara and his six children the admiration of members of this House and our profound sympathy.

Swan Electorate: Events

Mr WILKIE (Swan) (1.25 p.m.)—I would like to take this opportunity to talk about a few things that have been happening in the electorate of Swan and so keep the House up to date. First of all, Mr Deputy Speaker, you may recall that I spoke in this place last year about a road safety competition that I ran in conjunction with Constable Care which is a local Western Australian initiative aimed at looking after the welfare of children. In that road safety competition last year, primary school children submitted an essay or a colouring in entry, they were judged and the winners received a bike or a prize. To celebrate Federation this year, we thought we would do something different and we held a Federation drawing and essay competition. I am very pleased to say that we received hundreds of entries from the primary schools within the electorate. Judging the hundreds of entries was a pleasurable and a difficult task, given the range and talent of the young people who took part.

I would now like to announce the names of some of the winners in those competitions. Primarily, they came from two schools in the electorate. The winners from Gibbs Street Primary School—a great little school out in Cannington—were Chris Vidot, Todd Greaves, Eric...
Campana, Jack Collins, Paul Stewart, Hayden Reid, Mikaela Mioduszewski, Amelia Bono, Sarah Shore, Suzie Follinus and Jacob Gordon. The winner of an award from another great little school in the electorate, Tranby Primary School—and it is always a pleasure to go and visit the people out in Tranby—was Cameron Dunbar. As I said, it was very difficult to judge the entries because they were of such a high standard.

Another recent event in the electorate has been the development of a new housing estate in Belmont called Ascot Waters. I am very pleased that the people at Ascot Waters took centre stage at the national Urban Development Institute of Australia awards in March when they were named winners of the award for excellence for best residential development in Australia. That was an outstanding achievement. The judges praised the developers for overcoming the challenges of a difficult site to create a desirable residential address conveniently located between Perth city centre and the airport. They also had a special function at Kings Park recently to celebrate winning that award and I had great pleasure in attending that. Officials from the development company, Fiona Roche, Greg Dodd, Trevor Cambert and Kym Burke, were present to receive the award and to make some presentations.

It also gives me pleasure to say that, in May, Belmont City College hosted a Keep Australia Beautiful Council function called Tidy WA in May and all the students at the school got out with their gloves and bags and they picked up all the rubbish. They made a great effort and cleaned their school. That was just one of many events occurring in May in that area. That event was organised by the education support staff and the students. This year Belmont City College hopes to put forward a portfolio that covers environmental awareness across the curriculum in the prestigious Keep Australia Beautiful Council contest. Senior education support students will continue with the environmental focus when the new independent living centre is built this year. As part of that, they are also trying to get funding and equipment from the community to help support this worthwhile initiative. If anyone would like to help contribute to the Belmont City College and their great project there, they would be most welcome to do so.

Thank you, Mr Deputy Speaker. It was a pleasure to let you know about some of the initiatives that are happening and I look forward to raising some more later on.

Question resolved in the affirmative.

Main Committee adjourned at 1.30 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

Roads to Recovery Program
(Question No. 2194)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 30 November 2000:

(1) Further to the Roads to Recovery Program, how will the Government ensure that councils maintain their expenditure on local roads.

(2) On what date is the requested schedule of proposed additional works to be provided to the Federal Government.

(3) What are the guidelines for preparing and providing that information, including the categories of information on particular projects required to be provided to the Federal Government.

(4) Will these schedules of proposed additional works be published on his departmental website; if so, when.

(5) Will the Federal Government monitor the completion of proposed additional works against the schedules submitted; if so, (a) how will that occur and (b) on what timeframe.

(6) Does the Federal Government have any authority to change or influence the additional works proposed by the councils: if so, what is the extent of that authority.

(7) How did the Federal Government determine the respective percentage increases in local road funding in each State and Territory.

(8) When calculating road length in the formula for distributing funds, (a) what roads were measured and (b) were sealed and unsealed roads, proposed or planned roads and roads that require no maintenance over the next 4 years included.

(9) What authority does the Federal Government have over States and Territories to require them to maintain their existing levels of local road funding.

(10) What criteria and guidelines have been issued for the signs required to be displayed at works funded from the new program.

(11) Will funding be withdrawn if these signs are not displayed.

(12) What sum will each sign cost and what sum has been allocated in the program to cover signage.

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

(1) The Programme Guidelines require the annual submission of a statement of accountability by each Local Government Authority (LGA) Chief Executive Officer which will certify that ‘expenditure on roads by (name of LGA) funded from its own sources in the year 200x-0x has not been less than the average of the amounts expended on roads from these sources over the years 1998/99 to 2000/01’.

(2) The schedule of works required for the Roads to Recovery Programme can be submitted at any time. Payment cannot be made, however, until the schedule and other necessary information has been received.

(3) The information is set out in Parts A and B of the Programme Guidelines, including relevant appendices.

(4) Yes. As soon as possible.

(5) Monitoring of projects will take place through quarterly reports from LGAs. Each LGA Chief Executive Officer is also required to certify annually that the funds provided have been used for roads expenditure.

(6) Each LGA is free to determine its own priorities under the Roads to Recovery Programme in line with the provision of the Roads to Recovery Act 2000. The Minister has no discretion over the projects selected for funding.

(7) The Government decided the State allocations for the Roads to Recovery Programme taking into account particular population and length of road under the control of local government. The state
distributions calculated by using these factors were compared with each other and with the historical distribution that results from using the Financial Assistance Grants identified for roads. Consideration was also given to the long standing concern of South Australia that they receive a disproportionate level of funding under the Financial Assistance Grants identified for roads. The Government weighed up all these factors and decided on the distribution announced as providing the most equitable distribution of funding.

(8) The total length of road under the control of local government was taken into account.

(9) The Prime Minister has written to Premiers and Chief Ministers asking them to maintain existing levels of funding.

(10) Part C, clause 2 of the Guidelines and the associated Appendix 5 deal with the signage requirements.

(11) The Commonwealth may recover from an LGA funds provided under the Programme not expended in accordance with the Act and the Conditions determined under Section 7(1) of the Roads to Recovery Act 2000.

(12) The arrangements for the purchase of signs is a matter for each LGA. There is no separate allocation for signage or any other specific cost element in the Programme.

Aviation: Safety Audit

(Question No. 2212)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 5 December 2000:

(1) What recommendations of the International Civil Aviation Organisation (ICAO) audit of Australian aviation safety referred to in the Civil Aviation Safety Authority's Corporate Plan 2000-2001 to 2002-2003 were not accepted and who made the decision not to accept them.

(2) What reasons were given to ICAO for not accepting those recommendations.

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

The Civil Aviation Safety Authority (CASA) has advised the following:

(1) The ICAO audit team made 16 recommendations in its report of the safety oversight audit of Australia in August 1999. All of the recommendations were accepted by Australia, however, in relation to three of the recommendations, Australia’s acceptance was qualified or elaborated on by comment. ICAO fully accepted Australia’s response to the audit findings and recommendations. Australia’s response to the audit findings and recommendations was made by an Executive group of Civil Aviation Safety Authority (CASA) officers with representation from the Department of Transport and Regional Services.

(2) Following are details of Australia’s response to the three recommendations accepted with qualification or comment.

Legislation / 01: ICAO recommended, inter alia, that CASA should review requirements contained in its legislation to ensure full conformance with Standards and Recommended Practices (SARPs) contained in Annexes 1, 6 and 8 to the Convention on International Civil Aviation (the Chicago Convention).

Australia agreed with the recommendation, but noted Australia’s rights under the Convention to notify a difference in relation to particular SARPs. Typically, Australia might do this where a SARP infringes Australia’s law in other areas, such as equal opportunity and anti-discrimination, and Australia is therefore unable to fully adhere to it.

Legislation / 02: ICAO recommended, inter alia, that CASA should establish a sound regulatory basis and develop adequate guidance material before structuring a transition plan from an operations inspection surveillance system to an audit system.

In its response, Australia noted that a sound regulatory basis already existed in the Civil Aviation Act, but agreed that some areas of guidance material were not adequately synchronised with actual audit practice.
Personnel Licensing / 02: ICAO recommended that the Australian Government clearly affirm CASA’s role in controlling the air traffic controller licence and ratings. It further recommended, in relation to air traffic controller licences and ratings, that CASA should have clear enforcement power, should be directly involved in the approval of all training programs and Standards of Performance, and should have effective control of delegated testing authority and physical issuance of licences.

While Australia agreed in principle with the ICAO findings that led to the recommendation, CASA was able to confirm subsequent to the audit that there did in fact exist a binding legal instrument giving CASA the power to control and enforce matters relating to air traffic controller licences and ratings.

Roads to Recovery Program
(Question No. 2264)

Mr Martin Ferguson asked the Minister for Transport and Regional Services, upon notice, on 6 February 2000:

(1) What was the basis of the Government’s decision to move to tied grants for funding under the Roads to Recovery Act and does the decision mean that there will be two streams of local roads assistance, with existing grants paid under the Local Government (Financial Assistance) Act and the roads to recovery grants paid under the Roads to Recovery Act.

(2) How do the distribution of grants under the Roads to Recovery Act compare with those that apply under existing arrangements for the distribution of roads grants.

(3) How do the criteria used under the Act vary from formulae used by States Grants Commissions.

(4) In the development of the formula used under the Roads to Recovery Act were the State Grants Commissions consulted as to which methodologies should be used.

(5) On the basis of the formula used under the Roads to Recovery Act, will Victoria, Queensland and South Australia gain under the roads to recovery allocation at the expense of New South Wales, Victoria, Western Australia, Northern Territory and the Australian Capital Territory.

(6) How does the monetary value of the grants under the Roads to Recovery Act compare to that which would have occurred if the grants had been determined on the basis of the formula used to determine the interstate distribution of road funds on the basis of the National Principles in the Local Government (Financial Assistance) Act.

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

(1) The Roads to Recovery Programme is designed to address the specific problem that much of the local government road infrastructure will reach the end of its economic life at about the same time and its replacement being beyond the financial capacity of local government. Tied grants are therefore appropriate. There are therefore two streams of assistance.

(2) A table setting out the allocations by percentage by State/Territory for Financial Assistance Grants scheme funds identified for roads (2000/01 estimated) and Roads to Recovery (life of programme) follows.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Financial Assistance Grants Scheme – roads</th>
<th>Roads to Recovery</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
<td>Per cent</td>
</tr>
<tr>
<td>NSW</td>
<td>29.0</td>
<td>28.3</td>
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<tr>
<td>Victoria</td>
<td>20.6</td>
<td>20.8</td>
</tr>
<tr>
<td>Queensland</td>
<td>18.7</td>
<td>20.8</td>
</tr>
<tr>
<td>Western Australia</td>
<td>15.3</td>
<td>15</td>
</tr>
<tr>
<td>South Australia</td>
<td>5.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Tasmania</td>
<td>5.3</td>
<td>3.3</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>2.3</td>
<td>1.7</td>
</tr>
<tr>
<td>ACT</td>
<td>3.2</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
(3) Allocations between councils within each State are in accordance with formulae adopted by State Grants Commissions for the distribution of Financial Assistance Grants (FAGs) identified for roads for 2000/01. The Grants Commission formulae have no bearing on allocations between States.

(4) No. Some factual information was sought from the States Grants Commissions but their views were not sought in relation to methodology.

(5) All jurisdictions gain. The new Programme provides a 75 percent increase in Commonwealth local roads funding overall, with some jurisdictions receiving as much as a 112 per cent increase.

(6) The following table shows the State allocations under Roads to Recovery and the allocation as it would have been using Local Road FAGs State shares.

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Road to Recovery four year total ($m)</th>
<th>State share of 2000-01 estimated local road grants (per cent)</th>
<th>$1,200 million distributed using State shares of local road grants ($m)</th>
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</thead>
<tbody>
<tr>
<td>NSW</td>
<td>340</td>
<td>29.0</td>
<td>348.1</td>
</tr>
<tr>
<td>Victoria</td>
<td>250</td>
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<td>250</td>
<td>18.7</td>
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<tr>
<td>Western Australia</td>
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<tr>
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<td>5.5</td>
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<td>Tasmania</td>
<td>40</td>
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<td>Northern Territory</td>
<td>20</td>
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<tr>
<td>TOTAL</td>
<td>1200</td>
<td>2100.9</td>
<td>1200.1</td>
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</table>

**Employee Entitlements Support Scheme**  
(Question No. 2464)

Mrs Crosio asked the Minister representing the Minister for Family and Community Services, upon notice, on 27 March 2001:

(1) Does qualifying for payment under the Employee Entitlements Support Scheme (EESS), administered by the Department of Employment, Workplace Relations and Small Business, disqualify recipients of the EESS from receiving other Centrelink allowances.

(2) What, if any, other Centrelink allowances are recipients of the EESS (a) entitled and (b) not entitled to receive.

(3) Are other Centrelink allowances paid at the full payment rate to recipients of the EESS; if not, at what payment rate are other Centrelink allowances paid to recipients of the EESS.

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

(1) No. For Social Security purposes, payments made under the EESS are treated in the same way as if the ex-employer had made the payments. Therefore people may be subject to a waiting period for some Centrelink allowances. Individuals may qualify for a Centrelink payment but whether they are payable at that time will depend on the amount they receive from the EESS and any other money they may have access to.

(2) (a) Entitlement to Centrelink payments is no different whether payments are received from an ex-employer or from the EESS. People may be required to serve a waiting period for a primary income support payment such as Newstart Allowance. Eligibility for Family Tax Benefit is not subject to waiting periods.

(b) A person may be required to serve a waiting period for a primary income support payment such as Newstart Allowance.

(3) The rate of payment for any individual is based on the income and assets of the person and their partner where they have a partner, together with the type of payment that the person is applying
for. A payment received from the EESS will have the same affect on Centrelink payments as it would if the ex-employer had paid it.

**Second Sydney Airport: Sydney West**

(Question No. 2477)

**Mr Murphy** asked the Minister for Transport and Regional Services, upon notice, on 28 March 2001:

1. Does the Coalition’s Aviation Policy dated 13 February 1996 titled Soaring Into Tomorrow state (a) on page 10 under the policy heading ‘Regional Airlines’, that special slots for Sydney Airport will be set aside for regional airlines, to guarantee that residents of country NSW will continue to have convenient access to Sydney Airport and (b) on page 14 under the policy titled ‘Airports’ that (i) it would not lease Sydney Airport and Sydney West Airport until there is a satisfactory solution to the aircraft noise problem in Sydney and (ii) the leasing process will be deferred until the East West Runway is reopened and a genuine environmental impact statement (EIS) on Sydney West Airport is completed.

2. Has the Sydney West Airport EIS been completed; if so, when was it completed.

3. What was the site selected for the location of Sydney West Airport following the Sydney West Airport EIS.

4. Did the Government announce on 13 December 2000 that (a) Sydney Airport is to be expanded, (b) Badgery’s Creek Airport had been shelved and (c) Bankstown Airport is to be an overflow airport for Sydney Airport.

5. Has Badgery’s Creek Airport been withdrawn as the site selected for Sydney West Airport; if so, (a) what was the date of Gazettal for withdrawal of the proposal and (b) when will the new proposal for Sydney West Airport be announced.

6. Is Bankstown Airport now Sydney West Airport; if so, was this achieved by declaration, by a new proposal or by some other mechanism.

7. Is there now a satisfactory solution to the current aircraft noise problem in Sydney; if so, upon what criteria has this conclusion been reached.

8. Is the Long Term Operating Plan (LTOP) fully implemented.

9. Have all the LTOP forecasts been met in respect to aircraft movement forecasts and respite period allocations.

10. Will he disclose when the LTOP will be fully implemented; if so, when.

11. Will the leasing of Sydney Airport be deferred until the Sydney West Airport EIS is completed.

12. Was the purpose of the 1996 policy to defer any leasing of Sydney Airport and Sydney West Airport until Sydney’s aircraft noise problems have been solved.

13. Does the explanatory memorandum to the Sydney Airport Demand Management Amendment Bill 2001 state (a) the Slot Management Scheme (SMS) will be amended to cap the number of regional slots allocated in peak periods at the current level and (b) the SMS will encourage airlines progressively to introduce larger aircraft.

14. Is a discussion paper canvassing the proposed change to cap the number of regional slots allocated in peak period at its current level to be released by the end of March 2001.

15. What is the linear distance between Bankstown Airport and Sydney Airport.

16. Is it a fact that if Bankstown Airport becomes an overflow airport, it will necessitate the closure of Sydney Airport’s East West runway.

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

1. (a) Yes. (b)(i) Yes. (b)(ii) Yes.

2. The Environmental Impact Statement (EIS) on the second Sydney airport proposal was completed in June 1999.

3. The EIS on the second Sydney airport proposal was undertaken specifically for the Badgerys Creek site. Environment Australia’s Guidelines for this EIS clearly acknowledged that alternative
site locations would not be addressed in detail having been the subject of a separate ‘site selection’ EIS in 1985 and subsequent Government decisions (except for the Holsworthy site which had been the subject of more recent study).

(4) (a) On 13 December 2000, the Government announced that it was confident that commercial decisions by the airlines and policy measures announced by the Government would ensure that Sydney Airport would be able to cope with increasing air traffic until the end of the decade. (b) The Government also announced that it would be premature to build a second major airport in the city.
(c) Yes.

(5) No.

(6) No.

(7) The Government has introduced the Long Term Operating Plan (LTOP) to address Sydney Airport’s noise issues. The Plan has been very successful in sharing the noise generated by the Airport compared with the situation that existed immediately prior to March 1996.

(8) The LTOP was given effect by way of a Direction issued to Airservices Australia by the then Minister for Transport and Regional Development in July 1997. The operational changes required by the Direction have been substantially implemented with the exception of a small number of elements. For example, the restructuring of the arrival airspace has yet to be implemented. This includes implementation of the “trident” and “power-off” approaches.

(9) The Direction issued by the then Minister for Transport and Regional Development in July 1997 contained no forecasts.

(10) I am advised that work on implementing the remaining elements of LTOP is taking place. Airservices Australia has indicated that it is unable to state when this work will be completed.

(11) The EIS for the second Sydney airport proposal has been completed. See also answer to (2).

(12) The 1996 policy indicated that Sydney Airport and Sydney West Airport would not be leased until there was a satisfactory solution to the current aircraft noise problem in Sydney. The leasing process was to be deferred until two conditions were met, namely, the east west runway was re-opened, and a genuine environmental impact statement on Sydney West Airport was completed.

(13) (a)&(b) The Explanatory Memorandum states that the Slot Management Scheme will be amended to cap regional slots allocated in peak periods at current levels and introduce an aircraft seat limit for allocating new slots and give higher priority to larger aircraft.

(14) The discussion paper setting out the details of the proposed changes to the Sydney Airport Slot Management Scheme was released on 27 March 2001.

(15) The linear distance between the respective Aerodrome Reference Points for Bankstown Airport and Sydney Airport is approximately 18 kilometres.

(16) Advice from Airservices Australia indicates that, with appropriate airspace redesign, scheduled services could operate at Bankstown Airport without necessitating the closure of the east-west runway at Sydney Airport.

Chisholm Electorate: Benefit Recipients

Ms Burke asked the Minister representing the Minister for Family and Community Services, upon notice, on 29 March 2001:

(1) On most recent data, how many age pension recipients reside in the electoral division of Chisholm and the postcode areas of (a) 3128, (b) 3129, (c) 3125, (d) 3127, (e) 3149, (f) 3148, (g) 3147, (h) 3150, (i) 3168, (j) 3166, (k) 3169 and (l) 3151.

(2) On most recent data, how many youth allowance recipients reside in the electoral division of Chisholm and the postcode areas of (a) 3128, (b) 3129, (c) 3125, (d) 3127, (e) 3149, (f) 3148, (g) 3147, (h) 3150, (i) 3168, (j) 3166, (k) 3169 and (l) 3151.

(3) On most recent data, how many disability pension recipients reside in the electoral division of Chisholm and the postcode areas of (a) 3128, (b) 3129, (c) 3125, (d) 3127, (e) 3149, (f) 3148, (g) 3147, (h) 3150, (i) 3168, (j) 3166, (k) 3169 and (l) 3151.
Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

NOTE: The information in the tables below is data by postcode. Due to the placement of Electoral boundaries across postcodes, Centrelink cannot extract figures for Payments in Electoral divisions with any accuracy.

(1) Age Pension

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<thead>
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<th>3166</th>
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(2) Youth Allowance

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<td>847</td>
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(3) Disability Support Pension

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<th>3166</th>
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<td>788</td>
<td>540</td>
<td>641</td>
<td>696</td>
<td>293</td>
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</table>

Shortland Electorate: Centrelink

(Question No. 2490)

Ms Hall asked the Minister representing the Minister for Family and Community Services, upon notice, on 29 March 2001:

Further to the Minister’s answer to question No. 2202 (Hansard, 6 February 2001, page 24012), (a) how many of the breaches were administrative breaches, (b) how many of the recommended breaches were imposed, (c) how many of those breaches were lifted and on what grounds and (d) how many breaches were lifted on each of those grounds.

Mr Anthony—The Minister for Family and Community Services has provided the following answer to the honourable member’s question:

(a) The answer provided to question No. 2202 provided information on the number of administrative breach penalties, where the penalty was imposed, and payment was reduced by 16 per cent. The numbers provided did not take account of “self-served” penalties. The data requested is not available by electorate division; data has been provided, as it was in question No. 2202, by Centrelink Customer Service Centre. By comparing the postcodes in the Shortland electorate with the postcodes in Centrelink Customer Service Centres the following centres approximate the Shortland electorate:

Charlestown, Lakehaven, Newcastle and Wyong.

Data prior to October 1998 is not readily available. Between October 1998 and December 1998, 206 administrative breaches were recommended. In 1999, 1,165 administrative breaches were recommended. Data for November and December 2000 was not available when the original question was answered, however it is now available. In 2000, 2,651 administrative breaches were recommended.

(b) Between October 1998 and December 1998, 156 administrative breaches were imposed. In 1999, 1,126 administrative breaches were imposed. Data for November and December 2000 was not available when the original question was answered, however it is now available. In 2000, 1,705 administrative breaches were imposed.

(c) Of the 50 breaches recommended but not imposed between October 1998 and December 1998, 4 were not imposed as they were recorded in error and 46 were not imposed as they were revoked by Centrelink. Of the 539 breaches recommended but not imposed in 1999, 26 were not imposed as they were recorded in error and 513 were not imposed as they were revoked by Centrelink. Of
the 946 breaches recommended but not imposed in 2000, 50 were not imposed as they were recorded in error and 896 were not imposed as they were revoked by Centrelink.

(d) Specific reasons as to why breaches were not imposed, apart from where the breach was recorded in error by Centrelink, are not available.

Sydney Basin Airports: Sale

(Question No. 2493)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 2 April 2001:

(1) Will he table in the House of Representatives a copy of the Full Trade Sale and privatisation strategy for Sydney, Bankstown, Hoxton Park and Camden Airports.

(2) Will the new owner of Sydney Airport hold first rights to build a second major airport within a 100km radius of the Sydney Central Business District.

(3) What percentage of foreign ownership will be permitted, in percentile terms, of Sydney Airport.

(4) Will he furnish details of the sale process of Sydney Airport.

(5) Will the new owner of Sydney Airport have first right of refusal on building and operating a second airport.

(6) Will the Bankstown, Hoxton Park and Camden Airports be sold separately from Sydney Airport.

(7) Can he define what ‘trade-sale’ means.

(8) Is he able to say whether the trade-sale option to sell Sydney Airport amounts to a lessee interest that has power of veto over the timing and construction of Sydney West Airport.

(9) What briefing has he given to Sydney Airport management in this sale, in respect to environmental impacts, including aircraft noise and air movement safety.

(10) What options has he incorporated into the proposed trade-sale of Sydney Airport that guarantees, in the proposed lease that (a) the Long Term Operating Plan’s integrity is preserved, (b) noise respite periods are distributed in an equitable manner and (c) the Sydney West Airport is built within a prescribed period determinable by the Government.

(11) Is it a fact that the sole criteria for the construction of Sydney West Airport is the foreshadowed capacity peak for Sydney Airport being the Year 2010.

(12) Upon what basis is the estimated capacity peak passenger and aircraft growth for Sydney Airport due to reach its optimum in the year 2010.

(13) Is it a fact that the 1996 EIS for the Second Sydney Airport Proposal by PPK Environment and Infrastructure notes at paragraph 1.2 titled ‘Need for a New Airport’ that (a) the Commonwealth Government proposed the development of a second major airport for Sydney capable of handling up to 30 million domestic and international passengers a year, (b) Sydney Airport was expected to handle about 20 million passengers in 1997 and (c) the Second Sydney Airport Site Selection Program Draft Environmental Impact Statement anticipated the new airport would accommodate about 13 million passengers each year (Kinhill Stearn, 1985).

(14) If so, (a) what is the current estimated passenger and aircraft capacity of Sydney Airport by the year 2010 and (b) is it a fact that the PPK Environment and Infrastructure 1996 EIS for the Second Sydney Airport Proposal states at paragraph 1.3 that the policy of the Coalition of Liberal and National Parties indicated an intention that Sydney’s second airport would be more that just an overflow airport and would, in time, play a major role in serving Sydney’s air transport needs.

(15) Does the Government expect that Bankstown Airport, acting as an overflow airport for Sydney Airport, will cope with handling up to 30 million passenger movements per year.

(16) Has Sydney Airport reached the figure of 20 million passenger movements per year; if so, (a) when was this number of movements reached and (b) does this mean that, according to the Coalition’s 1996 statement, Sydney Airport has already reached its optimum passenger movements.

Mr Anderson—The answer to the honourable member’s question is as follows:
(1) No. Release of the full details of the privatisation strategy would undermine the commercial position of the Commonwealth to the detriment of the Australian taxpayer.

(2) The new owner of Sydney Airport will be given the first right of refusal by the Commonwealth to build and operate any second major airport within 100 kilometres of the Sydney Central Business District.

(3) The existing restrictions in the Airports Act 1996, which limit foreign ownership to 49 per cent, will apply to the sale of Sydney Airport.

(4) Yes.

(5) A trade sale is a sale of a business as a going concern to one or more buyers acting together, usually industrial or financial investors, executed via a sale and purchase agreement, not involving the listing of shares on a stock exchange.

(6) See answer to (2).

(7) Airservices Australia is responsible for air movement safety and for implementing environmental management initiatives relating to aircraft operations. These areas are independent of the proposed sale process for Sydney Airport.

(8) The Government announced in December 2000 that it had concluded that it would be premature to build a second major airport for Sydney. It would be under-utilised for many years. The Government will further review Sydney’s airport needs in 2005.

(9) The Government’s conclusion that Sydney Airport would be able to handle the air traffic demand over the next ten years took account of the proposed changes to the Slot Management Scheme that the Government announced as well as expected aggressive commercial strategies that the airlines will adopt to maximise their use of the airport, including the use of larger aircraft and operating services that bypass Sydney.

(10) The government’s announcement that Sydney Airport would provide the new owner to be given a first right of refusal by the Commonwealth to build and operate any second major airport within 100 kilometres of the Sydney Central Business District. The Commonwealth will retain ownership of the Badgeries Creek airport site. A future Federal Government will therefore be able to decide when or if airport development on the site should proceed.

(11) The Final Environmental Impact Statement for the Second Sydney Airport Proposal forecast that total air passenger movements into and out of the Sydney basin would reach 35.1 million in 2009-10. In regard to aircraft movements, the number of runway slots that can be allocated at Sydney Airport is limited to 80 per hour under the Sydney Airport Demand Management Act 1997. (b) Section 1.3 of the 1997 Draft Environmental Impact Statement for the Second Sydney Airport Proposal included words to that effect.

(12) No. Bankstown Airport is not intended to be a long term alternative for a second Sydney airport.

(13) Yes. (a) The level of 20 million passenger movements per year was first reached in 1995-96. No. The Government’s policy was not based on a particular level of passenger movements at Sydney Airport.

Sydney (Kingsford Smith) Airport: Long Term Operating Plan
(Question No. 2509)

Mr Murphy asked the Minister for Transport and Regional Services, upon notice, on 4 April 2001:

(1) What is the aircraft movements capacity of Sydney (Kingsford-Smith) Airport (KSA).
(2) What is the current level of aircraft movements at KSA.

(3) What would be the impact of fully implementing the Long Term Operating Plan (LTOP) on KSA's aircraft movements.

(4) Will the proposed sale of the lease for KSA contain relevant clauses specifying that the LTOP constitutes part of the overall plan for the airport.

(5) What impact will the use of Bankstown Airport as an overflow airport have on the LTOP.

(6) What impact will the LTOP have on the utility of the Precision Runway Monitor System in terms of maximising aircraft movements at KSA.

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

(1) Under the Sydney Airport Demand Management Act 1997 the number of runway slots that can be allocated is limited to 80 per hour.

(2) Information provided in Airservices Australia’s monthly “Sydney Airport Operational Statistics” indicates that there were 294,345 runway movements at Sydney Airport in the year 2000.

(3) The Long Term Operating Plan (LTOP) is a plan to ensure that the aircraft noise generated by Sydney Airport is shared as fairly as possible. The operational requirements to give effect to the LTOP are set out in a Direction issued pursuant to the Airservices Act 1995 by the then Minister for Transport and Regional Development in July 1997. This Direction imposes no restrictions on the number of movements at Sydney Airport.

(4) Implementation of the LTOP is essentially a matter for Airservices Australia. The current airport lease between the Commonwealth and the Sydney Airports Corporation Limited contains no reference to the LTOP and it is not envisaged that this will change.

(5) I am advised that the proposed role for Bankstown Airport as an overflow airport will not be an impediment to the implementation of the Direction to Airservices Australia.

(6) The Government has yet to make a decision on the use of the Precision Runway Monitor (PRM) for landings from the north. This decision will be guided by the findings of the PRM trial. I am advised that the reports on the trial are now close to finalisation.

Waterfront: Productivity
(Question No. 2510)

Mr Danby asked the Minister for Transport and Regional Services, upon notice, on 4 April 2001:

(1) Has his attention been drawn to recent comments in relation to waterfront reform that have been made by Ian Donges, President of the National Farmers Federation that it has to ensure that the savings from the increased productivity flow to farmers and other port users as soon as possible.

(2) Has his attention been drawn to any moves by Lang Corporation/Patricks and P&O to pass on the benefits of higher cranes rates and productivity to Australian imports and exporters.

(3) Has he spoken to P&O and Patricks about their obligation to pass on these productivity benefits, especially given the massive taxpayer funded redundancy.

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

(1) Yes. Shippers, including farmers, have received benefits from the Government’s waterfront reform program through the marked improvement in stevedoring productivity and reliability within Australia’s key container ports. These improvements have provided real savings to all port users, as confirmed by the Australian Competition and Consumer Commission’s October 2000 report on container stevedoring.

The March 2001 issue of the Bureau of Transport Economics publication Waterline reported that the five-port average crane rate reached a record 25.5 containers per hour for the December quarter 2000. The rates at which the stevedores work ships also reached new records due to better utilisation of quay cranes. The five-port net ship rate was 39.5 containers per hour for the December quarter 2000, well above the pre-Patrick dispute figure of 24.3 containers per hour. Berth availability also reached a new high point of 96 per cent, which is just short of the Government’s reliability benchmark of 97 per cent.
(2) As mentioned in (1), shippers have benefited from improved productivity and reliability in container stevedoring. The cost to shippers of stevedoring however is determined by shipping lines, as stevedoring charges make up a proportion of their freight rates. Actual freight rate levels in liner shipping are a commercial in confidence matter, and can vary between individual shipping lines and their clients, depending on factors such as the nature, value and volume of the cargo, and the regularity of shipments.

(3) Yes. I have met both P&O and Patrick’s representatives and discussions have covered a range of issues relating to the recent waterfront reform process. The redundancy process has been financed through a commercial loan to the Maritime Industry Finance Company, which is being repaid by the industry through the stevedoring levy. Therefore, the waterfront reform process initiated in 1998 will be at no cost to the taxpayer.

Roads: Kurri Corridor
(Question No. 2517)

Mr Fitzgibbon asked the Minister for Transport and Regional Services, upon notice, on 5 April 2001:

(1) What sum of Commonwealth funding was allocated to the National Highway project known as the Kurri Corridor in the—
   (a) 1996-97
   (b) 1997-98
   (c) 1998-99
   (d) 1999-2000; and
   (e) 2000-2001 Budgets

Mr Anderson—The answer to the honourable member’s question is as follows.

(1) (a) 1996-97 payments, $195,000
    (b) 1997-98 payments, $76,000
    (c) 1998-99 payments, $85,000
    (d) 1999-2000 payments, $1,095,500