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

SUPERANNUATION CONTRIBUTIONS TAXES AND TERMINATION PAYMENTS TAX LEGISLATION AMENDMENT BILL 2001

First Reading
Bill presented by Mr McGauran, and read a first time.

Second Reading
Mr McGauran (Gippsland—Minister for the Arts and the Centenary of Federation) (9.31 a.m.)—I move:
That the bill be now read a second time.

The Superannuation Contributions Taxes and Termination Payments Tax Legislation Amendment Bill 2001 will improve the overall equity of the termination payments surcharge and the superannuation contributions surcharge legislation. The measures contained in this bill were announced by the government on 22 May 2001 as part of the 2001-02 federal budget. The bill proposes three specific measures to improve the operation of the surcharge legislation as it applies to employer eligible termination payments.

First, the bill will ensure that only the post 20 August 1996 amount of an employer eligible termination payment taken as cash will be potentially surchargeable. The Termination Payments Tax (Administration and Collection) Act 1997 currently provides that after 19 August 2001 all of the retained amount of an employer eligible termination payment—including amounts relating to pre 20 August 1996 service—when taken as cash, is potentially surchargeable.

Secondly, the bill will provide that only a notional amount of an employer eligible termination payment is included in the calculation of the employee’s adjusted taxable income for surcharge purposes. This will benefit certain individuals who would not normally be subject to the surcharge but could become liable to pay the surcharge in a given year as a consequence of receiving an employer eligible termination payment.

Finally, the bill will ensure that individuals will not have to pay an effective tax rate greater than the top marginal income tax rate plus Medicare levy when taking their employer eligible termination payment as cash. Currently, certain individuals may face a higher effective tax rate due to the interaction of the termination payments surcharge and the reasonable benefits limit legislation. I present the explanatory memorandum and commend the bill to the House.

Debate (on motion by Mr Kelvin Thomson) adjourned.

ASSENT TO BILLS

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

Crimes Amendment (Age Determination) Bill 2001
Family and Community Services and Veterans’ Affairs Legislation Amendment (Debt Recovery) Bill 2001

Mr SPEAKER (9.34 a.m.)—I wish to make some brief remarks about this message. The Governor-General has rescinded his purported assent of 7 May 2001 to the Family and Community Services and Veterans’ Affairs Legislation Amendment (Debt Recovery) Act 2001—act No. 38 of 2001. The recision was necessary as the print of the 7 May act was found to contain an error, in that material not agreed to by both houses was incorrectly included in that print. A corrected version of the act was subsequently sent to the Governor-General and assented to on 12 June 2001—act No. 47 of 2001. Additional checking procedures have been introduced to minimise the risk of such an error occurring in the future.

BILLS RETURNED FROM THE SENATE

The following bills were returned from the Senate without amendment or request:
Excise Tariff Amendment Bill (No. 2) 2001
Customs Tariff Amendment Bill (No. 3) 2001
Family and Community Services Legislation
(Simplification and Other Measures) Bill 2001

FAMILY AND COMMUNITY SERVICES AND VETERANS’ AFFAIRS LEGISLATION AMENDMENT (DEBT RECOVERY) ACT 2001

Mr McMULLAN (Fraser—Manager of Opposition Business)  (9.36 a.m.)—Mr Speaker, I seek your indulgence to ask a couple of questions, not so much to you but through you, of the Minister for the Arts and the Centenary of Federation at the table—although he may have to seek advice on the matter—about the matter you just reported to the House. I thank you for giving me some notice of your intention to do so, because it is an unusual event.

Mr SPEAKER—Indulgence is extended. Perhaps I should indicate to the minister that I had suggested to the Manager of Opposition Business that, expecting the introduction of the bill to last longer than it did, the matter would be likely to be reported at about 9.40 or 9.45. An innocent series of events has brought us to this unusual point.

Mr McMULLAN (Fraser—Manager of Opposition Business)  (9.37 a.m.)—I think that the House perhaps needs a little more explanation and you may well not be in a position to provide it. It may have to come from the government rather than from the parliament; it is not yet clear to me. As to where the error that caused this rescission to be necessary was made, was it within the parliament or within the originating department, which I assume is the Department of Family and Community Services or perhaps the Department of Veterans’ Affairs? That is, on the face of it, what seems to be the case. Also, what, if any, are the consequences of the intervening period of slightly more than one month in which there was a bill with assent, and therefore probably in every way proper, under which people might operate, but containing some error? What actions took place in that intervening period? What, if any, are the consequences of the subsequent rescission of that assent, and are there any consequences for citizens? That, I think, is unlikely, given what I see as the chain of events, but of course I cannot be aware of all of them. It seems on the face of it that there should not be any consequences for citizens, but I would like to be assured of that. I particularly would like you either to give directly, if it is within your power to do so, or, if not, to facilitate through the government some explanation to the House about how this error might have occurred and what, if any, were its consequences. I thank you for the opportunity.

Mr SPEAKER (9.38 a.m.)—Let me respond briefly to the Manager of Opposition Business and indicate to him that the error was not an error of either of the departments to which he has referred. It was an error of the Department of the House of Representatives, for which I have responsibility. It is an error that has not occurred for approximately 20 years. I think the last time such a rescission was necessary was, from memory, about 1977. I have had lengthy discussions with the Clerk about this matter. It occurred because of the processing of legislation late at night, because two checking procedures failed to pick up the fact that what had been changed in the Senate was not appropriately included and it therefore went in its unchanged form to the Governor-General. The Clerk has been anxious to ensure that additional checking procedures under his eye are now in place. I think I can reassure the Manager of Opposition Business that neither of the departments to which he referred was responsible. As to whether there were any ramifications for people from the delay in the enactment of the legislation, it having been anticipated, I do not know. I will ask the minister and report back to the Manager of Opposition Business.

APPROPRIATION (HIH ASSISTANCE) BILL 2001

Second Reading
Debate resumed from 7 June, on motion by Mr Hockey:
That the bill be now read a second time.

Mr KELVIN THOMSON (Wills)  (9.40 a.m.)—The Appropriation (HIH Assistance)
Bill 2001 spells out in living colour just what great financial managers the Howard government are. It tells the real story behind that orgy of self-congratulation, all the bravado that we hear from this government about its financial management credentials. It spells out the truth: a $640 million taxpayer funded bailout for the HIH policyholders to deal with the largest corporate collapse in Australian history. Behind the mask of sound financial management, this bill tells the truth. In the budget we saw $663 million allocated to pay all pensioners $300 each. But if we did not have to carry the HIH can, all the pensioners could have been given twice that, $600—much closer to the $1,000 that the government promised them in the first place as GST compensation. Whether you look at the schools, the hospitals or the roads—whatever way you look at it—$640 million would go an awfully long way. Except that now it has gone. It will not be doing anything except paying out policies that HIH policyholders thought they were already insured for.

Why has it come to this? One of the things we learnt from senior APRA officials last week in the inquiry of the Senate Select Committee on Superannuation and Financial Services was that the Australian Government Actuary stopped producing regular reports on all insurance companies after 1998 because that work was not adding value. The decision to stop producing these reports on insurance companies saved APRA $60,000 but it might have cost Australian taxpayers around $640 million, as we can see with the bailout package in this piece of legislation. Talk about false economies. This latest revelation from APRA underscores what has been massive regulatory failure on the part of this government and its established regulator, APRA. It makes a mockery of the claims of Treasurer Costello. When APRA was first set up, Treasurer Costello boasted that it would give Australia a stronger regulatory regime designed to better respond to developments in the financial sector. Not only did APRA not provide a stronger regulatory regime; it stopped producing reports on insurance companies to save a pitance while HIH collapsed under its very nose. These great financial managers of the Howard government are going to leave behind them a legacy of up to $640 million over 10 years of a taxpayer funded bailout to meet the worst insurance company collapse in Australian history.

The bill establishes a public company, HIH Claims Support Pty Ltd, to administer a scheme of financial assistance for eligible persons who had an outstanding claim against the HIH Insurance group, which went into provisional liquidation in March. That company, which has been set up as a subsidiary of the Insurance Council of Australia, will act as trustee of a Commonwealth trust fund, for which this bill provides a special appropriation of $640 million of Commonwealth funds. I make the point in passing—and, given that we are talking about $140 million, perhaps it should be made more than in passing—that, when we had the budget announced a few short weeks ago, the allocation for the HIH bailout was $500 million. A few weeks later, it has jumped to $640 million. We do not know exactly where this is going to stop. I was listening to the radio this morning and hearing a great deal of concern being expressed about the safe injecting rooms trial in New South Wales now costing $4 million. I am sure that Liberal politicians will fire up about the fact that—oh, dear!—that is costing $4 million. Here we have a $140 million blow-out already, in a few short weeks, but because it relates to an insurance company that made handsome donations to the Liberal Party we should not expect too many Liberal Party politicians to jump up and fire up about a $140 million blow-out.

We will be supporting this bill. We want to ensure that HIH victims do not suffer any more than they have already been forced to over the past months because of this government’s meanness. We do have some serious concerns regarding the lack of accountability in this legislation and a number of matters concerning the administration of the scheme. I want to detail some of those in the time available to me.

Labor understands the resentment caused in the general community by bailouts such as
these and the government’s predisposition to socialise the losses and privatise the profits of big business, but the bottom line is that we simply could not walk away and just leave the victims to it. Labor has expressed concern all the way through about the situation faced by the victims, the innocent policyholders. We have expressed deep concern at the government’s dithering and indecision in dealing with this matter. Not only does the government carry great responsibility for the collapse itself in terms of poor regulation but also its handling of the collapse has been appalling. So we have had dithering and indecision in both acting to help the victims of the debacle and then putting in place an efficient mechanism to deal with it.

At every point the government has been dragged kicking and screaming. First it said that there would not be any bailout—the policyholders had to sue the directors, and the auditors and so on had to look to their legal rights. Then it said, ‘We will have a bailout but we cannot give you any details until we hear the provisional liquidator’s report.’ Then it announced details without getting the provisional liquidator’s report. So what had been missing was not so much the information as the political will to act. Then it said, ‘We will not have a royal commission.’ Labor said, ‘We will hold a royal commission,’ and now—hey presto—we are getting a royal commission. But even then there was dithering. It took as long as it possibly could to announce the royal commission. It then took at least another month to announce the terms of reference. We only got the terms of reference at the start of this week. We discovered then that the royal commissioner cannot commence his task until 1 September. So the government in that way has dragged out the royal commission as long as it possibly can and will avoid public scrutiny and accountability for its actions prior to the forthcoming federal election.

So it took more than two months of government procrastination before a rescue package was finally announced in late May. Meanwhile, thousands of HIH victims were burning, left at the mercy of Centrelink, whose record was no shining example of efficiency. A number of constituents informed me of problems involving excessive bureaucracy, waiting periods of anything up to six weeks and cases that simply were not fixed until there was a great deal of media publicity concerning them.

Frankly, it has not got any better since the government established its HIH hotline. We have had constituent concerns rolling in about people who could not get through to the 1800 number or who were kept waiting for inordinate lengths of time. When they did get through, they were confronted with staff who had inadequate training or who were unable to answer their questions or offer much assistance at all. It left those victims, after everything they had been through—a lot of anguish and anxiety—up in the air, not knowing from where, or what sort of, assistance would come.

People have been seeking some form of claims documentation so they could get their claims lodged in writing and have some peace of mind. Quite a few people were under the impression that the claims had to be lodged by 11 June because the government publicity concerning this issue was confusing and failed to make it sufficiently clear that this cut-off date of 11 June really only applied to events from which a possible claim could arise. So they were quite frustrated in trying to get that documentation and being told by the hotline call centre that it had not even been drafted yet, thinking that it had to be lodged within just a few days.

For example, my office had discussions with Mr Jim Punchard from Brisbane, who called my office on 5 June, having first called and sought out the HIH hotline on 25 May. His conversation with the HIH hotline was very frustrating for him. He eventually got to speak to a young lady who said she could only take a note of his name. A few calls later he spoke to a young man who said he would send the relevant papers by Friday, but it turned out that the papers had not even been printed at that stage. So Mr Punchard eventually received a copy of an old press release. In the meantime he twice had to register his claim as having checked whether
his first registration via the hotline was successful. He was informed that there was no such record. So we had delays and concern expressed by him and by other people in their dealings with the hotline.

But it is not just a question of government incompetence in relation to the process. We need to come back to the most substantial issue which arises here, and that is adequacy of compensation. The government has restricted eligibility to cases that broadly fall within a federal jurisdiction, such as salary continuance policyholders. This leaves people whose insurance obligation arises under various state laws to deal with the various state jurisdictions as they find them.

One of the things I have been critical about with this government—and in particular Minister Hockey, to whom I wrote prior to Easter urging on him the convening of a national roundtable—has been their failure to convene that national roundtable and failure to show the leadership which might have given us some kind of national solution, instead of the piecemeal one that we have got. Most of those state governments are Labor and they have stepped in, in good conscience, to help the people covered under state arrangements. Many of those people have been in quite desperate circumstances. We should not forget the builders, many of whom could not get insurance at all after the debacle and so they could not start new jobs. Indeed, in some cases legally they could not continue existing jobs. In my home state of Victoria there was a very significant impact on the building industry as a result of that.

Most of the state Labor governments have come to the party in terms of rescue and bailout measures. The only Liberal state government in Australia, the South Australian government, has failed to provide any assistance whatsoever to those victims excluded from the Commonwealth scheme. As I understand it, the best it has been able to come up with is a hotline of its own. That hotline, set up by the South Australian state government, advises on rights under the Commonwealth scheme. I understand it was so mean it is not even a toll-free number.

In South Australia, a state member of parliament, Mr Nick Xenophon, has drawn attention to leaked documents of the Master Builders Association, whose building indemnity policy was underwritten by HIH. Due to the way the law has operated, the HIH policies were still in force, despite being worthless, and builders were not obliged to take out fresh insurance. If the builder goes belly-up, in the words of Mr Xenophon, the risk is that ‘it leaves hundreds of South Australians potentially exposed with respect to their biggest investment’. But of course the Liberal government has done nothing to compel builders to take out alternative valid insurance, and so the upshot is that potentially a whole new class of victims of the HIH collapse lies in waiting, without any help from any government becoming available in that event. The South Australian government ought to be condemned for the meanness of its response to the situation facing innocent HIH policyholders.

The scheme does not include assistance to small or medium enterprises with 50-plus employees. I note that we have seen submissions from the Council of Small Business Organisations of Australia and comments from the chief executive, Rob Bastian, that it is ‘increasingly clear that small business is suffering more than policyholders’ and that the government has the attitude that ‘small business is more able to face risk and less deserving of assistance’.

As I indicated earlier, Labor has some concerns about issues of accountability in relation to this legislation and, in relation to the bailout package, the accountability of those funding and those administering the scheme. The company concerned has been set up as a subsidiary of the Insurance Council of Australia. I note again, as I have mentioned in the House on a couple of occasions previously, that the insurance industry has not been asked to make any contribution to the bailout package. Labor thinks that is wrong and that the government ought to have been showing national leadership in getting together a national roundtable with a view to having an insurance industry contribution. With the way in which this package has been
set up, the public accountability for this company, this industry vehicle, HIH Claims Support Pty Ltd, is lacking, and we do not see in the legislation any means of understanding how claims are administered or for whose benefit it operates. Labor is quite concerned and wants to hear from the minister a response on what is a pretty fundamental point: where is the real incentive for the administrators to test claims in the way that insurance companies usually do when the claim is against their own funds? We do not see evidence of safeguards in this bill to ensure that the amounts paid out are neither excessive nor insufficient. As it stands, the Commonwealth just foots the bill and that is the end of it.

Most of us know that insurance companies are pretty tough in their attitude to claims. Some would use more colourful language than that in describing the approach of insurance companies. What you do get out of that toughness, of course, is some reassurance that that money is not wasted and that it is not simply a question of putting in a claim and then having it accepted. In this situation where you do not have the insurance companies’ profit motive at work, what we are interested in understanding from the government is the way in which claims will be tested and what mechanisms it has in place to safeguard the interests of the taxpayer.

We are concerned that the taxpayer is already exposed to a $640 million bailout and we cannot find an obligation to report what profits are made by the Insurance Council members in administering the scheme. There are precious few details of these arrangements in the bill, and we think that the contract between the Commonwealth and HCS should be made public to allow scrutiny and enable some public assessment of the extent to which the eligibility criteria and restrictions are defined, including the proposed income test, so that there are no more surprises in store regarding a possible funding blow-out. I have mentioned that we have already moved from $500 million to $640 million in the space of a few weeks. We would not want to see, and taxpayers would not want to see, a further blow-out.

The questions that we have for the government are these. What are the reporting and accounting requirements arising from this bill or from the scheme more generally? Are they secrets within the bill, or do they simply not exist? We demand that the minister table monthly reports detailing all financial assistance paid, the recipients of that assistance, the costs of administration paid to Insurance Council members involved in administration of the scheme, and an assurance that HCS will be subject to all the usual audit requirements. The Australian taxpayer deserves nothing less, particularly in the light of the erosion of public confidence in the insurance industry that has inevitably followed the HIH debacle and the indecision and ineffective conduct of the government and of its Minister for Financial Services and Regulation—which has fallen woefully short of acceptable standards of accountability and transparency.

As a minimum standard, we want to see regular certifications from this minister that payments made from taxpayer funds are in accordance with the announced guidelines of the scheme. Without this kind of certification, I ask: of what value are the so-called negotiated rights of recovery referred to by the minister for the benefit of the Commonwealth, which now becomes the largest unsecured creditor of HIH? We want to see the government vigilant in monitoring efforts to recover any of the funds to which it is legally entitled. I have frequently made the point that any bailout has to be accompanied by an assignment of legal rights against directors and auditors and the other HIH assets, such as the artwork that they put up for sale in Melbourne overnight—it looked as though there were a few bargains there—and that those legal rights must be pursued to the full.

We urge the government to get on with the job of facilitating the claims of the thousands of victims who have suffered enough already. This package comes too late for one Toowoomba couple, for example, whom I spoke to in the middle of May and who had declared themselves bankrupt. They had a claim against them for which they had become personally liable, even though they had
HIH insurance, they could not wait for the government’s rescue package to arrive and, on legal advice, they declared themselves bankrupt. They felt very bad about doing so. They told me they had always paid their bills and had always paid their debts on time but they did it because they simply could not wait.

To facilitate the passage of this bill, we have agreed to reduce our speaking time and, as a result, there are other points that I would like to make. I do encourage people who are having difficulties with the HIH hotline or difficulties in getting their eligibility for assistance determined to contact my office. We are happy to follow up with the government and the company any difficulties people might be having. I understand that people are going through a very stressful time. It is my intention to move an amendment in the consideration in detail stage of the debate, to try to ensure that some of the accountability issues in terms of reporting are properly dealt with. It is our intention to move a more detailed amendment at that stage, and I will speak briefly in support of that amendment at that time.

Mr BAIRD (Cook) (10.01 a.m.)—I rise to support the Appropriation (HIH Assistance) Bill 2001 today and also to congratulate the Minister for Financial Services and Regulation in his handling of this very difficult area of administration. For most of us initially, until the word spread about the problems of HIH, the extent of the disaster that emerged was not clear. It is all very interesting for the member for Wills to make his comments about why we did not act immediately, but it is clear that, as the whole event emerged, the government took appropriate action. It was not clear at first, but the minister did act. I commend him for his action. Also, I am sure that the matter of the board itself and its responsibility in the collapse of HIH will come out in the review. There are many Australians who would say that it has much to be accountable for. We look forward to the results of the royal commission as the facts unfold.

This bill in particular is about the consolidated revenue fund providing funds up to $640 million in order to account for the government’s HIH assistance scheme. This bill is a major part of the government’s response to the collapse of the insurer HIH—a collapse that has affected millions of Australians. The collapse of HIH is an extraordinary situation not only because of its sheer size but also because of the extremely intricate network of companies with numerous policies and customers under a large number of varying conditions. The Minister for Financial Services and Regulation announced an excellent, comprehensive and above all compassionate response to this administrative nightmare. I commend him for it. I think that is the key aspect of it: we are all concerned about those who have been directly impacted by it, and this bill goes a long way to provide assistance.

The $640 million is for the financial assistance of those Australians affected. It sets aside $5 million to assist an ASIC investigation of the circumstances surrounding HIH’s failure. It also provides fast-tracking reforms that will target the general insurance industry in particular, protecting the interests of all Australians. Legislation in this area is going to be introduced in the parliament before the end of the winter sittings. A broad ranging royal commission into the collapse will ensure that all possible avenues of investigation are followed. We note that respected Western Australian Supreme Court judge Neville Owen has been appointed to head this inquiry, and we look forward to his findings. I note that the member for Wills in his comments said that this is too narrowly based, but it looks pretty wide ranging to me. I am sure, given the general view that the legal fraternity have regarding Justice Owen, that we will see a very comprehensive report and one which includes the whole question of the integrity of the process. I re-emphasise the words of the Prime Minister, who said: We disabuse any perception however wrongly based that there was anything that the government didn’t want examined. We’re an open book on this issue ... We want to find out what went wrong. We want to find out who did the wrong.
And as far as possible we want those people to deliver restitution to the wronged.

The package announced by the government establishes a not-for-profit company, HIH Claims Support Pty Ltd, which will administer the distribution of government assistance to those who need it. Four Australian insurers will be involved in the process. To qualify for assistance under the government package, people will have to fulfil the following criteria: that they are Australian citizens or permanent residents, that they are small business proprietors, 50 employees or fewer, and that they are Australian based not-for-profit organisations. Also, the event that gave rise to the claim for insurance must have taken place before 11 June 2001. It will not cover insurance that falls under state government jurisdiction—for example, compulsory third-party insurance, builders warranty and workers compensation. It does not cover overseas creditors. It does not cover any business that is not a small business as defined by the act, and it does not cover claims where the insured was a director or an officer of a company under the HIH umbrella three years before its failure. HIH will pay 100 cents in the dollar for the following claims: salary continuance—and I was particularly touched by one of the people in my electorate who wrote to me saying:

I resigned 12 months ago from my position as manager due to continuing ill health after receiving a kidney transplant. I was fortunate at that time to have a disability policy for salary continuance with HIH Insurance. I last received a payment in February 2001 and have been informed that there is no guarantee if or when I will receive a benefit again. I therefore have no choice but to go to Centrelink next week and apply for a benefit, which is something I never thought I would do. This situation is not only detrimental to my financial situation, as I have a mortgage and children to support. It is also affecting my general wellbeing as I feel that I have been to hell and back several times over the past few years.

It is particularly to people such as this gentleman in my electorate that the assistance is going to provide 100 per cent support, and rightly so. It also provides 100 cents in the dollar for personal injury claims, total loss on primary place of residence claims and claims by not-for-profit organisations. This is appropriate and shows the compassion of the government in this area. Ninety cents in the dollar will be paid to other claims where the family’s taxable income is less than $77,234, with this amount increased by $3,139 for each additional child. If the family’s income is over this figure, a policyholder will get 90 cents in the dollar if the claim is worth more than 10 per cent of their income.

One issue that does arise from this legislation—and it is good to see the member for Parramatta in the chamber—is an issue that he and I have debated, and that is whether the government should be taking direct responsibility. We do have ASIC and APRA, whose job it was to oversight the activities of corporations within Australian economic parameters. So one would question whether it was appropriate. I think one could say it clearly is appropriate in terms of the size of the collapse, the intricate network of the companies involved and the huge number of Australians who have been impacted detrimentally, like the people in my electorate whose very life savings are threatened, whose home mortgages are threatened and whose children’s welfare is threatened. So for those reasons there is a need to interfere, I am sure, and I am somebody who believes very much in a free market economy. For the independent regulators assessing what is required, there is a question of market failure and when there is a need for government to interfere. This does represent a clear case of market failure. That is why we should have a royal commission to investigate the reasons for it and what lessons we can learn from it so that appropriate safeguards are incorporated into future legislation to ensure we do not have a repeat of this collapse.

I commend the minister for bringing this legislation to the House and on the fact that we will be looking after those most in need with direct action. I also believe it is appropriate that we have a royal commission. It will be interesting to see what findings they make. We also have to ensure that in the future we absolutely minimise the likelihood of such a collapse and that the watchdogs,
ASIC and APRA, are effective in undertaking reportage and review of corporations so that they take action well before any collapse of such an organisation. It is also important that we look at the role of auditors within our community and at the responsibilities of directors and the transfer of funds between directors and their wives to escape responsibility. These are the answers that the Australian community wants. I believe that this bill goes a long way to solving the immediate problems. In the longer term, we must ensure that the particularly important organisations of ASIC and APRA effectively carry out their role in the future as the watchdogs of Australian economic life. I commend the bill to the House.

Ms BURKE (Chisholm) (10.10 a.m.)—I rise to speak on the Appropriation (HIH Assistance) Bill 2001 in support of the assistance measures to the stranded HIH policyholders, but also to add my concerns about the lack of transparency and accountability in this bill and, in fact, in the whole process.

There are so many victims of the HIH collapse it is difficult to know where to start. One of the most poignant examples that has come to my office is the example of Nick and Millie. They are a fabulous couple who live in my electorate. Nick runs his own successful business and Millie has just given birth to their fourth child—she told me her youngest was getting lonely. I am not sure when she is going to stop! They have worked hard towards saving for their bigger, better dream home. Millie and Nick suffered from the collapse of the Avonwood building company. That was the first blow. Now the liquidator has advised that the contract will be cancelled altogether because they were insured with HIH. In his last conversation with me Nick said, ‘Anna, I just don’t get it. I had insurance. Why isn’t it being recognised? Aren’t these companies licensed? We now have a block of land, a rotting frame, a bank loan and no way out.’ Thankfully, Nick and Millie live in Victoria, a state that was the first to help the victims of the HIH collapse, and they will now have their builder’s warranty recognised. This is a terrific example of why we need an assistance package across both the federal and state arenas.

This bill will create a public not-for-profit company that will assess and administer insurance claims from HIH policyholders that were incurred prior to 11 June 2001. Whilst this side of the House fully supports this measure, we are concerned about the glaring lack of regulation that has been put into place to ensure that this company does not go down the same path as HIH. The laissez-faire approach to self-regulation which got the government into this mess in the first place is actually being applied to HCS. They are not even going to ensure that this scheme will not blow out by ensuring appropriate reporting and accountability to this place, which after all is funding the bailout. The total lack of guidelines in the legislation leaves us asking: who and how? Can we be assured that bogus claims will not be paid out? How can we ensure genuine claims will be meet? How can people such as Mr Ian Howe of Pakenham—whom I mentioned in this place on 24 May 2001 and who is now liable for a massive legal bill incurred through an HIH suggested settlement—seek compensation? Indeed, is he entitled? Is the company subject to the Corporations Law? Will it provide an annual report? There is nothing in the legislation that talks about these requirements; the legislation is silent and does not allow for any real scrutiny of the activities of HCS.

I share the view of Labor’s shadow Treasurer that it is time for the insurance industry to put their hands into their pockets and contribute to the bailing out of this failure. An industry that boasts $10.9 billion in asset reserves surely could have afforded a contribution to the HIH bailout instead of allowing the totality of the collapse to fall on the shoulders of innocent policyholders and taxpayers. I will be interested to hear from the next speaker, the man who told his party room that it is unfair that Australian taxpayers have to foot the bill when private enterprises collapse. The member for Parramatta would do well to ask the minister for finance why he has not responded to the request by the member for Wills on 12 April to hold a
roundtable discussion of all the interested parties—industry, regulators and state governments—that could have looked at and produced a suitable bailout package and a more robust regulation regime for HCS.

There has been a lot of commentary about the appropriateness of taxpayers funding a private sector collapse. I, too, share this concern. Already we have learnt that this package has blown out from $500 million to $640 million in just weeks. We have not actually begun the process of assessing claims yet; not to mention the expense of the ongoing ASIC investigation and the recently announced royal commission. What will be the size of the eventual bill taxpayers are being asked to foot? We can only be left to ponder whether the generous political donations to the Liberal Party from the insurance industry, including a gift of $682,000 from HIH itself, had any bearing on the government’s reluctance to make the insurance industry cough up. We will never know that now that the terms of reference of the royal commission have been framed so narrowly to avoid scrutiny of the government’s vulnerability in dealing with an industry that has so handsomely lined its coffers. Tony McGrath, the provisional liquidator, in his report of 25 May found that losses could be anywhere between $2.7 billion and $4 billion. Probably the most alarming single comment in the report was this:

The very substantial losses—from HIH—are not restricted to the last nine months of operation.

The direct implication from this statement is that HIH was potentially insolvent well before it was placed into voluntary liquidation on 15 March of this year. It is becoming increasingly clear that there are a range of bodies and people that must be made accountable for their advice, action and, in some cases, inaction.

Firstly, APRA: I have been quite vocal in this House on my disappointment with APRA. We were promised a world-class prudential system, yet it appears APRA has performed very poorly in delivering on its charter. No-one is saying that APRA had a crystal ball, but it clearly took its eye off the ball when it came to HIH. The most recent example of this was revealed during a Senate inquiry last week when APRA officials admitted that the Australian Government Actuary stopped producing regular reports on all insurance companies after 1998 to save a mere $60,000! The ridiculous cost cutting measure may well form part of the reason why the risk exposure of HIH was not apparent to APRA in the months leading up to its collapse. Surely a comprehensive actuarial audit would have discovered the unsustainable insurance risks being taken on by HIH. I look forward to the royal commission findings on the regulatory failure of APRA and on of course, by direct implication, the failure of the responsible minister and the government to put in place a regulatory framework that would have brought this to their attention much earlier and may have prevented the damage done. The government may have framed a narrow set of terms of reference, but they cannot hide from the fact that they let the policyholders of Australia down by failing to see this coming. Secondly, it is important that we discover the role of the company’s directors, auditors, CEO, employees, actuaries and advisers to HIH. At least this aspect of the collapse appears to have been adequately provided for in the terms of reference.

In the minister’s second reading speech on this bill, he said he would fast-track legislation reforms to the general insurance industry. This is way overdue. I am not sure of your definition of ‘fast-track’ but mine does not include a two-year wait for a review of outdated and obviously faulty legislation. Why did we have to have the largest corporate collapse in this country for this government to act on what was indeed a matter of urgency? The Governor of the Reserve Bank, in his appearance before the House of Representatives Standing Committee on Economics, Finance and Public Administration, probably let part of the reason out of the bag:

When we move to general insurance we really have to come down from that level—
he is talking about coming down from the level of standard of supervision of banks. He said:

We are dealing with a piece of legislation that is pretty old—it dates back from 1973—and an awful lot of changes have occurred since then. Firstly, the ISC and ... APRA have tried extremely hard to update that legislation and body of regulation, and ... have met with considerable opposition from the industry—a degree of opposition that has surprised me, considering my experience with the banking industry. If there is one ... thing that has come out of HIH, it is that that opposition has now finally retreated and we are going to see some action there pretty soon.

But the most interesting aspect of his reply was:

APRA has already worked out what the regulations should be. They have had all the discussion papers and they have got a new model. They are just waiting for the legislation.

So APRA has been sitting there—it has done it, it is waiting for the legislation, it is waiting for this government to act—so we are now going to 'fast-track' something, but we have had to see an enormous collapse and we have had to see innocent people in Australia suffer, and they will be suffering for years to come. So what does this say about this government? I think it says that this government is a captive of the insurance industry and has failed to act. This side of the House welcomes and supports the assistance provided by this legislation to victims of the HIH collapse but continues to have grave concerns about the lack of reporting and accountability outlined in this bill. I commend the bill to the House.

Mr ROSS CAMERON (Parramatta) (10.19 a.m.)—Previous speakers on the Appropriation (HIH Assistance) Bill 2001 have noted my sense of ambivalence about this measure, which I do not really resile from. I want to thank both the Prime Minister and the Minister for Financial Services and Regulation for giving me the opportunity to put those concerns on the public record. I do so while acknowledging that I am going to support the measure. I am going to support the measure because the Prime Minister has indicated that the collapse is of such a magnitude that it requires a response of this kind by the government and because the minister has indicated that this bill will not form a precedent for bills of a similar character in the future.

In 1996, Peter Bernstein published a book titled Against the Gods: the Remarkable Story of Risk. In that book he advances the thesis that:

The revolutionary idea that defines the boundary between modern times and the past is the mastery of risk: the notion that the future is more than a whim of the gods and that men and women are not passive before nature. Until human beings found a way across that boundary, the future was a mirror of the past or the murky domain of oracles and soothsayers who held a monopoly over knowledge of anticipated events.

The Remarkable Story of Risk is the story of empowering the citizen, and my thesis today is that in the long run there is a direct correlation between the extent of risks that individuals are prepared to bear and the extent of their liberty as citizens.

The collapse of HIH has been described by some, including my colleague the member for Cook, for whom I have a great respect, as market failure. In fact, I would advance the heretical proposition that it represents market success. I do so because it is essential that we have a mechanism to shake out the inefficient and perhaps the fraudulent from the efficient, the competitive and the productive.

There is a feeling around the chamber of astonishment that HIH was insolvent: ‘We’ve had a corporate collapse—throw our hands up in the air at this stunning revelation.’ The opportunity to enter a market, to succeed, to attempt, to risk must always be accompanied by the reality that not all ventures will succeed. In The Remarkable Story of Risk, we have a number of great chapters. The first, I would say, is the beginning of the concept of limited liability. Limited liability is an inherently democratic doctrine. It aims to place capital at the disposal of the widest possible group in any community. It means that many people of modest means are able to participate in the economy as business owners. If strict liability were the only option
available, then we could engage in trade only up to the value of our personal assets. The result would be that only the rich could begin enterprises that require large amounts of capital. In this sense, limited liability provides a leg-up for the workers and the middle class, a bulwark of economic and social mobility against the entrenched power of inherited wealth.

But it is understood at the outset that some companies will fail and that creditors, shareholders and employees may suffer hardship as a result. Balanced against that sober understanding are benefits to the community as a whole that far exceed the costs. Those benefits come from a greater willingness of individuals to bear commercial risk. The result is a diverse and vibrant economy capable of producing a vast array of goods and services which together satisfy the aspirations and desires of the community. Every purchase at the corner store is a little triumph of collaboration in the management of risk and reward—a voluntary, mutual exchange of value. But whenever I engage in a transaction with a limited liability company, such as HIH or any other, whether as a purchaser, a supplier, a shareholder or a creditor, I understand that there is a risk involved. In fact, my sharing of the owner’s risk is what makes the transaction possible in the first place.

As a policy matter, liberal democratic governments rightly take the view that the overwhelming bulk of commercial risk should remain in the private sphere in which the citizen is master of his own destiny. Caveat emptor is one expression of that policy: let the buyer beware. While it involves obligations on the citizen, it is also a safeguard of his or her freedom. It rewards diligence and does not intervene to protect the negligent. This is essential to building a wider prosperity. It ensures that the industrious, the thrifty and the ambitious will not be unfairly weighed down by the choices of the slothful, the extravagant or the faint-hearted.

Thoughtful governments recognise that every time they intervene in an immediate, visible way in markets their actions have lasting, less visible consequences. While the immediate benefits of intervention are obvious—the capacity to alleviate hardship—the longer term costs are harder to measure. Former New South Wales Premier Nick Greiner once observed that the one thing worse than a recession is a recession you do not learn from. The same might be said of business failure. As a nation, we need to learn the lessons of HIH, One.Tel and Impulse. There are lessons for directors, proprietors, shareholders, auditors, creditors and customers. Failures of this magnitude should create a greater pressure in the marketplace for disclosure of current financial information. The experience should be valuable to entrepreneurs deciding where to draw the line between cash flow and market share. One.Tel and HIH should create a more acute awareness among directors of their fiduciary obligations. They should fuel a greater appetite for research and due diligence among investors and shareholders.

The risk of government intervention is that the power of failure to teach hard lessons will be diminished. The moral hazard is that bailing out one failure will make future failure more likely. It is hard to communicate that thought and sound compassionate in a press release or even a speech such as this. We also ought to count, in addition to the dollars that we are spending, the unseen opportunity cost of the wealth transfer from the general taxpayer to HIH policyholders. What would our 850,000 small businesses have done with that $660 million? What would Australian inventors, struggling to attract venture capital, have done with that $660 million? What new industries might have been created, what breakthroughs in medical research might have been achieved? Are there viable enterprises on the margins that may be pushed over the edge of solvency by the additional small incremental cost, the last-straw effect, that this $660 million impost represents?

I will be, as I said, supporting this bill. Certainly, like every other Australian, I feel the impact of the hardship suffered by those who contracted for a risk management service, the insolvency of which, in the case of HIH, means they will not receive anything
but for this bailout. I simply want the government and the parliament to reflect on not just the immediate but also the long term. I want to conclude with Bernstein’s reflection that there is a close relationship between our individual willingness to bear risk and the scope of our freedom as citizens. This is also reflected in a quote from Australia’s longest serving Prime Minister:

We believe, as we always have, that the only freedom is a brave acceptance of unclouded individual responsibility.

Dr MARTIN (Cunningham) (10.29 a.m.)—It is with some degree of sadness that I enter the debate on the Appropriation (HIH Assistance) Bill 2001 today, sadness because of the difficulties that have been inflicted on the lives of my constituents, like those of so many others in this place, because of the collapse of HIH, sadness because it has meant that the government has had to come to the rescue belatedly—having been dragged there kicking and screaming, when originally Minister Joe Hockey, the Minister for Financial Services and Regulation, seemed to indicate to the public at large, and certainly in this place, that the Commonwealth government had no responsibility—and sadness because there are some people who, whilst talking about risk, caveat emptor and so on, might indeed be suggesting that people in government should not have a responsibility, particularly when you establish what the Treasurer described as ‘world’s best practice supervisors’ through APRA and suddenly we find a major corporate collapse like HIH leaving so many of my constituents devastated.

It is indeed sad for those reasons that we are debating the provision of $640 million from the Commonwealth government to match those moneys that have already been pledged and certainly allocated through recent budgets by our state colleagues. It was state premiers like Peter Beattie and Bob Carr that immediately saw the problems that were being caused to their state constituents, our national constituents, because of the collapse of HIH. They came in immediately and made announcements about what they saw as their responsibilities and, as I say, belatedly it was this Commonwealth government that came to the party with the pledge of the money that we are debating today.

It concerns me that the breadth to which this collapse has affected the lives of ordinary Australians is still not fully realised. I do not think people understand the way in which people’s lives have been impacted upon because of some of the difficulties occasioned now by the collapse. Let me give you some illustrations from my own electorate as to why this might be the case. A close mate of mine who is a physiotherapist and runs a physiotherapy and sports injuries clinic wrote to me and said a claim had been made against him, the only claim made against him in 24 years of practice. He said that the claim was approaching its final stages and that if the claim went against him in court the maximum amount able to be claimed by the plaintiff was $140,000 plus legal costs of approximately $80,000, which is going to send him bankrupt. He has got a mortgage, he has got a family to raise, but he was covered by HIH. On his behalf we wrote to the government, and we got the standard response back from the Treasury. Under ‘HIH insurance concern’ it runs through ‘I acknowledge receipt of the Hon. Member’s letter’ and says:

The letter has been passed to HIH Claims Support Pty Ltd (HCSL), a company established by the Insurance Council of Australia to process the Commonwealth Government’s $640 million relief package for policyholders suffering financial hardship as a result of the HIH collapse. Enclosed is a copy of the Minister’s press release of 21 May 2001, outlining the criteria for HIH hardship relief.

That was a blessed relief for my constituent, to get a copy of the minister’s press release! It says that HCSL has established a toll-free telephone hotline number and the number is listed, and the web site is there and the address is given for that. It continues:

I expect that HCSL will be in touch with—my constituent—... shortly to obtain details of his arrangements with HIH and to assess this claim for assistance.
That is well and good, and that is the standard response that comes to all of the representations I am making, but it does not go to alleviating the problems for organisations like the Illawarra Migrant Resource Centre. The Illawarra Migrant Resource Centre has operated in Wollongong for a long time. It has taken on more responsibility simply because this government, the Howard government, chose to shut down the immigration office in Wollongong and, as a consequence, it acts as a de facto immigration office in my constituency—just as, I might say, my electorate office does from time to time.

The Illawarra Migrant Resource Centre indicated—and as I wrote to the Minister for Financial Services and Regulation, who has just come in, on this issue back on 22 May—that it is funded almost entirely by government, it has no spare funds to cover a possible damages payout and it has been advised by the Department of Immigration and Multicultural Affairs that it cannot seek further financial assistance from the department to cover the costs associated with indemnity insurance. In fact, DIMA actually suggested that the Illawarra Migrant Resource Centre put pressure on the new insurance company to cover any possible payout or to approach the Department of Fair Trading for assistance in their action. The Department of Fair Trading advised that neither the centre nor Fair Trading could compel the new insurer to take on this responsibility. The only funds that the centre has set aside are tied to employee entitlements, and legal advice is that these cannot be accessed to cover a possible damages claim.

So in this circular fashion, where we have got something like a migrant resources centre operating in Wollongong affected by the HIH collapse on personal liability insurance, they have been told by their funding organisation—another government department, at the national level—that they should go somewhere else and seek assistance, and they have been told that that is just not available. The Migrant Resource Centre are fortunately getting some pro bono legal advice, which is great, to fight the claim against them, but should they lose that case and be unable to obtain financial assistance from either DIMA or the government through this assistance package then there is going to be certain closure of the Migrant Resource Centre in Wollongong.

Mr Hockey—I can’t see why—

Dr Martin—Minister, genuinely, this is an organisation that does a sensational job—not for profit—but it is saying that if it does not get that it will have to shut down.

Mr Hockey interjecting—

Dr Martin—I am encouraged by the minister saying these things to me—and, Mr Deputy Speaker, I appreciate the leniency you are giving us in this, because it is an important issue. Joe, these people do a terrific job in Wollongong, as you would know. As most migrant resource centres do, they provide non-English-speaking recently arrived migrants and so on with tremendous opportunities. So I hope that the new organisation, the new insurance arrangement, is going to benefit them.

Others, however, may not be so lucky, particularly those who have been affected by indemnity for builders licensing and so on. I have got two cases there. One of my constituents who lives in Mangerton—I will not use the names of these people, because I do not think it is appropriate now—said that in February 2000 he engaged Leisure Coast Steel homes to construct a new home for him at Cordeaux Heights. It was not long into the construction when concerns were raised about the quality of the workmanship. A building engineer looked at it and found defects. Unfortunately, the builder went into administration in November 2000 and liquidation in January 2001. HIH Insurance, which carried the home owners warranty insurance cover, advised that the cost to rectify the defects and so on would be over $180,000. My constituent did not recover one cent from the liquidation process that was associated with Leisure Coast Steel homes and, as a consequence, he is now faced with this dreadful situation as to whether or not he will receive any recompense out of the new system that has been

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established for this federal rescue package occasioned by the collapse of HIH.

What is suggested in a letter to me, which I have forwarded to the ministers concerned, is that my constituent would like to see the federal government provide the completion funds required in the short term and recover what is available from the liquidator at the appropriate time. He would like to see a waiver for the GST on those homes that should have been completed pre-GST, as this has added substantially to their problems. That is a genuine concern. We all accept that there was a time, a start-up date, when the GST would apply to the construction of new homes—that was 1 July last year—and that after then the GST would apply. The construction of this individual’s home started before that date and it collapsed because of faulty workmanship subsequent to the company that was building it also going into liquidation and being wound up. He is left with nowhere to go. Finally, he is asking that the government, via its regulator or the appropriate body, contact the liquidator and immediately quantify the insurance arrangements and reinsurance arrangements that are applicable. I think these are important points that a constituent has raised with me.

Two more of my constituents, who live in Figtree, wrote to me about the HIH insurance group and the home owners warranty scheme. They are in a situation where their house is virtually worth nothing because of a problem with another company in Wollongong which went into liquidation and left them with a huge debt. As a consequence, they wrote a letter to me. I think these are valid concerns. Minister, you have heard comments being made certainly by people on this side and by other people about APRA. The following are not my words but those of two constituents that have been affected by this whole fiasco:

The Federal Government watch-dog, A.P.R.A., is a huge organization with a huge responsibility to all policy holders Australia wide. We are the victims of the regulators apparent failing to regulate a failing obligatory Insurance scheme.

The fact that H.I.H. took 5 months to process our claim has put a very suspicious cloud over A.P.R.A.

Why do we the ordinary battlers have to bear the brunt of beaurocratic bunglers who can’t run a multi-million dollar industry if their mortgages depended on it?

This is a cry from the heart of two of my constituents, who live in Figtree, that got the same response back from the government when I wrote to the government about their particular concerns. Again, the words that I have just quoted were not mine; these are the words of ordinary Australians living in Wollongong who have seen the dreams associated with the construction of their new home go down the toilet because of the collapse here. They are rightly saying, ‘This is a government that has said that it has created a world’s best practice supervisory regime, and look what happens!’

I am disappointed that there is a time limit on this debate, because there is a lot more I want to say about this on behalf of my constituents—just like we all did. I know that the honourable member opposite, the member for McEwen, is waiting to get her turn, and I am sure that she is going to talk about people in her electorate that have been affected as well. Something like this should not be allowed to happen. Governments take responsibilities for putting in place supervisory regimes that are supposed to protect ordinary Australians from collapses like this, and too much of it is happening. When they pick up a newspaper like today’s, those ordinary Australians that have been affected see where the major investors seem to have been given advice over a period of time as to how long things were going crook—

Mr Hockey—that’s One.Tel.

Dr MARTIN—as the minister said, they are talking about One.Tel, but I use this example in a more generic sense. Those investors and those people out there see a major corporation—whether it be HIH, One.Tel or whatever—where people have been given advice for a long period of time about things going wrong, but when they say, ‘If there is
this supervisory regime in place, why can’t something be done by a government to protect them?” they are left shaking their heads, just as we are. I commend to the House the amendment that will be moved by the opposition. I only hope that those people, like my constituents, are going to get some justice from the way in which the government has responded with this $640 million rescue package.

FRAN BALEY (McEwen) (10.42 a.m.)—The Appropriation (HIH Assistance) Bill 2001 will provide for the federal government to fund a scheme to assist people who have experienced hardship as a result of the HIH collapse. The bill will also provide for the formation of a non-profit company, HIH Claims Support Pty Ltd, to process the claims of those HIH policyholders suffering hardship as a result of HIH being unable to honour its commitments.

In particular, the government has identified HIH salary continuance policyholders as deserving the quickest assistance possible. It will pay to Australian citizens and permanent residents who previously received benefits from HIH under salary continuance policies 100 per cent of the amount that HIH would have been obliged to pay under the policy. People with salary continuance policies have already received cheques, including people in my electorate. They have requested that I express their relief at receiving this payment. In some instances, payments received have been for as far back as three months salary continuance. Understandably, prior to the government taking action, the non-payment of these salary continuance policies by HIH was causing considerable strain and concern among many people whom I represent. The restoration of these benefits means that people can start to get on with their lives without worrying about whether or not they are going to receive their salary and be able to meet mortgage payments and day-to-day living expenses.

Importantly, the government is assisting those people who are most in need—people who were facing ruin by the HIH disaster. The government is fulfilling what I believe to be its humane obligation to ensure that those most in need do not fall through the net and suffer hardship. As the Minister for Financial Services and Regulation has said, this is a very generous and very compassionate package. This package is not about setting a precedent for the rescue of corporate financial services collapses; rather it is quite rightly dealing with and responding to exceptional circumstances. Government should not stand idly by when people, through no fault of their own, suffer hardship that adversely impacts on their ability to support themselves.

The upgrading of the government’s assistance package to $640 million will help about 30,000 of the hardest hit policyholders. The package will also cover small businesses with fewer than 50 employees, who will be eligible to receive 90 per cent of the value of their claims. The government will also meet the full cost of personal injury policies.

The collapse of HIH Insurance has had a far reaching impact across Australia, causing hardship for many Australians, including HIH policyholders, shareholders and those people who, through no fault of their own, have been inextricably caught up in this corporate disaster. The HIH collapse raises many serious questions about corporate responsibility, in particular the responsibility of company directors and the moral, social and economic obligations that they have to their shareholders and consumers. According to the HIH 2000 annual report, the company had gross premium revenue of $2.8 billion, total assets of $8 billion, total liabilities of $7.1 billion and net assets of $900 million. Yet, despite this balance sheet, HIH was placed into liquidation only months later, with losses of $800 million. The provisional liquidator warned that it could take up to 10 years before some creditors were paid.

The HIH collapse has led to ASIC launching its biggest ever investigation. In the 2001-02 federal budget, ASIC was provided with additional funding of $5 million over two years to assist with its investigation of HIH. Many people are now asking how this happened. How could a company that
purported—on paper at least—to have a healthy balance sheet just a few months later be placed into liquidation? Shareholders and policyholders could quite rightly ask, ‘What were the company directors and APRA doing?’ There appears to have been little in the way of corporate responsibility, because HIH was insolvent with a shortfall of up to $4 billion when it collapsed in March. A year before the collapse, HIH’s actuarial adviser had warned HIH management that its accounting practices could have ‘disastrous consequences’. According to the provisional liquidator, the financial position of each of the three main licence holding companies within the HIH group was worse than the stated balance sheet position by a very significant margin in each case.

ASIC expanded its investigation in early May to include looking at whether HIH was solvent as early as July 1998, which was months before HIH bought the FAI Insurance Group for $300 million. APRA gave the green light to HIH to buy FAI in early 1999, because it believed the takeover did not harm HIH’s financial position. Indeed, the Australian Stock Exchange revealed that its concerns about HIH went back to September 1998 when, before its takeover of FAI Insurance, HIH conducted an on-market purchase of the 14 per cent stake in FAI owned by then FAI managing director, Mr Rodney Adler. The Australian Stock Exchange referred the matter to ASIC, which took no action.

Reports in the media have suggested that APRA did not make full use of its regulatory powers prior to the collapse of HIH. APRA’s role is to monitor insurance companies under the Insurance Act. In the case of HIH, it is unclear whether APRA made full use of its regulatory powers prior to the collapse of HIH. However, the Insurance Act does not prevent company failure. APRA may appoint an inspector to examine the company’s affairs where it is considered to be in the public interest. APRA has no power to ensure that all policyholders have their claims met in the event of insolvency. It may be that APRA’s regulatory powers need to be strengthened.

Company directors and management must not be allowed to use public companies as their personal cash cows. In our modern capitalist society, it is certainly important that people be rewarded for their efforts, and I do not believe that anyone in this place would deny that. However, there has to be accountability to the shareholders and consumers. There must be in place at all times sufficient checks and balances to ensure that public companies are run prudently and are at all times solvent. It is becoming increasingly clear in the case of HIH that company directors and management were not diligent or accountable in carrying out their duties. Many Australians, and I am certainly one, find it absolutely abhorrent that executive company directors could and did continue to receive large bonuses even when their company was struggling financially and they were clearly not performing to a level that justified the level of such bonuses.

I am not suggesting that the answer to this is to impose Draconian regulations on the operation of public companies and their directors, but I do strongly believe that regulations do need to be tightened and strenuously enforced, that there must be the highest prudential standards of responsibility for company directors and that these company directors must be held accountable for their decisions. These responsibilities must not only take into account the economic consequences of their decision making and actions but also acknowledge both the moral and social consequences of their decisions. At the end of the day, the decisions that these people make can have a profound influence on the livelihoods of innocent third parties. The effects of the HIH collapse have been devastating for individuals, families and small businesses, many from the areas that I represent.

The government’s decision to hold a royal commission is a significant step in the right direction. The federal government is committed to getting to the bottom of the HIH collapse and will cooperate fully with the royal commission. I hope the state governments will also give their unequivocal backing to the royal commission. In the case of
HIH, I believe that government does have an obligation to act and implement this assistance package to ensure that HIH policyholders are not simply left as victims of such a disgraced company that abrogated its responsibilities to its policyholders. I commend this bill to the House.

Ms ELLIS (Canberra) (10.52 a.m.)—There is absolutely no doubt that the news of the collapse of HIH back in March reflected little, if anything, of the absolute reality of what was about to happen to many people. To hear of the collapse of a corporation of this size is pretty significant, but I think it is fair to say that probably nobody in this House would at that point in time have totally understood what was really going to happen to so many people. The enormity of the effect of this collapse on our economy and on our community is still not being felt in full reality, in my view. There are still ramifications occurring and there will be for some time. I think the words of the previous speaker, the member for McEwen, have restated and reinforced very strongly for me the call from this side of the House so early on for a royal commission. There was absolutely no doubt in our minds that, as the picture became clearer and the reality became easier to read, there was going to be a desperate need to have a full and absolutely high-level judicial inquiry in the form of a royal commission. I am particularly pleased to see that this has finally been agreed to by the government.

The human side of this is another aspect that previous speakers have spoken about. I believe it to be true that there is not one member in this place that has not received representations from somebody or some group of people within their constituencies in relation to the effect on their lives of this collapse. In our work as local federal members within our electorates, we always have the experience of people needing help coming through our doors with pretty heart-rending stories of one sort or another. I have to say, however, that one particular case which came to my attention really rocked me because of the effect it was having on this particular family. At this point, I have to acknowledge quite happily that in desperation one day, with no way of knowing how to best advise these people—because there was a certain urgency and expediency facing them—I rang the minister’s office. I think it happened to be the morning that the first announcement was about to be made in relation to the rescue package. I rang the minister’s office in desperation and said to his staff, ‘Look, I know that you haven’t even announced this yet but I know it’s coming, and I really need to know whether these folk are going to fall into the ambit of the rescue package.’ Whilst I could not get detailed information, I am not critical of that because it was very early in the piece, and I have to thank the minister’s staff for getting back to me as promptly as they did that day. But the reality is still there.

This particular case is about a small business person within my electorate who had a limited liability insurance policy with HIH and there had been a claim made as a result of an accident back in 1996. We could go into the details of why on earth it had taken from 1996 until the 2001 to finally have that case come before the court, but I do not wish to here. The problem facing this gentleman and his wife—and they are literally just independent small business people—was that they were facing a court hearing within something like 10 days of when they came to see me. At the time of the collapse there was a pending case going on, and HIH held their insurance. They were contesting the case to some point, and within 10 days of seeing me they had to front up to court. Simply because of the collapse, the complainant on the other side of this instance—who equally had a case to be heard as well, I have to say—on legal advice was now pursuing through the courts a civil claim on this family business of in excess of $1 million. The stress and the trauma that that couple was going through I do not think I could describe if I tried. Suffice to say that when I realised that the Appropriation (HIH Assistance) Bill 2001 was coming on this morning, I rang that family in the last 24 hours to see where they are up to now. Thank heavens, through their legal representation they have been able to get the
case delayed until October. While that helps them, it does not help the person on the other side of this instance, who is equally deserving of a court hearing due to an accident. It is all very uncomfortable.

The problem that I think I have with this whole situation is the fact that the collapse should never have been allowed to happen in the first place. We have to go back to the beginning of this. We have to ask: how on earth could a company issuing financial statements, as this one was, get to the point where nobody, it seems—the regulators, the government authorities involved—knew about it? Or did they knowingly not act on what information they may have had? I am not saying that they knew or did not know. There has been a lot written about it and a lot has been commentated about it. All I know is that, if they knew, they should have done something and, if they did not know, they should have known. That is what the regulatory authorities are there for and that is what the government is there for in terms of putting those things into place. I find it quite extraordinary and mind numbing to think that a corporation of this size, with its tentacles going out through so many ancillary and connected companies to so many people in our community, can get away with this. It is just abhorrent.

Another family who were building their dream home came into my office, after emails, phone calls and faxes. There are hundreds of such families around the country. To read about them in the paper is one thing but to be confronted with the human side of it is another. This family’s home was being built by a builder here in Canberra who unfortunately went broke. Within days, or hours, of getting the next step taken for coverage, HIH collapsed and they had no home. They had nowhere to live, and their financial situation has been affected dramatically. They are now at the point where their house has begun to be constructed again—it is back on track—but they have had to go to their financial institution and make new arrangements. The total life of their mortgage has been put back by another 10 to 12 years at least. Through no fault of their own, their whole financial situation right now is nowhere near what it was just a few short months ago. We could all stand up, as other members have done and as I am doing, and endlessly quote at the Minister for Financial Services and Regulation and the government all these personal cases. We have to do that because we have to bring that human side into the examination of the outcome of a collapse such as this.

The legislative changes to the general insurance industry to improve capital adequacy and so on, announced by the minister back in November, are welcome. We are now seeing the legislation fast-tracked. But I have to be critical: it should not have to be fast-tracked; it should have been done. This government has been in place in excess of five years. If there was a need to do this, it should have been done. If it had been done, would it in fact have saved all this? I do not know—possibly, possibly not. But it is being fast-tracked, and we have to draw the conclusion that there is some reason to do that in connection with all of this and the emotion and the reality around the collapse.

I support the amendments that we will put forward. I deplore absolutely, in the strongest of terms, the actions of the people running HIH and the associated companies. I have to ask: how good was the auditor? I have to ask: how good was the regulatory authority? It is like saying that in front of you on the horizon are many things, but one, two or three of them are pretty big. So do we ignore them and look only at the small ones? How is it that this can happen to something so large, so prominent, so effective within our community? Everybody is standing back and saying, ‘Well, it’s happened; isn’t this terrible?’ But, until the royal commission does its job, we are never really going to know how and why. The minister said before to one of the previous speakers that information in the papers today is relative to only One.Tel. That is true, but why are we saying that it applies to only One.Tel. It is happening to other corporations as well. The bonus payments and the salary levels are obscene, particularly when you see this sort of outcome.
So I can only implore the government to continue to act in relation to the royal commission. I welcome that. I welcome the fast-tracking of the legislation—I wish it did not have to be fast-tracked—and I of course welcome this bill. I support our amendments to it and I hope that, at the end of the day, the $640 million is going to be enough. I am not critical of that figure. I hope it will be enough and I hope, very sincerely, that folk out there—small businesses or otherwise—are not allowed to end up falling through some crack or other but that, if it happens, there are mechanisms in place to catch them as quickly as possible, because this hurt and this human impact simply must stop. It is our job in this place to stand up and speak on behalf of those people and make sure that everybody realises that they are in fact the reason we are here.

Mrs DE-ANNE KELLY (Dawson) (11.03 a.m.)—The Appropriation (HIH Assistance) Bill 2001 goes to the heart of the role of government. The question is: is government merely an economic manager or does government have a national leadership role? There are those who say that no government can make up the losses of every individual or business. That is certainly true—and nor should any government make up the losses. However, in this particular case—and I am sure there will be others—there were overriding considerations. The first was the size of the collapse and the number of affected policyholders—the knock-on effect to the rest of the economy and other businesses. The second question that arose was the question of personal responsibility, and many members of parliament have commented on that. But policyholders in HIH had taken personal responsibility. They had taken out an insurance policy in good faith and they believed it was a prudent move. It turned out not to be, but that was not their fault.

First of all, I commend the Prime Minister. In my electorate, the overwhelming message that I received was that other policyholders did not want to have a levy on all insurance. The Prime Minister’s decision was that those who chose to insure with other firms—as it transpired, a wise decision—should not have to pay for the HIH failure. I am pleased to see that the government did not impose a levy but instead chose a package of $640 million to assist policyholders. This, I think, was a test for the government, and I believe that they have passed it very soundly. I am pleased that the Minister for Financial Services and Regulation is at the table. I watched the strident criticism that he received when this first occurred—the clamour for action and inquiries—and I think that the minister’s calm concern for policyholders is to be commended. He was not at any time distracted from focusing on those who were suffering the most, and I think that was a very commendable approach while under a great deal of duress. I think this has certainly been handled in a compassionate and sound manner by the minister and the Prime Minister.

I would like to talk very briefly, for the record, of the initiatives that have been taken by the government. The not-for-profit company HIH Claims Support Pty Ltd will provide claims management and payment services. The government will, for policyholders, pay 100 cents in the dollar for people with salary continuance policies, personal injury claims where the insured is an Australian citizen, permanent resident or small business, claims for a total loss on a primary place of residence—again, where it is an Australian citizen or permanent resident—and claims where the insured is an Australian not-for-profit organisation.

The government will also support policyholders to the tune of 90 cents in the dollar for other claims where the insured is subject to an income test—where family taxable income is less than $77,234, regardless of the size of the claim; where family taxable income is more than that amount, increased by $3,139 for each additional child if the claim is more than 10 per cent of family taxable income. The government will also ensure that policyholders receive 90 cents in the dollar where the insured is an Australian small business that has 50 or fewer employees. I note as well that the government is going to instigate a royal commission. I will not read out all the terms of reference; I think
they are thorough and I have no doubt that, if there has been wrongdoing, this royal commission will ensure that those responsible are brought to book. I believe, as I have said, that the government acted wisely and showed national leadership.

I would like to talk about two of the cases that give a human face to what could have been a national tragedy and is certainly causing hurt across the nation. One of those was the most famous tourist attraction on the Darling Downs, the Jondaryan Woolshed, which is fighting a wind-up application in the Supreme Court in Brisbane. A visitor to the shed had filed a personal injury claim for $220,000. This is a non-profit organisation. It was insured with HIH. It is very important to the Jondaryan community. I cannot comment on its success or otherwise with the subsequent actions that it has taken. The other case concerns a typical couple, a Toowoomba couple, Peter and Joanne Jackson, with three children, whose story was in the Courier-Mail. They face financial ruin. The tenant of their Gympie house was successful in a $250,000 claim against them when she allegedly fell down the stairs. Mr Jackson said:

We have very little equity in the house. We are a single income family and Joanne is a stay at home mother. We will be bankrupt. That will be the only way for us to go.

Undoubtedly these very sad cases will be addressed to some extent, if not fully, under the government’s package of measures. I am delighted to see that Australians such as the Jacksons, non-profit organisations and small businesses right across the country will remain viable and will be able to continue their businesses and family arrangements thanks to a government that showed national leadership.

In the time I have left to me, I would like very briefly to talk a little more about the tale of two governments. Both governments covered HIH costs for policyholders—the federal government, as we said, with a package of some $640 million for policyholders, the Queensland government with $230 million for third-party insurance payouts. The federal coalition was able to achieve this without running the budget into deficit. In fact, as the Treasurer has announced, there is a surplus of some $1.5 billion. Not so for Queensland. There is a deficit of $820 million. Yesterday’s Courier-Mail said:

Budget papers reveal the Government—this is the Beattie Queensland government—has a Budget deficit of $820 million with the collapse of insurance giant HIH and lower-than-expected investment return ...

What is the outcome for employment for these two governments? Unemployment nationally, as a result of the federal coalition’s initiatives, is seven per cent—historically low. It compares with that of the previous government’s high of some 11 per cent. Since we have taken government, we have created 820,000 jobs. Unfortunately, Queensland is a sorry tale. There is nine per cent unemployment, the highest in the nation. The Courier-Mail said yesterday:

The Beattie Government’s unemployment target of 5 per cent by mid-2003 is dead and buried ...

On the front page yesterday, there was an article headed ‘Beattie faces awful truth on jobs, jobs, jobs.’ It said:

Jobs! Jobs! Jobs! Premier Peter Beattie said it, so where are they?

I think every Queenslander would be asking that. Where are they? I quote again from the Courier-Mail:

Yesterday’s State Budget highlighted the awful truth facing Beattie—he cannot achieve his target to cut the jobless rate to 5 per cent by 2003. Yet a sound government federally has been able to achieve a budget surplus and to cut unemployment down to seven per cent. What else have we done? In the last budget we cut taxes by $5 billion—taxes for business, taxes for families—yet in Queensland, as we learn from the papers, taxes per capita are growing. What else has the coalition government been able to do? We have been able to reinvest in the nation across a range of services to benefit rural and regional Australia and those living in our urban centres. In Queensland, as the Courier-Mail tells us, capital works will fall in real terms.
What is the difference between these two governments, both faced with generally the same challenges and certainly with the same payouts in comparative terms for the HIH collapse? The difference is that one is a sound coalition government and the other is a Labor government. I would like to suggest to my constituents in Queensland that before the next federal election they should think very carefully about how a promise made by the state Labor government of ‘jobs, jobs, jobs’ has turned out to be dust. In fact, Queensland unenviably has the highest unemployment rate in Australia, a deficit and hard times for Queenslanders. There is no doubt that the promises of Labor governments are not kept. We know already from the Conroy confession—the confession by the Labor senator Senator Conroy—that taxes will rise as a result of Beazley and the Labor government taking office and that services will be cut. We have seen what has happened in Queensland. I commend the Minister for Financial Services and Regulation and the Prime Minister on this very sound bill that takes account of policyholders across Australia who have suffered as a result of the HIH collapse. I have great pride in supporting such a sound bill.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (11.15 a.m.)—in reply—I appreciate the contributions made to this debate on the Appropriation (HIH Assistance) Bill 2001 by members, and a number of members in particular. I would like to correct a number of issues that the member for Wills raised and answer others. I note that in the budget we provided more than $500 million for the HIH package. At no stage did we say it would be $500 million. Once we had received the information, just a few days after the budget, it confirmed our earlier expectations that the figure would be $640 million. We have received no information from the provisional liquidator that would indicate that the figure would be greater than $640 million.

In addition, the liquidator is realising assets of the company—albeit not too substantial, I understand. But, if there are any coffee cups left in the company, I am sure the provisional liquidator will sell them. We would expect that there will be payments back to the creditors within two years. As further information is provided, some direct reinsurance may come to fruition. That direct reinsurance and indirect pooled reinsurance may also provide some respite for the government, through payments, in its position as the largest unsecured creditor to the company. Therefore, we have taken what I believe to be a very generous outlook in terms of the figure being as large as we can put our finger on at the moment to cover the cost. We would not be able to do this if we did not run a substantial budget surplus. Australians can be thankful that we did not have to resort to what the Victorian government, the New South Wales government and the Western Australian government are doing—and that is imposing a levy on everyone to pay for their bailout packages. We did not have to do that because we are good financial managers and we are running substantial budget surpluses. Out of that surplus we had the capacity to help Australians who have been most disadvantaged. Let me make it perfectly clear—and I will say a little bit about this later—that that is whom we are focusing on, people who are most disadvantaged.

The member for Wills and the member for Canberra suggested that somehow the Labor Party was out of the blocks on 15 March, when the company went into provisional liquidation, and that they were there at the cutting edge calling for a royal commission. There are some statements that need to be corrected. I quote the Deputy Leader of the Opposition, the member for Hotham, who said on 2BL on 14 May, nearly two months after the collapse of HIH:

Well it may be that we have to have some judicial inquiry. I don’t think you can make that call at this stage until we see the full extent of the problem from the provisional liquidator.

Well it may be that we have to have some judicial inquiry. I don’t think you can make that call at this stage until we see the full extent of the problem from the provisional liquidator.

That was 14 May, and the opposition was dampening down expectations of any judicial inquiry. Two days later Kim Beazley came out and said, ‘Labor promises to hold a royal commission if we get into power’—a political stunt only two days later, and at a time when we had not ruled out a royal commis-
sion. In fact, we obviously had all the resources of ASIC involved in investigations into the company, both before the collapse and after the collapse. That is a very important point to note: ASIC is investigating events that occurred before the collapse and after the collapse.

The rescue package is for people severely affected by the collapse. It has never been done before. We have never had a general insurance company of this scale collapse in Australia. We have never had a company of this scale collapse in Australia. In fact, even at this stage the company is not in liquidation; it is still in provisional liquidation. The fundamental difference between HIH and One.Tel is that One.Tel never made an audited full year profit. HIH never made an audited full year loss. That is why everyone was caught by surprise. Because HIH had never made an audited full year loss people were stunned when the company went into provisional liquidation, only a few months after reporting that it had made an audited profit and that it had nearly $1,000 million of net assets.

With the benefit of hindsight, everyone says that there was this document saying it was in trouble and there was that document saying it was in trouble. But there were directors attesting that it was solvent, there were auditors attesting that it was solvent, there were market analysts attesting that it was solvent, there were reinsurers attesting that it was solvent, there were state and federal regulators attesting that it was solvent. The stock market was attesting that it was solvent. There were a range of other people involved, including the officers of the company, who were attesting that it was solvent. Yet it has come out with potentially a $4,000 million deficit. That is why we had to have the royal commission. There has been such a gross turnaround in a matter of months, without any explanation, that we need to get to the bottom of it. That is why we are having a royal commission. I am glad to see that the public, the commentators—and the opposition, I think—appreciate that the royal commissioner who has been nominated is a very independent person, a well-respected judge from Western Australia who is obviously going to be very focused on getting to the bottom of the matter. As well, we have ASIC’s very extensive investigation.

In relation to the other matters raised by the member for Wills, who says that 50 is not enough people for a criterion for small business, I understand that it covers 97 per cent of businesses in Australia: 97 per cent have 50 employees or fewer. From that perspective, we had to draw a line somewhere. It is actually meant to be a hardship package and, given that it covers an enormous number of businesses in Australia, I think that the criterion of 50 employees makes for a very generous support package, at 100 cents in the dollar. The member for Wills also says that the industry has not contributed. I say from the outset that the industry is contributing. It is contributing because the New South Wales government is imposing a $69 million per year levy that is to be paid by the industry. But that is going to be paid for by all Australians, not just by New South Wales. If there is any suggestion that Allianz is not going to pass on the New South Wales government levy to its clients in Queensland, you would have to be joking. Every Australian is going to pay for the New South Wales government levy.

Mr Kelvin Thomson—Why didn’t we have a national solution, then?

Mr HOCKEY—The member for Wills asks why we do not have a national solution, and it is because Queenslanders already guarantee their builder’s warranty. So why should Queenslanders have to pay for the failings of the New South Wales government? Why should Queenslanders have to pay for the failings of the Victorian government? Why should Western Australians have to pay for the failings of the New South Wales government, when New South Wales did not properly supervise and stand behind its own insurance schemes? New South Wales tried to run away and socialise its losses right across Australia. That is why the New South Wales government should have paid for its own insurance failure. The New South Wales government mandates builders
warranty insurance in that state. It sold its Builders Services Corporation, took the money out of it and was left with three insurers for building in New South Wales: Dexter, Royal and Sun Alliance, and HIH. I am sure that the royal commission will find out why HIH stayed in that business. It will be very interesting to find out just what the state government said to HIH that they had to stay in that line of business in relation to builders warranty. That is one of the reasons the terms of reference of the royal commission are very broad.

The member for Wills also raised issues in relation to accountability, and I think we will be dealing with those in a minute and so I will not cover them at the moment. However, I say to the member for Cook that I appreciated his contribution. I also thank the member for Chisholm for her contribution. She mentioned Nick and Millie from her electorate. I would say that again it comes down to the builders warranty scheme that is mandated under state governments. I have a very grave concern that state governments require builders to take out this form of insurance, and yet in some cases there is only one insurer in Australia that is prepared to offer insurance. The only reason it is prepared to offer insurance is that it can make some profit; you cannot expect any insurance company to go into a line of business where it makes a loss. It is a significant risk, in a particular field in industry where there is only one insurer in the whole world—because insurance is a global business—that is prepared to offer insurance. That is a terrible systemic risk for the state governments. It needs to be addressed. Dexter is the only insurer that I am aware of—and it is backed by Allianz and Swiss Re—that is going in and providing insurance for partially completed building work. No-one else is. There are 161 insurers in Australia, and no-one else is prepared to touch this line of insurance, because it is so risky. It raises significant systemic risks, but that is the insurance required by the state governments of their builders. It is very important that we bear that in mind.

I understand the position of the member for Parramatta. I understand and appreciate it. He said that we need a mechanism to shake out the inefficient and perhaps the fraudulent. I agree. That is why, in effect, this is a safety net package. It is a safety net package and it is a welfare package. I say to the member for Parramatta, as I said in my second reading speech, that this is not a precedent. He says that limited liability is a limitation on enterprise and thrift. Well, in a sense he is right; but that is why we have companies. Companies actually limit the liability of individuals. That is why people incorporate and why we provide that mechanism of protection. But, in the process of incorporating, people have certain obligations.

The member for Cunningham mentioned the Illawarra Migrant Resource Centre. I say to the member for Cunningham that I would be very surprised if they were not covered by this package, and I say that in good faith. We would need to check out the details, but all non-profit organisations that may be qualified will qualify under this, and for 100 cents in the dollar. Again I say to the member for Cunningham that he should speak to John Watkins, the New South Wales Minister for Fair Trading, about builders warranty. Michael Egan in New South Wales made an extraordinary claim on TV one day that anyone who needs to be covered will be covered, so go out and buy a house in good faith. That was a very courageous statement. I am not aware of any details yet of just how many people have actually received cheques in New South Wales. We made a commitment to get money out in salary continuance. I understand that so far in the last two weeks we have sent out around half a million dollars to people on salary continuance, and we will continue to undertake that. I do not know if New South Wales is living up to the expectations that it has created in relation to builders warranty. And I am very concerned about Victoria. There have been pledges made by state governments, but they are not actually delivering support to builders.

I appreciate the member for Canberra thanking my staff, because my staff have
done an excellent job in the process. This is something that has not happened before and it was important to have very highly qualified personal staff in my office. I would particularly like to mention Peter Cullen, who has worked enormous hours on this. Everybody was working on weekends and through the night in some cases to try to put in place the arrangements. I would also like to mention Andrew Lumsden, Matthew Abbott and all my staff who worked very long hours with me on this. I would particularly like to thank Treasury officials Gary Potts, Steve French, Karen Whitham, Simone Abbot, Godwin Grech and a number of others—there are too many to mention—and Amanda Goodban, who is here, who has given excellent advice from the start.

We were right across this early. Of course no-one had picked up on the size of the problem, as I said, because no-one knew—just look at the press clippings from the days before. Today, more than three months later, the provisional liquidator still cannot tell us what is the bottom line of the company. I am glad that the stark light of a royal commission is going to shine on this, because it is going to see that immediately, when HIH collapsed on the night of 15 March, I was on the phone to APRA asking who was immediately affected, and I was particularly concerned about people with travel insurance. There were nearly three-quarters of a million people travelling both domestically and internationally who did not know that, as of that moment, they were not insured. As I said in my second reading speech, I want to thank QBE for immediately covering these people, after a few phone calls, and that happened immediately after the collapse. Following on from that, there was an enormous reaction from all of us to try, firstly, to find out just how many people were immediately affected, which was unquantifiable because the HIH’s records were so terrible, and, secondly, to get in place some support mechanisms which included, in the first place, the need for the insurance industry to step in to help and, if there was going to be support from the Commonwealth, the need for an appropriation bill.

Finally, I also thank the member for McEwen, the member for Dawson and other members who have contributed to the debate. This has not been an easy process; it has been a very difficult and demanding process. The thing that always keeps all of us in this place going is that we are actually trying to help people who have been disadvantaged in our community. I think Alan Jones summed it up totally appropriately one morning on Sydney radio when he said that the community does have an obligation to step in when there is a flood or a hailstorm or an event that occurs that is out of people’s control and there is immediate hardship. I know that a number of media commentators were raising these issues. The questions for a government always are: firstly, how can we quantify the size of the problem; secondly, how can we set up a mechanism to address the matter; and, thirdly, how can we make sure that there is a safety net to support people? I appreciate the contribution of people like Alan Jones to the debate and for bringing to the attention of everyone the issues involved. I commend the bill to the House. I remind the House that this is not a precedent; it is in fact an act of a compassionate government to help those people most disadvantaged.

Question resolved in the affirmative.
Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.
Mr KELVIN THOMSON (Wills) (11.35 a.m.)—I move:

At the end of the Bill add:

5 Reporting

(1) The appropriate Minister must have prepared a report providing details on all financial assistance to HIH eligible persons, including all recipients of financial assistance, the payment amounts of such financial assistance, and the reasons for such financial assistance on the 15th day of each month after the commencement of this Act

(2) The appropriate Minister must cause a copy of the reports prepared under subsection (1) to be laid before each House
I note the minister’s concluding remarks to the effect that the $640 million will cover it. We certainly hope so and that there will be no further blow-out. The minister also made reference to the idea that New South Wales, Victorian and Western Australian taxpayers, in making a contribution, were not in the same happy situation as Australian taxpayers more broadly in the national sense, and that that was as a result of this government being good financial managers. The point is that New South Wales, Victorian and Western Australian taxpayers would not have to be making that contribution if this government were good financial planners and if they had not through regulatory failure led us to the situation that we have today with the largest corporate collapse in Australian history. The minister also complained that, because of the varying state systems, we have a piecemeal solution. I have been urging him all the way through that what he should be doing is convening a national roundtable to try and address those problems by coming up with a national solution, not a piecemeal solution. It is not good enough for him to come in here and say that these different state arrangements are unsatisfactory. It is his responsibility to try to do something about addressing that, and that is something that he has conspicuously failed to do all the way along.

The amendment that I have moved would require the minister to prepare a report providing details on all financial assistance to HIH eligible persons, including all recipients of financial assistance, the payment amounts of such financial assistance and the reasons for such financial assistance, on the 15th day of each month after the commencement of the act. It also asks that the appropriate minister cause a copy of the reports so prepared to be laid before each house of parliament. This is designed to try and address the accountability concerns that I referred to in my second reading remarks. I would welcome from the minister indications about what accountability we are going to have in relation to this bailout package, having regard to the concerns that I expressed earlier.

It is not our intention to divide in relation to this matter. What we are looking for from the government is some evidence that there will be proper transparency and proper accountability. We are concerned about those things. The sort of response that we get from the minister will help give us an indication as to how we should proceed in considering this issue when it comes before the Senate. There are some serious accountability and transparency issues here. As I said in my earlier remarks, we want to understand how the interests of the taxpayer are going to be protected. We would also like some indication or understanding of what information the government can provide about cases where assistance is not provided and the claims are rejected. I have been asked about what the government will say about these matters. I am not suggesting that the individuals should be referred to, but I am saying that we are entitled to be interested in the number of claims that are not accepted and the amounts of money involved.

I also mention to the minister that there is a particular case involving Ms Jill Dodd and her husband. I do not want to take the House through it; I understand there are time constraints. But it is a matter of concern to me and I would like the opportunity to follow up their case with the minister or his staff to see if we can do everything we can to sort out their particular problems in relation to their HIH policy. Having said that, I invite the minister to explain to us or give us as much information as he can about some of the accountability issues to which I referred in my second reading remarks.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (11.39 a.m.)—In relation to the issues raised by the member for Wills, we will not be accepting the amendments because they actually suggest that we should reveal individual details of the recipients of financial assistance and, because of the Privacy Act and various commitments to privacy, it is important that we protect the privacy of individuals who might be accepting the Commonwealth’s offer. However, I assure the member for Wills that, firstly, in the agreement between
HCS, the insurers who are going to process the claims and HIH there is going to be a clause that the insurers must manage claims in accordance with the claims management processes of HIH. Secondly, there must be an audit process, both internal and external, of performance of HCS and, of course, HCS will be subject to the appropriate reporting requirements because it is a company incorporated under the Corporations Law, so it will have the normal processes in place there. I understand Treasury has been consulting extensively with the Australian National Audit Office throughout this process to put in place all the appropriate measures for auditing.

I can add that there are going to be three levels of audit between HCS and the Commonwealth. In the first place, HCS will have the external audit required by the Corporations Law; secondly, HCS is going to establish an internal audit which will provide quarterly information on financials and performance; and, thirdly, the Commonwealth will reserve the option of undertaking our own sporadic audits from time to time to reassure us that the appropriate mechanisms are being put in place and processes are being undertaken.

The member for Wills raised the issue of how you ensure that some people are not getting too much while others are not getting enough. This is a great dilemma in relation to insurance generally. On something like A Current Affair you can have segments that will show, on the one hand, insurance companies not paying enough money to individuals and, on the other hand, individuals who may be defrauding the insurance company. That is one of the dilemmas that we have had to face during this entire process. The government are not qualified to make those assessments. That is why we have left it to the normal processes of the insurance companies, where they will have to manage claims, as I said, in accordance with the normal claims management processes of HIH, and that will be audited. That is the best safeguard that we can put in place. We do not want to be in a position where we are either too generous or, on the other hand, not processing and providing support for claims as appropriate. We have considered all the options and deemed that to be the most appropriate mechanism.

We have received 10,000 phone calls to the HIH assistance line. I recognise that there may be some imperfections in that process, as was raised by the member for Wills. Again, it has not happened before; we did not have any forms in the bottom drawer for insurance companies that collapse. We needed to put in place a mechanism that was legally credible, that did not infringe upon the rights of individuals as creditors. For those people who will not be able to claim here, there is an appeal mechanism we have set up that will be headed by Bill McLennan and they may qualify under that. Alternatively, we should not forget that, if they do not qualify for our package, they in fact become unsecured creditors of the company, so we do not have any right to go to them and say, 'Please give us your details.' It is an offer being made from the Commonwealth to individuals to say, 'If you want 90 cents in the dollar or 100 cents in the dollar, and you qualify, here you are; otherwise you retain all your rights as an unsecured creditor of the company and all your individual legal rights, which are private to you and private to HIH and the provisional liquidator.' That is why it has been a more complicated process and a difficult process. (Time expired)

Amendment negatived.
Bill agreed to.

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

COMMITTEES
Corporations and Securities Committee
Extension of Time

Mr DEPUTY SPEAKER (Hon. I.R. Causley)—Mr Speaker has received a message from the Senate transmitting the following resolution agreed to by the Senate:

That the time for the presentation of the report of the Parliamentary Joint Committee on Corporations and Securities on the provisions of the

NEW BUSINESS TAX SYSTEM (SIMPLIFIED TAX SYSTEM) BILL 2000
Cognate bills:
NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) BILL 2001
NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES—TRANSITIONAL AND CONSEQUENTIAL) BILL 2001

Second Reading
Debate resumed from 7 December 2000, on motion by Mr Hockey:

Mr KELVIN THOMSON (Wills) (11.46 a.m.)—I move, as an amendment to the motion for second reading:

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

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

(1) massively increasing the complexity of the tax system for small business;

(2) massively increasing the compliance burden for small business;

(3) breaching the Prime Minister’s 1996 pledge to halve small business red tape; and

(4) wasting many millions of dollars on advertising and promoting the new business tax arrangements to try and cover the problems listed above".

These bills cover various separate subject areas which Labor has previously agreed to support as part of the business tax package. The bills cover a simplified tax system for small business and a uniform system of capital allowances for various differing types of assets. We hope both of these proposals will deliver some simplicity benefits to the relevant taxpayers. It should also be noted that they represent further change which might well concern many reform-weary taxpayers and advisers. The first item is what is referred to as the simplified tax system, which refers to an optional simplified bookkeeping and income tax compliance package recommended by the Ralph review of business taxation. This is available to small businesses, which are defined as those having a turnover of $1 million or less per year.

There are three components to the system. The first is cash accounting, where businesses can adopt cash accounting so that income is recognised when received, not when an invoice is issued, and deductions are allowed when expenses are paid. This question of cash accounting—rather than people getting caught through accrual accounting with cash flow problems and having to pay GST before they have in fact got that money in hand—is quite an important issue that came up before the inquiry into the business activity statement which Kim Beazley initiated earlier this year and which I chaired.

The second component is simplified depreciation: assets costing less than $1,000 are immediately deductible, assets costing $1,000 or more and lasting for less than 25 years are pooled and written off at 30 per cent per year, and assets costing $1,000 or more and lasting for 25 years or more are pooled and written off at five per cent per year.

The third is simplified trading stock: a trading stock regime where taxpayers do not have to account for changes in the value of trading stock or do stocktakes at the end of the financial year where those changes are $5,000 or less. In addition, the bill contains proposals for the rules covering the deductibility of prepayment of expenses to be altered. The precise extent of the change is unclear. However, broadly, taxpayers in the system can get more concessional treatment relative to the transitional rules currently in place restricting prepayments. The costings indicate a relatively minor revenue impact which only applies over the next two years. On this basis we are not proposing to oppose this change. The system has the potential to reduce income tax compliance where taxpayers are eligible to join it. Having said that, there is an awful lot of tax reform fatigue in the small business community. However, the system is optional.

The second area I want to cover is that of capital allowances. Part of the business tax
The reform package was to try to make capital allowances for differing types of assets more uniform. There are in fact over 37 separate capital allowance regimes that are not consistent. A uniform system of capital allowances based on a common set of principles will offer simplification benefits. The existing separate regimes are complex, inconsistent and involve replication in the tax law. The more comprehensive regime provides a framework under which black hole expenses can be recognised. A more uniform system of capital allowances will provide a more neutral tax treatment for capital expenditures and hence should improve the quality of investment and economic efficiency. Not all capital expenditures are covered by the uniform regime. Those excluded are some depreciable assets used in research and development activities; some depreciable assets used in Australian films; buildings and structural improvements covered by division 43 of the Income Tax Assessment Act 1997; depreciable assets associated with certain indefeasible rights to use assets such as submarine cables; and cars which use a particular substantiation method.

The uniform capital allowance system in the tax law will have the following broad design features. The entitlement to write off a depreciable asset for taxation purposes will rest with the taxpayer who incurs the loss in value of the asset, not necessarily with the legal owner of the asset. The cost of depreciable assets will be the actual cost of the asset to the person who acquires the asset, including all relevant costs of acquiring and installing the asset except financing costs. Taxpayers will continue to be provided the option of either using the Commissioner of Taxation’s effective life schedule or self-assessing the effective life of their assets. Where self-assessing, the taxpayer will be required to indicate this on their income tax return. Taxpayers will be given the option of writing off depreciable assets on the basis of prime cost or diminishing value. Project development costs will be eligible for depreciation through pooling arrangements and written off on a diminishing value basis at a rate determined by the effective life of the project.

‘Black hole’ expenses—that is, those not currently recognised in the tax system—will be recognised as follows: capital expenditure that neither creates nor improves an asset from its original condition in the hands of the taxpayer will be able to be written off in the year in which it is incurred; capital expenditure that creates or improves a depreciable asset will be written off on the basis of the asset’s effective life; and capital expenditure that creates or improves a non-depreciable asset will be incorporated into the asset’s cost base, which would reduce the taxable gain or increase the allowable loss when the asset is disposed of.

The uniform capital allowance system will apply to assets commenced to be constructed or acquired under contracts on or after 1 July this year—coming up quite soon—and will apply to ‘black hole’ expenses incurred on or after 1 July as well. The explanatory memorandum does not disclose the financial impact. It says: These bills are based on the recommendations of the Review of Business Taxation ... However, because some recommendations have already been adopted, for example the removal of accelerated depreciation, while other recommendations in relation to capital allowances have not been included in these Bills, the financial impact cannot be accurately ascertained.

I have some concerns about this on transparency grounds, and it is really not good enough for the government to come in here and say, ‘We simply don’t know what the cost of these measures is.’ Having said that, the measures are part of a package to which we have previously agreed. They should provide some tangible benefits to taxpayers and, accordingly, we will support these measures. I have moved an amendment relating to the complexity of the tax system for small business, the compliance burden for small business, the question of the Prime Minister’s 1996 promise to halve small business red tape and the question of government advertising and, in particular, the orgy of government advertising which we have seen in recent times. I have had a couple of
speaking opportunities today, and we are trying to cooperate with the government in getting some legislation through. Therefore, I would like to give some of my colleagues the opportunity to speak in more detail on the amendment. I therefore confine my remarks to the principal bill and indicate that we will be supporting this legislation.

Mr DEPUTY SPEAKER (Hon. I.R. Causley)—Is the amendment seconded?

Mr Fitzgibbon—I second the amendment.

Mr HARDGRAVE (Moreton) (11.55 a.m.)—I rise to support the simplified taxation system measures contained within the New Business Tax System (Simplified Tax System) Bill 2000 and the cognate bills, the New Business Tax System (Capital Allowances) Bill 2001 and the New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001. I note a couple of the comments from the member for Wills, who talked about ‘black hole’ expenses. Of course, the people of Australia are well aware of the black hole created by the poor financial management of the then Minister for Finance, the now Leader of the Opposition, who had created a ‘black hole’ expense for everyday Australians of $96 billion when we came to office.

Everything that this government has been doing falls into two areas. The first is repairing the social structures that were destroyed—and continue to be destroyed—following the Whitlam years and restoring the incentive for individuals to achieve for themselves, to better their own circumstances and their family’s circumstances, to get reward for effort and then to return something to the community as a result of that reward. Of course, the second stream of concern of this government has been to try to restore the nation’s books, to do what small businesses, families and individuals around this country have to do—that is, to live within their means and to meet the cost of any bills that they have clocked up along the way. A $96 billion black hole was created by reckless abandonment of decent principles as far as expenditure priorities were concerned, created without realising that, when you keep on borrowing and borrowing and borrowing, at some stage you have to repay—that was the style of the Labor Party—and fixing the consequences is what this government has been doing over the past 5½ years.

I acknowledge and thank the member for Wills for his support on a number of the measures contained here, but I want to juxtapose that with the overall style of the Labor Party through the last four years as taxation reform has been put forward by this government, basically to try to re-install and re-instil a sense of individual ownership of the way people run their lives. As taxation reform has been put forward, the Labor Party have opposed it root and branch. They have done everything they can to make it more complicated, more complex and more confusing, and they continue to spread as many mischievous messages as they possibly can across the broad community. So, when the member for Wills talks about taxation reform fatigue in the small business sector, he is quite right. And yet why is it that the Labor Party are proposing additional changes to taxation measures in this country—measures which, if they were elected, would be put in place and would create even more problems for small business to come to grips with, following the big changes that this government has put in place?

These bills are all about providing some additional simplicity for people taking up the option to be part of the simplified taxation system. It is an optional package for small businesses with turnovers of less than $1 million. It allows them a number of benefits, reducing the time and money that those very small businesses need to spend on bookkeeping and compliance for tax purposes. It allows for cash accounting so that income is recognised when it is received and deductions are recognised when they are paid. That, of course, is of great assistance to small businesses, as they make their journey, hopefully, to bigger businesses through their own efforts. The simplified depreciation measures mean that assets costing less than $1,000 are immediately deductible, and assets costing $1,000 or more can be pooled.
and written off at an accelerated rate without the need to keep detailed asset schedules—again, simplifying the paperwork, simplifying the compliance costs. Assets purchased by small businesses with an effective life span of less than 25 years are written off at a 30 per cent rate per year, and those with an effective life of 25 years or more are written off at five per cent per year. Again, it is about allowing small businesses to invest in themselves for the long term and to seek reasonable tax write-off capacities through that.

There are also ways of simplifying the trading stock provisions and introducing a new 12-month rule for determining deductions for prepaid expenditures by a simplified taxation system for taxpayers and individual taxpayers. This is coupled with other measures this government has introduced, in a comprehensive way, to help small business—not so much just because we want to see individuals return a profit to themselves but also because we want small businesses to grow and to create more jobs. When you add up all of the measures this government has introduced, the new regime operating from 1 July is going to make that sense of reward for effort even more profound for small businesses. Company tax is reducing down to 30 per cent from 34 per cent—and Labor had much higher rates before they left office. We will be pushing the Australian Labor Party to guarantee before this next election what they have failed to guarantee so far—that is, that they are not looking at increasing company tax rates back up to the pre-1 July levels, because Labor have to find the money to meet the cost of the many promises they are making, behind cupped hands, behind closed doors, all around this country, promising everything to everyone but not coming clean on how they are going to pay for it.

The only way the Labor Party can possibly pay for their promises and their roll-back is to increase taxes and charges in certain areas or to cut expenditure. They will not identify where they are going to cut expenditure, and they will not identify whether taxes and charges are going to go up. It is not simply a claim; it is easily demonstrated that the Labor Party in office do exactly that—tax more, spend more, clock up more debt and consign us to higher interest rates. Let us face it: these are not simply my observations alone. There are plenty of people making comments about just these sorts of things. What are other people saying about the Labor Party’s proposed roll-back? We have heard $4 billion so far is what they are planning to roll-back to change the GST system, to make it more complicated, to make the changes that are going to increase compliance cost burdens for small businesses. Chris Murphy, the Econtech economic modeller, the modeller of choice of the Australian Labor Party, just last week on 19 June—based on a Labor roll-back package costing $4 billion—said that ‘GST roll-back’, Labor’s package:

... would put the budget well into deficit, would add up to 100 basis points—that is, one per cent—to interest rates, would send the current account deficit back up.

In other words, we would start heading back down the road Labor left us with before we came to office in 1996. The Australian Chamber of Commerce and Industry’s Mark Paterson said:

Further roll-back would only increase complexity. Read: further costs for small business. Read: undoing the sorts of measures the government is bringing in in this package of bills today. The Council of Small Business Organisations of Australia’s Rob Bastian—

Mr Fitzgibbon—He supports roll-back.

Mr HARDGRAVE—on 23 May of this year said:

Of course we’re frightened about that rollback statement ... if we’re rolling back the coverage of the GST, then that will increase the complexity and that will cause a lot of pain.

A lot of pain for small business. The Institute of Chartered Accountants of Australia’s chief executive, Stephen Harrison, in March of last year said:

If a future government were to introduce even further exemptions—he is talking about roll-back—
we’ll be turning back the clock and destroying many of the benefits that can be accrued from a simplified system through the GST.

Then the President of the Small Business Council of the ACT, Manuel Xyrakis, in August of last year said:

The last thing they—

that is, small business—

want after all that effort and hard work they have put into it—

that is, getting the new taxation system going—

is to have a rollback and more changes. We don’t want any more changes.

We had the member for Wills in here this morning saying, confessing, that there was tax reform fatigue in the small business community, yet the Australian Labor Party, if elected, will add to that fatigue, add to that pain, add to that cost for small business. The consequence of that is the loss of jobs. Small business is the engine room of the economy. Particularly in my own electorate of Moreton, where small business is of paramount importance to local employment prospects, we will simply see greater unemployment—

even greater than the level that has already been generated by the failed arrogant Beattie government in Queensland, a government which even the *Courier-Mail* has said have missed a great opportunity in their budget and have failed the mandate that they achieved at the election earlier this year to come up with the goods to create jobs. We have had Premier Beattie downgrading his five per cent unemployment boast to eight per cent. He is simply saying, ‘We can’t do it.’ The Commonwealth is trying to do things, and the Labor Party in this place are doing all they can to retard our efforts.

Chartered accountants Duesburys’ Mike Bannon in Canberra on 27 February last year said:

More exemptions, as envisaged by Mr Beazley, would result in more pages, more uncertainty and disputes between the ATO and taxpayers. Self-interest groups would be relentless in their claims for more exemptions.

So more uncertainty and disputes and more pages in the tax act. Isn’t that typical of the Australian Labor Party—choking small business to death on red tape, as they did before 1996, and proposing to the same thing if they are elected at the next election? On 4 April of this year the spokesman for the National Association of Retail Grocers—

**Mr Fitzgibbon**—They support roll-back too!

**Mr HARDGRAVE**—said:

So roll back worries us ... all that’s going to do to us is add complexity.

We have got the member for Hunter, the would-be minister for small business, saying that all of these people support roll-back. I have got to tell you, my friend, if in fact they support roll-back they have got a funny way of showing it. It is a typical Labor Party scenario: they will re-read the books so that when they are in deficit they appear to be in surplus, and they will re-read the support so that when it is critical it is in fact supporting them. That just goes to show the real damage the legacy of 13 years of Labor has done to literacy and numeracy on the frontbench of the Labor Party alone. They do not understand whether numbers add up, and they do not understand what the words mean when they are put into a phrase, put into a sentence and put into a paragraph. This government is committed to simplifying the taxation system, because it helps create jobs. That is the consequence of supporting small business and that is the consequence of listening to the demands of small business and achieving for them. I commend these measures to the House.

**Mr EMERSON (Rankin) (12.06 p.m.)**—

The *New Business Tax System (Simplified Tax System)* Bill 2000 and cognate bills cover a simplified tax system for small business and a uniform system of capital allowances for various differing types of assets. The simplified tax system is an option available to small businesses that are defined as ‘businesses with a turnover of $1 million a year or less’. Within the simplified tax system there are three broad measures: cash accounting, simplified depreciation and simplified trading stock.
Businesses can adopt cash accounting so that income is recognised when received rather than when an invoice is issued and deductions are allowed when expenses are paid. As someone who has operated a small business, moving towards cash accounting for businesses with a turnover of $1 million or less is a very welcome measure. In relation to simplified depreciation, assets costing less than $1,000 are immediately deductible and assets costing $1,000 or more and lasting for less than 25 years can be pooled and written off at 30 per cent a year. That is certainly an improvement. Assets costing $1,000 or more and lasting for 25 years or more can be pooled and written off at five per cent a year. In relation to simplified trading stock, a trading stock regime has been provided under this legislation where taxpayers do not have to account for changes in the value of trading stock or do stock-takes—which, as we know, can take an enormous amount of time—at the end of the financial year where those changes in the value of trading stock are $5,000 or less. In relation to the second aspect of the legislation—that is, a uniform system of capital allowances—at present there are over 37 separate capital allowances regimes and they are not consistent. This legislation goes some considerable way towards making them consistent.

We welcome the changes, because to my memory these are the first genuine attempts to simplify a tax system that the government said it would simplify but instead has made massively more complicated. Let us have a look at the government’s commitments. Back in 1996, in a press release on 30 January, the current Prime Minister said:

It is time to get government off the back of small business and to unlock their true job creating potential. A coalition government will slash the burden of paperwork and regulations on small businesses, with our aim being a 50% reduction in our first term of office.

So there is the Prime Minister committing the government to trying to achieve a 50 per cent reduction in red tape for small business within the first three years of a Howard government. I am about to demonstrate that the failure of the Prime Minister on this front has been spectacular. In this place on 24 March 1997 the Prime Minister said:

The volume of tax legislation has become a tidal wave which threatens to overwhelm small business.

He should know, because he has been adding to that tidal wave of tax legislation. In 1998, the Prime Minister was asked by a journalist:

Will the number of pages in the Tax Act be reduced by the introduction of a GST?

The Prime Minister said:

Yes, it will.

That was on the Alan Jones program on 2UE on 14 August. Then in 1999 the point was put to the Treasurer that the tax act was ‘unreadable and unintelligible’, with the interviewer continuing:

... there’s a massive GST program that’s going to overtake us ...

In responding to that, the Treasurer said:

Well I think that’s right. And that’s why we’ve got to get the number pages of the Tax Act down. That’s what we’re working on right at this moment.

That was on 22 September 1999. Let us ask what has actually happened. For that we can go to the Financial Review of 24 March 2001, which said:

According to the Tax Institute of Australia, the Coalition Government last year passed 90 new tax, superannuation, customs and licence fee bills.

Anna Carrabs, a partner with chartered accountants William Buck, says the Tax Act will soon run to 8,500 pages, compared to 3,000 when the Prime Minister, John Howard, was elected with a promise to cut red tape.

So the Prime Minister promised to cut red tape by 50 per cent in the first term of the coalition government, yet we have got the Income Tax Assessment Act starting at 3,000 pages and heading towards 8,500 pages. As I said earlier, this is the first example I can think of of the government actually trying to simplify the tax system, because it has been hell-bent on complicating it.

Let us look at the GST legislation. The GST, we were told by the Treasurer, would
be a streamlined new tax system for a new century. So much for a streamlined new tax system for a new century! The GST legislation and explanatory material now weighs in at 7.1 kilos and it has been amended more than 1,800 times—and just yesterday another 65 amendments were introduced. So here we are heading towards 2,000 amendments to the streamlined new tax system for a new century, and the government says, ‘We have done really well on this simplification front.’

The problem with the complexity of the tax act is that, while it might be good for some accountants and good for lawyers, it is not good for small business. It is very bad for small business. Yet we have the Treasurer, on ABC radio on 18 March last year, saying: ‘I don’t think anybody will go to the wall as a consequence of the GST.’

Every time we come into this parliament we give examples of businesses that have gone to the wall as a consequence of the GST. So there needs to be some genuine effort to simply the tax system, not to talk about a streamlined new tax system for a new century and then increase the Income Tax Assessment Act from 3,000 to 8,500 pages—not to talk about a streamlined new tax system for a new century and then bring in a GST which has already been amended almost 2,000 times, which weighs 7.1 kilograms and is thicker than three telephone books.

The Prime Minister, just yesterday in parliament, made the following statement—and you could see that he thought, ‘I shouldn’t have said that; I wish I could take that back.’ When he was asked about the $500 million GST education and promotion campaign, the Prime Minister said:

... the great bulk of that money spent under the auspices of the Treasury and the Australian Taxation Office was legitimately, with every single dollar, expended on advising the Australian people of the complexities and so forth of the new taxation system.

The Australian people and small business are very well aware of the complexities of the new tax system—the so-called ‘streamlined new tax system for a new century’. They do not need $500 million worth of advice to be told that this tax system is driving small businesses to the wall. We have got members opposite saying, ‘It is very important that small business be promoted.’ We agree with that, but we actually come up with proposals to make sure that small business can get on with the job of expanding their businesses and that small business people can go home at night and reintroduce themselves to their families instead of struggling with this paperwork burden that the Prime Minister promised to cut by 50 per cent but which has in fact exploded in their faces.

Labor came up with a proposal, which was unveiled by the shadow Treasurer in a National Press Club speech a couple of weeks ago, to radically simplify the operation of the GST by the application of a simple ratio of net GST payable to turnover, based on the historical experience of small businesses. We got very positive responses to that from COSBOA and from various commentators in this area who said, ‘Here’s Labor genuinely trying to simplify this monster of a tax.’ But what does the Minister for Small Business do? Instead of saying, ‘We should have a good look at this,’ he says, ‘Look, I keep telling you, you cannot simplify the GST.’ So he commissioned a report from his department which he then went hawking around the press gallery, saying to people, ‘I’ve got this leaked document from my department.’ Who is the leaker? The leaker was the small business minister, saying, ‘Look at my leaked document.’ I have a copy of it and he has got double underlinings and asterisks all through it where he thinks that it might make his case. But do you know what? He failed to underline, under ‘Comment’, the following:

A ratio by turnover method is a reasonable option for calculating GST, as long as the ratio continues to be an accurate reflection of the net GST position of the business.

What the department is saying, after being asked by the minister to do a hatchet job on Labor’s simplification proposal, is that this is a reasonable option. But the small business minister says no. The coalition have no interest whatsoever in simplifying the tax system for small business. He boasts about how
they have increased the complexity of the tax system for small business and immediately goes into attack mode, saying, ‘We can’t even possibly contemplate any measure in relation to the GST that might lead to simplification.’ He is supposed to be sticking up for small business. The Minister for Small Business is supposed to be defending them, coming up with options to simplify the tax system, to ease the burden on the shoulders of small business, but instead of that he says, ‘It can’t be done, the GST can’t be simplified; we have the most simplified system in the world’—weighing 7.1 kilograms, thicker than three telephone books, and we have only amended it already 1,865 times! The Treasurer, in January 2000, when he was asked, ‘Does that mean no more changes?’ said: Well, it does mean that we’re not changing the legislation, that we’ve got it right.

It is now 1,865 amendments later and still climbing. So the only people barracking for small business in this parliament are the people on this side of the House—the Labor Party—because the government is proud of the complexity of the GST, it is proud of the fact that, instead of cutting red tape by 50 per cent, it has imposed a massive increase in the complexity of the income tax act, and the first and only evidence that I have got whatsoever of the government doing anything towards simplifying the tax system is the legislation before us here today. On that basis, I am happy to support the legislation.

Ms JULIE BISHOP (Curtin) (12.18 p.m.)—The prosperity of our nation depends on the prosperity and the confidence of Australia’s businesses, especially small businesses, for it is those businesses that generate employment and it is their production that provides both our national income and the taxes that drive the public sector at the federal, state and local level. The New Business Tax System (Simplified Tax System) Bill 2000, New Business Tax System (Capital Allowances) Bill 2001 and New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001 before the House will help safeguard the interests of those small businesses and, by extension, Australia’s economic welfare and our national interest. Small business in Australia will be offered the option of an alternative system of business taxation to that presently in place, an alternative system that offers reduced bookkeeping requirements and taxation compliance costs.

The principal elements of the new simplified tax system are threefold. First, it will allow eligible businesses to adopt cash accounting, the system by which income is recognised when received and deductions recognised when paid. Secondly, it will simplify depreciation. Assets costing less than $1,000 will be immediately deductible, while assets costing $1,000 or more can be grouped together and written off at accelerated rates without the requirement for detailed asset schedules. Those assets that have an effective life of less than 25 years may be written off at 30 per cent annually, while other assets will be depreciable at five per cent per year. Finally, the legislation reforms and simplifies trading stock provisions: where changes in trading stock are worth less than $5,000, eligible businesses will not be required to account for those changes. The Australian Taxation Office will also issue guidelines in relation to stock value estimation. In addition, there will be a new 12-month rule for determining deductions for prepaid expenditures by simplified taxation system taxpayers and individual taxpayers.

These reforms stem from the Ralph Review of Business Taxation that reported in 1999, and, consistent with the recommendations of that review, the simplified tax system will be accessible by most businesses with an average annual turnover of less than $1 million. The reforms have been bolstered by extensive consultation with small business representatives and detailed public comment on the exposure draft of the bill released by the government in October of last year. By their nature, these reforms will involve transitional arrangements for taxpayers and will apply from 1 July 2001.

The New Tax System (Capital Allowances) Bill and the New Tax System (Capital Allowances—Transitional and Consequent-
tial) Bill deal with the introduction of a uniform capital allowance system for those Australian taxpayers not included within the simplified tax system. This new system for the tax treatment of depreciating assets consolidates and replaces more than 27 separate capital allowances within the existing tax law. Standardised rules will be introduced for these disparate capital allowances, with specific provisions for the maintenance of the current rules that apply to primary producers and those involved in mining and quarrying exploration.

These reforms ought to be applauded—we are eliminating the negative and accentuating the positive. These reforms will relieve Australia’s small business employers—the job generators and the wealth creators—of the burden of hundreds of millions of dollars of tax, as well as reducing compliance costs, while making the system simpler and fairer for smaller firms. As I anticipated, the reaction of some members opposite, the members who have promoted themselves as new voices of moderation and economic rectitude within the opposition ranks—not wishing to point the finger at the member for Rankin who is obsessing with form and not substance—is a condemnation of tax cuts, for the opposition have set their flag against reducing the tax burden on Australia’s taxpayers. That is their so-called moderation—not a moderating voice on expenditure, just a stringent opposition to tax cuts. And we now know that the opposition’s roll-back policy must lead to an increase in the income tax burden.

On this side of the House, we are heading down the economically logical, socially responsible path of cutting taxes. We have lowered income tax rates, we have cut company tax rates, we have cut capital gains tax and we have taken away a number of taxes from financial transactions and from imports. This is the way to go. It is consistent with numerous international examples where the lowering of the tax burden has led to economic growth and prosperity. In this month’s American Spectator magazine there is a most interesting and provocative article on taxation in Europe, an article that sharply contrasts the economic performance and the taxation policy of the Republic of Ireland and the Republic of France. There are lessons in this comparison for Australia and there is much in the Irish example to emulate, whereas Labor has already demonstrated that it will follow the path of socialist countries in the European Union, and that is going to have very negative consequences for this country.

The present European preoccupation with punitive taxation has been highlighted by the case of Laetitia Casta, who is a French model—the personification of ‘Marianne’ and the symbol of the French republic. She is now a tax exile in the United Kingdom. I think it rather odd that we would be citing the United Kingdom as a tax haven. Laetitia has fled a top marginal tax rate of 54 per cent that kicks in at just $45,000 per annum, plus 16 per cent in social security taxes, plus a wealth tax, plus a punitive capital gains tax—which defines short-term capital gain as less than four years—and now an exit tax of 40 per cent. So as continental Europe continues to struggle under high and increasing tax burdens, the glowing exception is Ireland.

Last year, I had the privilege of addressing the Irish Australian Business Association in Perth. I had the opportunity to pay tribute to Ireland for its extraordinary economic success since the mid-1980s, success personified by the call for the return of expatriates to Ireland when he was here in Australia. Today, FAS—the Irish labour agency—scours the world not only for homesick expats but also for other potential migrants.

Mr Fitzgibbon—I think this is valid but I’m not sure.

Ms JULIE BISHOP—Absolutely. It is an example for the Labor Party to follow. This is extraordinary for a country whose principal export for centuries was people. As recently as 10 years ago, an average of 28,000 Irish men and women emigrated every year.
Today Ireland is drawing to it 50,000 immigrants annually. What lies at the basis of the Irish renaissance, the birth of this Celtic tiger? The repudiation of the same punitive taxation that is drowning the other nations of the European Union—and that is a line that a Labor government would follow in this country. In 1985 the top marginal income tax rate in Ireland was 65 per cent; this year it will be 42 per cent. The company tax rate has been cut from 50 per cent to 24 per cent, and it is falling. Likewise overall capital gains tax has been halved. The relevance of this is that the results are profound—they fly in the face of those on the other side of the House who would repudiate the lessening of the tax burden on citizens.

In eight years in Ireland, unemployment has gone from 15.7 per cent to less than five per cent. A perpetual debtor state is now running surplus budgets. Taxation revenues are up due to reduced income tax rates. Interestingly, Ireland’s success is giving the European Union a nervous breakdown as it cuts taxes lower than its socialist neighbours. Earlier this year the Keynesians in the European Commission wagged their finger at Ireland for loosening its fiscal policy; inflation had hit an annual rate of seven per cent last December. That is an interesting reaction from the European Commission, given that Ireland is the euro-zone country whose economy has been growing the fastest—at 10 per cent last year—and whose public debts are falling. It has had the largest fiscal surplus as a share of GDP in Europe.

Mr Fitzgibbon—How much EU money have they had?

Ms JULIE BISHOP—Of course, some people in Brussels would like to point to the EU handouts over the years, at times amounting to four to seven per cent of GDP. But make no mistake, member for Hunter: Ireland’s success is of its own making. It has opened markets, improved education, managed the public finances assiduously and—this being my point—lowered taxes. In fact, Ireland has indicated that it will cut all corporate tax rates to 12.5 per cent by 2003. The result of course is a flood of direct foreign investment. Ireland has been the most aggressive tax cutter and the fastest growing economy in Europe. The Irish example, where freeing citizens from punitive taxation has had social, economic and fiscal benefits, follows similar examples of the United States between the wars, under the Reagan presidency and the second term of the Clinton presidency, the United Kingdom under Margaret Thatcher, and Hong Kong and Korea in the 1980s. Put simply, the lesson is that freeing businesses and individuals from the burden of taxation fosters growth, development and employment, and is the only sure long-term basis for fiscal stability and social prosperity.

In answer to the member for Hunter, I raise these examples because they support the approach of the Howard government to seek to cut taxes and to make the tax system fairer. The member for Rankin, instead of spending his time counting the pages of the tax act to score a passing political point, ought to spend his time explaining to the people of Australia what his party’s position is on cutting taxes and lowering income tax rates. I am committed to the notion of lower taxes and lower tax rates. If the percentage of personal income that any government can collect in taxes is low and invariable, the only variable a government can turn to is growth. Growth can fund deficits and growth can fund programs. To increase growth there must be incentives to work and to invest, and that means to reduce taxes, as we have begun to do—reducing income tax rates, reducing company tax rates and reducing capital gains tax.

It is high time that the opposition came clean on its approach to taxation. It is presenting itself as an alternative government. Is it committed to raising taxes? Will it seek to emulate Ireland? Will it continue the work of this government in reducing taxes? Or will it seek to punish our achievers with higher marginal tax rates, working against increased growth, increased incentives, increased investment and jobs that result from tax cuts? The opposition is already on record with its roll-back policy. It is so evidently destructive. It invariably means that if you decrease
the amount of tax collected under the GST you will find it elsewhere. As we know from Senator Conroy, ‘elsewhere’ will mean increasing income tax. That will be Labor’s position. Like the socialist countries in Europe who are envious the Irish example, taxpayers will face a powerful disincentive under a Labor government to work harder or a powerful incentive to work overseas. This government is committed to ensuring that Australia’s workers, its job creators, its wealth creators, are working under a fairer, simpler tax regime with lower tax rates.

I commend to the House the consideration of further tax reforms which would see the further lifting of the tax burden from the shoulders of Australia’s small business. In respect of the reforms in the New Business Tax System (Simplified Tax System) Bill 2000, the New Business Tax System (Capital Allowances) Bill 2001 and the New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001, I commend them to the House.

Mr FITZGIBBON (Hunter) (12.30 p.m.)—That was not a bad speech by the member for Curtin, but it was a bit long on rhetoric, sometimes bordering on irrelevance to the New Business Tax System (Simplified Tax System) Bill 2000. She might want to do her homework on Ireland. I commend the Irish government, as well, for the wonderful work they have done in economic terms, but the member for Curtin might want to check the amount of EU and IMF assistance that nation had in achieving those goals. I could not agree more that, increasingly in this internationally competitive environment, our taxation system similarly needs to be competitive if we want business and small business to grow in that environment.

I found her speech a little more interesting than the contribution of the member for Moreton, who basically made the same speech he made in this place yesterday on the Taxation Laws Amendment Bill (No. 3) 2001. It was the same speech and the same rhetoric. Yesterday, I accused him of being in denial with respect to the impact of the GST on small firms. Well, he clearly showed today that he is still in denial, but I was pleased to hear him acknowledge that small business is suffering change fatigue. If members want to check the Hansard, they will find that he clearly acknowledged that.

This bill inserts a new division in the Income Tax Assessment Act—the so-called simplified tax system. I suggest that a better name would have been ‘simpler but not enough’, given the change fatigue the small business community is experiencing as a result of the GST. The changes are based on the recommendations of the Ralph Review of Business Taxation. Most businesses with an average annual turnover of less than $1 million will be eligible to join this new system. The opposition will be supporting the bill but has taken the opportunity by way of an amendment moved by the shadow Assistant Treasurer to highlight the way in which the government has failed the small business sector.

The so-called simplified tax system has three key elements. The first element is cash accounting. Under this method of calculating taxable income, businesses will in general recognise income when it is received and deductions when expenses are paid. The second element is simplified depreciation. Assets costing less than $1,000 are immediately deductible under the new scheme. Assets costing $1,000 or more and with effective lives of less than 25 years can be pooled and written off at 30 per cent each year. Assets costing $1,000 or more and with effective lives of 25 years or more are pooled and written off at five per cent each year. The use of pools removes the need to keep detailed asset schedules.

The third element is simplified trading stock. Under the trading stock provisions, simplified tax system taxpayers will no longer have to account for changes in trading stock of less than $5,000. I must say that I am concerned that this may expose some small firms. I suggest that the only way you can be certain that that variable has not been any more than $5,000 is to do a stocktake. The alternative is to take a guesstimate, and I feel that this might expose some small busi-
ness operators to penalties as a result of an audit taken on their decision to use that method.

The new tax system and prepayments measures included in this bill will apply to assessments for income years commencing on or after 1 July 2001. I note that the bill differs from the original exposure draft in the following ways: the depreciating assets threshold for eligible businesses has been increased from $2 million to $3 million; the requirement to account for the change in value of trading stock on a cash basis has been removed; and the control tests to avoid inadvertent grouping have been relaxed.

The opposition support these changes which flow from, as I said, the Ralph Review of Business Taxation. Indeed, it is well known that we have supported all the changes recommended by that committee and adopted by the government. That is why I find it disappointing that National Party backbenchers, in particular, have been in their electorates making spurious claims about the opposition’s position on entity taxation or, indeed, Ralph’s recommendations on entity taxation. Let us take an honest look at the history here and what has occurred since those recommendations. As a result of those recommendations, the government produced an exposure draft on entity taxation, which I had been warning for months was full of flaws and was going to have unintended consequences for small businesses, including farmers, who use trusts as legitimate investment and business vehicles. Thankfully, in February this year the Treasurer backflipped—again—and finally saw sense and announced that he was withdrawing that legislation. But what he also made quite clear is that the government will be revisiting the issue by way of another exposure draft. Again, the opposition will be happy to have a look at that new legislation and, if we decide it is effective in attacking rorts in the trust environment while at the same time ensuring that there are no unintended consequences, or indeed intended consequences, for the genuine users of those vehicles, we will be happy to support it. Likewise, if the government fails to do so before the next election, in government we would also be looking to ensure that trusts are not being abused as vehicles.

Many small peak bodies have expressed a view to me that the threshold for the new system may be too low. I have some sympathy for that view. We now have too many thresholds, another aspect of change fatigue and another threshold that could act as a barrier to growth. Some small firms—for example, those operating on a turnover of just under $1 million—might be very reluctant to go through all the transitional work to move back to cash accounting. They will fear going through that transitional work once again as they go through that $1 million threshold. This is a big issue for small firms. I doubt if it is something the government has taken into account in considering these changes and I appeal to the government to take another look at it. Certainly Labor in government would be having another look at that threshold measure to ensure that it is sufficient to pick up as many small businesses as the government claims this new system will provide an option for.

I note that the Minister for Small Business is once again absent from this debate, although I do welcome the member for Cook. The member for Cook, the member for Moreton and I seem to be in synchronisation on these bills which are so important to small business. I wonder where the small business minister is in this debate. This is the minister who, as I pointed to the House yesterday, said this of the GST:

I’m not sure how many small businesses went ... out of business because of it— because of the BAS—

but I certainly know that marriages were strained and small business people were taken away from ... running their small business ...

The minister said the government ‘was sorry for foisting such an “undue burden” on small business’. He said:

It was an unwelcome imposition ...

I understand that the Minister for Small Business has joined the bandwagon and is out there assisting the government in their attempt to spend something like $20 million
of taxpayers’ money each month selling bi-partisan messages to the electorate in a desperate attempt to pull themselves out of the very deep political black hole in which they find themselves. I think that ‘Opening doors’ was the suggestion for the name of the video the Minister for Small Business is out there making. I will be very interested to see that ad. I hope it is a bit better than the ‘Unchain my Heart’ ads, where we saw people from all walks of life, including small business people, breaking free from all of life’s constraints as a result of the introduction of the GST.

This is a very disappointed small business community, a small business community that, contrary to government promise, has had its cash flow reduced, has had its profitability reduced and, as I said earlier, is suffering a great deal of tax change fatigue. This is a small business community that was looking for initiatives in the budget to make up some of that lost ground, but a small business community which remains very disappointed.

Mr BAIRD (Cook) (12.39 p.m.)—It is always my pleasure to follow the member for Hunter. Once more, he is clearly listening to the wrong group of people. Some of his Labor Party branches might express this view, but even the people that he spends quite a bit of time with—the tourism industry—when they were down here speaking to the Treasurer just two weeks ago were full of praise for many of the things that the government are doing. Of course, the tourism industry is made up of a lot of people who run small businesses. They are very appreciative because of the business tax rate being brought down from 36 per cent when you were in government to 30 per cent under this government. They are very much aware of that. They are also very much aware of the interest rates they are paying now as opposed to the interest rates they paid when your government was in power. They are very much aware that life is much better under this government. While there may have been some individual problems with the nature of the BAS form, that has now been corrected, as we saw in the bill that came into the House yesterday. They were pleased to see those changes. They will simplify things for small business, with a choice of which option they will take.

The New Business Tax System (Simplified Tax System) Bill 2000 continues that process of listening to small business, of listening to business generally and of making some sensible changes. The changes that we see encapsulated in this legislation are all part of the Ralph Review of Business Taxation, not as a result of getting the trade unions in to tell the members here. We know that half of the members on the Labor side of this House get their riding instructions from the unions. This is about talking to those people in business about business legislation. It sounds ironic—like a Labor oxymoron—that you would do that, but it is simply what happened. I remember in my previous life being part of the discussions with the tourism industry when the Ralph review was meeting, and listening to what small business and larger business were saying about what changes they would like to see incorporated for the future. These changes are the result. These changes are the result of business saying, ‘We’ve got some problems in these areas. Can you fix them?’ and the government making decisions as to whether it is appropriate or not. Is it fair; is it equitable; is it likely to stimulate small business and large business in this country? This is why we see the legislation here before us.

The bill will alter the current legislation with respect to depreciation of assets and will provide a common set of rules for writing off many capital expenses. These adjustments will give a greater certainty and simplicity to the current system, which is partly what this whole exercise is about in terms of the GST—making it simpler for business, for those people involved in the service industry to contribute to the running of the economy, and helping people in the leisure business who bring visitors here from other countries with the expenses involved. Making it simple is one part of it. These adjustments, in giving greater certainty and simplicity, will benefit many businesses in Australia by setting about increasing sim-
plicity, reducing compliance costs and reaching more equitable outcomes.

The bill will rectify the current confusing situation with at least 27 capital allowance regimes in the income tax law that are not consistent. The UCA system will remedy this by encompassing many depreciating capital expenses under a simplified common set of rules. The bill generally applies to all taxpayers except eligible small businesses that choose to participate in the simplified tax system. The bill outlines a general set of rules to calculate the decline in the value of most depreciating assets, which will improve the current situation. This will give the taxpayer choice over whether to continue to use the Commissioner of Taxation’s effective life schedule or to self-assess the effective life of their assets. In addition to this, the system will allow the creation of a low value pool where pooling of certain expenditures will allow the deduction to be calculated for the decline in value of the pool in its entirety. Of course, that is highly appropriate.

The New Business Tax System (Simplified Tax System) Bill 2000 implements one of the business tax measures recommended in the Ralph review. It will benefit eligible small businesses with an annual turnover of less than $1 million who choose to join the simplified tax system, or STS, which will operate from the beginning of the next financial year. The STS will operate based on three core components: firstly, cash accounting; secondly, simpler depreciation rules for most depreciable assets and depreciation at accelerated rates; and, thirdly, simpler trading stock rules. The legislation goes into detailed aspects of this.

This is predominantly a technical bill, but its aim is very clear. Its aim is to assist small business across this country. Its aim is to stimulate the Australian economy. Its aim is to simplify procedures that are required and have been required in the past. It is part of the important overall structure of providing good economic management in this country. The Treasurer, Peter Costello, and the minister responsible for the tax office, Senator Kemp, are doing an outstanding job in this area, as is Minister Hockey, who has also been involved in this area. I am very pleased to see Ian Macfarlane, the Minister for Small Business, listening to the requirements of small business. It is something that we never saw under Labor, something that we are very proud of and something that we will continue to support. So I want to add my support to this legislation and congratulate the minister for bringing it into the House. I am sure it will be welcomed by small business right across this country.

Mr Byrne (Holt) (12.46 p.m.)—I rise to address the taxation bills before us: the New Business Tax System (Simplified Tax System) Bill 2000, the New Business Tax System (Capital Allowances) Bill 2001, and the New Business Tax System (Capital Allowances—Transitional and Consequential) Bill 2001. These bills are part of the new, simplified taxation system. It is interesting to note, when we comment on this ‘new, simplified taxation system’, that we seem to have more and more amendments to a tax system that, as we were informed by the Treasurer some 12 months ago, was a ‘new generation’ system that did not need any modification. We were looking at something like 1,800 amendments to it up until yesterday, plus 65 amendments today. So that is 1,865 amendments.

The member for Rankin, in his excellent contribution this morning, was discussing the increasing complexity of this taxation legislation, which goes by the misnomer the ‘simplified taxation system’. I have noticed that the appearance of the member for Rankin over the past 12 months has somewhat changed. He is obviously a technician of the bill, a great practitioner of reading the legislation and actually carrying it around with him. I have noticed that he is starting to fill out a bit; he is putting on a bit weight. I suspect that is because he is carting around this ever increasing load of legislation—something like the ancient mythical figures in Greece who carried a calf around. The calf got larger and larger, just as the taxation legislation is getting larger and larger. Obviously, with the way this is going, particularly with the increasing complexity of this legis-
representation, the honourable member for Rankin is going to wind up like Hercules within the next 12 months.

I would like to address the particular components of the legislation before I also make some more generalised comment about it. These bills cover separate subject areas agreed to as part of the business tax package. Labor has obviously previously agreed to support these proposals in total. The bills cover a simplified tax system for small business and a uniform system of capital allowances for varying types of assets. Both of these proposals should deliver some simple benefits to relevant taxpayers. We certainly hope that is the case. However, we should note that they represent further change, which may well concern many reform weary taxpayers and their advisers. What people are looking for is some certainty in this legislation, and in the taxation system generally. They are looking for increasing simplicity and fairness. A number of these measures that are now being brought forward by the government are a consequence of our endeavours in the community to shine a torch into these dark areas of taxation legislation and propose appropriate amendments to it to simplify it and make it fairer. The government uses the term ‘simpler and fairer’. It does not use the ‘R’ word, though.

The particular issues for debate with respect to the simplified tax system relate to three components. They have been discussed before. The first component is cash accounting. Businesses can adopt cash accounting so that income is recognised when received and deductions are allowed when expenses are paid. The second component is the simplified depreciation rules. Assets costing less than $1,000 are immediately deductible; assets costing $1,000 or more and lasting for less than 25 years are pooled and written off at 30 per cent per year, and assets costing $1,000 or more and lasting for 25 years or more are pooled and written off at five per cent per year. The third component is the simplified trading stock regime, where taxpayers do not have to account for changes in the value of trading stock or do stocktakes at the end of the financial year where those changes are $5,000 or less. They are obviously welcome reforms. There is also reform of capital allowances. Part of the business tax reform package was to try to make capital allowances for different types of assets more uniform. There are 37 separate capital allowance regimes that are not consistent. I understand that this fairly technical legislation aims to address those particular concerns.

I come back to the point that I made originally. You would think that the last country in the world to introduce a GST would get it right, but 12 months later we see that is not the case—certainly not for this government. A range of promises were made when taxation reform—A New Tax System—was introduced some 12 months ago. I want to talk about a number of these promises because they highlight my concern about the increasing need to amend the new taxation system and the ramifications of that.

We were told that everyone would be a winner. Opinion polls certainly show that most people do not think they are winners—particularly small business. The Treasurer said in May 2000 that no small business would go to the wall. But certainly in my state and, I understand, in a more general sense, since the GST has been introduced, bankruptcies have increased by 25 per cent. My understanding is that in Victoria it is about 33 per cent. Families experiencing the consequences of the GST, particularly around my electorate, are seeing their electricity bills, according to ABS figures, go up by 12 per cent; gas, 10.4 per cent; insurance, apparently, 35 per cent; sporting fees, 12.2 per cent; and haircuts, 11.7 per cent. It appears as though the promises that were made with respect to this legislation are not coming to fruition.

We were also told that a coalition government would slash the burden of paperwork and regulation on small business, with the aim being a 50 per cent reduction in the first term of the Howard government. That quite clearly has not occurred. As I understand it, the GST legislation and explanatory memorandum, which the member for Rankin...
carries around with him, are thicker than three telephone books and already the government’s simple new taxation system has been amended 1,865 times.

We were told that the GST would produce more jobs. Since the introduction of the GST, the rate of jobs growth has almost halved and the unemployment rate has risen. In particular, in my area, from the March 2000 quarter to the March 2001 quarter we have unemployment rising from nine per cent to 10.6 per cent in Dandenong. Tell the people of Dandenong that the GST is good for them. What have they done to be mugged by this government?

We were also told that the black economy would disappear. From the evidence emerging in my electorate and elsewhere, which has been commented upon by the Leader of the Opposition this morning, that is certainly not the case. The evidence that we have, and the comment from professionals in the area, is that they believe that the black economy has substantially increased.

One issue that has caused a fair degree of outrage and that I have been dealing with in my electorate is the $1,000 bonus for all people over the age of 60. They believe they have actually been deceived by the Prime Minister. Certainly, over 50 per cent of the people in my electorate who, as I understand it, believed that they were entitled to it received between nought and $50. They are becoming less and less enamoured of the term ‘Honest John’.

In respect of education and health, we were told they would be GST free. I attended a rally some time ago, after the introduction of the GST, at the Chisholm TAFE, and the students there certainly believed that education and health were not free. They wanted to know about school uniforms, school shoes, public transport, books and school bags, and they raised a number of other issues, such as skin creams, denture repairs, sanitary products, vitamins and minerals. They were also told, as I have detailed previously, that prices would not increase by the full 10 per cent, but I have just given you examples of where they have.

Today, what we are dealing with is a simplification of the taxation system, something that we are and have been aggressively advocating since the introduction of this tax, and something the Treasurer first said was not possible. Every time he has been asked whether anything should be changed, he has said no. But do not read his lips too closely or look at his smile because, effectively, shortly after he has made those statements, legislation comes into the parliament to amend the particular pieces of legislation in question. This package and a number of other packages that have been brought into the House recently have been the result of an uprising from the small business community over the BAS introduction. What the business community want is roll-back, because they want a fairer and simpler tax system. They want lots of roll-back because they believe that this government has mucked up the tax system. I take you back to a few words of the Treasurer, particularly commenting on the new taxation legislation on the Neil Mitchell program in January 2000:

It means we are not changing the legislation and that we have it right.

We are supporting this bill to make sure that the legislation does become simpler and fairer, something that we have been pushing for. But remember that Labor, this opposition, were the first group of people that suggested the simplification of the BAS statement. We suggested allowing business to choose to remit an instalment based on a simple ratio of the net GST payable over a previous period to the turnover of the firm for the particular quarter. We suggested this last February. Surprise, surprise! First of all the Treasurer says that it cannot be done, but two weeks later he comes back, bringing in legislation that does basically what we have been requesting.

Another of our proposals was to apply the ratio to the actual quarter so that, if economic activity slowed down, business cash flows would not be crucified. We are in a period of economic slowdown, and business cash flows are in fact starting to come down. I could go on further with respect to this matter, but I understand that we have a maxi-
mum of 10 minutes, and so I will leave it at that. I am sure that we will be back in this place soon, having another debate about different modifications to this very unfair and inequitable taxation system.

Mr St CLAIR (New England) (12.56 p.m.)—What a great tax system this is, and what a living document it is. Unlike many people on the other side of the House, I have spent 26 years in small business, in all sorts of different places in Australia, but in particular in the last 18 years in my own electorate as a sawmiller and trucking operator. When I see a document and new legislation that bring in a simplification of a system that bridges the divide, shall we say, between big business and small business, it pleases me to be able to stand in this House and discuss it and bring it to the attention of small business not only in the electorate of New England but also throughout Australia.

The New Business Tax System (Simplified Tax System) Bill 2000 introduces measures recommended by the Ralph Review of Business Taxation. It comes into effect on 1 July this year, and small business can elect to join the simplified tax system. From talking to very many small businesses throughout my electorate, I know that they are certainly looking forward to being able to have this degree of flexibility. The exposure draft of this legislation was released in October last year to seek public comment, and prior to that exposure draft the government made a number of changes based on earlier consultations with small businesses. These include allowing the depreciable assets, excluding buildings, with lives of more than 25 years to be pooled and written off at five per cent per annum. That is a great advance for small business, because previously these assets were subject to the effective life depreciation set in place. It allows businesses to use the ATO guidelines to estimate stock values. Again, coming out of small business, I know it is certainly a lot easier to use an estimated stock value rather than to do a physical stocktake—not because you do not want to do a physical stocktake but because the time constraints are often very difficult in very busy small businesses.

It simplifies the readmission to the simplified tax system, and provides scope for some high turnover, low margin businesses. I can assure you that in the industry that I have been involved in, the timber industry, we have a lot of traders who are small business people operating all around Australia, both in export and in domestic business. They have, in some cases, very high turnovers but very low profit margins, but they certainly provide an exceptional degree of service. The bill was introduced—and people made submissions and had consultations over a period of time—increasing the assets threshold from $2 million to $3 million, which was very important, and relaxing the control test to avoid inadvertent grouping, which would exclude some small businesses from the measure—again, these are all measures trying to help small business.

In listening to the debate this morning, the things that concern me greatly are, firstly, a lack of understanding of small business and the way small business operates and, secondly, the continual anti-GST, anti-tax reform and anti-small business promotion from those on the other side. A great love of my life and a great success, can I say, in this government’s approach to the transport industry has been the Diesel and Alternative Fuels Grants Scheme, which was brought in by this government with tremendous benefit for transport operators, exporters, and small business people all over Australia through a reduction in the excise on diesel of up to—I think this is the figure now—nearly 22c a litre. This was a tax that was put on by the Labor Party. They opposed the introduction of the Diesel and Alternative Fuels Grants Scheme as part of the new tax system; so they did not want the transport industry to receive this 22c. But, never mind, we have brought it in and it has been very successful indeed. What concerns me is that there is no commitment by the opposition, by the Australian Labor Party, to continue the Diesel and Alternative Fuels Grant Scheme—no commitment at all. In fact, the transport people talking to me about growth and about being able to cope with some of the higher overseas dollars going out for oil have said
that one of the great things of the new tax system and one of the great incentives for the transport industry is this government’s commitment to the Diesel and Alternative Fuels Grants Scheme, bringing about this 22c a litre reduction.

Yet, when a golden opportunity was presented at the Australian Trucking Association’s conference in Canberra no more than about a month ago, the shadow spokesman on transport during his speech gave no commitment to the trucking industry that, should they by some chance operate from this side of the House, they would actually keep the Diesel and Alternative Fuels Grants Scheme. As I understand it—because I did attend that particular conference—when asked about it during question time and privately, there was still no commitment by the Australian Labor Party to keep the fuels grant scheme operating. That means that they intend to get rid of it. That means an increase in excise on diesel of 22c a litre. When you consider that there are trucking companies out there that may use in the vicinity of a million litres of fuel a month, you can start to see why there is great concern in the transport industry about it.

I listened to the previous speaker discussing the issue of roll-back. Having sat in this House now since October in 1998 and listened to all sorts of debates, I have come to the conclusion that, without doubt, roll-back really means raising rates. It does not matter whether it is the diesel rate, roll-back will be paid for by increasing diesel excise by 22c a litre. Roll-back will raise rates of personal income taxation. Roll-back will raise rates of company taxation. Roll-back will raise rates in regard to Medicare. Roll-back will raise all these rates. It will raise interest rates because the economy will get out of control again. Roll-back raises rates of unemployment—and we have seen that in the past under this opposition when they had unemployment rates of something like 11.4 per cent.

I notice that the member for Paterson has just walked into this House, and I will give him a little challenge as he is a very hard-working member for Paterson, with a large number of trucking people in his electorate. Will you support the continuation of the Diesel and Alternative Fuels Grants Scheme and continue to make sure that our trucking industry keeps its 22c a litre? Will he also give a guarantee that the rail industry’s reduction of 36c a litre in excise will stay in place? It is very important that we make sure that the Australian Labor Party give a commitment to the Australian people that they will not raise excise on diesel in particular.

I also raise this issue: the Labor Party voted against all these measures that brought in these savings. One small business person in my electorate generates electrical power through two very large generators. I have spoken about this issue in this House before. He does not receive one cent reduction in excise because the Labor Party prevented him from being able to attract excise rebates. He gets the GST off—thank goodness—and that certainly is a great win. He is a small business operator employing about 21 people out of the town of Uralla. Geoff Swilkes operates the G&C Foundry and gets no support whatever from the Australian Labor Party over the question of the diesel fuel rebate scheme.

I also ask the Labor Party—because roll-back does raise rates—this: what are they going to do with the fuel sales scheme that is operating for rural and remote areas, the 1c, 2c and 3c a litre reduction? Are they going to keep that or are they going to continue to fund roll-back by raising rates? It does not matter whether they are excise rates. Will the other side give a commitment not to bring in indexation of fuel excise again like they brought it in in 1983? Will they give that commitment? I am looking forward to listening to the member for Paterson. I understand that we are restricted in time, but I am sure he will commit to keeping these excise rates at their present levels. I commend this bill to the House.

Mr HORNE (Paterson) (1.07 p.m.)—I love to come in here and follow the member for New England, because he always runs true to form. He is always predictable; you know exactly what he is going to say. Before
he leaves the chamber, let me say that of course I will give a commitment to get justice for the transport industry, because that is what they need. I know so many of those owner-drivers who are not getting justice under this current system. I know that, and he knows that, and he knows they cannot survive under the current system.

The legislation we are dealing with is the New Business Tax System (Simplified Tax System) Bill 2000 and cognate bills. How thoroughly we on this side recall the Treasurer introducing the ‘simple’ tax legislation. We can remember him coming in holding a stack of papers and doing one of his typical charades saying, ‘That is what the tax system under the Labor Party is. What is it going to be under us?’ He then popped out a little booklet and said, ‘That’s what it’s going to be, a simplified tax system. It’s going to be so simple that small business will love us.’ How many changes have we had to it again? Is it 1,300, 1,500, 1,800? We have lost count.

Mr Murphy—1,865.

Mr HORNE—Thank you very much. There have been 1,865 changes already, and we are not finished yet. The things that I recall happening in the Hunter Valley, the area where I have lived all my life, are the great cons that have been placed on investors. The worst cons invariably go back to a law firm, and we all know solicitors who feel so confident they know all about investment policy and monetary policy that they can convince people to invest money. They say, ‘Invest with us, you’ll be safe,’ but they overlook something and down the track something goes wrong with their great plan—I guess we could say their cunning plan—and it comes unstuck and we find ordinary investors losing lots of money. That makes me think of our Treasurer and one of his predecessors, his now leader, and I think: what was their background? I realise they were both lawyers in a former life—both lawyers, both confident in their ability and both knowing all about monetary policy, but together they have succeeded in failing to deliver a simplified tax system.

On this side, we support a simplified tax system. That is what small business was promised, that is what small business expect and that is what we demand small business get. But they are certainly not getting it. Let us have a look at who is complaining. The National Farmers Federation feel that the taxation system is unjust. We have just heard the member for New England saying how the transport industry love it, but that is certainly not the message I am getting. They feel that, because of the intricacies of the tax system and because it is so involved, they are set on. Small retailers and tradespeople, particularly people in the building trade, have had to confront other problems recently—such as problems with HIH—which they also relate back to this government.

I had a doctor phone me the night before last about a letter he had received from the Australian Taxation Office. Together we agreed he is probably reasonably intelligent and he said, ‘When I look at this letter in conjunction with two previous letters I have received, I have no idea where I stand. I find I’m visiting my accountant more than I am attending hospital.’ When a doctor says that he cannot understand letters from the Australian Taxation Office, I start to wonder how other people understand the letters that they are getting from the tax office. This was a person who was trying to conform in every way, but when he had a look at all the letters he had received from the tax office about the things he had to do and he saw how they contradicted each other, he just tossed his hands in the air and said, ‘I give up.’ He is 63. He said, ‘I may as well retire and get out now.’ I said, ‘Don’t do that because you are not 65 and you won’t get any benefits from this government.’

I read into Hansard the other night a letter that I had received from a dairy farmer. This dairy farmer is a very progressive farmer and he is investing heavily in his business. At the end of the March quarter, he was due for a $35,000 rebate from his BAS. But what happened? He had been promised that he would get that within 14 days of lodgment, except that the tax office decided they would do an audit on him. That $35,000 was due because,
with dairy deregulation, he is investing hundreds of thousands of dollars to rearrange his business. He is restructuring his whole farm. He needed that money. That money was held up for 10 weeks until the audit was completed, and then the money was released because the audit found everything was in place, except they were mildly critical of his bookwork. As he has said in a letter to the Prime Minister, 'I am a farmer, not a bookkeeper.'

That is the sort of demand that this government is putting on ordinary Australian workers, people who have lived and worked all their life in one field, such as that farmer, yet are getting no assistance. In fact, they are getting downright hindrance from this government. These are the stories that we on this side are hearing. If we are hearing them, the government members are hearing them also. I guess Shane Stone was right: this government is mean and tricky and is simply not listening.

I would also talk about some of the furphies related to the tax system in Australia. I am sure that in here we hear from the Treasurer at least four or five times a week—and we generally hear it pretty loudly too—that we are a low taxing country. Isn’t it interesting that a report put out on Tuesday by the research arm of the Commonwealth Bank did not find that? It found that in the year to March 2001 each household paid $14,300 in income tax and GST combined, or 17.5 per cent of income. Australia’s combined tax take peaked at 17.8 per cent—when? Under a Labor government? No. It peaked at 17.5 per cent in 1998. If we go back a decade to a Labor government, we find that it was then $10,700, or only 16.4 per cent. Would someone on the other side please tell the Treasurer, ‘Don’t come in here and give us the garbage about being a low taxing country, don’t come in here and tell us that you’ve destroyed wholesale sales tax,’ because I can tell you that everyone out there who drinks milk is paying a wholesale sales tax on milk of 11c a litre and they will be doing so for the next nine years—and that was brought into place by this government to pay for a program they consider their own. These are some of the furphies that are being put around constantly by this mean, tricky and not listening government.

I also see a report in the paper today where the Democrats, I think, are calling for an inquiry because it has been discovered that goods are being exported from Australia to avoid GST and then being reimported into the country. I also heard one of the previous speakers talk about the black economy. Remember the Treasurer and the Prime Minister saying ‘This is going to make everyone pay tax’? They want to get out there in the real world and talk to some of the people who are avoiding paying GST on many goods where GST is liable simply because they engage in cash transactions. The cash economy is alive and well, and this government is ignoring it.

Finally, I would like to talk about oyster farmers. In the electorate I represent there are many oyster farmers. About 1,100 people derive their income from that industry. This is an industry where change has been suggested. I do appreciate that the government has listened to these people—I guess because they are mainly in National Party electorates. They are also in my electorate, and the Nationals hope to win that one back. These people are being asked to go out and value their immature stock. That task would be horrendous. It would be very expensive and, apart from that, it would be ridiculous because many of those immature stock will never go to market.

I thank the House for the opportunity to put my views forward. We do support the legislation, and we certainly look forward to a real simplified tax system—not the virtual one that the Treasurer claims we have.
of individuals like me was based on the premise that the GST would be bad for the economy. In particular, I raised issues in the Northern Territory about its impact on small business. Of course, we were decried as 'fear mongering' for making the observations, which have lately turned out to be 100 per cent correct, about what the GST would do in its impact on the economy and certain sections of the economy. In the Northern Territory a significant area to be adversely affected and which I highlighted during this election campaign advertisement was the building industry. Since that time we have seen the introduction of the GST. Now we have proposals to simplify—the new tax system, bearing in mind that already in this simplified tax system there are about 1,800 related amendments as a result of modifications which the government has deemed necessary since the introduction on 1 July last year. I would have thought you would have to ask a number of questions about that.

It is clear that what was being said by me and others, including the Leader of the Opposition, the shadow Treasurer and the Labor Party, at the time has been proved to be correct. There is absolutely no doubt in my mind that the GST has mugged the economy, despite the protestations of the Treasurer. You have only to look at what happened in the Northern Territory. We know that the Northern Territory economy is the poorest performing economy in Australia. We also know that in the year 2000 domestic building approvals in the Northern Territory fell by 39 per cent over the year 1999. We also know that in the period March 2000 to March 2001 state final demand in the Northern Territory fell by 1.9 per cent. Let us be clear about this: there is no question about the impact of the GST on small business in the Northern Territory.

I had the experience of being at a meeting in Tennant Creek recently where a retailer said that he could not even go to the bank because he had no bankable takings. He is a small retailer. Another person working in the retail industry in Katherine said that they had had their worst day of Tuesday trading in 20 years. I spoke to small business people around the Coolalinga area in the Darwin rural area, and nothing but dissatisfaction was expressed about the GST and its impact upon small business. This is despite the fact that, in advocating the cause for the GST, not only this government, through the Prime Minister and the Treasurer, but also all the advocates—the cheerleaders for the coalition—were out and about saying what a positive thing the GST would be for small business. They included, of course, the Northern Territory Treasurer, who said:

The package has been designed to minimise costs faced by business and reduce the administrative and compliance burden of the current multitax system. With the expected boost to the economy from the package, construction activity is expected to be better off, at least in the medium term.

We know that, in the short term, the impact has been devastating—absolutely devastating. I knock on the doors of small business. To be fair, I have had one person say that they thought the new tax system helped them manage their business better because of the compliance that was involved, but that is the only one. Almost to a person, small business people to whom I have spoken have indicated their grave dissatisfaction with the GST. The then Northern Territory Chief Minister and now the President of the Liberal Party, Shane Stone, said:

Territorians are better off with this package, including the GST.

That is simply not correct. We know the importance of small business to the Australian economy. We know the importance of small business to the Northern Territory economy. On ABS data for the year 1999-2000, small business employed a large number of people: indeed, 33,300 in the Northern Territory, which is more than half of Northern Territory employment. You do not have to be
Einstein to understand the knock-on effects if those small businesses start to feel the pinch, and there is no question that they have been feeling the pinch.

We know that nationally there has been an increase in insolvency. We know that, in May 2001, the Financial Review reported the Dun and Bradstreet survey which showed that bankruptcies increased by 22.2 per cent for the first quarter of the year from the previous three months. Comparing that with the data for the first quarter of 2000, the article stated that the figures are much worse, rising to 32.9 per cent. We have had a barrage of newspaper headlines over the last couple of months. The Sydney Morning Herald on 22 May this year had ‘Businesses’ cash flow hit by red tape’; on 22 May the Financial Review had ‘Small business take GST hard’ and on 24 March ‘It’s official: blame the GST’—and, of course, that was none other than the Deputy Governor of the Reserve Bank of Australia who said:

What was not foreseen was, first, the size of this fall [in housing construction] and, second, the degree of confidence-sapping annoyance with the administration of the GST.

When I was visiting these small businesses around the Territory I came across one that had a quaint sign on the front of his door. This particular small business was a gunsmith, and the sign on the door and on the wall was ‘Gunsmith and tax collector’. You should be concerned to know that people are very frustrated by the obligations that the GST places upon them in terms of collecting tax on behalf of the government for no reward. They see it as doing nothing but penalising their business—penalising their cash flow—and we know that situation has prevailed right throughout small business, right throughout Australia.

I had one small business man tell me a couple of months ago, ‘The GST will break me this week; I am waiting for my BAS return cheque so I can pay rent.’ Another said, ‘Trying to find out real information is like trying to use the help function on a computer; there is no way of asking the questions you want to ask so you can never get the information you need.’ Others have said, ‘We’re living in a dictatorship and its main weapon is the business activity statement.’ Another said, ‘I didn’t go into business to become a tax collector for the federal government.’ Frustration is being felt by the business community, and the small business community in particular. I want to make this very clear: I understand that the top end of town might think this is terrific—the top end of town may do very well out of this process; and, indeed, even medium sized firms may do well—but small businesses are doing it hard as a result of the GST. As a result of that, ordinary Australian working families are doing it hard as a result of the GST.

To have the Prime Minister and the Treasurer walk into this place, as they do, trying to somehow or other deny the reality of what is happening out there in the community in terms of the GST, beggars belief; it really shows no real understanding or appreciation by the Prime Minister or the Treasurer of what is happening out there in real Australia. I have no idea who they talk to, but they certainly do not talk to people involved with businesses in my electorate who are suffering as a result of the compliance costs of the GST and whose cash flows are suffering. Some of them have already gone out of business. As I said earlier, the knock-on effects are felt right throughout the Northern Territory economy.

It is important that we support simplification of this horrendous new tax system, and it is for that reason I am happy to be on my scrapers today supporting the legislation. Even if the Prime Minister and the Treasurer believe what they are saying—I doubt that they do; I know that most people in the government do not believe it—they ought to understand that no-one out there believes them. If they are of the view that somehow or other the community will endorse their proposals about the GST, they are dead wrong. I know from my own experience, observations and discussions with the small business community in my electorate that I am correct in making those assertions.
Mr Murphy (Lowe) (1.30 p.m.)—I wish to contribute to the debate on the so-called simplified tax system bills before the House this afternoon, the New Business Tax System (Simplified Tax System) Bill 2000 and two cognate bills. The government tells us that the purpose of these bills is to create an optional, simplified bookkeeping and income tax compliance package for businesses with an annual turnover of less than $1 million. The government claims it does this by giving small businesses access to the simplified tax system, consisting of three principal parts: a cash accounting regime, which recognises income when it is received and expenses when they are paid and now allows for the deductibility of prepaid expenses; a depreciation regime which now allows assets costing less than $1,000 to be written off immediately; and a simplified trading stock regime which frees the business of having to value each item of trading stock where the difference between two consecutive years' inventory is less than $5,000.

These bills make changes covering various areas of the new tax system that have been a cruel burden to honest, hardworking businesspeople like many in my electorate of Lowe. This budget delivers precious little for small business. Even the input tax credit for cars will be clawed back via the FBT rules. Further, the higher gross-up rate for fringe benefits, where a GST input tax credit has been allowed, means that the cost of this so-called benefit will be borne by the states. There is acceptance by this government that small business will have to continue to gather the GST with no recompense whatsoever.

The amendments contained in the Taxation Laws Amendment Bill (No. 3) 2001, which came before the House yesterday, dealt with some of the areas requiring change. They were: GST returns and payments; payments of GST by instalments; substituted accounting periods; correcting GST errors; pay-as-you-go instalments; and the deferral of due dates. Those changes, together with the ones contained in this legislation, have come directly as a result of the tidal wave of complaint and argument from ordinary businesses and from people who have been dismissed by this government and constantly lectured on how it was impossible to make GST compliance any simpler.

The Council of Small Business Organisations of Australia has argued that the time spent having to complete business activity statements has made its members unpaid tax collectors for the government. There are over 15,000 small businesses in my electorate of Lowe, operating from Drummoyne to Homebush West. They deserve a fair hearing. It has only been through Labor’s persistent campaign to force this government to understand their concerns that their GST compliance burden will receive some relief. Businesspeople in my electorate from Abbotsford, Five Dock, Concord, Burwood and Strathfield have asked me for these changes. Labor has advocated for them. And this government’s reaction? I can tell you that it spent all of last year like King Canute—defying the waves, arrogantly dismissing the concerns of small business people and rejecting these amendments as impossible to implement. The reason for this is simple. This government treats the small business people of Australia like pests—too small to be worthy of any serious consideration.

The Howard government has only one constituency, which it does consider worthy of its attention, and that is very big business. When it has done its favours for the big end of town—the corporate gurus who brought us the HIH and One.Tel disasters and who gave so generously to the Liberal Party election coffers—this government congratulates and big-notes itself on a job well done. This government has been more and more desperate to promote the fantasy, the self-delusion that this was a simpler new tax system that was perfect in every way at birth and so would not require any changes. The truth is that, taking this legislation into consideration, the number of amendments to the government’s new simplified tax system—as enunciated by my friend and colleague the member for Rankin, Dr Craig Emerson, this morning in the House—has now reached 1,865. It weighs 7.1 kilograms and it is the thickness of three telephone directories. That
is a bloody disgrace. If this is what the Howard government calls simple, God help us if it ever brings anything complicated into this House to debate.

This litany of taxation amendments is an example of the government’s desperate retreat that will come at a significant cost to the budget. These relatively simple changes should have been included in the first place. They will relieve some of the great administrative pressures bearing down on small business taxpayers, who are still experiencing a steep learning curve with all the requirements of the GST—not to mention the costs of paying their accountants for this service. These amendments are admissions that the pay-as-you-go system has made a previously simple and easily understood process more complicated and disruptive for the taxpayers of Australia. This legislation will help ease the cost burden incurred by small business people, thanks to the Labor Party. The new tax system, which is costing individuals and small business people in my electorate of Lowe, will at least begin to be addressed.

Overwhelmingly, businesspeople and all taxpayers in my electorate of Lowe are desperate to have the confusion inflicted upon them by this government, through the obligation of the business activity statement and the investment activity statement, addressed as a matter of urgency. We all know this tax system urgently needs to be made simpler and fairer for all taxpayers. We all know that this government will have to be dragged kicking and screaming to any consideration of the real concerns of small business people and individual investors. If this government had not been so headstrong and hell-bent on ramming the GST legislation through parliament in 1999, many of the issues and concerns addressed by these amendments before the House this afternoon could have easily been accommodated in the original legislation, with a lot less heartache for small business and a lot less damage to the budget bottom line. The small businesses of Australia know that any real fairness and simplification of the business activity statement will only come at the end of the year with the election of a federal Labor government. The Howard government should be flogged. The flogging will be dished out on Saturday, 17 November when the federal election will be held.

Ms HALL (Shortland) (1.38 p.m.)—The Howard government is a high taxing government, one that has made an art out complicating the tax system and the tax act. That is why this New Business Tax System (Simplified Tax System) Bill 2000 is unique. It actually simplifies the tax act, and that is something new, something very, very new for this government, something that this government has been promising to do whilst their actions have in fact complicated the act. I will talk more about that later.

The government portrays itself as the party of small business, the party that looks after its interests. Unfortunately the Howard government has been a real disappointment to small business, and I hear about this every day in my electorate as small business operators come and talk to me about their plight. It is a government that has sent many small businesses to the wall and a government that has many more small businesses struggling to keep their head above water. This legislation seeks to simplify the tax system for small business and provide a uniform system of capital allowances for various types of assets. The simplified tax system refers to an optional simplified book-keeping and income tax compliance package recommended by the Ralph review of business taxation. The STS is available to small businesses, which are defined as those having a turnover of $1 million or less a year. There are three components of this: cash accounting, simplified depreciation and simplified trading stocks.

Under the cash accounting section, businesses can adopt cash accounting so that income is recognised when received, not when an invoice is issued, and deductions are allowed when the expenses are paid—all very sensible. Under simplified depreciation, assets costing less than $1,000 are immediately deductible, assets costing $1,000 or more and lasting for less than 25 years are pooled
and written off at 30 per cent per year, and assets costing $1,000 or more and lasting for 25 years or more are pooled and written off at five per cent per year. Under the simplified trading stock regime, taxpayers do not have to account for changes in the value of trading stocks or do stocktakes at the end of the financial year where those changes are $5,000 or less. These are changes that will actually simplify the system and changes that will be appreciated by small business. It is my understanding that the STS has generally been welcomed by small business and accountants and has the potential to reduce the income tax compliance burden where taxpayers are eligible to join it. It will remove a lot of the complications. That said, there is still room for improvement, I am sure.

This legislation seeks to combine over 37 separate capital allowance regimes, which will offer simplification of benefits, a more comprehensive regime that provides a framework under which black hole expenses can be recognised. These are good things. These are simplifications and these are things that small business will appreciate. These changes appear to be positive and should benefit small business by actually simplifying the act—and that makes a pleasant change. This has been a government that has increased the workload for small business, and businesses have struggled under the weight of change this government has forced on them. The Howard government has forced change after change on small business and left small businesses reeling. I have heard about it every day in my offices. One operator after another comes to see me. I will talk more about that later.

The member for Rankin most ably detailed the government's achievements in this area—the GST legislation, the legislation that was going to simplify the taxation system for small businesses. It was the advent of a new age. Unfortunately, it has not delivered what it promised. There have been 1,869 amendments to that act. Since the legislation was passed there have been 1,869 amendments that weigh 7.1 kg, with the thickness of three telephone books. That is quite an achievement when you look at the purpose of the act: to simplify our taxation system. If that is simplification, I would hate to see what complication was. The tax act before the Howard government came to power was 3,000 pages, quite a weighty document. Now it is 8,500 pages. Quite an achievement for a government that is working to simplify the tax act! It is a government for accountants and lawyers, not for small business. I talk to accountants I know and they are telling me how they are struggling to keep up with their workload because of the fact that small businesses have been forced to utilise their service at a much higher level. The business activity statements have had enormous implications for small business. They have complicated the way small business operates. Small business implored the government to bring about changes, but unfortunately the government failed to listen to them initially. They did not respond to the concerns that small business were passing on to the government. Instead the government said, 'It's a good system. We will leave it the way it is.'

The government has actually changed its mind and has brought about some changes. When that sort of thing happens, I always ask: what is the reason for that? The answer is that the catalyst was the results in the Western Australian election, the Queensland election and the Ryan by-election. If the government had not been delivered the wallop at the polls, it would never have moved to help small business cope with the heavy burden of the BAS, a burden that this government that tries to portray itself as a friend of small business had imposed on them.

This is a government that will stop at nothing to win an election. It is a government that has been noted for its massive advertising campaign. This time last year, we were presented with the Unchain My Heart advertising campaign, which cost Australian taxpayers millions and millions of dollars. Now it is unleashing another advertising campaign on the Australian people which is once again costing many millions of dollars—in fact, $20 million per month. This is not good enough. A lot of this advertising is designed to get around the hurt that this government
has caused small business and the Australian people by its changes to the tax act—its GST that has inflicted pain on so many small businesses and so many people within Australia.

The government designed a tax act that is complicated. It is so complicated that businesses have to contact the tax office on a regular basis. Every time they need information on a particular application and the way the new tax system will affect their business, they have to get a private ruling from the tax office. When they ask the tax office to provide them with a more general response in writing so they do not have to contact them on such a regular basis, they are told that cannot be done because they need to contact the tax office and get a private ruling on all matters relating to their business. There is no broad based approach under the GST. It is certainly not a simple system, and it certainly has done nothing to cut red tape.

This is a government that has complicated the tax system and increased red tape. John Howard promised the Australian people and businesses that he would cut red tape by 50 per cent. Instead, he gave us the GST and legislation that has been amended almost 2,000 times. Yesterday in question time the Prime Minister admitted that the GST was a complex tax. He said, ‘The GST is not a simple tax.’ Small business can attest to that. Small business has been reeling under his GST since it came in last year. But I would like to say that I welcome this legislation. It is refreshing to see this government introduce legislation which simplifies the tax system and simplifies our tax laws.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (1.48 p.m.)—I would like to thank all the participants in this debate on the New Business Tax System (Simplified Tax System) Bill 2000 and cognate bills. The measures contained in these bills are based on the recommendation of the Review of Business Taxation. In summary, businesses entering the simplified tax system will use the new cash accounting arrangements, a simplified and more generous capital allowance regime and a simplified treatment of trading stock. Most of the measures are contained in the second reading speech.

I would like to mention one particular issue that was raised by the member for Hunter during the debate. He raised the concern that a small business with a turnover of just below a million dollars might be reluctant to expand their business as it might mean they are no longer eligible for the benefits of the STS. In response, I would note that the STS turnover test is calculated using the sum of the small business turnovers for any three of the previous four years. The turnover test ensures that a small business will not be required to leave the simplified tax system without warning. This will enable the business to plan for the future. On that basis, and given the time constraints, I commend the bill to the House.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (1.50 p.m.)—by leave—I present a supplementary explanatory memorandum to the bill. I move government amendments Nos 1 to 36:

(1) Schedule 1, item 1, page 3 (line 18), omit “Subdivision”, substitute “Division”.

(2) Schedule 1, item 1, page 3 (line 20), Omit “Subdivision”, substitute “Division”.

(3) Schedule 1, item 1, page 6 (line 4), after “paid it”, insert “or it was paid for you”.

(4) Schedule 1, item 1, page 6 (line 29), after “paid by you”, insert “or for you”.

(5) Schedule 1, item 1, page 7 (after line 31), insert:

Trading stock

(6) You can deduct for an income year for which you are an ‘STS taxpayer an amount you incurred and paid before that year if:

(a) the amount was incurred in connection with acquiring an item of ‘trading stock; and
(b) you could not deduct the amount before that year because of section 70-15; and
(c) the item becomes part of your trading stock on hand during that year.

(6) Schedule 1, item 1, page 10 (line 13), omit “section 40-35”, substitute “section 40-45”.

(7) Schedule 1, item 1, page 10 (line 19), omit “about primary production capital expenditure”, substitute “about capital expenditure of primary producers and other landholders”.

(8) Schedule 1, item 1, page 10 (line 30) to page 11 (line 4), omit subsection (5), substitute:

Exception: horticultural plants

(5) You cannot deduct amounts for horticultural plants (including grapevines) under this Subdivision.

(9) Schedule 1, item 1, page 11 (line 13), after “Subdivision 40-E”, insert “(1A) You must make an adjustment for the present year if your estimate for that year under subsection (1) is different by more than 10 percentage points from:

(a) your original estimate (see section 328-205); or
(b) if you have made an adjustment under this section—the most recent estimate you made under subsection (1) that resulted in an adjustment under this section.

(10) Schedule 1, item 1, page 12 (line 3), after “low-cost assets”, insert “for which you have deducted or can deduct an amount under section 328-180”.

(11) Schedule 1, item 1, page 16 (line 3), after “estimate”, insert “for that year”.

(12) Schedule 1, item 1, page 16 (lines 21 to 24), omit subsection (3), substitute:

(3) The taxable purpose proportion of a depreciating asset’s adjustable value, or of an amount included in the second element of its cost, is that part of that amount that represents:

(a) the proportion you estimated under subsection (1) or (2); or
(b) if you have had to make an adjustment under section 328-225 for the asset—the proportion most recently applicable to the asset under that section.

Schedule 1, item 1, page 18 (line 17), omit:

$1,600 [$2,000 x 80% business use estimate]

substitute:

$2,000 x 80% business use estimate = $1,600

(13) You must, for each income year (the present year) after the year in which a depreciating asset is allocated to a pool, make a reasonable estimate of the proportion you use the asset, or have it installed ready for use, for a taxable purpose in that year.

(1A) You must make an adjustment for the present year if your estimate for that year under subsection (1) is different by more than 10 percentage points from:

(a) your original estimate (see section 328-205); or
(b) if you have made an adjustment under this section—the most recent estimate you made under subsection (1) that resulted in an adjustment under this section.

(14) Schedule 1, item 1, page 19 (lines 16 to 23), omit subsection (1), substitute:
(20) Schedule 1, item 1, page 25 (lines 17 to 19), omit paragraph (c), substitute:
   (c) the sum of the adjustable values of the depreciating assets (for which an amount can be deducted under Division 40, or under this Division apart from this paragraph) that you, and entities (the grouped entities) whose value of business supplies is grouped with yours in accordance with section 328-380, held at the end of that year is less than $3,000,000.

(21) Schedule 1, item 1, page 25 (line 22), omit “*STS affiliate’s”, substitute “grouped entities”.

(22) Schedule 1, item 1, page 25 (line 23), omit “or *long life STS pool”, substitute “*, *long life STS pool or low-value pool”.

(23) Schedule 1, item 1, page 25 (line 26), omit “you hold”.

(24) Schedule 1, item 1, page 26 (lines 3 to 10), omit subsections (4) and (5).

(25) Schedule 1, item 1, page 26 (lines 27 to 30), omit subsection (2), substitute:
   (2) For the purpose of working out your STS average turnover under subsection (1) where you or a grouped entity carried on a business for part only of one or more of those years, use a reasonable estimate of what your STS group turnover would have been for that year or those years if you and the grouped entity had carried on a business throughout those years.

(26) Schedule 1, item 1, page 27 (line 4), after “present year”, insert “or a reasonable estimate of it”.

(27) Schedule 1, item 1, page 27 (line 9), omit “3”.

(28) Schedule 1, item 1, page 27 (lines 10 to 13), omit subsection (4), substitute:
   (4) For the purpose of working out your STS average turnover under subsection (3) where you or a grouped entity carried on a business for part only of the present year, use a reasonable estimate of what your STS group turnover would have been for that year if you and the grouped entity had carried on a business throughout that year.

(29) Schedule 1, item 1, page 27 (lines 31 to 34), omit paragraph (b), substitute:
   (b) the value of the business supplies made in the income year by grouped entities while they were grouped with you;

(30) Schedule 1, item 1, page 29 (line 24), omit “or control”.

(31) Schedule 1, item 1, page 30 (after line 29), insert:
   (8) An entity is an STS affiliate of yours if the entity acts, or could reasonably be expected to act, in accordance with your directions or wishes, or in concert with you, in relation to the affairs of the entity’s business.

(9) Another partner in a partnership in which you are a partner is not your STS affiliate only because the partner acts, or could reasonably be expected to act, in concert with you in relation to the affairs of the partnership.

(32) Schedule 2, page 33 (after line 17), after item 4, insert:
   4A After section 20-155
   Insert:
   20-157 Exception for STS taxpayers
   This Subdivision does not apply to you if, at any time in the income year in which you disposed of the ear, it was allocated to a pool of yours under Division 328.

(33) Schedule 2, item 12, page 34 (lines 13 to 15), omit the item.

(34) Schedule 2, item 19, page 35 (line 23), omit “section 328-365”, substitute “section 328-380”.

(35) Schedule 3, item 9, page 38 (lines 16 to 27), omit the item, substitute:
   9 Subsection 82KZMB(7)
   Omit “To avoid doubt, the”, substitute “The”.

   9A At the end of section 82KZMB
   Add:
   (8) Subsection (7) does not apply to:
       (a) expenditure described in paragraph 82KZMC(1A)(a); or
       (b) a taxpayer described in paragraph 82KZMC(1A)(b).

(36) Schedule 3, item 10, page 38 (line 28) to page 39 (line 14), omit the item, substitute:
10 Subsection 82KZMC(1) (before the note)

Insert:

(1A) This section does not apply, for a year of income starting after 30 June 2001, to:

(a) expenditure incurred otherwise than in carrying on a business by a taxpayer who is not an individual; or

(b) a taxpayer who was a small business taxpayer but not an STS taxpayer for that year.

The amendments make minor changes of a technical or clarifying nature. The amendments will ensure that the simplified tax system operates as intended. A number of the amendments are necessary in order to bring this into line with the new division 40 concepts contained in the New Business Tax System (Capital Allowances) Bill 2001, which is being debated cognately with this bill. Amendment No. 1 changes the heading of section 328-5 from ‘subdivision’ to ‘division’. Amendment No. 2 changes the reference in the ‘Table of sections’ in 328-A from ‘subdivision’ to ‘division’.

Mr Fitzgibbon—Mr Deputy Speaker, I raise a point of order. The minister indicated that he would table an explanatory memorandum and, to my knowledge, he has not done so.

Mr DEPUTY SPEAKER (Mr Nehl)—If you had been as observant as the chair, you would have seen it tabled.

Mr Fitzgibbon—I am sitting at a different angle from you, Mr Deputy Speaker. It was quite clear that the minister made no attempt to inform us that he had, in fact, tabled the explanatory memorandum.

Mr DEPUTY SPEAKER—I thank the honourable member.

Mr HOCKEY—Amendment No. 3 amends paragraph 328-105(1)(b) to provide for a constructive payment rule by inserting the words ‘or for you’. Amendment No. 5 amends section 328-110 to insert a new subsection 6, which ensures that section 70-15 of the Income Tax Assessment Act correctly interacts with the STS rules when a taxpayer enters the STS. Where section 70-15 defers a deduction for trading stock, this amendment ensures that a deduction is available to the STS taxpayer when the goods form part of stock on hand, even though the expense had been paid in an earlier year. The amendment is necessary because the STS provisions override the operation of section 70-15 while the taxpayer is within the STS regime.

Amendments Nos 6 and 7 amend subsections 328-175(2) and (3) as a consequence of the new division 40. Amendment No. 8 omits subsection 328-175(5), as buildings are already excluded from the STS under subsection 328-175(2) of the bill. A new provision is inserted in subsection 328-175(5) to provide for the exclusion of horticultural plants, including grapevines, from the STS depreciating asset pool as a consequence of those plants being dealt with under the new division 40. Amendment No. 9 amends subsection 328-175(7) to add a reference to division 42-L. This ensures that assets allocated to pools formed under that division will not also be included in the STS bill. Amendment No. 10 amends subsection 328-185(1) to clarify that low cost assets mentioned in the subsection refer only to those low cost assets deductible under the STS low cost asset provisions of the bill.

Amendment No. 11 amends subsection 328-205(1) to make it clear that an STS taxpayer’s estimate of business use of a depreciating asset will be in respect of the first year they use, or have installed ready to use, the depreciating asset as an STS taxpayer. Amendment No. 12 amends subsection 328-205(3) to provide that, if you make an amendment to the taxable use of an asset because there is a change in the business use of that asset, the taxable purpose proportion will be the proportion that was last taken into account because of the change of business use. Amendment No. 13 rewords the example in subsection 328-210(3) to more clearly express the formula. Amendment No. 14
confirms that, for each year an STS taxpayer might have to make an adjustment under section 328-225, they must also make an estimate for that year of the proportion a depreciating asset is used for business purposes. (Extension of time granted) Where the taxpayer’s estimate varies by more than 10 percentage points, an adjustment to the pool balance is needed. Amendment No. 15 ensures that the defined term asset value in the formula in subsection 328-225(3) includes not only the original cost of the asset but also the cost of any additions to that asset.

Amendment No. 16 inserts the heading ‘Exceptions’ before subsection 328-225(5) to aid interpretation. Amendment No. 17 amends subsection 328-225(5) to ensure that the exception provided under this subsection applies not only to adjustments but also to estimates. Amendment No. 18 amends subsection 328-295(2) to ensure that the subsection does not apply where the STS taxpayer has chosen to account for trading stock under subsection 328-285(2). Amendment No. 19 amends paragraph 328-365(1)(b) by replacing the reference to ‘or’ with ‘and’. This ensures that both input tax credits and increasing adjustments are ignored for the purposes of the $1 million turnover threshold for eligibility to enter the STS. Amendment No. 20 amends paragraph 328-365(1)(c) to clarify that the values of both the depreciating assets that you hold and those that are held by your related entities are taken into account when ascertaining whether or not you are eligible to enter STS. Amendments Nos 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35 and 36 are as circulated and moved.

Mr KELVIN THOMSON (Wills) (1.58 p.m.)—This is the usual sad story with the government: amendments moved and then brought on for debate, without any opportunity for the opposition to consider the detail of them, let alone go through our due processes, let alone consult with the broader community. As far as we can ascertain, these amendments are consistent with the original structure of the bill, which we do not oppose, but we will be having a close look at them and scrutinising them between here and another place. Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

QUESTIONS WITHOUT NOTICE

Job Network: Placements

Ms KERNOT (2.00 p.m.)—My question is to the Minister for Employment Services. Minister, when were you, your office or your department first made aware of allegations concerning the improper use by Job Network providers of their own labour hire companies to receive a payment from the government for placing people into phantom jobs? Minister, who made these allegations and on what dates?

Mr BROUGH—I thank the member for Dickson for her question. Allegations were made at a Senate estimates hearing and I have asked my department to make full inquiries into these issues. When that inquiry has been completed, I will obviously be making statements to that effect.

Information Technology: Development

Mr BARRESI (2.01 p.m.)—My question is addressed to the Prime Minister. Has the Prime Minister’s attention been drawn to statements about Australia needing to develop a home-grown information and technology sector? Prime Minister, are you aware of any alternative views in relation to this issue?

Mr HOWARD—In answer to the member for Deakin, I can inform the House that a further perusal of the research material on this very important subject reveals that claims have been made about the importance of developing the industry and not just using it widely and efficiently. Reference was made of it in a speech by the Leader of the Opposition to the Sydney Institute. It was a great mine of error and flawed assertion. It was a rich lode—a mother lode—of misstatement and misunderstanding and obfuscation and confusion. I would that mine enemy would write a book; would that the Leader of the Opposition would make these
speeches every week. On page 8 of his speech, he said:

I spoke earlier of the Treasury argument that Australia does not need a home-grown information and technology sector, but in order to maintain its prosperity only needs to be a flexible user of these resources.

He then went on to say:

Findings of this report suggest that this argument—the report he was referring to was Mr Marginson’s report—that is, the Chifley Research Centre report—often put by Howard government ministers is wrong.

In other words, the Leader of the Opposition was saying that the argument that all you had to do was to be an extensive user in order to win prosperity was wrong—that is, prosperity was denied to you unless you had a very big home-grown IT industry.

Along with virtually everything else in that speech, the Leader of the Opposition’s claim is open at very least to serious challenge. In rejecting his argument, I draw not on a source which is normally identified with the Liberal Party, I draw not on a source which is normally identified with the Treasury argument of economic policy, but I draw on a book by Alan Oxley called *Seize the future: how Australia can prosper in the new century*. For the information of honourable members, in the 1980s Alan Oxley was Australia’s Ambassador to the GATT, the predecessor of the World Trade Organisation. He explained the Hawke government’s economic reform to the international trade community and became the first Australian elected as chairman of the GATT. What he had to say I think it is very relevant to the debate. I quote the very succinct and neat summation of Alan Oxley’s view on this part of the debate:

The mistake in all of this is to consider that the measure of success of Australia in the information age is the size of its IT industry, however that is measured. The only measure that matters is to what extent Australians will adopt and use IT.

I repeat:

The only measure that matters is to what extent Australians will adopt and use IT.

He continued:

The impact of IT is to generate big savings in the way things are done. On this score Australia rates extremely well.

This summation by Alan Oxley adds to the growing body of evidence. For all the speeches that the Leader of the Opposition has delivered in recent times, none misfired more, none was more flawed, none was more intellectually imprecise and none more adequately represents to the Australian community the policy paucity of the Leader of the Opposition and the Australian Labor Party.

The reality is that Australia has a highly sophisticated, highly educated population. It is a country which is up there with the very best in the use of information technology. There have been numerous reports from the OECD and from the International Monetary Fund that will support that proposition. The Leader of the Opposition in addressing the Sydney Institute has provided us not with a lightning indication of his grasp of the so-called knowledge nation debate but with a rich mother lode of his incapacity to understand the fundamentals that drive the modern Australian economy.

**Job Network: Contracts**

Ms KERNOT (2.06 p.m.)—My question is to the Minister for Employment Services. Minister, isn’t it true that your department has told the top 10 Job Network providers to ‘get their numbers up no matter what’? Minister, wasn’t this done to assist you to achieve inflated performance figures for the Job Network and to give these providers an advantage in being awarded contracts without tenders in the next round of Job Network contracts?

Mr BROUGH—I find it extraordinary that the member for Dickson would complain about a department requesting people providing employment services to do their best. That is an extraordinary comment to make. I guess if you go back to the old CES days when they were told to get people into training courses and to cycle them around and around and around, you would have
something to complain about. But a system that is based on outcomes—and an outcome, for those who do not understand, is people that get jobs—is in fact a positive thing. This department and this government stand behind the Job Network and support it in ensuring that those people that are paid to provide employment services do so, and do so to the best of their ability.

**Tax Reform: Small Business**

**Ms GAMBARO** (2.07 p.m.)—My question is addressed to the Treasurer. Would the Treasurer advise the House of proposed tax changes that would affect small business? Would he also outline to the House other policy proposals that would impact on the competitiveness of Australia’s small businesses?

**Mr COSTELLO**—I thank the honourable member for Petrie for her question. I was recently in her electorate, at the Golden Ox Restaurant in Margate, and enjoyed very much a discussion with small business owners that were there. They alerted me to the fact that the Labor Party’s spokesman on small business, Mr Joel Fitzgibbon, had been there shortly before. I went looking for a report of his visit, which I found in the Northside Chronicle of 6 June 2001, as an avid reader of the Northside Chronicle. It started off by saying this:

Northside business leaders were last week slugged with bottom-line jitters of national proportions.

And it was not speaking of me, Mr Speaker. It was speaking of the federal opposition’s small business and tourism spokesman. The report said this:

Mr Fitzgibbon was questioned on issues of GST, superannuation and unfair dismissal laws. He said GST could not be reversed, he did not say that superannuation would not be increased and he said unfair dismissal laws would have to be reviewed.

The government has sought to review and change the unfair dismissal laws on how many occasions? How many times have we presented legislation to the Senate that has been defeated by the Labor Party?

**Mr Reith**—Eight.

**Mr COSTELLO**—Eight times. On eight occasions the Australian Labor Party have voted against changes to the unfair dismissal laws in this parliament. And they go to the northside small businesses and say, ‘Oh, if we ever get elected they will have to be reviewed.’ It is one thing in here, when they know the trade unions are watching them, and it is another thing when they are out in the small business community.

What did he say about superannuation? He did not say that superannuation would not be increased, that is for sure, because we know it is the Labor Party’s policy to increase the superannuation slug that will have to be paid by small business. And when he was questioned on the issue of GST he said it could not be reversed. Well, that is false. You can reverse GST. All you have got to do is repeal GST and re-enact wholesale sales tax, and increase income tax and increase company tax and double capital gains tax, increase financial institutions duty, increase the petrol excise and take away the reduction for long haul transport. You can reverse it all. Nobody in their right mind would do it. But of course the Labor Party have been in this place pretending that they are opposed to the GST when they run around the small business community and have an entirely different story.

One of the papers noted today—and I think it is probably true—that I probably show more interest in the roll-back policy than anybody else in Australia. I certainly show more interest in it than the Leader of the Opposition, that is for sure; and I show a lot more interest in it than the Deputy Leader of the Opposition. Let me just remind them of some of their words. On 2UE on 9 May, Kim Beazley said:

I have said before and I say again there is no doubt about our commitment to roll-back.

The broadcast to the nation on 11 May:

Let me state clearly that a future Labor government will be committed to rolling back the Howard government’s GST ...

An interview with Graham Richardson on 2 June:
People should not be in any shape or form confused about whether or not we will ... roll it back.

Parliament House on 19 June:
There will be roll-back of the GST under a Labor government. It is not an if or but, but there will be roll-back.

I have never seen a group of people going to such lengths to hide from their own policy. The whole of Australia waits breathlessly to know the roll-back policy. It waits even more breathlessly to know how much income taxes are going to go up to pay for it. And yet the Labor Party runs from its policy. It has one message in here and on the north-side an entirely different message. He is spreading the message that GST cannot be reversed. He knows that is what small business want to hear; they want certainty in relation to their taxation. And he is totally out of step with the Labor Party, which refuses to come clean on its own policy.

Job Network: Placements
Ms KERNOT (2.13 p.m.)—My question is to the Minister for Employment Services. Minister, isn’t it a fact that the way you have set up the Job Network creates an incentive for Job Network providers to ‘get their numbers up no matter what’, including by establishing their own labour hire companies to employ their existing clients in phantom jobs? Minister, how many Job Network providers also have their own labour hire companies? And isn’t it a fact, Minister, that your department was aware of all of the details of these phantom job schemes as early as 16 February, well before Senate estimates, when a senior official of your department gave verbal approval to such schemes?

Mr BROUGH—As you are aware, there is an inquiry which I have instigated under way into the matters that have been raised.

Mr Beazley interjecting—

Mr SPEAKER—The Leader of the Opposition.

Mr BROUGH—I must say it is good to see that you are showing some interest in the Job Network at last. Any matters to do with the Job Network are always investigated fully. That is currently under way and, if there are any matters to report back, I shall do so at the appropriate time.

Trade: Educational Services
Mr JULL (2.15 p.m.)—My question is addressed to the Minister for Trade. I refer the minister to the outstanding success of Australia’s trade in knowledge. What factors have contributed to this success, and are there any alternative policies that may be available in the area?

Mr VAILE—I thank the knowledgeable member for his question about Australia’s exports in knowledge based technology. The House would be interested to know that last year we exported over $30 billion worth of knowledge based technology out of Australia across a whole wide range of areas, including education services. The point should be made that Australia is already a knowledge nation, and that has been acknowledged by any number of international institutions, particularly the OECD. It was interesting to note that in a speech the Leader of the Opposition made recently he said:

Our headline value, our headline priority, our headline commitment is to the Knowledge Nation.

Thank goodness for that, because the Labor Party have gone out initially and talked down the strength of our economy. Now they are talking down the intellectual capacity of this country: they are making out that Australia is a dumb country whereas it is not a dumb country, it is a smart country—and we are already proving that.

Knowledge Nation as a proposal is coming from the Australian Labor Party, which brought us Investing in the Nation—remember that program?—Community in Nation, Shaping the Nation, Creative Nation, Our Nation, and who could ever forget Working Nation? All these programs managed to do was break the nation, and they brought us 20-plus per cent interest rates, high levels of unemployment and skyrocketing inflation.

It is time the Labor Party stopped talking down the intellectual capacity of Australia and started promoting it because Australia is being recognised significantly as one of the smart countries in the world. You would only
have to ask one of the 140,000 overseas students that have come to study in Australia, to study and learn from the knowledge based industries in Australia, why they are coming to Australia to learn and are not going to other countries. They recognise that Australia already is a knowledge nation.

Australia exports $4 billion worth of educational services from universities not just based in the capital cities but right across Australia: universities like the Charles Sturt University in Wagga, in the seat of Riverina, and in Farrer and in Calare; and the James Cook University in Townsville, in the seat of Herbert, and in Cairns, in the seat of Leichhardt. These are very important export earnings that are being generated out of a knowledge nation that we already are and that we have already established in this country. Interestingly enough, we are going to claim credit for that because, if you have a look at the statistics, in 1991, when the Leader of the Opposition was a minister in government, we earned $995 million from education exports. Last year, in the year 2000, we earned $4 billion from knowledge based exports. Those knowledge based exports go across all sorts of smart technology based industries and, as I say, we rank very highly in the world in these.

An OECD report that has been released recently has indicated that the critical issue in this whole debate is that the key to benefiting from new technology, from information and communications technology, is not how much you manufacture and export; it is how you have policies to use it. And Australia is ranked number two in the world in the application and use of ICT across all our industries in making us much more competitive with the rest of the world. Where I started was with this: we already send $30 billion worth of knowledge based exports out of Australia. Australia is already a smart country. It is time that the Australian Labor Party stopped talking it down and stopped telling the Australian people that it is a dumb country.

Nursing Homes: Yagoona

**Mr BEAZLEY** (2.20 p.m.)—My question is to the Minister for Aged Care. Minister, do you recall claiming on 16 February last year that you stayed up all night to ensure complaints about the Riverside Nursing Home were immediately investigated? Did you receive a serious complaint from Colin Thomas about the death of his mother at Yagoona only weeks later? Why didn’t you stay up all night to ensure the concerns of Mr Thomas were investigated? Can you confirm that the only response from your office was to write back to Mr Thomas three months later, expressing regret, but doing nothing?

**Mrs BRONWYN BISHOP**—I thank the Leader of the Opposition for his question because it enables me to deal with the sequence of events and the way in which the death of Mrs Thomas was investigated. This does raise some very serious questions. Mrs Thomas was, first of all, in Westmead Hospital and was then pressured to leave and placed into Yagoona Nursing Home. She was transferred on 7 February to the Bankstown Hospital because she had a temperature and low blood pressure. Her son rang the hospital at 7.30 the next morning and was told that his mother had been transferred back to the nursing home—no treatment. Within three days, on 11 February, she was transferred back to the hospital because her condition had worsened. She never left that hospital; she died there on 15 February.

The death certificate said that she died of sepsis, I think the term is, resulting from a pressure sore. For eight of those 10 days, she was in Bankstown Hospital. The thing that concerns me a great deal is that the New South Wales Department of Health, which administers the Nursing Homes Act of that state, also licenses homes. A complaint was referred to the health commission to investigate what had happened. They have referred two registered nurses and one enrolled nurse to the Nurses Registration Board for consideration of the treatment that they gave to Mrs Thomas. This has still not been dealt with, and I understand from inquiring that these
inquiries can sometimes take two to three years.

The sadness of the death of Mrs Thomas raises a very important question. When she was sent to hospital by the nursing home because she needed treatment, she was returned to the nursing home only to be returned back to the hospital three days later, and she subsequently died. Why was she not given treatment in the hospital when she needed it?

Rural and Regional Australia: Education

Mr Lawler (2.24 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Is the minister aware of any education proposals that will disadvantage students like those from the Parkes electorate and others from rural and remote regions of Australia? What is the minister’s response to these proposals?

Dr Kemp—I thank the member for Parkes for his question. I know how concerned he is for the educational standards of young people in his electorate. He is a very active and important member of the government’s education committee. I am aware of proposals that will seriously impact on the ability of families in remote and rural Australia to educate their children in the way that they would wish. This government has worked to improve opportunities for families in rural and remote Australia. In our view, a society which is going to make full use of knowledge has got to give that opportunity to all Australians wherever they live. This government has improved, for example, the basic boarding allowance, the second home allowance and the distance education allowance under the Assistance for Isolated Children scheme from January this year. We have increased the discount on farm and business assets for the purposes of the youth allowance—increasing from 50 to 75 per cent. And, of course, the new school funding arrangements recognise the sharp decline in the incomes of farming families that has occurred in recent years throughout Australia.

It is clear, however, that the Labor Party has no recognition of the needs of these families and no sympathy with their situation. In fact, we know that the Australian Education Union is on record as saying: It is a fact that most farmers and many self-employed professionals minimise their taxable income by means of elaborate schemes and trusts. In other words, what Labor really thinks about farmers is that they are tax dodgers, and this may be one of the factors behind the proposal that the Leader of the Opposition is now making that there should be massive cuts to the funding of boarding schools. More than half the schools on the hit list of the Leader of the Opposition are boarding schools—30 of the 58 schools are boarding schools essential to the educational opportunities of families in remote and regional Australia. The Leader of the Opposition says that these schools have assets. They do have assets: they have boarding houses that cater for the needs of children from families in remote and rural Australia. A large proportion of the children boarding at these schools come from remote Australia. Under the Labor Party’s proposals, these schools will lose up to $2,000 per student, and this will be reflected in rising school fees for families in remote Australia. These fee increases will more than wipe out all the additional assistance this government has provided through the boarding allowance to families in remote and rural Australia.

The Labor Party have clearly no idea of the importance of the boarding schools to these families. They have no sympathy whatsoever with these families. The new school funding formula that they intend to put in place will not recognise the needs of families whose incomes have been cut. They intend to go back to the old unfair, iniquitous and inequitable system under which these families were disadvantaged year after year. And now we are seeing in the Senate the Labor Party discriminating against funding certainty for many small, new community schools in rural and regional Australia as well. This is the most iniquitous policy you could imagine from the Labor Party. All we know about the proposals to fund Knowledge Nation are cuts to schools. The only proposal they have put down so far to fund Knowledge Nation is to cut the funding for
schools, particularly boarding schools for remote families. I am quite sure that as this year goes on the families in remote and rural Australia will let the Labor Party know what they think of Labor’s proposals to diminish the opportunities for young people in remote communities.

Nursing Homes: Yagoona

Ms MACKLIN (2.28 p.m.)—My question is to the Minister for Aged Care. Minister, can you confirm that, despite being contacted by the relative of a deceased resident with serious concerns and despite knowing the owner of the facility, you took no interest in events at the Yagoona Nursing Home? Can you confirm that your agency completed its recent damning report on Yagoona on 23 April 2001, recommending for the first time that a nursing home be closed? Is it a fact that you did nothing to keep yourself informed of that report, waiting to read about it five weeks later in the papers? Minister, what do you do?

Mrs BRONWYN BISHOP—I will tell you what I do: I clean up the mess that the Labor Party made.

Opposition members interjecting—

Mrs BRONWYN BISHOP—The whole point about accreditation is this: what the Labor Party did was indeed sweep it all under the carpet. You did not know about any homes or any individuals, nor did you care. You did not care because you kept it all quiet. We have introduced a system of accreditation which is totally transparent, where even you, Member for Jagajaga, can go to the Internet and get information, and where even the Leader of the Opposition can get information. The fact of the matter is that anyone who needs information can now get it. We have lifted the carpet, and what we found underneath was a mess. Indeed, if you go back through a few of those old cuts from the Labor Party, you will find that there are cuttings such as in the Age of 15 February 1995. ‘Most homes in substandard buildings,’ says the report. You will find headlines that say ‘Residents fed on scraps’. You will find people who are said to have lived in residential care ghettos. This is the mess that we had to clean up, the one you left behind, the one that the mistress of misery, the member for Jagajaga, the architect of—

Mr Beazley—Mr Speaker, my point of order goes to relevance. A series of specific questions was asked about Yagoona—

Mr SPEAKER—The Leader of the Opposition will resume his seat. This question was so phrased that the minister was asked—against my better judgment, I must say—‘What do you do?’ I would have thought that left her with a great deal of room to move in answering the question. I would, however, remind the minister of her obligation to address her remarks through the chair.

Mrs BRONWYN BISHOP—Thank you very much, Mr Speaker. Through you, Mr Speaker, I might say that the mess the Labor Party left behind left individual older frail Australians—

Ms Macklin—Answer the question.

Mrs BRONWYN BISHOP—I am. You asked me what I am doing, and I am telling you. I am giving you an answer

Mr SPEAKER—the minister will address her remarks through the chair.

Mrs BRONWYN BISHOP—I am cleaning up the mess you left behind. I am cleaning up the appalling system you left where there was not proper care given to older frail Australians.

Mr SPEAKER—Minister, I have invited you to take the call, but references to ‘you’ through the chair are, of course, outside the standing orders. I invite you to address your remarks through the chair.

Mrs BRONWYN BISHOP—Thank you, Mr Speaker. I would be delighted to re-route those remarks through you. Mr Speaker, to say that the Labor Party left behind the most appalling mess of substandard care for frail older Australians, and we had to bring in a system of accreditation to clean it up. One of the most important aspects of our new accreditation system is its transparency. Let me say that, if state hospitals were subject to the same degree of transparency, we might find some better outcomes for patients as well, particularly for older Australians, who seem
to suffer age discrimination as they enter hospitals. It is not acceptable.

To go precisely to the question of the Ya-goona home, I told you yesterday that the assessor on a review audit at the beginning of this year found that there were two out of four standards which they rated critical. The appendix, to the back of that report, states what will happen if there is a critical or unacceptable rating. It says that the agency will work with the provider to bring that home up to scratch and to meet the standards required. If it does not, it will be subject to sanctions. At the present time the department, together with the agency, has continued to monitor, to visit, with spot checks and support visits into that home to ensure that the things that were highlighted in the report—and I would mention two: firstly, that there was not adequate hot water for the residents and that those boilers had to be fixed and, secondly, that there were not sufficient continence aids and that they were using sheets and pillow cases; that is not acceptable—have indeed been remedied.

The department has put in place a plan which that home must follow. If they do not, then sanctions will be applied. I again pointed out yesterday that, in the even-handed nature of the agency, a Victorian owned government home—and I have not noticed anybody say that Mr Bracks is my first best friend, that Mr Bracks had had his department talk to the agency—that got four critical standards in fact had no action taken in terms of the downgrading of its accreditation because the agency accepted the word of the Victorian state government, just as it applies that test to every other provider which needs to bring its standards up to scratch. It is a fair, transparent, even-handed policy, and it was much needed to rectify the appalling state in which aged care was left by the Labor Party.

Small Business: Government Assistance

Mr BAIRD (2.36 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister advise the House of the government’s latest measure to help small business. How has the influence of registered organisations under the Workplace Relations Act created obstacles for the government achieving reform, particularly in New South Wales and Victoria? Are there any alternative policies in this area?

Mr ABBOTT—I thank the member for Cook for his very probing and interesting question. This week the parliament passed laws enabling the ACCC to take representative actions on behalf of small business threatened by unconscionable conduct from big business. That is the good news. The bad news is that, thanks to the opposition, the parliament did not pass laws to protect small business against big unions. What this means is that the opposition are happy to protect small business against big business but they will never protect small business against big unions, because under the notorious 60-40 rule the unions own and operate the Australian Labor Party.

To put that in context, the unions have a bigger shareholding in Labor Inc. than the Murdoch family has in News Ltd. The Victorian conference, which is the supreme decision making body of the Victorian Labor Party, has 448 delegates and, of those, 238 are controlled by the 10 biggest unions, including 52 delegates controlled by the Metal Workers Union. That is the union whose state secretary thinks that the best way to help small business is to open their front door with a crowbar. I should point out that, while the Metal Workers Union has 52 delegates, the ALP members of Aston have just two delegates to the Labor Party conference.

The unions own the Labor Party, and in New South Wales they are absolutely determined to operate it. The New South Wales Labor government is in crisis and the crisis is rapidly spreading to the federal opposition, because the same union bosses who control the preselections of Labor MPs in New South Wales also control the preselections of federal Labor members here in this parliament. The unions do not think they can trust Bob Carr, but they know they can count on Kim.

Mrs Crosio interjecting—
Mr SPEAKER—The member for Prospect!

Mr ABBOTT—Today, Andrew Ferguson, the state secretary of the CFMEU, said that he was very confident that the Leader of the Opposition would support the union position on workers compensation. Why shouldn’t Andrew be confident? Under the rules of Nepotism Inc., there is brother Martin and brother Laurie here—

Ms Hoare—Mr Speaker, on a point of relevance: the minister was asked a question in relation to small business. I have been listening carefully and in the last part of the answer he has not mentioned small business once.

Mr SPEAKER—The minister was asked a question about small business and he was asked about the registration of organisations under the Workplace Relations Act. It was in that part of the question that his answer continued to be relevant.

Mr McMullan—Mr Speaker, further to the excellent point of order by the member for Charlton: in what way was any of the last three minutes from this minister relevant to the question of the registration of organisations? It related to—

Mr SPEAKER—The Manager of Opposition Business has made his point and will resume his seat. The Manager of Opposition Business has asked me about a point of order on relevance—

Mr McMullan—I was asking you to clarify the ruling—

Mr SPEAKER—and I am prepared to respond.

Mr McMullan—You have not actually heard the question.

Mr SPEAKER—I have heard a question in fact, I would inform the Manager of Opposition Business. If there is an additional question, I will hear him.

Mr McMullan—In what manner is reference to the workers compensation scheme in New South Wales relevant to the question? In what manner is the ratio of union delegates to other delegates at Labor Party conferences relevant to the question? In what way is getting information wrong about preselection systems in the Labor Party of New South Wales relevant to the question?

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

Mr Pyne interjecting—

Mr SPEAKER—The member for Sturt!

Mrs Crosio—I’ll give you my hanky.

Mr SPEAKER—The member for Prospect is warned! The chair has already ruled that the comments made by the Minister for Employment, Workplace Relations and Small Business, in being asked a question about the registration of sundry and assorted organisations under the Workplace Relations Act, were relevant to the question. There is no obligation on the chair, nor has there ever been, for any more fulsome explanation than that.

Mr ABBOTT—Mr Speaker, I was asked about the influence of registered organisations. Let us make it very clear to the parliament that the Leader of the Opposition totally supports the union bloc vote or the ‘ties that bind’, as he called them at the ACTU conference in 1997. Thanks to the union bloc vote, every Labor member of parliament is like a prisoner on day release. They look free, but they have got the electronic bracelet on, the unions always know where they are and what they are doing, and the unions always take custody of them every night.

Mr Pyne—Show us your bracelet!

Mr SPEAKER—I warn the member for Sturt!

Nursing Homes: Accreditation

Ms MACKLIN (2.44 p.m.)—My question is to the Minister for Aged Care. Minister, following your last answer where you emphasised the transparency of your accreditation system, are you aware that Catholic Health Australia, one of the largest providers of nursing home care in Australia, have called for a full independent inquiry into accreditation? Are you aware that Catholic Health have said to you:

It is time to be transparent and open with the community in the interests of all who are dedicated to the elderly frail and sick.
Minister, why don’t you allow transparency in your nursing home system when we now have such an appalling litany of abuse and neglect of our frailest elderly Australians?

Mrs BRONWYN BISHOP—I thank the honourable member for Jagajaga for her question. I am more than aware of Mr Francis Sullivan’s comments. Francis Sullivan was, of course, an adviser to a former Labor Party health minister—none other than former Premier Carmen Lawrence over there. I noticed in his statement that he says that Catholic Health Australia offers to take over the accreditation function.

Mr Howard—They want to judge themselves.

Mrs BRONWYN BISHOP—that is right. With regard to the system of accrediting homes and ensuring that good care is to be delivered, we have partners in this exercise—we have churches, charitable organisations, community organisations, state governments and local governments—and when we look at where sanctions have to be put in place they affect all of those sectors. No one sector has not fallen below standard at some stage, but the good thing is they are working with the agency to raise their standards.

I notice that ANHECA, the peak body for private providers, put out a statement today too—which is quite amazing really—suggesting that it is a bad thing that the agency has become part of the compliance process. They are actually insisting that standards be applied, and then at the end they say:

If all residential aged care sector stakeholders had a say in the control and function of the Agency, then many of the current issues surrounding undue Government interference in the operations of the Agency would disappear ...

I bet they would! I bet they would, because there would be no transparency and there would be no independent arbiter. The important thing about this is that the concern is for our residents. The residents are always the important people—not propping up poor providers but looking after the residents. If providers cannot measure up, then they do leave the system: 190 during the accreditation process were either closed or relocated because they could not meet the new standards. Those 11 homes that have sanctions on them are ones that are continuing to be monitored by the agency and by the department to ensure that they come up to standard, which is what is the industry wants, and it is what is in the interests of residents.

Tourism: Government Initiatives

Mr SOMLYAY (2.48 p.m.)—I ask the Minister for Sport and Tourism whether she would inform the House of the recent domestic tourism figures and what these figures reveal about the government’s tourism initiatives such as the See Australia campaign. Is the minister aware of any other views expressed on the ABC yesterday in relation to domestic tourism?

Miss JACKIE KELLY—I would like to thank the honourable member for Fairfax for his question. In fact, I was in his electorate recently and he took me to the Gympie Show, which is an admirable regional tourism event. At that show I announced $100,000 in funding for the Mary Valley Heritage Railway project, another example of the things that we are doing in regional Australia for tourism. I can understand the member’s interest in tourism—his electorate has many tourist attractions. The Labor Party never ask any questions on tourism. In fact, they hardly ever actually talk about tourism, and when they do talk about tourism they get it wrong. On ABC radio yesterday, the Leader of the Opposition said that the travel and tourism industries are suffering because of this government’s policies. As the Prime Minister always says, when the opposition claim something—

Mr Howard—you always check it out.

Miss JACKIE KELLY—check the facts. So I checked the facts. I went to the Bureau of Tourism Research and I got the latest statistics. The latest statistics show that domestic visitor nights increased by seven per cent, the biggest increase ever. In addition, that growth in visitor nights has resulted in a 14 per cent increase in domestic tourism expenditure, 58 per cent of which is spent in regional Australia.
This growth is continuing. There is anecdotal evidence coming out of the electorate of the member for Parkes, where the Back of Bourke Exhibition Centre is. Under another program of this government—the Regional Solutions program—we have just invested $500,000 in this project, in addition to money that they have received under my department’s Regional Tourism program. Even in an area as remote as Bourke, the Dubbo newspaper has quoted Mr Stuart Johnson, the Manager of the Bourke Visitor Information Centre, as saying that, in the first four months of this year, 4,100 tourists made their way to the visitors centre compared with 3,200 in the same period in 2000. That is a whopping 28 per cent increase in visitors to Bourke. This is further evidence that this government’s policies are working for tourism.

We have invested $8 million in the See Australia campaign, with Ernie Dingo out there saying, ‘Go on, get out there, see Australia.’ We have got record funding for the ATC, we have got our Regional Tourism program, we have got extra funding for roads, we have cut company tax, we have cut personal income tax and we have cut petrol excise. Tourism is thriving under the coalition government, and those sitting opposite are constantly engaged in talking down the economy and our intellectual abilities, and now tourism.

I was recently in Queensland for another $8 million investment in tourism by this government: the ATE, which is the Annual Tourism Exchange put on by the federal government’s ATC. It is attended by over 1,000 buyers from overseas. They come to Australia to stock up on Australian tourism package deals to go overseas and sell. And Merri Rose, the Queensland tourism minister, is busy talking down tourism. The Queensland minister for tourism has taken a leaf from the book of the Leader of the Opposition, talking down tourism in front of thousands of international buyers. In this week’s state Labor government’s budget they cut funding to tourism. It is so typical of Labor’s hypocrisy. They say one thing in opposition and they do another thing in government.

Aged Care Standards and Accreditation Agency

Mr McMULLAN (2.53 p.m.)—My question is to the Minister for Aged Care. Minister, are you aware of the comments from the Chief Executive Officer of Aged and Community Services Australia this morning on ABC’s radio concerning the accreditation agency? He said:

People have doubts about it because they think it is too close to government.

Didn’t the Australian Nursing Home and Extended Care Association also state last year that the agency:

... is not an independent statutory body free from political and bureaucratic interference.

Minister, aren’t the doubts of the sector justified given your appointment of your own campaign manager to the board of the agency? Hasn’t this political appointment undermined the credibility of this supposedly independent agency?

Mrs BRONWYN BISHOP—I know that the member opposite never lets facts get in the way of a good yarn, but Mr Lang, the gentleman concerned, was in fact appointed in 1997, long before I became the Minister for Aged Care, and he was appointed to that board because of his expertise in dealing with veterans and war widows. Indeed, the veterans’ community makes up a very important part of aged care. As a result of recommendations from a council which advises the Department of Veterans’ Affairs, I agreed that veterans would be people with special needs for the purposes of allocations of beds for this current round. I think that Mr Lang serves on that council as well. He has long experience. He is a former member of the RAAF—he served in BCOF, in the occupational forces in Japan, and is a well respected member of the veterans community. Mr Lang was appointed in 1997 and was reappointed by me in 1999, and he is carrying out his job. For me, the criteria in appointing people to the board are whether they do the job well and whether they have the credentials for the appointment. I was unaware that being a
member of the Liberal Party excluded one from serving in public office. I can simply say that the board is behaving independently, as it should, and in accordance with the Corporations Law, to which it is obviously subject.

If I might say one thing about Mr Mundy: I found his comments were quite interesting. His main objection was that the government appointed the directors to the company. Of course it is a government appointment, as it properly should be. We established this corporation to be an independent board. It carries out its functions in accordance with its act and in accordance with the Corporations Law in order that the welfare of individual older Australians can be looked after. The ANHECA board, as I said, put out its own press release today, which I found was quite inappropriate.

I would like to add to Mr Francis Sullivan’s comments. He is a member of my compliance and accreditation forum but he has not been able to come to the last few meetings, so he has not realised that we have appointed a working group to investigate the operation of the accreditation system. That is chaired by Mrs Mary Little from the advocacy group in Victoria, because I wanted it to have a consumer focus. In the initial consultations with consumers—that is, residents themselves and their families—this is what they are saying:

The accreditation scheme is an unmitigated blessing. Consumers support the accreditation system for homes, seeing it as a positive initiative. They like to know that their home is being looked over by an external body and that all homes are to meet the same standards. They say that some of the providers did not give them enough information and they want more, and then they finally say:

We are not just recipients; we want to be involved.

They want to have a say in how care is delivered to them. That support they get from me 1,000 per cent, and that is what the board is designed to support as well.

Coastal Surveillance

Mrs GASH (2.58 p.m.)—My question is addressed to the Minister for Defence. Would the minister describe what measures are in place to protect our borders from illegal incursion? Is the minister aware of other policies in this area?

Mr REITH—I thank the member for Gilmore for the question, and I acknowledge her great interest in defence. She is a great supporter of the base in her electorate. The Coastwatch operation which the government has in place includes a number of agencies—Customs and fisheries—but also the Royal Australian Navy and the Royal Australian Air Force. In recent years the government has revamped that organisation. We have had an admiral of the Royal Australian Navy running it in recent times. We have put a lot more money into it, and by all accounts it is a world standard body. Furthermore, one of the particular features of this organisation is that we integrate a number of agencies to give us an efficient delivery of services. It is performing extremely well.

Not only have we undertaken major reform and put more money into it but also we are looking to the future for coastal surveillance, and one of the capabilities we are looking at purchasing is the Global Hawk, which has been out in Australia recently. That demonstrates the fact that the government does have a vision for improving this capability, and we are in that regard very much involved in leading edge technology.

I am asked whether there is any alternative policy. I did say something about this yesterday and, lo and behold, up popped a policy—but, interestingly enough, not from the shadow minister for defence, who presumably would be paying for this policy, but a person known as the shadow minister for customs. This is a very interesting thing, because he said that it was a shocking thing that I should suggest, in response to the Leader of the Opposition’s proposition, that we could have a US type coastguard. The shadow minister for customs got up and said, ‘Actually, it’s wrong to look at the cost of the US Coastguard at $7.2 billion.’ In fact, ac-
According to the shadow minister for customs, the Labor Party’s coastguard policy would require minimum financial commitment. Doesn’t that have something of a familiar ring to it? It reminded me of the free Anzac battalion. It reminded me of the free bombing range. Lastly, it reminded me of the two free subs which are at the core of the Labor Party’s commitments.

The next question is: is that what the rest of the Labor Party have been saying? If you go back a bit in time, the shadow minister for industry issued a press release in which he said that Labor’s commitment for a coastguard would require up to 15 purpose-designed vessels. So now we have 15 free purpose-designed vessels! Earlier than that, the very person who said that it is not going to cost you was the year before saying that we are going to have 12 high-speed twin vessels of 45 metres to 60 metres and three 80-metre ships which would confine themselves to the Southern Ocean. I had that costed and that is $850 million just for the ships, let alone the cost not only for the people to service them, to man them, but for the huge new bureaucracy which the Labor Party is planning to set up as a means of somehow protecting Australia’s coastline. Just for good measure, we have the shadow minister for customs, who tells us it is going to cost nothing but he has got 15 vessels; we have got the shadow minister for industry, who has got 15 vessels, and we have got the shadow minister for agriculture, who was in the House just the other day saying:

A future Labor government will move quickly to improve the policing of waters under our control by setting up an Australian coastguard ... It will be provided with specialised vessels ...

What we have is a policy from the Labor Party where they say to the Australian public, ‘It’s going to be like the US coastguard,’ which has got 42,000 people in it at a cost of $7.2 billion. So you can have a US style system but it will not cost you a zack. But you have got these guys going around saying that we are going to have all these new vessels. The whole thing is just a complete fraud. It is a telling point. The person who says nothing is the shadow minister for defence, because he knows that if ever they went forward with this policy, which the Leader of the Opposition himself was a few years ago opposed to, what are they going to do? They are going to cut into the Royal Australian Navy. Well, I say that the best people to have as a core part of this coastwatch facility are the Royal Australian Navy. I say that most Australians would reckon with the government: we ought to keep the Royal Australian Navy doing the great job that they are. It is patently ridiculous for the Labor Party to put up a proposal. They do not have a zack for it. They are trying to con the Australian public, and they themselves have said that it is completely impractical. It is a con and I suggest that the Leader of the Opposition get all those shadow ministers together and finally work out a policy.

Aged Care Standards and Accreditation Agency

Mr BEAZLEY (3.04 p.m.)—My question is to the Minister for Aged Care. I draw attention to the fact that a few minutes ago she said that she appointed the board to be an independent board. Can you confirm that in November last year the ex-chief of your accreditation agency, Dr Penny Flett, told a public conference that she might:

... be decapitated for saying this but ‘The agency is not independent enough and I do not know of any similar body that has to bear the control that this agency has to deal with.’

Minister, doesn’t this statement from the ex-chief of the agency prove that it is not at arm’s length, that it is not independent and that you have exerted political control over it?

Mr SPEAKER—I will allow the question to stand, but the minister will ignore the latter part of the question which imputed her exerting political control over it.

Mr Leo McLeay—Don’t mention politics in here, whatever you do.

Mr SPEAKER—I warn the Chief Opposition Whip!

Mr McMullan—I raise a point of order, Mr Speaker. What is it in the standing orders that makes it out of order to imply that a
minister has political control over a government agency?

Mr SPEAKER—I have in fact indicated that, if you look at standing order 144, you will find that there are a number of issues that are tolerated by the chair, but among those that cause all occupants of the chair most concern are imputations—

Mr McMullan—What is the imputation?

Mr SPEAKER—The imputation was that there was political influence being exercised over the board.

Mr Crean interjecting—

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

Mr Zahra interjecting—

Mr SPEAKER—I warn the member for McMillan!

Mr McMullan—Mr Speaker, there is nothing in standing order 144 or in House of Representatives Practice that has ever said that it is in any way an improper imputation to suggest that a minister has exercised political control over an agency which is within her departmental responsibility. She is the minister responsible for that agency; she must be able to answer questions in this place about her relationship with it.

Mr SPEAKER—I have allowed the question to stand and I ask the minister to ignore the question of imputation. I would have thought that, if I were being difficult with any member of the House, the question would simply have been ruled out of order.

Mr O’Keefe—Mr Speaker, in respect of the ruling you have just made, the history of this parliament is littered with situations where ministers have been brought to account in question time for having improperly used their role as a minister to influence some area of government activity. This is a perfectly legitimate question aimed at exactly probing that point.

Mr SPEAKER—I remind the member for Burke that at no period during my occupancy of the chair or my period in the parliament, which includes a number of occupants of the chair, have imputations of improper motives been permitted. I have allowed this question to stand with that portion excluded. The question stands. The minister is called.

Mrs BRONWYN BISHOP—Dr Flett was the inaugural chairman of the accreditation board. She is also the chief executive officer of a group of homes known as Brightwater. When Dr Flett’s period of office was completed, people were thankful that she had started the process and done it well. She is free to express her views as she will. People are appreciative of the work that she did initially, but I do think it was better to have a chairman who was not a provider, in order that the board could properly get around its business of compliance.

Banking: Services and Fees

Dr SOUTHCOTT (3.09 p.m.)—My question is addressed to the Minister for Financial Services and Regulation. Would the minister inform the House what the government is doing to remove the hidden taxes of banking in Australia? Is the minister aware of any alternative policies which relate to taxation?

Mr HOCKEY—I would like to thank the member for Boothby for his interest in this matter, and particularly his interest on behalf of his constituents. In just nine days time, financial institutions duty is going to be abolished. It is a tax on deposits, and its abolition will save Australians $1.2 billion a year, an average of $60 a year for every man, woman and child in Australia. It is a tax at 0.06 per cent on every bank deposit, and it is levied on financial institutions, which then pass it on to business and consumers. FID is an insidious tax because it is hidden and because it is complicated. It is levied by all state governments except Queensland. However, even in Queensland national businesses do not discount products to allow for the absence of FID. For example, you do not see a national hamburger chain discounting hamburgers in Queensland to allow for the fact that they do not pay FID in Queensland. A car manufacturer does not discount the cars that they sell in Queensland because there is no FID. That is because businesses bury this
tax in their prices. At the end of the day, all Australians, including Queenslanders, end up paying for FID.

For many small businesses with enormous turnover, the abolition of this tax is very significant. For example, a small supermarket with, say, eight employees, with a turnover of around $20,000 a day, will save $4,300 a year. An average newsagent with a daily turnover of $2,100 a day will save $450 a year. A service station which, as is not uncommon, has a turnover of $10,000 a day will save over $2,000 a year. A pub with poker machines that could have a turnover of $25,000 a day will save over $5,500 a year; that means cheaper beer, because it has to be passed on to consumers.

Many Australians would not be aware how broadly FID is directly levied on consumers. It is a tax on salary and wage deposits, on credit card payments, on mortgage repayments, on loans, on term deposits and on hire purchase payments and it is a tax on transfers between bank accounts. However, it is not applied to social security pensions or Veterans' Affairs pensions in most jurisdictions. In some cases, financial institutions, when they are liable for FID, do not pass it on to people under the age of 18; it saves them the cost of that banking. FID is the most insidious of all bank fees because it does not discriminate between rich and poor. The Australian Bankers Association has recently announced that around five million Australians will pay no bank fees on their bank accounts. They still, however, have to pay FID on their deposits.

The member for Boothby asked me about alternative views. We know that the Labor Party oppose the abolition of FID. They oppose the GST. The GST is paying for the abolition of FID. We know that the Labor Party were so concerned about bank fees during their 13 years in office that two days before the 1996 election they pledged they would do something about it in their 14th year. We know that in current banking policy of the Labor Party—in the small part of that Labor Party policy that they did not plagiarise from the banks themselves—they pledged to monitor bank fees and charges. Given that the Labor Party are so upset about bank fees today, they should be supporting the abolition of FID. They should pledge here today that they are not going to reintroduce a tax on bank deposits. They can do it right here and right now. They can pledge that they will not reintroduce a tax on every bank deposit in Australia. There is total silence. There is total silence again. The international bank ABN AMRO sent around the world a banking sector update.

Mr Lee—Don’t bring politics into the chamber.

Mr SPEAKER—The minister has the call. The member for Dobell is warned!

Mr Price—I raise a point of order, Mr Speaker. The minister is inviting interjections from the opposition. I would have thought, if we were to do that, it would be a breach of standing orders. I ask that he make his contribution without inviting members of the opposition to breach standing orders.

Honourable members interjecting

Mr SPEAKER—The chair is not being helped by either the Leader of the Opposition or members of the frontbench. The member for Chifley is aware that all occupiers of the chair are constrained by the standing orders, but rhetorical questions, while not welcomed by occupants of the chair, are not prohibited by the standing orders. So, whether the tactic is approved by the chair or not, it does not fall outside of the standing orders.

Ms Kernot interjecting

Mr SPEAKER—The member for Dickson reminds me that the member for Chifley does make one valid point, and that is that rhetorical questions do in fact prompt interjections, but they too are out of order.

Mr Beazley interjecting

Mr SPEAKER—The Leader of the Opposition is now defying the chair and is better aware than most people in this chamber of the restrictions offered by the standing orders which the chair, no matter who its occupier, endeavours impartially to enforce.

Mr HOCKEY—The Dutch international bank sent a report to all their clients around
the world on the banking sector in Australia. They described the Labor Party’s comments on banking and fees as ‘a foghorn that continues to drone on’. If the Leader of the Opposition is not prepared to give a yes or no now, he can write it down and send it to me. Will the Labor Party abolish FID? Will they stick to abolishing FID? Will they commit today not to reintroduce any fees or charges on bank accounts for everyday Australians?

Aged Care Standards and Accreditation Agency

Mr BEAZLEY (3.18 p.m.)—My question is directed to the Minister for Aged Care. I ask again whether she recollects or is aware of the comment of Dr Penny Flett, the former chief of the Aged Care Standards and Accreditation Agency, that the agency is not independent enough and, ‘I do not know of any similar body that has to bear the control that this agency has to deal with.’ Is she also aware that Dr Penny Flett said:

The public confidence has been shattered on several occasions this last few months and it has grieved me not to be able to stand up and explain what is behind all this.

Is she also aware that she said:

It is not in effect independent at the moment.

Mr Ross Cameron—Mr Speaker, I raise a point of order. The standing orders cannot be used to simply vent argument advanced by third parties outside this chamber.

Mr SPEAKER—The member for Parramatta is aware that under standing order 144 there are a number of things not tolerated, including argument. To ignore argument altogether would, in fact, be to rule out of order a large number of questions. I try to intervene only as frequently as is necessary. That is why I have allowed the Leader of the Opposition to ask his question.

Mr BEAZLEY—To conclude my question: Minister, in light of those comments, is the accreditation agency only at arm’s length when you want to evade questions in this House and/or work?

Mr Ross Cameron—Mr Speaker, I simply refer you to your ruling in the previous question in relation to rhetorical questions.
to it carry out their responsibilities under the Aged Care Act and under the Corporations Act.

I might add that not only have we had those other inquiries to make sure that everything is working on track and in accordance with the reforms, but we had a two-year review conducted by Professor Gray. Professor Gray’s final conclusions were:

It is my conclusion, on completion of the Review, that the reforms have delivered substantial improvements to the aged care system.

The fine-tuning undertaken to smooth the implementation of the reforms and address unanticipated anomalies has been largely successful.

The accreditation board, the accreditation system and the work that the department does in the compliance region, as well as the agency, have been highly successful in lifting standards, as consumers themselves say—and they are the ones we have to listen to. They are the ones who need the care. They are the ones who have the final say. It is the accreditation agency board, which is an independent board carrying out its responsibilities quite properly, that ensures that this can happen.

Illegal Immigrants: Detention Policy

Ms JULIE BISHOP (3.22 p.m.)—My question is addressed to the Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs. Would the minister update the House on the measures that the government has taken to ensure that Australia’s detention policy is humane?

Mr RUDDOCK—I thank the honourable member for Curtin for her question. Let me affirm that we do have a policy of detention for people who arrive in Australia unlawfully and clandestinely, to ensure that they are available for processing and for removal. It is a policy to achieve that public interest outcome. It is not punitive. It is humane. We do not detain refugees. We do, however, detain people, some of whom make asylum claims. Last week 3,000 people were detained after more than 400 additional people had arrived by boat at Ashmore Reef and Christmas Island. At the moment, 1,100 of those 3,000 are people whose claims have been determined adversely to them and who are available for removal. Of those people, 676 were unauthorised boat arrivals, 327 were visitor overstayers, and 149 were unauthorised air arrivals.

We endeavour to ensure that processing occurs as quickly as possible, and it is the case that 80 per cent of applicants receive a primary decision within 15 weeks. Some applicants who have strong claims and who present with documents and corroborative information do get released within as few as four weeks. There has been very considerable improvement, over time, in the amenities, facilities and services for detainees and I table a statement which I presented at the time that I responded to the Human Rights Subcommittee report, outlining the very considerable enhancement that has occurred in recent weeks. It is important that we do not detain people longer than any time needed to make effective decisions, but it is also important that we maintain the integrity of our programs.

I would like to say that on these issues we are not just talking about them; we are about solving the problems that we face. Those words may have a ring to them because they were words uttered by the Leader of the Opposition. I just say that those who suggest that an inquiry would solve the problems of detention have no policy of their own and do not have any entitlement to talk about those matters.

Minister for Aged Care

Mr BEAZLEY (3.25 p.m.)—My question is to the Prime Minister. Prime Minister, isn’t there a crisis in our nursing homes because of the abject failure of your Minister for Aged Care, Bronwyn Bishop? Do you recall the Riverside Nursing Home in Melbourne, where patients were bathed in kerosene? Do you recall the Hillmont Nursing Home in Sydney, where patients were mistreated; Alchera Park in Gladstone, where the deaths of three veterans went uninvestigated; and, of course, Yagoona, with its record of cold showers, infected bedsores and deaths? Prime Minister, how much worse do things
have to get for aged and frail Australians before you sack Bronwyn Bishop?

Mr HOWARD—I thank the Leader of the Opposition for predictably directing the last question in this series to me. I will take a few moments to answer, because it is an important question. I accept that decent, proper and sympathetic care of the aged is an important matter for both sides of this parliament. I would also like to say that down through the years it has always been a subject that has drawn a lot of interest and coverage in the media. If the Leader of the Opposition allows himself a skerrick of candour and honesty instead of political rhetoric on this, he will of course recall the headlines in the *Sunday Telegraph* of 10 March 1996—I suppose he might turn around and say that in seven days we were responsible for this headline—‘Nursing homes in crisis’. That of course spoke of the 13 years during which his government was in office.

Could I just go through the substance, as I understand it, of the allegations that have been made concerning the Yagoona home. Obviously there are some circumstances about that which are distressing. Whenever there is a suggestion of an avoidable death, no matter what the age of the person, that is a matter that should incite the interest of this parliament and should invite the interest of people responsible. As I understand it, the substance of the opposition’s allegation is that the recommendation of the assessment team—namely, that the accreditation be cancelled—should have been implemented but was not implemented because the state manager was in some way subject to political influence because one of the members of the board of the Aged Care Standards and Accreditation Agency is a member of the Liberal Party of Australia and, in fact, a member of a branch within the minister’s electorate. That is the gravamen of the allegation. The opposition trawls names through this parliament, smears somebody merely because they happen to be a member of the Liberal Party—

Mr SPEAKER—The member for Cunningham!

Mr HOWARD—I was not aware, when the former government was in office and there were countless people appointed to boards and so forth—

Dr Martin interjecting—

Mr SPEAKER—The member for Cunningham is warned!

Mr HOWARD—I lost count of the number of boards to which people like Rod Cameron and so forth were appointed. It was the constant refrain of those opposite that people had to be judged according to their merit. The fact that somebody is a member of a political party is not, ipso facto, a reason why that man or woman should not be on a body. Last night, the Leader of the Opposition and I shared two hours of bipartisanship at the Young Political Leaders Council, and we both spoke of the value of participative democracy and the value of political party membership. If there is one thing that we ought to be encouraging in this parliament on both sides, it is for people to join the political party of their persuasion.

If you want to drive people away from political parties, if you want to drive them away from committing themselves to public service, you blackguard them under parliamentary privilege. That is in essence what the Leader of the Opposition has done. It is in essence what has been done by the member for Jagajaga. If the Leader of the Opposition has an allegation of substance, other than one member of this accreditation board sharing common membership of the same political party as the minister, let him make that allegation, let him specify it, let him prove his case; let him not rest it on smear and innuendo.

I also remind the Leader of the Opposition of another fact: the decision not to accede to the recommendation about cancelling the accreditation—the act of which the opposition has complained—was not in fact carried out by Mr Lang or by the board of which Mr Lang is a member. It was in fact carried out by the state manager, who is independently authorised to make that decision. In other
words, the Liberal Party member did not do the thing about which the complaint has been made. Even if you accept smear is substance, he has not even constructed a valid case.

Of course anything to do with nursing homes is emotional. Anything to do with the death of a person is emotional. It is very important for all of us, when we are dealing with issues of this kind, to try to separate fact from rhetoric and to try to deal with these matters in a sympathetic fashion. There is no doubt that, when this government came to power, there was a significant deficiency of capital in the nursing home industry in Australia. The minister and I would be the last to assert that every nursing home in Australia is perfect. I am sure that there are some that are of a lesser quality than others and some that people would rather not be associated with, but we have established an accreditation system. That accreditation system has been the subject of a review carried out over a two-year period. I have utter confidence in the decency, the commitment, the integrity and the compassion of my minister in this area. I believe that my minister has done an outstanding job. She has been the subject of constant abuse from those who sit opposite. They have sought to smear her under parliamentary privilege. They have sought to damn somebody simply by an association with a political party. I say to the Leader of the Opposition: if you have a case based on substance and not smear, if you have got some facts to support these tawdry allegations that you make, lay them before the parliament and stop smearing decent Australian citizens under parliamentary privilege.

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

PRIME MINISTER
Motion of Censure

Mr BEAZLEY (Brand—Leader of the Opposition) (3.33 p.m.)—I seek leave—

Mr Howard—I am very happy to give leave. The Leader of the Opposition wants to avoid a debate on knowledge nation. I am delighted—
to any body in this nation because they are a member of a political party. He then opened up the tear ducts for the Australian people to observe and said to me, ‘What a terrible thing that you should accuse us of political influence by such an appointment.’ All of us on this side of the House recollect that, when we were in office, the appointment of any particular Labor person to any position at any time brought the most ferocious retorts from him when he was in opposition.

I agree with him on one thing: if the independence of this body were beyond question, if the relationship between the minister and this body were beyond question, if it were definitely at arm’s length, then the particular appointment in this case probably would be irrelevant. But what we have had presented here today and earlier this week is repeated evidence that that is not the case, that the independence of this body is in question and that it has been a convenient thing for the minister to assert that that is the body now in control. Only weeks before asserting that, she involved herself most directly in the nursing home problems that emerged at Riverside in Victoria with a totally different approach to her level of ministerial responsibility—an approach to a level of ministerial responsibility, I might say, that was at least appropriate to the extent that it showed that she would at least, when finally pushed to it after one disaster or another, take responsibility for her portfolio. But within weeks of that, disasters emerged elsewhere, they got lost in the archives in her office, were dealt with sporadically and, when finally teased out in the media, her response in this place was, ‘This body is completely independent. I have nothing to do with it. I have total amnesia about the way in which I handled these things in the past. I will hold it responsible. It has the authority to act and, oh dear, its particular decision was overthrown, but that has nothing to do with me.’

That is not good enough, Prime Minister, because we have other evidence. We have the evidence of those who have gone through the process of looking at the accreditation of Yagoona; the evidence of those who have said it, ‘Oh well, don’t worry too much about this, there is political influence here. There is political influence here, so don’t expect anything too much to flow from any accreditation process, because of that political influence.’ And then we have the extraordinary comments of Dr Penny Flett, who is a person who is respectable, a person who has been involved in the activities of nursing homes for a very long time and, indeed, who was chairman of that agency. Did she say that her frustration was drawn from the view that she was standing in charge of a totally independent body and that she was disgusted with this independence that had been given to her and that she wanted some capacity to have ministerial influence or departmental influence exercised over her? Not for one minute. The picture of Dr Penny Flett and the operations of this body is 180 degrees different from the picture presented by the minister in this place as the minister evaded her responsibility for the problems at Yagoona that she accepted ultimately for herself for the problems at Riverside. What Dr Penny Flett has had to say about it is these sorts of things:

The public confidence has been shattered on several occasions this last few months and it has grieved me not to be able to stand up and explain what is behind all of this. The second thing I feel very strongly about, and again now as I am perhaps a freer agent, I think we must all make it very clear, if you agree with me, the agency must be independent. It is not in fact independent at the moment.

Later on she says:
It is not independent enough. And I do not know of any other similar body which has to bear the control that this particular agency has to deal with, so I am deadly serious about that. If I offend anybody I am sorry.

Clearly, one person she offended very considerably in this regard was the minister herself. She offended the minister in what she has had to say about her particular defence, because she strips away every element of that facade. Mr Speaker, this could just be part of the normal argy-bargy of politics, to and fro across the table. These debates take place from time to time in the parliament. Nothing in particular hinges on it all that
much; it is a nice opportunity for governments to score points off oppositions and for oppositions to score points off governments. But that ain’t the situation here.

What we are dealing with here are the lives of people and the confidence of people that their parents will be cared for properly when they are elderly. We are dealing with people who are nervous and concerned. They are people who want to know that, first, they have the 100 per cent attention of the minister when there is any trouble affecting one of their relatives who is placed in a home under the charge of the minister. Secondly, they want to know that the home is operating under an appropriate accreditation process which will see that, if it fails that particular accreditation process, then the bed on offer is not there but somewhere else. That is the second thing that they want to see. The third thing that they want to see is that when they are in there they are properly looked after.

In the case of Yagoona and in the case of the person whose parent ultimately died and about whom we have been talking here, there is fair evidence that none of those particular considerations applied. And this was the first item of correspondence with the minister’s office two weeks after those tragedies at Riverside. You would have thought that a red light would have gone off flashing in the minister’s office and that that light would not have been turned off until the correspondence entered into by the frightened child of the parent had been properly addressed and looked into. You would have thought that, two weeks from that other event, that would have occurred. What happened? It apparently went into some office archive to re-emerge for a noncommittal answer several months later. Then today we see in this parliament a defence from the minister, saying, ‘Well, for most of the time in the preceding 11 days prior to the person dying, the person was in hospital.’ That is her defence.

As I understand it, the concern of the child—not a child, of course, but the child of the person who went in—

Ms Macklin—The son.

Mr BEAZLEY—The son of the person who went in. His concern was this: he had not been advised, when his parent was placed in the hospital, that his parent was suffering bedsores; he had not been advised about the full suite of medical problems affecting her. That had been suppressed. Point 1: he was not advised. But, more to the point, his doctor was not advised that this was what had happened. The duckshoving of this minister! This minister proceeds first to lumber the blame for Riverside onto the department; she finally took hold of it. Then she has sought to lumber the blame for Yagoona onto the accreditation authority. And then she has sought to claim the accreditation authority’s independence, which its very structure belies in terms of the persons appointed to it—her campaign director, for heaven’s sake, reappointed by her to that position—and which is belied by a less politically interested person, the outgoing chairperson.

Nursing home organisations like the Catholic organisations are sneered at by the government, evidently because they are Catholic. I heard from the other side, ‘Oh, the Catholics!’—the Catholics who just happen to provide a substantial proportion of the nursing home beds in this country, but are not the charity of choice, apparently, of our political opponents. ‘Oh, the Catholics would have that to say.’ I will tell you what the Catholics said. The Catholics said no more than Penny Flett. The Catholics said no more than the concerns that have been coming forward from consumers of the nursing home product of the minister’s administration. The Catholics said, ‘There is no transparency.’

The minister in this place is trying to claim that this agency is transparent, there for all to see. Well, that particular transparency has evaded just about everybody who has had something to do with this particular operation. But, more to the point, there are things which are apparent in political life and things which are real, and it is not just a question of the formal words that are associated with the authority that operates in any particular body; it is the way in which that authority is permitted to operate and what people in the process understand of it, and I
will tell you what the people in the process understand of it from the evidence that has been presented here over the course of the last week.

The evidence that has been presented here over the course of the last week is that there is an element of influence around the place, an element of influence in a nursing home—massively criticised by the accreditation agency but owned by a contributor to the Liberal Party—presided over by an accreditation authority including the minister’s campaign director. It is not surprising that those responsible for going around responding to the questions that are asked of them should feel that there is an influence at work which means that they will not be able to get an outcome that is anything other than what particularly suits the minister.

We are dealing here with the lives of Australians. We are dealing here with the comfort of the Australian people. We are actually dealing, if you want to look at these issues in their political context and their sociology, with a group in the community which has well supported the Liberal Party in the past. But they have been so deeply dishonoured by this government, whether it be in trying to force them to sell their homes to obtain nursing home places, whether it be in the ripping away of their dental schemes, whether it be in what appears to be in this budget a very substantial black hole in residential aged care, whether it be—and the minister cannot get away with this by reference to the past, because this is a figure that is a comparative figure with the past—the doubling of waiting times for a nursing home bed, then a 10,000 aged care bed shortage, and the offer, of course now infamous, of the $1,000 GST compensation for the elderly, which we all know was a particular promise delivered with plenty of fine print around it.

This government is out of touch. This government says one thing and does another, and nowhere is this habit and the people’s experience of this government’s habit more evident than it is in the area of aged care, in the area of nursing homes. The government tried to blame the situation that existed when Labor was in office and, no doubt at all, you could point to circumstances, the odd headline from time to time. Compare those headlines wafted around with what we have seen over the course of the last year. It has not been the odd page 8, it has not been the odd page 12; it has been glaring headlines, day after day in certain crisis situations, endless attention, as appropriate, from the electronic media, because they know they have a problem on their hands which is worsening.

That is why it gets that attention, but they also know something else: if you actually want to get some movement out of this government, you will get it in one circumstance and one circumstance only. It will not be by appeal to the political convictions of a minister or the Prime Minister; you will not get it from that. It will not be by appeal to some rarefied concept of social justice. It will not be by appeal to some notion of fair go. You will get action if you place your headline or your television story in such a way as to suggest the government may lose votes. Then what you get from this government is instant action and panic, and, generally speaking, they have been prepared to throw bucket-loads at the particular problem. That at least was the reaction we got initially on River-side. But then there is another mechanism.

Find somebody else to blame—that is the other mechanism. As this minister’s story of the responsibility and independence of the accreditation authority began to fall apart, and fall apart dramatically, and as the questions as to why her office did not properly investigate the complaints that came to them about a veteran in Yagoona Nursing Home rose—as those complaints rose and those two things juxtaposed—what did we get from the minister? No longer able to rely on the accreditation authority, no longer able to rely on the department and no longer able to rely on her office, she goes for the New South Wales state authorities and then Bankstown Hospital.

I wonder if Bankstown Hospital was told when the patient was admitted. Certainly the doctor and the son of the veteran were not told—we know that. I wonder if Bankstown
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HOSPITALS

Hospital was told about what was going on in Yagoona Nursing Home. I tell you one thing: the minister will not know. The minister will not know because the minister asks only one question: can you give me another piece of paper for a bit of a defensive brief when this comes into parliament? She says, ‘I know they have had the opportunity to shift me sideways,’ which would have been to the great relief of the Australian people as they approach the awful trauma that goes with having to put an aged parent into a nursing home. It is an extraordinary thing that you did not give them immediate relief, Prime Minister, by shifting this minister sideways. She has been monumentally incompetent. She has been monumentally uncaring. She has been monumentally out of touch with what has been going on in her portfolio.

You can see what happened after Riverside now, can’t you? And Alchera: you can see what happened. After she was obliged to do that four-letter word taskwork in the case of Riverside, she said, ‘For God’s sake, get out of this; for God’s sake, get this accreditation agency up; for God’s sake, provide me with somebody whom I can blame in such an instance. And give me cover for when the next disaster occurs. Until I’ve got the procedures properly in place, I will shut my ears to the pleas that come to us.’

What happened at Yagoona is a massive scandal. It is not alone. You have the Tracy home in Darwin, where patients have been abused. You have the Klemzig Nursing Home in Adelaide, which failed critical standards but was accredited nonetheless. Of course, you have Alchera Park in Gladstone, where the deaths of three vets went without investigation. You have the Hillmont Nursing Home in Sydney, where patients were mistreated. You have a litany of these things, Prime Minister. You were prepared to shift one minister, but you are not prepared to shift this one. And don’t go around blaming the situation that you inherited—you are so good at that, Prime Minister. You have had the job longer than most people who have been Prime Minister of this country. You have had this job for five years, and in that period of time the problems in and the waiting periods for nursing homes have grown. We have had phantom beds to defend a phantom minister who operates phantom accreditation rules. But the phantom, I am afraid, conceals a reality, and the reality is that it is harder and harder for ordinary Australians to feel confidence in having their parents go into nursing homes. If you will not act, Prime Minister, the parliament must act by censuring you. Deal with your minister; make her accountable.

Ms Macklin—I second the motion and reserve my right to speak.

Mr Tuckey—Miss Blackguard.

Ms Macklin—Mr Speaker, I ask the minister to withdraw that remark.

Mr Speaker—The remark made by the minister would not normally be deemed to be unparliamentary. I concede that it is not a desirable remark, and I ask the minister to withdraw it to allow the debate to continue.

Mr Tuckey—Mr Speaker, I withdraw the word ‘blackguard’.

Mr Speaker—The minister is aware of the fact that withdrawals are expected to be unconditional. I ask him to withdraw the remark.

Mr Tuckey—I withdraw.

Mr Howard (Bennelong—Prime Minister) (3.55 p.m.)—I have been in this parliament a few years, and I have sat through some censure motions. I have launched a few myself and wondered afterwards whether I should have done so. I have to say that that one, mate, falls into that latter category. It was a pretty unenthusiastic effort, but I nonetheless thank the Leader of the Opposition for being goaded into moving a censure motion on this particular issue, though he originally wanted to talk about the knowledge nation.

Let us cut immediately to the heart of this matter. This issue has been raised in the federal parliament because the Australian Labor Party think that they might be able to get a few headlines out of circumstances surrounding the death of a lady. The death of any elderly person in a nursing home or in a...
hospital if it is avoidable is obviously a cause of sadness and concern for their family. It is a sadness that is shared as much by the members of the government as it is by those who sit opposite. But the reason that they have lighted upon this matter is not so much their concern at the circumstances of the death but that they have discovered that one of the members of the accreditation body is a member of the Liberal Party and, openly and plainly, a supporter of the Minister for Aged Care, somebody who has been involved in her campaigns in the past. The Labor Party think, ‘We’ll be able to make a huge political beat-up out of it.’ That is why they have raised this matter. There is no other justification for it.

I will come in a moment to the ill-wisdom of a putative next Prime Minister of this country creating the circumstance where there is a growing discount on people getting involved with political parties and a growing sanction on people committing themselves to public life, because they have their reputations traduced and smeared under the cover of parliamentary privilege. I will come to that in a moment; it raises a broader, more generic issue. But let me deal with the narrow, directly relevant issue, and that is: was some undue influence exerted by the minister on the process whereby the recommendation of the assessment team to take away the accreditation was not adopted, due to the decision of the state manager of the Aged Care Standards and Accreditation Agency? That is the only charge of substance that can be made against the minister and against me on the information available to me in this case. The decision not to take away accreditation, about which the opposition has complained, was not taken by the accreditation agency. It was not taken by Mr Lang. It was in fact taken by somebody else, who is the state manager of the accreditation agency, under the rules under which the agency and the process operate. Mr Lang, as I understand it, was not involved in any way in the decision taken by the state manager. That is the advice that I have: he was not involved in any way.

I listened for 20 minutes to the Leader of the Opposition for him to say, ‘Prime Minister, the minister rang the state manager and told him to do it,’ or, ‘The minister got a senior member of her department to ring him to tell him not to follow the assessment team’s recommendation,’ or, ‘The minister’s chief of staff rang him,’ or, ‘They got somebody else to ring him,’ or, ‘He got a friend of the state manager to hint that it would be a good idea for his future to do so.’ Was any evidence produced of any interference with due process? Was any proof provided by the Leader of the Opposition of impropriety by the minister? Was there any suggestion of a scintilla of evidence that incorrect procedures had been followed? No. They do not worry about that. They think, ‘Claim membership of the Liberal Party—better still, claim that the bloke in question actually is close to the minister—then state the sad circumstances and, ergo, you have a scandal.’

That is the way the opposition has conducted itself in relation to this matter. If the opposition had come in here and established to me that the minister had interfered in some way with the decision of the state manager, I would have a case to answer and so would the minister. But the Leader of the Opposition did not do that. He spent 20 minutes in just a farrago of rhetoric and bombast and it was completely lacking in any substance at all. It was a hastily cobbled together, ill-prepared censure motion which he had not thought of moving until about three minutes before he got up to produce it, and it suffers the fate of censure motions moved in those circumstances.

That is the first refutation I make of this absurd censure motion—not based on any material facts, not based on any allegations of substance, not based on any allegation of impropriety or wrongdoing, not based on any calculated claim and sustained case of ministerial failure; simply based on, may I say, contemptible slur and smear under parliamentary privilege on a minister who is doing, I think, a very good job in a very difficult portfolio. It is easy to run scare stories in the aged care portfolio, but can I say it is particularly contemptible, because you are
dealing with a highly emotive issue. All of us worry about the treatment of our frail elderly parents—all of us do—and there is not a man or woman on any side of the parliament who is not moved by stories of distress and insecurity by the elderly in the community. Nobody in this parliament has a mortgage on concern and compassion about the elderly, any more than they have a mortgage on concern or compassion about the vulnerability of innocent children.

That, therefore, places a special responsibility on anybody who gets up in their place not to play fast and loose with emotions but to stick to a few facts. On this occasion the Leader of the Opposition has dismally failed to discharge his responsibility, his duty, to this parliament as the alternative Prime Minister to construct a decent case. The Leader of the Opposition dismisses out of hand the obligation to provide any evidence that the minister has in any way interfered or behaved improperly. He takes the opportunity—by implication, if not by direct claim and inference—to smear the reputations of people who sit on this accreditation agency.

I have with me a statement made by the current chairman, Mr James Harrowell. I understand Mr Harrowell is a senior partner in a major law firm in Sydney. He was the managing partner of that firm for some time. Apparently, he is a stooge of the minister’s too, is he? He is somebody who is just rung up in the dark of the night and told what to do? Is any person of decency safe from the traducing rhetoric of the Leader of the Opposition? Apparently not. Apparently, all you have to do is be appointed to a body and be known to a member of this government, then you have your reputation dragged through the sewers of a censure motion from the Leader of the Opposition. This is what Mr Harrowell had to say on 4 June:

The Aged Care Standards and Accreditation Agency is the independent body established by the Commonwealth to manage the accreditation of residential aged care services in Australia. Decisions about accreditation and decisions about accredited services, such as whether to revoke accreditation or to vary the period of accreditation, are made by authorised decision makers within the agency only.

He then goes on, relevantly to this debate, to say:

It is repugnant to suggest that decisions are made other than based on the merits of each individual case by anyone other than the authorised decision maker.

That is from somebody who enjoys a high reputation for integrity, ability, honesty and professionalism within the legal profession in Sydney. But, apparently, that is not good enough! That is the end of his reputation! He goes on to say:

In respect of the decision about Yagoona Nursing Home, the decision to reduce the period of accreditation was made by the state manager of the agency’s New South Wales and ACT office, taking into account only relevant matters.

That is the statement of the chairman of the agency. It is a statement that is not in any way undermined by what the Leader of the Opposition has said either in the censure motion or in the questions that he has asked. Once again, his whole case is built on rhetoric, it is built on smear, and it is built on the common membership of the Liberal Party of Australia by Mr Lang and the minister. Can I say to the parliament that is not enough for us in the government, it is not enough, in my view, for fair-minded Australians, and it certainly falls short of the standards required of an opposition leader in trying to censure a Prime Minister in relation to the behaviour of one of his ministers.

So much for the case against the minister in relation to this issue. There is no case. It is a tawdry piece of rhetorical smear. It is no case at all, and it deserves to be, as it will be I hope, dismissed with the contempt it deserves by the majority of this House.

But let me in the moments available to me say a couple of things about what has happened in the nursing home industry since this government has come to power. I do not pretend for a moment that it is perfect, I do not pretend for a moment that the government has not made mistakes and I do not pretend for a moment there are not more things to be done. But let me just point out
for the House that expenditure on aged care in 1995-96 was $2.5 billion. In 2000-01 it had risen to $3.9 billion. In that period of time we have addressed an acknowledged backlog of about 10,000 beds. An independent review of the aged care reforms was carried out by Professor Len Gray. I assume that Professor Len Gray is acceptable to the opposition. But perhaps my assumption is wrong. Perhaps the fact that he is learned in this field is on this occasion not enough; perhaps he is meant to have some other specialty. But, on the assumption that Professor Gray is acceptable, let me read out the conclusion of his report:

It is my conclusion, on completion of the review, that the reforms have delivered substantial improvements to the aged care system.

The aged care system that was substantially improved by this government’s reforms was the aged care system over which the opposition leader, as a senior minister in the Hawke and Keating governments, prevailed for 13 years. Professor Gray continues:

The finetuning undertaken to smooth the implementation of the reforms and address unanticipated anomalies has been largely successful. Consistent with this approach of ongoing refinement, I make the following recommendations that should be considered in the context of the discussion within the body of the document.

He then goes on to make a series of recommendations, and I am told by the minister that those recommendations are being acted upon and acted upon with speed.

This is a difficult and challenging area. The Leader of the Opposition saw fit, in the course of his motion, to talk about the perceived connection between the Liberal and National parties and the aged section of the community. I put aside considerations of who votes for who in a particular age group, but what I do not put aside, as the Leader of the Opposition has drawn my attention to it, is the very proud heritage of the Liberal Party in relation to funding of aged care accommodation in this country. It was in fact under the Menzies government that the foundation stones, the building blocks, of the partnership that exists between the government, the charitable sector and the private sector in nursing homes and hostels were laid. All of us on both sides of the House will be aware of the tremendous partnership that does exist.

It is legitimate to bring matters relating to aged care into this parliament. It is perfectly legitimate for members of the Labor Party to question the minister or me in any way, shape or form about any matter in accordance with the forms of the House. But before you accuse a minister of a dereliction of duty and you link that with the claimed avoidable death of an elderly lady and before you start traducing and destroying the reputations of decent Australians under parliamentary privilege—before you try and exploit that cocktail of circumstances to your political advantage—assemble a few facts, martial an argument and build a case; do not rely on cheap rhetoric and do not imagine that a few cheap headlines are going to impress the Australian people when they know damn well that you are about trying to win cheap political capital out of an unfortunate set of circumstances. (Time expired)

Ms MACKLIN (Jagajaga) (4.10 p.m.)—The Prime Minister in question time called what we have raised today and on many other occasions over the last year—in fact over the last five years—‘tawdry allegations’. Tawdry allegations go to the heart of what we are talking about today. What we have in fact, though, are serious allegations made about the standard of aged care in Australia. That is really what this comes down to. These are allegations that have been found to be true by the Minister for Aged Care’s own standards agency.

Let us just go back to these facts—not allegations—about why it is that there are major problems at Yagoona. To quote the Aged Care Standards and Accreditation Agency:

For two years the owner of Yagoona failed to improve Yagoona’s standards. She ignored staff complaints about broken water heaters. Staff used pillow slips because of an inadequate supply of continence aids, call bells were broken and there were a large number of skin tears on residents.
These are the issues; this is what this is really all about. For five years this government has had the opportunity to improve the standard of aged care, and now we come to this. That is why this censure motion has been moved today, because day after day, week after week, we keep asking questions about how we are going to see an improvement in the standards of aged care in this country.

This really came to a crescendo last year when we started asking this minister questions about the horrific level of care taking place at Riverside. These are not some tawdry allegations that were just made up yesterday in some tactics meeting. These are serious concerns that parents have—that of course all of us have, as the Prime Minister rightly said—about the standards of care that exist in our nursing homes. The minister will recall the questions being asked in March last year about whether or not she had satisfied herself about the welfare of the people at Riverside who had received kerosene baths. We asked if the minister was aware whether any of the people who had received a kerosene bath had died. All of us remember the saga that flowed from the questioning that began here in this parliament. Of course, it has not stopped there. We have had nursing home after nursing home where we have found that the standards of care have not been adequate and where the standards agency has recommended the closure of a nursing home but that closure has not proceeded.

This brings me to Yagoona, the nursing home where we know that there are political affiliations and that we know the standards agency recommended be closed and that has not in fact been closed. Let us just get down to the basics of what is happening at this nursing home—to what the son of the mother who died as a result of the care at Yagoona is quoted as saying in the Sydney Morning Herald today. He said, ‘Yagoona let me down, and I let my mother down.’ That is what he said—he feels like he let his mother down; he feels like he has to take some responsibility for putting his mother into this nursing home. What he goes on to say is that he wants Yagoona’s owner to take some responsibility. He says:

The people running it should be put out of there and someone put in who cares.

That is exactly what we say at the top as well: somebody should be put in who cares; somebody should be made the Minister of Aged Care in this country who is actually going to improve the standard of care for elderly, frail Australians, not somebody who is going to continually palm off the responsibility of this issue onto someone else.

We have got an enormously long list of the people that this minister has tried to blame for the problems in her portfolio. You will all recall, of course, how it was all the department’s fault that the problems at Riverside were not dealt with: it had nothing to do with the minister; it was all the department’s fault. Then it was her office for misrepresenting the contact that they had had with the daughter of another deceased resident in another nursing home. Then there is the agency. The agency really has had to take responsibility for most of the problems, certainly not the minister. Of course, day after day, week after week, we have had the minister blaming the agency and hiding behind the agency whenever it has suited her. Then it was the nurses. Remember the nurses at Riverside? It was their fault as well. The providers: today the Catholic providers got it most vehemently, but on other occasions it has been other providers of nursing homes. State governments: not just one but the state governments of South Australia, Queensland, New South Wales and Victoria have been blamed at different times. You name it, every organisation has been blamed. The media: the Prime Minister today blamed the media for sensationalising the issue. Francis Sullivan from Catholic Health Australia—everyone but the minister herself. That is why this minister should be moved on. As Mr Thomas—the son of the woman who unfortunately passed away because of the appalling standard of care at Yagoona—said, that’s why this minister needs to move on, so we get somebody who cares, we get somebody who’s going to make a difference and we get somebody who will give all of us who do worry about the standard of care in
worry about the standard of care in our nursing homes some confidence that things will improve.

We have had the amendments moved to her Aged Care Act imposed on her by the Labor Party, with I am pleased to say the support of the Democrats, that enable people to be sent into nursing homes to make sure that care is of a decent standard. So why is it that this option that is now in the act has not been pursued in the case of Yagoona? Why is it that this nursing home is still being run by the same owner that was responsible for all the low standards of care that we know existed just a few months ago? We do know that there have been serious allegations made about political donations and we are, of course, extremely concerned about why it was that, when the standards assessors went to nursing homes to look at the standard of care and to see whether or not anything was being done, they were told, ‘Don’t worry about thinking that anything will change around here because the owner has connections and that will mean that nothing will happen.’

Opposition member—Very telling.

Ms MACKLIN—It is very telling, because why is it that, under the Aged Care Act which does enable a new administrator or new management to be put in place, we have not seen anybody take over from the current owner? We have a press release that was put out last November by the Australian Nursing Homes and Extended Care Association that said:

The aged care sector was originally highly supportive of the concept of an independent body to act as the focal point for quality improvement for the industry. However, the Agency has become more and more a part of the compliance processes of the Department of Health and Aged Care rather than a free and independent quality improvement body. The department now refers matters to the Agency with instructions on how the Agency will then conduct its affairs ... At the same time we had Dr Penny Flett, the previous chairperson of this agency, and she went there with the intention of delivering improved standards of care in our nursing homes sector. But as she said:

The agency must be independent.

And she went on to say:

It is not, in effect, independent at the moment. Of course, the Prime Minister completely ignored Dr Penny Flett’s remarks. He conveniently quoted the current chairman’s views but totally ignored the fact that the previous chairperson did not have any confidence in the independence of the standards agency, the agency which this minister stands behind all the time. How many times have we heard it in this parliament, day after day, week after week, whenever we raise serious allegations? These are not ‘tawdry allegations’, as the Prime Minister so conveniently says. People are dying. People had kerosene baths, people had falls and broke their arms and were not noticed, people were locked in cupboards and it was not noticed that they were missing, people got bedsores, had to go to hospital, their doctors not informed and, ultimately—very sadly—people died. These are the end results that all of us have to recognise come from poor standards that exist in our nursing homes. These are real and serious matters that each and every one of us has to take some responsibility for, but in the end there is one person who is ultimately responsible. In the end it is the Minister for Aged Care of the day who has to take responsibility and say, ‘The system is not working and it is up to me to fix it.’

This minister does not want to do that, of course. She does not want to take any responsibility herself. She wants to say, ‘It’s nothing to do with me. I don’t have to worry about it. I can just swim around and go to opening nights. I don’t have to worry about what’s going on in nursing homes. All I have to do is palm off the responsibility onto this agency’—which we now discover is not the independent agency that it was set out to be. Each and every Australian that has to think about putting their mother, father or other frail relative into a nursing home knows what a big worry it is.

To go back to Mr Thomas and his remarks as he was thinking about putting his mother into Yagoona, as he says, he was unenthusiastic about Yagoona from the start. He said
the smell of urine wafted into the car park. That is the standard of care that exists at Yagoona. That is what is happening at Yagoona.

But what does this minister do? Does she take hold of the issue? Does she stay up all night and deal with the issue, as we heard she finally did when the issues at Riverside finally made it into the parliament and finally made into the media? We know that she says she heard about the issues at Yagoona only when she read about it in the media. She conveniently forgets about the letter that Mrs Thomas’s son wrote to her more than a year prior to that. She conveniently ignores the fact that she was notified about the problems at Yagoona and she did nothing.

That is why it is time that this minister has to go; that is why it is time that we need a new aged care minister; that is why, as Mr Thomas said, we need to get someone in who cares. We need a truly independent agency: an agency that is not going to be intimidated by this minister, an agency that is not going to be told what it can and cannot do. We need a minister that will act, that will call for reports about substandard accommodation, that will see that new management is put in so that the standard of care in our nursing homes is improved, so that all of us can know that when we have to put our relatives into a nursing home it will be a nursing home with the highest standard of care, not one where the smell of urine is wafting into the car park.

Mr SPEAKER—I call on the Minister for Aged Care.

Mrs Crosio—Just resign.

Mr SPEAKER—I will deal with the member for Prospect at the conclusion of the debate.

Mrs BRONWYN BISHOP (Mackellar—Minister for Aged Care) (4.25 p.m.)—I would like to echo and follow on from the remarks made by the Prime Minister in this debate where he expressed his disappointment at the way in which frail older Australians are made political capital for the benefit of scoring political points. As I go around Australia to visit aged care homes, as I do an amazing lot, and I meet the people who are the providers and the staff, particularly when they get their accreditation certificate and they worked so hard for it, the first thing they say to me is: why do they keep downing us? Why do they keep spoiling the work that we have done? Why don’t we get any recognition for the hard work that we have put in that enables good care to be given to frail older Australians? They hear Riverside being talked about. Let me say that Riverside was the inevitable end of 13 years of neglect. It was a home that had a chronic history of bad performance, and of course it culminated in those baths which contained kerosene. It was a home that was closed—that is, funding was taken away, approved providers status was taken away and alternate accommodation was found for the residents who lived there. As a result of their move to St Vincent’s hospital, their health improved. There was a need for that to be done.

When we come to the question of what had to be done in accreditation, first of all we needed to visit every home in Australia, which had never been done before. The whole story of the bad reputation means that if you mention the words ‘nursing home’ you will see people cringe, because it has had such a bad name for so long. What we did with the system was to no longer have nursing homes and hostels but to unify the system and have a system of aged care homes—with the accent on ‘home’—where people can feel that they have some control over their lives, where they live in a home-like atmosphere and where the care that they receive is care that is kind and is efficient. After all, let us understand that people who work in aged care are people who are working in the homes of the residents and they have to build a relationship with those residents. It is not like acute care nursing, where the aim is to get the person out as quickly as possible, and they are referred to as a leg or a hip or a stomach or something. These are people with names who have made their home and they need that interaction with the people who are giving them their care, who deserve credit for it. I get so many letters from people who write to me and say, ‘I just want to say a good word for the home where
my loved one is, where the care is good.’ Those people are being vilified just as much as the people who are mentioned at the home at Yagoona that the Labor Party mentions again and again. They suffer the same vilification for a political end, and it is not right.

There needs to be an understanding that the old system itself was moribund and it meant that bad care was being given, and it had to stop. In order to do this, it was worked out that we would bring in a policy of accreditation where we would legislate standards, and those standards must be complied with in order that a home could continue to receive subsidy for residents. The subsidy is very substantial. The subsidy is 75 per cent of the cost of keeping an individual according to their needs. We introduced a resident classification scale, with eight scales on it. According to need, the money is paid at a certain rate. For instance, No. 1 is the greatest degree of dependency. The amount of money that comes from the 75 per cent subsidy, the contribution that the individual makes themselves and other supplements that are paid amount to about $66,000 a year.

If you are in low level care, there is a subsidy. Three-quarters of the total amount is around $12,000 to $13,000 a year and then a quarter on top of that from the contribution of the individual. The government has increased this amount of money. You heard the Prime Minister say that in the Labor Party’s last budget, in 1995-96, the total amount that they spent on aged care was $2.5 billion. Under this government, after the budget that was brought down only a few weeks ago, the total expenditure on residential aged care residents will be $4.2 billion a year—every year.

We not only brought in a new system but we put the money in place in order to do it. Then we put in Professor Gray to make sure that he could oversight what was happening with the two-year review. He published a very substantial report, and he found that the reforms are working. We then also looked at the various checks and balances. We have put more money into doing spot checks, because consumers feel safer with them. That is their expressed view. They also like the fact that there are people who come on a regular basis to visit the home. ANHECA checks to ensure that the providers are in fact spending the money on the care that is in the care plan against which their subsidy is paid and that we have people who come in on support visits. They are visits that are put in place in a schedule but they can be varied. There are spot checks, which means instant access to premises, and there are the advocacy groups, which I fund. They are very important because people can feel intimidated. We fund one in every state. It is a body of people who come in and speak on behalf of residents who feel intimidated. They are very important.

Then we have the Community Visitors Scheme. Some people do not have anyone to visit them so we actually fund charities, basically, and churches to go and visit and form a relationship with a resident so that they too have quality of life. What this is about is quality of life. It is about having the best quality of life we can have for people who are in need of care in residential care. And that means people who have Alzheimer’s and other forms of dementia, people who are incontinent, people who are unable to be mobile any more, and people whose skin has become very thin and who need special attention. It also includes people who need to go from their home to hospital from time to time. I think it was the member for Dickson who asked the most fatuous question of the day when she said: why did Mrs Thomas go to hospital? The answer is: she was sick. And when you are sick you are entitled to go to hospital and have care. The question I asked was: why, when Mrs Thomas went to hospital and was sick with a temperature, was she discharged from that hospital with no care given to her? There was no treatment for her pressure sore. She did not begin antibiotics until she was returned to the nursing home. So then she had to be readmitted to the hospital. That is a complaint I hear again and again. I hear so often that hospitals do not want to admit older people, particularly from aged care homes.
I have another example, which I am referring to a new body I have established—our working group of the Aged Care Forum, who are going to investigate the treatment that older Australians receive in hospitals. The problem is this: this is now winter, and you will hear many a cry from state health ministers saying, ‘There are not enough nursing home beds. We have got bed blockers.’ They want to get the old people out. I will tell you why they have a shortage of beds. It is because they have been closing public hospital beds systematically for the last 10 years—from 1987 to 1997-98—right across Australia. They have closed by a staggering 21 per cent. Then we have winter. We have an ageing population—that is, more older people. They have pneumonia, they have respiratory disease and they have things occur to them that need hospital treatment. But there are not the beds because they have been shut, and the people need to be there more than the 3.5 days that the hospitals like them to be there before they shoot them out the door. They write on their reports: ‘acopia—can’t cope at home’. It might be someone such as we heard of in this chamber recently who had cancer and needed morphine to deal with the pain. The morphine dosage had got out of kilter and it needed to be dealt with in a hospital. Again and again I am hearing this.

I have a case of somebody who came to see me recently whose uncle went from a nursing home in excellent condition—and she knows because she put the socks on her uncle’s feet. He went to hospital for pneumonia. They fixed the pneumonia but, when he came out, there were huge ulcers on his heels and they were headed for gangrene. They were shown to the niece as he was leaving the hospital. She was told, ‘Do you realise what’s happened in here?’ It has got to stop. This bandying of older people and using them as a political football has also got to stop. They deserve respect. They deserve to be treated with kindness and with care and with respect for the knowledge that they have. That applies whether you are the most disabled person, whether you have got dementia or because you have suffered a stroke. You are still entitled to the respect of being a human being. That communication can still happen and there is still the capacity for joy.

We have heard the tale that is being told of this place. We have heard of the complaints and we have heard the opposition ask that a home be shut down because the hot water system did not work and because the continence pads were not available. Yet I look at the complaint that was made against the Victorian state home run by the Victorian state government. The agency believed the Victorian state government when they said they would remedy this. The report said that three incident forms reported that staff had found three residents covered in ants, one on 5 February 2001 and two on 15 February. In two cases the residents were in bed and the ants were in the beds and the bed linen. The other residents were found to have ants in their underwear, continence pads and over their body. No action was recommended for this home.

As was quite properly said, this world is not perfect. We are dealing with human beings who are dealing with very difficult circumstances. In Victoria the agency listened to the undertakings of the department of the minister concerned, Minister Pike. They listened to the undertakings that they would remedy this situation and they did not downgrade the accreditation. As I said, I do not think there was any political influence by Mr Bracks contributing to the Liberal Party or being a first best friend of mine. Indeed, Mr Bracks has shown a particular lack of understanding of the need to have compassion in the interface between hospitals and residential aged care.

I will deal very briefly with the question of the reforms I put in place last year dealing with the ability to appoint administrators and advisers. The power was always there, but it needed to go into legislation which I introduced into this place. There were amendments moved in the Senate to compile a list of people who should be kept, which I readily agreed to because that was the practice. The fact of the matter is that I have 11 homes under sanctions now, and in 10 of them there
are either nurse advisers or administrators, and they are there for periods of up to six months. The department makes the decision about whether or not an approved provider, being the proprietor, will concur and agree to implementing the plan which the agency has formulated or whether they will not. We have improved aged care, and it was much needed. (Time expired)

Mr Griffin (Bruce) (4.40 p.m.)—The Prime Minister deserves to be censured. The actions of this minister and his unwillingness to take action with respect to her actions—

Motion (by Dr Stone) agreed to:

That the question be now put.

Original question put:

That the motion (Mr Beazley’s) be agreed to.

The House divided. [4.45 p.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes............. 62
Noes............. 76
Majority........ 14

AYES
Adams, D.G.H. Albanese, A.N.
Beazley, K.C. Bevis, A.R.
Brereton, L.J. Burke, A.E.
Byrne, A.M. Corcoran, A.K.
Cox, D.A. Crean, S.F.
Danby, M. Edwards, G.J.
Ellis, A.L. Emerson, C.A.
Evans, M.J. Ferguson, L.D.T.
Ferguson, M.J. Fitzgibbon, J.A.
Gibbons, S.W. Gillard, J.E.
Griffin, A.P * Hall, J.G.
Hatton, M.J. Hoare, K.J.
Hollis, C. Horne, R.
Irwin, J. Jenkins, H.A.
Kennett, C. Kerr, D.J.C.
Latham, M.W. Lawrence, C.M.
Lee, M.J. Livermore, K.F.
Macklin, J.L. Martin, S.P.
McClelland, R.B. McLeay, L.B.
McMullan, R.F. Melham, D.
Morris, A.A. Mossfield, F.W.
Murphy, J. P. O’Byrne, M.A.
O’Connor, G.M. O’Keefe, N.P.
Pübler, T. Price, L.R.S.
Quick, H.V. Ripoll, B.F.
Roxon, N.L. Rudd, K.M.
Sawford, R.W * Sciacca, C.A.
Short, L.M. Sidebottom, P.S.
Smith, S.F. Swan, W.M.
Tanner, L. Thomson, K.J.
Wilkie, K. Zahra, C.J.

NOES
Abbott, A.J. Anderson, J.D.
Andrew, J.N. Andrews, K.J.
Anthony, L.J. Bailey, F.E.
Baird, B.G. Barresi, P.A.
Bartlett, K.J. Billson, B.F.
Bishop, B.K. Bishop, J.J.
Brough, M.T. Cadman, A.G.
Cameron, R.A. Causley, I.R.
Charles, R.E. Costello, P.H.
Downer, A.J.G. Draper, P.
Elson, K.S. Entsch, W.G.
Fischer, T.A. Forrest, J.A *
Gallus, C.A. Gambaro, T.
Gash, J. Georgiou, P.
Haase, B.W. Hardgrave, G.D.
Hawker, D.P.M. Hockey, J.B.
Howard, J.W. Hull, K.E.
Jull, D.F. Katter, R.C.
Kelly, D.M. Kelly, J.M.
Kemp, D.A. Lawler, A.J.
Lieberman, L.S. Lindsay, P.J.
Lloyd, J.E. Macfarlane, I.E.
May, M.A. McArthur, S *
McGauran, P.J. Moylan, J. E.
Nehl, G. B. Nelson, B.J.
Neville, P.C. Prosser, G.D.
Pyne, C. Reith, P.K.
Ronaldson, M.J.C. Ruddock, P.M.
Schultz, A. Scott, B.C.
Secker, P.D. Slipper, P.N.
Somlyay, A.M. Southcott, A.J.
St Clair, S.R. Stone, S.N.
Sullivan, K.J.M. Thompson, C.P.
Thomson, A.P. Truss, W.E.
Tuckey, C.W. Vaile, M.A.J.
Vale, D.S. Wakelin, B.H.
Washer, M.J. Williams, D.R.
Wooldridge, M.R.L. Worth, P.M.

PAIRS
Fahey, J.J. Gerick, J.F.
Nairn, G. R. Crosio, J.A.

* denotes teller

Question so resolved in the negative.
BUSINESS

Motion (by Mr Slipper)—by leave—proposed:

That, unless the Speaker otherwise notifies Members before 12.30 p.m. on Monday, 25 June 2001:

(1) the House, at its rising, adjourn until Monday, 25 June 2001, at 2.30 p.m. and
(2) that so much of the standing and sessional orders be suspended as would prevent the routine of business for the sitting on Monday, 25 June 2001, being as follows:

(a) Questions without notice (at 2.30 p.m.).
(b) Presentation of petitions.
(c) Members’ statements for a period not exceeding 15 minutes.
(d) Presentation of, and statements on, committee and delegation reports and then private Members’ business, in accordance with the order of precedence, total periods of time allotted and speech time limits as per the Selection Committee report adopted by the House on 19 June 2001.
(e) Grievance debate (debate to continue for 1 hour and 20 minutes).
(f) Notices and other orders of the day, government business.

Mr Wilkie—Mr Speaker, I draw your attention to the dress standards of those opposite.

Mr SPEAKER—I remind the member for Swan that there has just been a division in the House. I accept that it would be appropriate for those without coats to leave but, at this hour on a Thursday night, I do not intend to enforce that.

Question resolved in the affirmative.

MATTERS OF PUBLIC IMPORTANCE

Knowledge Nation

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

The failure of the Government to urgently and comprehensively focus on the need to build a Knowledge Nation.

I call upon those members who approve of the proposed discussion to rise in their places.

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

Mr BEAZLEY (Brand—Leader of the Opposition) (4.53 p.m.)—Last week I released a paper by the Monash Centre for Research in International Education—

Motion (by Mr Hockey) put:

That the business of the day be called on.

The House divided. [4.57 p.m.]

(Mr Speaker—Mr Neil Andrew)

Ayes………………73
Noes………………62
Majority………………11

AYES

Abbott, A.J. Anderson, J.D.
Andrews, K.J. Anthony, L.J.
Bailey, F.E. Baird, B.G.
Barresi, P.A. Bartlett, K.J.
Billson, B.F. Bishop, B.K.
Bishop, J.I. Brough, M.T.
Cadman, A.G. Causley, I.R.
Charles, R.E. Costello, P.H.
Downer, A.J.G. Draper, P.
Elson, K.S. Entsch, W.G.
Forrest, J.A. * Gallus, C.A.
Gambaro, T. Gash, J.
Georgiou, P. Haase, B.W.
Hardgrave, G.D. Hawker, D.P.M.
Hockey, J.B. Howard, J.W.
Hull, K.E. Jull, D.F.
Katter, R.C. Kelly, D.M.
Kemp, D.A. Kelly, J.M.
Kemp, D.A. Kelly, J.M.
Lawler, A.J. Lieberman, L.S.
Lindsay, P.J. Lloyd, J.E.
Macfarlane, I.E. May, M.A.
McArthur, S * McGauran, P.J.
McLachlan, J. E. McGauran, P.J.
Moylan, J. E. Nehl, G. B.
Nelson, B.J. Neville, P.C.
Prosser, G.D. Pyne, C.
Reith, P.K. Ronaldson, M.J.C.
Ruddock, P.M. Schultz, A.
Scott, B.C. Seeker, P.D.
Slipper, P.N. Somlyay, A.M.
Southcott, A.J. St Clair, S.R.
Stone, S.N. Sullivan, K.J.M.
Thompson, C.P. Thomson, A.P.
Mr FITZGIBBON—In response to a question, I told a small business breakfast in the electorate of Petrie on 29 May that the Australian newspaper had printed a retraction after suggesting that the Deputy Leader of the Opposition had left the door open to an increase in employee superannuation contributions. I therefore made it clear that Labor had never discussed raising the contribution above nine per cent, and on that basis, during question time today, the Treasurer misrepresented me.

At the same breakfast, I said that, with respect to unfair dismissals laws, procedural problems should be reviewed. I did not say that the laws should be reviewed, and I told those gathered that I would not support amendments which completely denied employees protection. During question time the Treasurer suggested that I had said that the laws should be reviewed, and that is not true.

Ms ELLIS (Canberra) (5.04 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms ELLIS—Yes, I do, grievously.

Mr SPEAKER—Please proceed.

Ms ELLIS—In a media release issued yesterday, 20 June, by the Minister for Communications, Information Technology and the Arts, the minister included what he claimed was a quote from me concerning funding for the ABC. It was a selective quote by the minister which totally misrepresented what I actually said. The minister’s statement was a monstrous misrepresentation of my remarks.

APPROPRIATION BILL (No. 1) 2001-2002

Main Committee Report

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

Ordered that the bill be taken into consideration forthwith.

Remainder of bill—by leave—taken as a whole.
Mr Speaker—The question is that the remainder of the bill be agreed to.

Mr Jenkins—Mr Speaker, I rise on a point of order. I wish to debate the question. Before the bill was returned to the House, I was wanting to raise an issue in relation to the portfolio estimates of the Department of the Prime Minister and Cabinet.

Mr Slipper—I understand there has been an arrangement between the whips that there would be no further debate with respect to the bill which is currently before the chamber.

Mr Speaker—The Parliamentary Secretary to the Minister for Finance and Administration is aware that the chair does not enter into arrangements with the whips. The member for Scullin has the call. Knowing the member for Scullin as I do, I believe he will compress his remarks in order to achieve them with minimum possible interference to all other members.

Mr Jenkins (Scullin) (5.06 p.m.)—Thank you for the guidance and I hope that I can rise to your expectations. The matter that I wish to raise tonight is to do with the Australian Sports Medal 2000, which appeared to be a very worthy initiative of the government during the Olympic year. Regrettably, there has been a bit of discussion about the way in which these have been administered, which in part denigrates the great effect that these awards could have had. I placed on the Notice Paper a question seeking to find out who had actually received these awards and if there were to be a list by electorate. Whilst I was given the number of awards that were presented, I was not given the names of those who received them by electorate. In explaining my concern about this, I indicate that this has been the subject of questioning in the Senate, and it has also been subject of articles in the Age where the question has been asked how in fact these awards were achieved.

This award was set up legitimately under the aegis of the Australian award system. It should be an award that has great credibility. I did not wish tonight to denigrate those that received the award. I think very many people that received the award did so quite deservedly. But, regrettably, the way in which this has been administered and carried out denies the award the proper status it should have been given. For instance, the awards were posted out to recipients, the recipients had no idea why they received the awards, and there were no citations, simply a cardboard box with the medal inside and a certificate that accompanied it. It first came to my attention that this was the way in which they were being distributed when I was contacted on behalf of one of the recipients whose certificate had been ripped. The person was asking how they could get a replacement certificate. There is a famous story that a previous parliamentary colleague the former honourable member for Wills, Phil Cleary, who received an award, had seen the box at his doorway for a couple of days and thought it was an empty pizza box that had been left behind. The boxes—if members have not seen them—are about the same shape as a pizza box.

My concern is that these awards, which were instituted legitimately, should have been of sufficient status that there was formal recognition of the way in which they were to be presented. I am told that in other parts of Melbourne, therefore in other electorates, there were more formal presentations of these awards. That gives me the inkling and feeling that in those places local members may have been provided with lists that enabled them to be involved in those presentations. In the case of my electorate, outside of the ones where I was involved, as were other members upon the invitation that we received in the nominations, I was not told of other recipients. I had local groups contact me to try to investigate how members of those groups were actual recipients of the awards; upon investigation and questioning I was able to find that out. To give some sort of recognition to the recipients, these groups asked whether I would participate in a formal public award presentation, and I did. I saw that as an appropriate way of trying to give proper recognition to these awards.
The answer to my question on notice indicated that these awards would be publicised and that there would be a list. It is now some six to eight weeks since that answer was given to me and there has been no such public recognition of the recipients. I have no way of knowing when that will happen. (Time expired)

Mr Slipper—Mr Deputy Speaker, I seek leave of the House to move the third reading forthwith.

Mr DEPUTY SPEAKER (Mr Nehl)—I am sorry, you are ahead of yourself.

Mr Slipper—I was trying to truncate the debate.

Mr Leo McLeay—I raise a point of order, Mr Deputy Speaker. The member for Blaxland was on his feet seeking the call on these appropriation bills. He wanted to speak. I do not want to refuse leave but—

Mr DEPUTY SPEAKER—I thank the honourable member; I know he is endeavouring to assist the House. If there is to be a debate on the consideration in detail, the normal procedure is to go from one side to the other. The Parliamentary Secretary to the Minister for Finance and Administration rose to get the call. I acknowledged him, thinking he was going to speak in response to the member for Scullin. He then sought leave, which was inappropriate at the time.

Mr Leo McLeay—Mr Deputy Speaker, I said that if he is attempting to close the debate we are not giving leave.

Mr DEPUTY SPEAKER—He is not in order to ask for that.

Mr Leo McLeay—Well, he did. He said, ‘I seek leave’ and we are not giving leave.

Mr DEPUTY SPEAKER—Member for Watson, I have told him that I am not prepared to hear him at the moment. Resume your seat. The question is that the remainder of the bill be agreed to.

Motion (by Mr Slipper) put:
That the question be now put.

The House divided. [5.15 p.m.]

(Mr Deputy Speaker—Mr G.B. Nehl)

Ayes………… 70
Noes………… 60
Majority……… 10

AYES
Abbott, A.J.  Anderson, J.D.
Andrews, K.J.  Anthony, L.J.
Bailey, F.E.  Baird, B.G.
Barresi, P.A.  Bartlett, K.J.
Billson, B.F.  Bishop, B.K.
Bishop, J.I.  Brough, M.T.
Cadman, A.G.  Causley, I.R.
Charles, R.E.  Costello, P.H.
Downer, A.G.  Draper, P.
Elston, K.S.  Entsch, W.G.
Forrest, J.A.*  Galanos, C.A.
Gambaro, T.  Gash, J.
Georgiou, P.  Haase, B.W.
Hardgrave, G.D.  Hawker, D.P.M.
Hockey, J.B.  Hull, K.E.
Jull, D.F.  Katter, R.C.
Kelly, D.M.  Kelly, J.M.
Kemp, D.A.  Lawler, A.J.
Lieberman, L.S.  Lindsay, P.J.
Lloyd, J.E.  Macfarlane, I.E.
May, M.A.  McArthur, S.*
McGauran, P.J.  Moylan, J.E.
Nelson, B.J.  Neville, P.C.
Prosser, G.D.  Pyne, C.
Reith, P.K.  Ronaldson, M.J.C.
Ruddock, P.M.  Schultz, A.
Scott, B.C.  Secker, P.D.
Slipper, P.N.  Somlyay, A.M.
Southcott, A.J.  St Clair, S.R.
Stone, S.N.  Sullivan, K.J.M.
Thompson, C.P.  Thomson, A.P.
Truss, W.E.  Tuckey, C.W.
Vaile, M.A.J.  Vale, D.S.
Wakelin, B.H.  Washer, M.J.
Williams, D.R.  Worth, P.M.

NOES
Adams, D.G.H.  Albanese, A.N.
Andrew, P.J.  Burke, A.E.
Byrne, A.M.  Corcoran, A.K.
Cox, D.A.  Crean, S.F.
Danby, M.  Edwards, G.J.
Ellis, A.L.  Emerson, C.A.
Evans, M.J.  Ferguson, L.D.T.
Ferguson, M.J.  Fitzgibbon, J.A.
Gillard, J.E.  Griffin, A.P.*
Hall, J.G.  Hatton, M.J.
Hoare, K.J.  Hollis, C.
Horne, R.  Irwin, J.
Thursday, 21 June 2001

PAIRS
Fahey, J.J.
Howard, J.W.
Nairn, G. R.
* denotes teller

Question so resolved in the affirmative.
Bill agreed to.

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

APPROPRIATION BILL (No. 2) 2001-2002
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 DEPUTY SPEAKER (Mr Nehl)—
The question is that the bill be now read a second time.

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.

APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2001-2002
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 DEPUTY SPEAKER (Mr Nehl)—
The question is that the bill be now read a second time.

Question resolved in the affirmative.
Bill read a second time.

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES) BILL 2001
Second Reading
Consideration resumed from 24 May, on motion by Mr Slipper:

That the bill be now read a second time.

Question resolved in the affirmative.
Bill read a second time.

Consideration in Detail
Bill—by leave—taken as a whole.

Mr HOCKEY (North Sydney—Minister for Financial Services and Regulation) (5.24 p.m.)—by leave—I present the explanatory memorandum to the New Business Tax System (Capital Allowances) Bill 2001. For the clarification of the House, I also present the explanatory memorandum to the New Business Tax System (Simplified Tax System) Bill 2000. The amendments I am about to move relate to schedule 1 of the bill, which provides for the rules to implement the uniform capital allowance system. I move government amendments Nos 1 to 15:

(1) Schedule 1, item 1, page 18 (line 21), omit paragraph (a), substitute:
(a) is mentioned in an item in the table in subsection 40-95(7) (except item 5, 7 or 8); and

(2) Schedule 1, item 1, page 20 (line 19), omit “Note”, substitute “Note 1”.

(3) Schedule 1, item 1, page 20 (after line 21), insert:

Note 2: The opening adjustable value of a depreciating asset for which a balancing adjustment event occurs because you still hold the asset and you expect not to use it is affected by subsection 40-285(4).

(4) Schedule 1, item 1, page 23 (table item 5), after “25 years”, insert “from when you acquire the copyright”.

(5) Schedule 1, item 1, page 23 (table item 7), after “25 years”, insert “from when you become the licensee”.

(6) Schedule 1, item 1, page 31 (table item 3), omit “and you start to use it again”, substitute “and you continue to hold it”.

(7) Schedule 1, item 1, page 31 (table item 4), omit “and you start to use it”, substitute “and you continue to hold it”.

(8) Schedule 1, item 1, page 39 (line 28), after “40-180(2)”, insert “Instead, the asset’s opening adjustable value for the income year (the later year) after the one in which the balancing adjustment event occurred is that cost plus any amounts included in the second element of that cost after the event occurred and before the start of the later year.”.

(9) Schedule 1, item 1, page 39 (line 30), omit “start using”, substitute “still hold”.

(10) Schedule 1, item 1, page 41 (lines 7 to 9), omit paragraphs (b) and (c), substitute:

(b) you stop using it, or having it installed ready for use, for any purpose and you expect never to use it, or have it installed ready for use, again; or

(c) you have not used it and:

(i) if you have had it installed ready for use—you stop having it so installed; and

(ii) you decide never to use it.

(11) Schedule 1, item 1, page 42 (table item 1), after “depreciating asset”, insert “, or having it installed ready for use.”.

(12) Schedule 1, item 1, page 42 (table item 1), after “stopped using it”, insert “or having it installed ready for use”.

(13) Schedule 1, item 1, page 54 (line 18), omit “Note”, substitute “Note 1”.

(14) Schedule 1, item 1, page 54 (after line 18), insert:

Note 2: If you are an STS taxpayer for the income year, you must deduct amounts for your depreciating assets under Subdivision 328-D unless deductions for particular assets are specifically excluded by that Subdivision.

(15) Schedule 1, item 1, page 54 (lines 19 to 21), omit subsection (2).

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

NEW BUSINESS TAX SYSTEM (CAPITAL ALLOWANCES—TRANSITIONAL AND CONSEQUENTIAL) BILL 2001

Second Reading

Consideration resumed from 24 May, on motion by Mr Slipper:

That the bill be now read a second time. Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Amendments (by Mr Hockey)—by leave—agreed to:

(1) Schedule 1, item 1, page 5 (after line 21), after section 40-10, insert:

40-12 Plant acquired after 30 June 2001

(1) This section applies to you if:

(a) you entered into a contract to acquire an item of plant before 1 July 2001 and you acquired it after 30 June 2001; or

(b) you started to construct an item of plant before 1 July 2001 and you complete its construction after 30 June 2001.
(2) Division 40 of the new Act applies to the plant.

(3) If you entered into the contract, or started to construct the plant, at or before 11.45 am, by legal time in the Australian Capital Territory, on 21 September 1999, you replace the component in the formula in subsection 40-70(1) or 40-75(1) of the new Act that includes the plant’s effective life with the rate you would have been using if you had acquired it, or completed its construction, before 1 July 2001 and had used it, or had it installed ready for use, for the purpose of producing assessable income before that day.

(2) Schedule 1, item 1, page 7 (line 21), after “asset”, insert “(the notional asset)”. 

(3) Schedule 1, item 1, page 7 (line 23), after “expenditure”, insert “reduced by any deductions allowable under section 330-80 of the former Act for your income year ending on 30 June 2001”. 

(4) Schedule 1, item 1, page 8 (lines 3 and 4), omit “a depreciating asset mentioned in subsection (2)”, substitute “the notional asset”. 

(5) Schedule 1, item 1, page 9 (lines 6 to 19), omit subsections (5), (6) and (7), substitute:

(5) If either:

(a) both of these subparagraphs apply:

(i) any of the unrecouped expenditure referred to in subsection (1) relates to a depreciating asset (the real asset);

(ii) in an income year (the cessation year) you stop holding the real asset, or stop using it for a taxable purpose; or

(b) both of these subparagraphs apply:

(i) any of the unrecouped expenditure referred to in subsection (1) relates to property that is not a depreciating asset (the other property);

(ii) in the cessation year, the other property is disposed of, lost or destroyed, or you stop using it for a taxable purpose;

there is an additional decline in value of the notional asset for the cessation year equal to so much of the notional asset’s adjustable value as relates to the real asset or the other property and has not been taken into account in working out the amount of a balancing adjustment in relation to the real asset.

(6) If the other property is disposed of, lost or destroyed, or you stop using it for a taxable purpose, you must include in your assessable income:

(a) if the other property is sold for a price specific to that property—that price, less the expenses of the sale (to the extent the expenses are reasonably attributable to selling that particular property); or

(b) if the other property is sold with additional property without a specific price being allocated to it—the part of the total sale price, less the reasonably attributable expenses of the sale, that is reasonably attributable to selling the other property; or

(c) if the other property is lost or destroyed—the amount or value received or receivable under an insurance policy or otherwise for the loss or destruction; or

(d) if you own the other property and you stop using it for a taxable purpose—its market value at that time; or

(e) if you do not own the property and you stop using it for a taxable purpose—a reasonable amount.

However, the amount included is reduced to the extent (if any) that it is also included under subsection 40-830(6) of the new Act.

(6) Schedule 1, item 1, page 9 (line 23), after “Act”, insert “(the notional asset)”. 

(7) Schedule 1, item 1, page 9 (line 25), after “asset”, insert “(the notional asset)”. 

(8) Schedule 1, item 1, page 9 (after line 34), after paragraph (c), insert:

(ca) it is taken to have been used for a taxable purpose at the start of 1 July 2001; and

(9) Schedule 1, item 1, page 10 (lines 9 to 23), omit subsections (4), (5) and (6), substitute:

(4) If either:
(a) both of these subparagraphs apply:

(i) any of the transport capital expenditure referred to in sub-section (1) relates to a depreciating asset (the real asset);

(ii) in an income year (the cessation year) you stop holding the real asset, or stop using it for a taxable purpose; or

(b) both of these subparagraphs apply:

(i) any of the transport capital expenditure referred to in sub-section (1) relates to property that is not a depreciating asset (the other property);

(ii) in the cessation year, the other property is disposed of, lost or destroyed, or you stop using it for a taxable purpose;

there is an additional decline in value of the notional asset for the cessation year equal to so much of the notional asset’s adjustable value as relates to the real asset or the other property and has not been taken into account in working out the amount of a balancing adjustment in relation to the real asset.

(5) If the other property is disposed of, lost or destroyed, or you stop using it for a taxable purpose, you must include in your assessable income:

(a) if the other property is sold for a price specific to that property—that price, less the expenses of the sale (to the extent the expenses are reasonably attributable to selling that particular property); or

(b) if the other property is sold with additional property without a specific price being allocated to it—the part of the total sale price, less the reasonably attributable expenses of the sale, that is reasonably attributable to selling the other property; or

(c) if the other property is lost or destroyed—the amount or value received or receivable under an insurance policy or otherwise for the loss or destruction; or

(d) if you own the other property and you stop using it for a taxable purpose—its market value at that time; or

(e) if you do not own the property and you stop using it for a taxable purpose—a reasonable amount.

However, the amount included is reduced to the extent (if any) that it is also included under subsection 40-830(6) of the new Act.

10 Schedule 1, item 1, page 14 (line 7), after “2001”, insert “reduced, in the case of eligible mining or quarrying operations, by an amount you have deducted or can deduct for the calculation year under the former Act and not yet taken into account in calculating unrecovered expenditure”.

11 Schedule 1, item 1, page 17 (lines 3 and 4), omit paragraph (a).

12 Schedule 1, item 1, page 17 (line 5), omit “the depreciating asset is one”, substitute “you hold a depreciating asset (except a mining, quarrying or prospecting right that you started to hold before 1 July 2001),”.

13 Schedule 1, item 1, page 17 (line 11), omit “the expenditure”, substitute “your expenditure on the asset, whenever incurred,”.

14 Schedule 1, item 1, page 17 (line 16), omit “You”, substitute “If you incur expenditure on the asset after 30 June 2001 that forms part of the cost of the asset, you”.

15 Schedule 1, item 1, page 17 (line 21), after “on that day”, insert “or at its start time, whichever is the later,”.

16 Schedule 1, item 1, page 17 (line 25), omit “in carrying on”, substitute “in relation to”.

17 Schedule 1, item 1, page 17 (line 33), omit “in carrying on”, substitute “in relation to”.

18 Schedule 1, item 1, page 18 (line 4), omit “in carrying on”, substitute “in relation to”.

19 Schedule 1, item 1, page 18 (after line 10), after section 40-75, insert:

40-77 Mining, quarrying or prospecting rights or information held before 1 July 2001

1 Division 40 of the new Act does not apply to a mining, quarrying or prospecting right that you started to hold before 1 July 2001.

Note: If you incur expenditure relating to assets of that kind, you cannot deduct it under Division 40. However, the expendi-
ture may be taken into account in calculating a capital gain or capital loss under Part 3-1 or 3-3 of the Income Tax Assessment Act 1997.

(2) If, after 30 June 2001:

(a) you dispose of a mining, quarrying or prospecting right that you started to hold before 1 July 2001 to an associate of yours; or

(b) you enter into an arrangement in relation to such a right under which you maintain, in essence, the economic ownership of the right but not its legal ownership;

the cost of the right to the purchaser is limited, for the purposes of Division 40 of the new Act, to a maximum of the costs that would have been deductible for the right under Division 330 of the former Act.

(3) An amount that would be included in your assessable income under section 15-40 or subsection 40-285(1) of the new Act in respect of mining, quarrying or prospecting information you started to hold before 1 July 2001 is reduced (but not below zero) by so much of the capital cost of acquiring the information that you incurred before that day and that:

(a) you have not deducted and cannot deduct (either immediately or over time) under the former Act; and

(b) did not form part of allowable capital expenditure under the former Act; and

(c) did not entitle you to a deduction under section 330-235 of the former Act;

but only to the extent that you have not already applied the amount under this section.

(20) Schedule 1, item 1, page 18 (line 25), omit “42.”.

(21) Schedule 1, item 1, page 18 (line 27), after “Act”, insert “applies to the asset”.

(22) Schedule 1, item 1, page 18 (after line 28), after section 40-80, insert:

40-85 Excess deductions

You can deduct any amount of new EPE (see sections 330-30 and 330-35 of this Act) you have at the end of your 2000-01 income year, reduced by the total of the relevant amounts (see subsections 330-30(4) and 330-35(4) of this Act) for an earlier applicable year (see subsections 330-30(3) and 330-35(3) of this Act).

(23) Schedule 1, item 1, page 19 (lines 28 to 31), omit paragraph (a), substitute:

(a) you are entitled to a deduction under subsection 40-285(2) of the new Act for a balancing adjustment event happening to a depreciating asset:

(i) to which Division 58 of the former Act applied; or

(ii) to which section 61A of the Income Tax Assessment Act 1936 applied, or for which the transition time under Division 57 of Schedule 2D to that Act occurred before 1 July 2001; and

(24) Schedule 1, item 1, page 20 (after line 33), at the end of section 40-285, add:

(7) Section 118-24 of the new Act applies to CGT event A1 (disposal of a CGT asset) happening to a depreciating asset if the event happens:

(a) if the depreciating asset is plant—at or before 11.45 am, by legal time in the Australian Capital Territory, on 21 September 1999; or

(b) if the depreciating asset is not plant—before 1 July 2001;

where:

(c) the time of the event is when you entered into the contract for the disposal of the asset; and

(d) the change in ownership constituting the disposal occurred after the applicable time mentioned in paragraph (a) or (b).

(25) Schedule 1, item 1, page 22 (line 14), after “subsection 40-10(3)”, insert “or 40-12(3)”.

(26) Schedule 1, item 1, page 24 (after line 30), at the end of section 40-345, add:

(5) Subsection (6) applies to an entity (the transferee) if there is roll-over relief under section 40-340 of the new Act as a result of a balancing adjustment event happening to a depreciating asset held by the transferee.
Subsections (1), (2), (3) and (4) apply also to the transferee if:

(a) for a depreciating asset that is plant:

(i) the transferor referred to in section 40-340 of the new Act started to hold the plant under a contract entered into at or before 11.45 am, by legal time in the Australian Capital Territory, on 21 September 1999; or

(ii) the transferor constructed it and the construction started at or before that time; or

(iii) the transferor acquired it in some other way at or before that time; or

(iv) the transferor acquired it from an entity that was working out the decline in value of the plant under subsection 40-10(3) or 40-12(3) of this Act and subpara- graph (i), (ii) or (iii) of this paragraph applied to that entity or to the earliest successive transferor; or

(b) for a depreciating asset that is not plant:

(i) the transferor started to hold the asset under a contract entered into before 1 July 2001; or

(ii) the transferor constructed it and the construction started at or before that day; or

(iii) the transferor acquired it in some other way before that day.

Schedule 1, item 1, page 26 (line 10), omit “deducts”, substitute “deduct”.

Schedule 2, item 36, page 37 (line 12), after “that Act”, insert “, under the former Subdivision 387-B or 387-G of that Act, under section 40-515 of that Act (for a water facility) or under Subdivision 40-B of that Act (for a timber mill building or forestry road)”.

Schedule 2, item 104, page 55 (table item 8), omit “Section 73B”, substitute “Sections 73B, 73BA, 73BH and 73Y”.

Schedule 2, item 194, page 69 (lines 10 to 13), omit subsection (2).

Schedule 2, item 195, page 69 (line 16), omit “Division”, substitute “Certain sections”.

Schedule 2, item 195, page 69 (line 17), omit “This Division does”, substitute “Sections 17-5, 17-10 and 17-15 do”.

Schedule 2, item 216, page 75 (line 4), omit “Subdivision”, substitute “Certain sections”.

Schedule 2, item 216, page 75 (line 5), omit “This Subdivision does”, substitute “Sections 27-5, 27-10, 27-15 and 27-20 do”.

Schedule 2, item 216, page 75 (line 28), after “Division 40”, insert “or 328”.

Schedule 2, item 216, page 76 (line 8), after “Division 40”, insert “or 328”.

Schedule 2, item 216, page 76 (after line 12), after subsection (3), insert:

A "depreciating asset’s "opening adjustable value for an income year is reduced if:

(a) an entity’s acquisition or importation of the asset constitutes a "creditable acquisition or "creditable importation; and

(b) the entity is or becomes entitled to an "input tax credit in an income year (the credit year) for the acquisition or importation and the credit year occurs after the income year in which the acquisition or importation occurred; and

(c) the income year is after the one in which the asset’s start time occurs; and

(d) the entity can deduct amounts for the asset under Division 40 or 328.

Schedule 2, item 216, page 76 (line 25), after “Division 40”, insert “or 328”.

Schedule 2, item 216, page 77 (line 2), after “328”, insert “for or in the current year”.

Schedule 2, item 216, page 77 (line 4), after “pool”, insert “for the current year”.

Schedule 2, item 216, page 77 (line 10), after “Division 40”, insert “or 328”.

Schedule 2, item 216, page 77 (after line 12), after subsection (1), insert:

However, this section does not apply to a "decreasing adjustment that arises under Division 129 or 132 of the GST Act.

Note: See instead section 27-87.
(43) Schedule 2, item 216, page 77 (line 28), after “pool”, insert “or a pool under Division 328 for or in the current year.

(44) Schedule 2, item 216, page 77 (line 30), after “pool”, insert “for the current year”.

(45) Schedule 2, item 216, page 77 (after line 31), after section 27-85, insert:

27-87 Certain decreasing adjustments included in assessable income

(1) This section applies to an entity if:

(a) the entity can deduct amounts for a *depreciating asset under Division 40 or 328; and

(b) the entity has a *decreasing adjustment that arises under Division 129 or 132 of the *GST Act in an income year that relates directly or indirectly to the asset.

(2) The amount of the *decreasing adjustment is included in the entity’s assessable income for the income year unless the entity is an *exempt entity.

(46) Schedule 2, item 216, page 78 (line 5), after “Division 40”, insert “or 328”.

(47) Schedule 2, item 216, page 78 (after line 7), after subsection (1), insert:

(1A) However, this section does not apply to an *increasing adjustment that arises under Division 129 or 132 of the *GST Act.

Note: See instead section 27-92.

(48) Schedule 2, item 216, page 78 (line 17), after “pool”, insert “or a pool under Division 328 for or in the current year”.

(49) Schedule 2, item 216, page 78 (line 19), after “pool”, insert “for the current year”.

(50) Schedule 2, item 216, page 78 (after line 20), after section 27-90, insert:

27-92 Certain increasing adjustments can be deducted

(1) This section applies to an entity if:

(a) the entity can deduct amounts for a *depreciating asset under Division 40 or 328; and

(b) the entity has an *increasing adjustment that arises under Division 129 or 132 of the *GST Act in an income year that relates directly or indirectly to the asset.

(2) The entity can deduct the amount of the *increasing adjustment for the income year.

(3) However, the entity cannot deduct the amount to the extent (if any) that the adjustment arises from an increase in the extent to which the activity giving rise to the adjustment is of a private or domestic nature.

(51) Schedule 2, item 216, page 79 (line 19), after “Division 328”, insert “for or in an income year”.

(52) Schedule 2, item 216, page 79 (line 25), omit “, (4),”.

(53) Schedule 2, item 216, page 79 (line 30), after “importation”, insert “and the credit year occurs after the income year in which the acquisition or importation occurred”.

(54) Schedule 2, item 216, page 79 (after line 30), after subsection (2), insert:

(2A) There is a reduction under subsection (4) if:

(a) the pooled expenditure relates directly or indirectly to a *creditable acquisition or *creditable importation; and

(b) the entity is or becomes entitled to an *input tax credit in an income year (the credit year) for the acquisition or importation.

Reduced cost of assets allocated to a pool

(2B) A *depreciating asset’s *cost is reduced if:

(a) an entity’s acquisition or importation of the asset constitutes a *creditable acquisition or *creditable importation; and

(b) the entity is or becomes entitled to an *input tax credit for the acquisition or importation and the income year in which the acquisition or importation occurred is the same as the one in which the input tax credit arose; and

(c) the asset is allocated to a low-value pool or a pool under Division 328 for or in that year.

The reduction is the amount of the input tax credit.

(55) Schedule 2, item 216, page 80 (after line 15), after subsection (5), insert:
No reduction if market value

(5A) However, there is no reduction to the cost of a depreciating asset if its cost is modified under Division 40 to be its market value.

(56) Schedule 2, item 216, page 80 (line 21), after “328”, insert “for or in the credit year”.

(57) Schedule 2, item 216, page 80 (line 22), after “entitled”, insert “, after the credit year,”.

(58) Schedule 2, item 216, page 81 (after line 2), after subsection (7), insert:

(7A) There is a reduction to an amount of expenditure included in the second element of the cost of a depreciating asset if:

(a) the asset is allocated to a low-value pool or a pool under Division 328 for or in the income year in which the expenditure was incurred; and

(b) the entity that incurred the expenditure is or becomes entitled to an input tax credit for the expenditure; and

(c) the entitlement arises in the income year in which the expenditure was incurred.

The reduction is the amount of the input tax credit.

(59) Schedule 2, item 216, page 81 (line 5), after “increasing adjustment”, insert “(except one that arises under Division 129 or 132 of the GST Act)”.

(60) Schedule 2, item 216, page 81 (after line 7), at the end of subsection (8), add:

Note: For an increasing adjustment that arises under Division 129 or 132 of the GST Act, see section 27-92.

(61) Schedule 2, item 216, page 81 (line 26), “decreasing adjustment”, insert “(except one that arises under Division 129 or 132 of the GST Act)”.

(62) Schedule 2, item 216, page 81 (after line 28), at the end of subsection (10), add:

Note: For a decreasing adjustment that arises under Division 129 or 132 of the GST Act, see section 27-87.

(63) Schedule 2, item 488, page 135 (after line 4), at the end of the item, add:

(3) Despite its repeal by item 336 of this Schedule, Division 388 of the former Act continues to apply to entities that have a substituted accounting period and are late balancers until the end of the 2000-01 income year.

Bill, as amended, agreed to.

Third Reading

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

MIGRATION LEGISLATION AMENDMENT (IMMIGRATION DETAINES) BILL 2001

Second Reading

Debate resumed from 5 April, on motion by Mr Ruddock:

That the bill be now read a second time.

Mr SCIACCA (Bowman) (5.27 p.m.)—In view of the lateness of the day and to facilitate the business of the House, I am not going to have much time to make some of the remarks that I wanted to make on the Migration Legislation Amendment (Immigration Detainees) Bill 2001. I am quite disappointed that this is the case, because we are talking about an issue which at the moment is very high up on the agenda of what concerns the Australian public—so much is being said about detention centres, how they are being run, the riots and all the rest of it.

The opposition supports the bill, subject to the amendments that I understand the Minister for Immigration and Multicultural Affairs will move when he closes. That is, we will agree to the parts of the bill that strengthen the criminal offence of escape from immigration detention from two to five years, that introduce a new offence relating to the manufacture and possession of weapons in immigration detention centres, that bring forward the Criminal Code offence of inciting or urging the commission of an offence against any law of the Commonwealth, and that introduce additional security measures for visitors entering immigration detention centres. The opposition does not agree, and will not agree, to the other sections of the bill, and I understand that the minister will move an appropriate amendment which
will separate the sections relating to strip searching—permitting the strip searching of minors of the age of 10—from this bill, to be brought in at another stage. On that basis, the opposition will support the bill.

Over the past 18 months, there have been a number of riots, disturbances, protests and escapes in most immigration detention centres. Several officers and detainees have sustained serious injuries, and countless dollars worth of Commonwealth property has been destroyed. On behalf of the opposition, I make it very clear that the opposition does not in any shape or form condone acts of violence by anybody on our soil and that we will support reasonable measures on the part of the government to ensure that these detainees—

Debate interrupted; adjournment proposed and negatived.

Mr SCIACCA—The fact is that these people that are in these detention centres have got an obligation to ensure that they abide by the laws of this country. It is for that reason that we support the general thrust, minus the strip search powers, in this bill. But may I say that this whole area of detention has been the subject of a lot of controversy in recent times. The federal opposition has been calling for a judicial review to look at the allegations that have been made and to look at the way these places are being managed, because in the end we believe that violence begets violence and that forcing more and more domestic laws onto the situation really is not going to help.

If you look at what has been happening, I think you will find that somewhere along the line, as difficult as this problem is, the government seems to have lost control of it. The reality is that a number of reports have come out with respect to these detention centres. First of all, we had the Flood report, which was commissioned by the government. Even Mr Flood came back and said that there were problems in these detention centres. In addition, you then had two reports from the Ombudsman that said the same thing. Only as late as last Monday we had a unanimous—at least there were not dissensions—bipartisan full parliamentary report of the Human Rights Subcommittee. Members of both the opposition and the government came out with a number of what were, in the main, worthwhile suggestions in terms of how we could resolve at least some of the problems that are appearing in these centres.

The Labor opposition supports mandatory detention as a necessary way of protecting the integrity of our borders, and we make absolutely no apology for that. However, we can do it in a more humane way. We can do it in such a way that, hopefully, some of these disturbances do not occur. Some of the recommendations that were made by the committee are very good. When I look at them I really cannot find even one that says anything that is out of the ordinary. Even where they say that they should be processed within 14 weeks, that is subject to a number of conditions, including security clearances, and also I understand the idea is that they be sponsored out into the community. All I am saying to the minister is: do not bury your head in the sand. I am saying to you: look at them. These are submissions and recommendations that are supported even by people from your own side. To react the way the minister did the other day at his press conference was quite inappropriate. In fact, I am surprised that the minister took that view.

I want to finish on this, because I know that at least one other person wants to speak on this bill. There is a fantastic article in today’s Melbourne Age. I am sure the minister has read it. Probably he would have been seething when he read it. It is headed ‘Refugees are not political footballs: trading asylum seekers for easy votes is an abuse of Australian values’. This has been written by a member of that committee, a member of the minister’s own side, Judi Moylan, the member for Pearce. I congratulate her, because it takes a lot of courage to do this. If you read what is in the article, it is just extraordinary. I will just read a couple of small parts of it.

Mr Ruddock interjecting—
Mr SCIACCA—There is not enough time; otherwise I would read the lot. She says:

The report makes some sensible suggestions to continue to explore the policy options here.

… … …

Trying to justify the tough stance on illegal immigrants by deprecating the efforts of members of an all-party committee is at odds with constructive debate, which is a feature of democracy.

She goes on to say:

As we celebrate this year of the Centenary of Federation we are a great nation for which we have a lot to be thankful. We have enough goodwill to treat refugees decently and not allow them to become political footballs, traded for easy votes.

She finishes off by saying:

Those intent on distorting the facts and using refugees, who are an easy target, to score political points do us no credit.

Who is she speaking about, Mr Deputy Speaker? It is not about me. It is not about you. It is about the minister. She is nailing her own minister. Minister—

I wish we had more time, and we have not—

the opposition will support that part of the bill, subject to your amendment, but I must say to you that this is an issue where you need to look at every possible suggestion that is given to you. The suggestions are put up not for anybody to be smart or to try to score points but so that you might consider them and they might actually help you—in other words, some fresh ideas do not hurt. And when they come from your own side one would have thought you would listen to them. There is a lot that I had organised to say in this debate, but I will keep that for another day and leave my remarks at that.

Mrs DE-ANNE KELLY (Dawson) (5.35 p.m.)—The Migration Legislation Amendment (Immigration Detainees) Bill 2001 is part of a range of measures to ensure that immigration detention centres are safe for not only illegal immigrants to Australia but also the staff and visitors. The measures in the bill will amend the Migration Act 1958 to strengthen the new criminal offence of escape, to introduce an additional power to search detainees for weapons or items that can be used to inflict injury or to assist with an escape, to permit searches of detainees held in state or territory prisons and to introduce additional security measures for visitors to detention centres.

The Minister for Immigration and Multicultural Affairs has built many safeguards into the bill to ensure that its capacity to search is not abused. Notwithstanding the view in some quarters—and I am aware that the minister is moving an amendment shortly to separate the measures in the bill—that strip searches are somehow an invasion of privacy, the fact remains that the government cannot ignore the violent and threatening activity of some detainees and cannot ignore its duty of care to detainees and staff at detention centres. We would not want to see serious injury or—heaven forbid—a violent death at one of these detention centres. I draw the House’s attention to the list of weapons allegedly seized from detainees at Woomera. It is a frightening list, including toothbrushes melded with razors, all produced from gardening implements and supposedly kitchen cutlery. I commend the minister for the introduction of this legislation and the way in which he manages a difficult and sensitive portfolio. He certainly has the support of people in my electorate.

Dr THEOPHANOUS (Calwell) (5.38 p.m.)—It is very sad that we have only got a limited time to deal with this very important issue. Nevertheless, I want to note in the House that I will be moving a second reading amendment to the Migration Legislation Amendment (Immigration Detainees) Bill 2001 which states:

“whilst not declining to give the bill a second reading the House expresses its concern:

(1) at the absence in the bill of important provisions to guarantee the basic human rights and entitlements of detainees;

(2) that the bill fails to recognise the criticisms of the conditions of detention centres provided in the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade, Human Rights Sub-Committee: A re-
I will not read all the other clauses in the second reading amendment but simply say that I am extremely concerned that the Minister for Immigration and Multicultural Affairs has proceeded in the way that he has in relation to this bill. Firstly, he was trying to force through the whole central section of the legislation, which he has now been forced to take out, that has to do with strip searching people and other totally inappropriate measures in relation to detention centres.

The minister is facing the following situation. In the last two days there have been editorials all around the country condemning the minister and the government’s actions in relation to detention centres. So it is not just the member for Calwell, it is not just the shadow minister for immigration, it is not just the opposition, it is not just the Democrats and it is not just the Greens; it is society that is now saying, ‘Enough is enough, Minister. Let’s have a humane approach to this matter.’ ‘Our intolerable detention centres’ is the heading of the Age editorial, and the editorials from the Australian, the Canberra Times and many other newspapers have taken the same approach.

What is the minister saying? The minister is saying, ‘They’re all wrong; they don’t know what is going on.’ I will tell you who does not know what is going on: it is the minister. The minister receives reports from officers which mislead him, because these people who are involved on the ground in the detention centres have a lot to cover up. There is no doubt about that, even from what the parliamentary committee revealed. The honourable member for Chifley yesterday, in the Main Committee, said that he would be very happy to release the evidence taken in camera so that the minister, the Department of Immigration and Multicultural Affairs and society could see it. There were hours and hours of evidence taken in camera about these matters. I spoke to people in Port Hedland last week, and the minister attacked me and said, ‘You made some of the allegations of these people’—meaning the other side of the story—‘public.’ What did you do, Minister? You released a video which showed only one side of the story.

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Calwell will address his remarks through the chair.

Dr THEOPHANOUS—The minister released a video which showed only one side of the story. The minister also allowed stories to be released about detainees being forced into food protests which claimed that the detainees were actually forced into the protest. Then I have a letter signed by 100 detainees saying that no such thing ever happened. So who is getting to the truth of the matter?

But let us leave that point aside and consider this: in this legislation we could at least have had a balanced approach. Rather than the punitive approach that this legislation takes, we could have at least said, ‘Let’s try and give the detainees some fundamental human rights; let’s try and say that on the one hand we want to be tough on people who are doing wrong things and on the other hand—

Mr DEPUTY SPEAKER—Order! I am very loath to interrupt the honourable member for Calwell, but I just wondered whether he is aware of the arrangement that this debate will finish by 5.45 p.m. to allow three speakers on the adjournment. You have two amendments to move as well.

Dr THEOPHANOUS—I will just finish with this point. The minister had the opportunity to present some positive things in this bill in trying to at least ensure that detainees had certain rights and that when they have complaints they are properly investigated. None of that appears in this bill. This is a one-sided bill. In fact, the minister should not have proceeded so hastily on this and we should have provided, as I am going to move in my amendment—I will talk about it later—certain guarantees to protect refugee claimants and assure the Australian public that we have got a balanced approach to this matter. I move:

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 expresses its concern:

(1) at the absence in the bill of important provisions to guarantee the basic human rights and entitlements of detainees;

(2) that the bill fails to recognise the criticisms of the conditions of detention centres provided in the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade, Human Rights Sub-Committee: A report on visits to immigration detention centres;

(3) at the failure of the bill to adopt key recommendations of the Joint Standing Committee’s report to improve the conditions in the detention centres, and ensure that the basic entitlements of detainees are provided for;

(4) that the bill fails to take account of the numerous allegations of maltreatment of detainees, and consequently fails to put into place provisions to ensure that their rights to officially complain about such maltreatment are enshrined in legislation; and

(5) that the bill, and the second reading speech of the Minister, seek to portray asylum seekers in a completely negative way, and do not give any recognition for the difficult circumstances which they have endured.

Mr DEPUTY SPEAKER—Is the amendment seconded?

Mr Andren—I second the motion and reserve my right to speak.

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (5.43 p.m.)—I would like to thank members for their contribution to this debate on the Migration Legislation Amendment (Immigration Detainees) Bill 2001. I have only a few short comments to make because of the undertaking that has been given, but at the conclusion of the debate I will be moving government amendments to the bill. The amendments will remove the provisions relating to strip search of detainees from the bill. These provisions will be placed in the Migration Legislation Amendment (Immigration Detainees) Bill (No. 2) 2001, which I intend to introduce during these sittings.

The remaining measures in this bill will introduce new offences and penalties relating to behaviour of immigration detainees in immigration detention centres and additional security measures for visitors seeking to enter immigration detention centres. The new offence of manufacturing, possessing, using or distributing a weapon will address the increasing problem of detainees fashioning weapons from materials obtained within detention centres. These objects present a serious danger to detainees, staff and other persons in detention centres. The increased penalty for escape from migration detention seeks to provide a more effective deterrent to escape.

Finally, the security measures for visitors entering immigration detention centres will seek to ensure that items that could disrupt the good order and security of detention centres and endanger the safety of persons within them are not brought in. I am pleased to advise the House that a draft protocol regarding the exercise of this power in relation to visitors has been settled in conjunction with the Attorney-General. The draft protocol will be incorporated into written directions pursuant to section 499 of the Migration Act. It will provide operational guidelines for the power and will be binding on all officers. In summary, the bill seeks to ensure that the safety, good order and security of migration detention centres are not compromised through inappropriate behaviour. I commend the bill to the chamber. I table the protocol.

In conclusion, let me just say that I am not oblivious to other suggestions, and I make that very clear, as I did in the committee yesterday. I will look at positive suggestions which are constructive, but I think that there was, to put it politely, some difficulty in understanding precisely what the committee was getting at. I am told by committee members that the document, as read—that is, the dismantling of mandatory detention—was not what was intended, and that I should have read one clause in conjunction with others. None of that was clear. I tabled today at question time a response detailing the government’s efforts to ensure that detention
is humane, and I would encourage members to read the level of amenity that has been achieved. I have not dismissed, nor did I in my press conference, the other suggestions that were being made and we will respond fully to them. There may well be further initiatives that we can take out of the committee’s report and I do not dismiss that. The argument run by the shadow minister was that the way in which we treat people is responsible for the way in which they are behaving.

Mr Sciacca interjecting—

Mr RUDDOCK—Well, that is what the member said.

Mr Sciacca—I said that it was one of the reasons.

Mr RUDDOCK—Whether it is one of the reasons or otherwise, it is a humane detention environment in which people are operating. Most people in detention cooperate—let me make that very clear—but we are now holding, as I said in question time today, 1,070 or so people for removal. They have come to the end of the road and there is only one option. You listen to what they put to you—and I do—and you listen to the arguments they are advancing, and what they are endeavouring to do is to put us under duress to obtain decisions they are not entitled to under our law. And it does make it very much harder. I suspect that the committee knew that and I suspect that that is the reason that they have argued that there ought to be a more secure detention facility built—in other words, a maximum security jail—

Mr Sciacca interjecting—

Mr RUDDOCK—The member says, ‘A good idea.’ That is what it would be.

Mr Sciacca—A high security facility.

Mr RUDDOCK—A maximum security facility. Let me just make it clear: if the advice that I was getting from the experts was that you would be able to manage people more effectively if you put them all into one centre and upped the security, then I would look at it. I make that very clear. If that was the advice I was getting, I would look at it. But that is not the advice I am getting. The advice is that, if you bring people together in one place, you have a major problem in handling a large group of people. The states have essentially got rid of maximum security jails and have dispersed the troublemakers because it is a much easier way to manage. That is the professional advice and I accept it. I do not wish to take it any further. I commend the bill to the chamber. I have tabled the draft protocol and, at a later stage, I will move the amendments that have been circulated in my name.

Mr Sciacca interjecting—

Mr RUDDOCK—The member says, ‘A good idea.’ That is what it would be.

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Mr RUDDOCK—A maximum security facility. Let me just make it clear: if the advice that I was getting from the experts was that you would be able to manage people more effectively if you put them all into one centre and upped the security, then I would look at it. I make that very clear. If that was the advice I was getting, I would look at it. But that is not the advice I am getting. The advice is that, if you bring people together in one place, you have a major problem in handling a large group of people. The states have essentially got rid of maximum security jails and have dispersed the troublemakers because it is a much easier way to manage. That is the professional advice and I accept it. I do not wish to take it any further. I commend the bill to the chamber. I have tabled the draft protocol and, at a later stage, I will move the amendments that have been circulated in my name.

Amendment negatived.

Original question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Dr THEOPHANOUS (Calwell) (5.49 p.m.)—I move:

(1) Schedule 1, after item 7, page 11 insert

7A After section 261

261A Basic human rights of detainees

(1) Officers and authorised officers for the purposes of this division must exercise their responsibilities consistently with all fundamental human rights provisions that apply to Australian citizens.

(2) If a detainee believes that his or her fundamental human rights have been abused, the detainee will have the right to apply to either or both of the Human Rights and Equal Opportunity Commission and the Commonwealth Ombudsman requesting an inquiry into the matter.

(3) In addition, a detainee:

(a) has the right to reasonable access to telephone and facsimile contact with his or her spouse, children, parents, brothers and sisters, and these people must be given reasonable visitation access to the detainee;

(b) has the right to reasonable access to legal representation, and a legal representative must be given unrestricted visitation access to the detainee; and

(c) must not be held in solitary confinement or isolation cells unless:
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(i) he or she has been accused of criminal or violent behaviour; or

(ii) he or she has been diagnosed with a communicable disease and the diagnosis is supported by a medical certificate from an authorised practitioner.

261B Entitlements of detainees

Officers and authorised officers for the purposes of this division must ensure that all detainees:

(a) are given appropriate briefings on their arrival at detention centres, so that detainees are made aware of the range of assistance and facilities that is available;

(b) have access to counsellors and welfare officers at the centres;

(c) of school age, are given access to the level of education that they require;

(d) have access to English language lessons;

(e) have reasonable access to sporting and exercise facilities;

(f) have reasonable access to telephones and other communications facilities;

(g) have access to an appropriate range of newspapers; and

(h) who are unauthorised arrivals, be granted a preliminary interview with an official about immigration assistance within 3 weeks of their arrival at the detention centre.

The first part to my amendment is headed ‘Basic human rights of detainees’ and provides in the first proposed subsection:

Officers and authorised officers for the purposes of this division must exercise their responsibilities consistently with all fundamental human rights provisions that apply to Australian citizens.

One of the issues that have arisen, unfortunately, is the question of the abuse of human rights of so many detainees that have been reported, as I mentioned, on a number of occasions by journalists, commentators and other people, including international visitors, visiting our detention centres. This subsection will put into place the assurances that the minister has made. The second proposed subsection in my amendment provides that:

If a detainee believes that his or her fundamental human rights have been abused, the detainee will have the right to apply to either or both of the Human Rights and Equal Opportunity Commission and the Commonwealth Ombudsman requesting an inquiry into the matter.

The Minister for Immigration and Multicultural Affairs said yesterday in question time that that is what people ought to do. But it is another thing to actually have that in the legislation so that it is there and assured for people. People have tried to complain and have not been able to get any response to their complaints. This certainly happened in the case of some people I spoke to at Port Hedland. In addition, proposed subsection (3)(a) in my amendment provides for:

... reasonable access to telephone and facsimile contact with his or her spouse, children, parents, brothers and sisters ...

One of the things that are really disturbing is that people were put in so-called isolation or confinement cells over a period of time and were not able to contact even their closest relatives to tell them about their circumstances. This story was repeated to me by a number of people in Port Hedland in relation to their own personal circumstances. I have also included in this amendment a provision that people must not be held in isolation except in the case of criminal or violent behaviour or in the case of a diagnosed communicable disease. These changes are very worth while and ought to be considered by the minister.

The second part of the amendment regarding entitlements of detainees is actually taken from the parliamentary committee report. It is recommendations, most of which are taken word for word from the report in relation to what ought to be the case, that is to say, simple things like the provision of education for children, the provision of counsellors and welfare officers in centres, access to appropriate briefings about their entitlements, reasonable access to sporting and exercise facilities, access to telephones—there is only one telephone for 470 people in Port Hedland, which is a terrible
situation—and access to an appropriate range of newspapers, which were in the parliamentary report.

In this clause I have asked for detainees who are unauthorised arrivals to be granted a preliminary interview with immigration officials within three weeks of their arrival at the detention centre. The reason that is put in is because some people were in the isolation situation for up to seven months before they were even granted a first interview about their situation and circumstances. The minister has circulated a document which he claims indicates the improvements that have been made to the centres. I have had a look at that document. Many of those improvements are things that he has just initiated, and he has only initiated these things after two years of protests, because of the public outcry which has happened. Let us see some action. Let the minister approve this amendment, and if the minister does not approve it let the Senate approve this amendment.

Amendment negatived.

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (5.55 p.m.)—by leave—I present the supplementary explanatory memorandum to the bill. I move:
(1) Schedule 1, item 6, page 4 (lines 8 to 12), omit the item.
(2) Schedule 1, item 7, page 4 (line 15) to page 10 (line 5), omit sections 252A, 252B, 252C, 252D, 252E and 252F.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

PERSONAL EXPLANATIONS

Mr PRICE (Chifley) (5.56 p.m.)—Mr Deputy Speaker, I wish to make a personal explanation.

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

Mr PRICE—Yes.

Mr DEPUTY SPEAKER—Please proceed.

Mr PRICE—I think it was unintentional by the honourable member for Calwell when he said that I had challenged the minister to seek approval for the publication of the transcripts of comments by detainees. That was not the case. It was the Hansard of the eight-hour grilling of the department and ACM that I sought, not the detainees.

ADJOURNMENT

Motion (by Mr Ruddock) proposed:
That the House do now adjourn.

Motion (by Mr Ruddock) agreed to:
That so much of the standing and sessional orders be suspended as would enable the adjournment debate continuing for a period not exceeding 15 minutes.

National Estate

Tuggeranong Homestead

Ms ELLIS (Canberra) (5.57 p.m.)—This evening in the adjournment debate I would like to speak about two related issues. One of them is the issue relating to the government action that is going to affect the National Estate. In speaking to that, I would like to comment briefly on one of the 98 properties in the ACT that appear on the listing of that National Estate. The Tuggeranong Homestead is that very property. It began its development back in 1835. Many people new to Canberra would be surprised with that length of history for this area, but that is the case. It covers quite a substantial amount of land in the Tuggeranong Valley, sitting between the suburbs of Richardson and Calwell. It is an extremely important piece of heritage in the ACT. Over recent years it has undergone a great deal of examination by both ACT government officials and by the community particularly. Many members of the community have been intrinsically involved in the discussions surrounding this property. As recently as in the last few months we have seen just over $675,000 from the Federation Fund being spent on bringing a new lease of life to the Tuggeranong Homestead. Everybody in
the local community is very thrilled to see this.

One of the happiest outcomes was to see the Canberra-Lake Tuggeranong Lions Club begin a monthly community market that has been going for two months. They have had two occasions to celebrate this new lease of life, with something between 5,000 and 7,000 people going through this marketplace in a few hours on a Sunday. My congratulations go to the Canberra-Lake Tuggeranong Lions Club for this wonderful community initiative. The funds they raise obviously go back into the community through their charity and community support efforts. It is a very good thing to see.

When I am talking about this, I simply must draw an analogy with the action by this government that appears to be under way to somehow change dramatically the National Estate and the 13,000 places that are currently listed on it. The National Estate has been developed over the last 25 years on a national basis, and within the ACT there are 98 listings, none of which should be taken lightly. I understand that the government’s proposed legislation will immediately remove all of those 13,000 places from the register, leaving them to a very uncertain future. Only a few hundred of the 13,000 places will be protected under the proposed national list, and possibly not for many years. Recently, in the Senate estimates hearings, Mr Bruce Leaver of the Australian and World Heritage Division of Environment Australia gave the following evidence when he was asked how many places he anticipated would be on the new list. He said:

In relation to the places of national heritage significance, there will be none. It will start as a blank sheet of paper and go through a public nomination and assessment process, and it will be progressively built up over the years.

The next question to him was:

You have said that there would be none on the new list, but let us look forward five years or so. What would you imagine we might have on a new list—

He answered:

It is purely speculation, but one would expect that one could deal with half a dozen a year.

I find this very alarming. The National Estate has helped to ensure good representation of places of national heritage importance around this country and I find it quite stunning that that could be put at risk. Some of the places in Canberra include the Lambrigg Homestead wheat paddock and Farrer gravesite—which is where William Farrer developed the famous federation seed for wheat growing; it is down that end of the town—the Lanyon canoe tree, the Namadgi Aboriginal area, the Tuggeranong Homestead, the Mugga Mugga Homestead and the Bogong shelters area. The list is long and very impressive. I am extremely alarmed to think that places such as the Tuggeranong Homestead and other areas around my city and other parts of the country are going to have to prove themselves to get back onto some form of heritage protection list for the future. I have to say that my community are going to be hearing about this loud and clear from me, and I hope that we are able to mount some form of campaign to implore the government to reconsider this action. I would say that it is very short-sighted, and it is open for question by all the community of this country if we have any concern at all about ensuring the future protection of our National Estate and all of those things of value listed on it.

Banking: Branch Closures

Fowler Electorate: MRI Scanner for Liverpool Hospital

Mrs IRWIN (Fowler) (6.02 p.m.)—I would like to take up the time of the House on an issue I know many of us have repeatedly raised, but we have been met, repeatedly, by silence from this government. Another bank in my electorate of Fowler will close on 27 July. I am talking about Australia’s ‘leaving’ bank. ‘Which bank?’ you might ask. Australia’s leaving bank.

The Commonwealth Bank is the only bank providing services to the Miller community. Miller is a dinky-di battlers’ suburb in Sydney’s south-west. About half of it is public housing, and that means there are lots
of old people, lots of disabled people and lots of single parent families with young kids. These people are doing it tough on Centrelink pensions and allowances, which are paid only by bank credit. They need a bank, but the bank does not need them or their lengthy queues, which sometimes go out the door.

When the bank closes, accounts are going to be transferred to the Liverpool branch five kilometres away. They have got one of those sheep run crowd queuing systems such as they have at Wonderland and Disneyland. People are penned in in a zigzag route all the way to the tellers counter, but still the queue at the Liverpool branch of Australia’s ‘leaving’ bank goes to its front doors. The Casula branch, almost as far away as Liverpool, is still open, but there is no bus service to Casula from Miller. So the queue at Liverpool will be spilling into Macquarie Street. These Commonwealth Bank customers do not have the Internet and they do not have cars because they are too old, cannot afford them or they are disabled. For a number of reasons, this group of customers is least likely to use telephone banking or ATMs. The banks do not want to know about them.

The banks have notched up a 25 per cent increase in half-yearly profits. This year, their profit is on target to exceed last year’s $10 billion in profits. The big four have achieved that by increasing their income from fees and charges. They have done that through major cost cutting by sacking more than 40,000 staff and closing unprofitable branches. Something in the order of $40 billion of federal funds, paid as Centrelink entitlements, goes directly into the banking system each year. The banks move those funds through the short-term money market before they finally plonk the credit into the pensioner’s account.

Bank branches such as the one at Miller should be part of the agreement with such a major depositor like the federal Treasury. The customers at Miller might be savings book users rather than credit card users, they might mainly withdraw rather than deposit, they might not be borrowers and they might be customers who take a little longer to serve—but they are the customers who are the reason for that $40 billion windfall. There is an obligation on the part of the banks entrusted with the delivery of entitlements to actually get them to the people the government has quite stringently assessed as needing them. The Commonwealth Bank should be ashamed in giving so little to serving its customers who are most in need. I will quote a past Liberal leader, John Hewson, who, in the Financial Review last year, wrote:

The Government is looking particularly foolish right now—

He went on to say:

After all, it embraced the four pillars policy to avoid further, particularly regional, bank closure, yet they are happening every day and the process will continue.

It is time the federal government made the banks do the right thing by the people. Some of their most important, if least profitable, customers live in Miller.

In the short time I have, I would like to talk about the Minister for Finance and Administration and the member for Macarthur, together with the Minister for Health and Aged Care, who promised an MRI scanner for Liverpool Hospital. Patients at Liverpool are still waiting for their MRI scanner. They are being taken by ambulance on a 30-kilometre round trip to Westmead Hospital when an MRI scan is needed. Only last week I heard of a patient whose scan was lost; he had to make a second round trip to do it all over again. This is not good enough for a major teaching hospital.

I noticed recently that the health minister is to put out a tender for an MRI scanner in the Liverpool-Fairfield area and that machines purchased under the scan scam may be eligible. It concerns me that a second private scanner will do nothing to help the situation at Liverpool Hospital. Access to the existing private scanner in Liverpool is restricted to limited hours and days, forcing patients to be transported to Westmead. Even with a second private scanner in Liverpool, patients will face delays and inconvenience.
in accessing this facility. We need it now.

(Time expired)

Chifley, Mr Ben

Mr MARTIN FERGUSON (Batman) (6.07 p.m.)—In speaking in the adjournment debate this evening, I want to take the opportunity to make some remarks about the 50th anniversary of the death of Ben Chifley. In doing so, I note the increasing tendency for Australians to express a deeply ingrained mistrust of the political processes and their politicians. It seems that the more things change, the more they stay the same. With every government backflip and broken promise, the prevailing cynicism toward the political process is more entrenched. Australians have always been at the very least suspicious about politics and their politicians. It is something that Ben Chifley noted more than half a century ago, when he said:

There is a cynical belief in many sections of the community that politicians will promise anything in order to gain power. Unfortunately, some politicians will do so ...

I suggest that Chifley, who died more than 50 years ago, on 13 June 1952—that is what we commemorate this week—was not one to hold back when speaking his mind. He was without doubt one of this country’s greatest leaders, particularly because he had the strength and the character to match his principles and his beliefs. In the same speech, he said:

I have never been able to bring myself in politics or elsewhere ... to make rosy promises which in my own heart I knew were not true or could not be given effect to.

Indeed, his refusal to waver from this principle was seen by some of his contemporaries as a political weakness. But I say this trait showed his great force of personality. I sometimes wonder whether, if more people in this place were prepared to stick to what they believed in, politicians would be more respectable and more respected in the eyes of Australians. Maybe the political process would be healthier and more robust, too.

I personally believe that there is a lot that we can learn from Ben Chifley about honesty, integrity and loyalty in politics. It was on 11 June 1949 that Ben Chifley made the ‘light on the hill’ speech where he defined Labor’s objective: better living standards and greater happiness to ‘the mass of people’. In this and other speeches, Chifley gave many examples of the things he thought were worth fighting for. In his view—and the labour movement should never forget this—the aim of the labour movement was not in ‘putting an extra sixpence in somebody’s pocket or making somebody prime minister or premier, but bringing something better to the people’. Ben Chifley was said to be a reluctant public speaker. Reluctance aside, the simplicity of his words should not be underestimated, nor their power to deliver a clear message of what he believed in.

Given that many people and communities are currently suffering under a government that is both out of touch and out of vision, the objectives of Ben Chifley are as relevant now as they were back then. There is a lot to be said about being clear, direct and honest in politics—and in all walks of life, for that matter. From my own experience travelling throughout regional and rural communities in the last 18 months, I have found that people are much more responsive if you are honest about what you can do and equally honest about what you cannot do. That is why I was particularly displeased with a speech by the Leader of the National Party, the Deputy Prime Minister, at last weekend’s National Party conference in New South Wales. Mr Anderson said on no less than six occasions that his mission was to create policies that ‘bridge the divide between urban and non-urban Australia’. He then waxed lyrical about the achievements of his government for regional Australia, but not once did he recognise that his government’s policies have actually caused a great deal of harm for people in regional Australia.

The Deputy Prime Minister could learn from Ben Chifley about honesty and integrity in politics. Ben Chifley was an uncomplicated man who asked no favours and was prepared to argue his position on merit. He understood that governments are vital to achieving both economic growth and a fairer distribution of wealth and opportunity. Ben
Chifley’s legacy is not just about the many reforms achieved by the governments he led in health, education, welfare, immigration, banking, postwar reconstruction and in taking Australia out into the world. We pay a tribute to Ben Chifley. (Time expired)

Question resolved in the affirmative.

House adjourned at 6.13 p.m. until Monday, 25 June 2001 at 2.30 p.m., in accordance with the resolution agreed to this sitting

NOTICES
The following notice was given:

Dr Southcott—to move:

That this House notes:

(1) 14 June 2001 marked the sixtieth anniversary of the start of the Soviet Union’s mass deportations of Estonians, Latvians and Lithuanians from their homes, to Siberia and other foreign destinations;

(2) during the night of 13 to 14 June 1941, thousands of Baltic residents of all ages were arrested by armed men, taken to railway stations, loaded into cattle-wagons and deported, and these mass deportations continued, on and off, until 1953;

(3) precise numbers of the Baltic deportees are difficult to determine, with conservative evidence showing that all together, over half a million local residents of all ethnic origins were deported from the three Baltic States by 1953;

(4) these innocent people had committed no offences, were arrested and imprisoned as “political prisoners” and as “enemies of the people” and less than half survived deportation;

(5) Baltic immigrants to Australia have contributed significantly to our country, its culture and its diversity; and

(6) the sad events that are solemnly commemorated on 14 June by Baltic people across Australia, and across the world, stand in stark contrast to the robust democracy that all Australians enjoy and that we commemorate in this, our Centenary of Federation Year.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.40 a.m.

**STATEMENTS BY MEMBERS**

**Economy: Government Accountability**

Mr RIPOLL (Oxley) (9.40 a.m.)—Economic management appears to be this government’s claim to fame, and yet they are manipulating the fiscal debate, as well as the real costs of the implementation of the GST and the way that debt has been reduced. How soon they have forgotten Shane Stone’s warning about appearing to be mean and tricky. As every portfolio under this government has experienced, the economic miracle that the government claims to have created has come at a great cost and, like all miracles, is hard to authenticate. The government has sold the assets of agencies and the public to pay the bills. But the problem with selling family heirlooms and selling the farm is that they can only be sold once. With the cupboard now almost bare and the only asset remaining being Telstra—which is to be flogged off, as promised by Mr Howard and Mr Costello—the lack of skill and imagination of the government is surfacing.

The government solution to all of this is to blame the opposition for talking down the economy. The government had better start to understand that what they call downplaying or talking down the economy is actually one of the fundamental checks and balances of any opposition. It is called ‘holding the government accountable’. This Orwellian doublespeak from the government is now standard practice. The strategy from the government is to blame all economic woes on Labor, or anyone else, for simply talking the economy down. But merely pointing out what is occurring in the economy does not create the economy—good or bad. Under this logic, if the government makes a mistake, to report it or to hold them accountable means that you have to have created the problem in the first place because, if nothing was said, no-one would notice and, if no-one notices, then it never really happened. Does this sound like a familiar book to anyone?

This is exactly the type of attitude that led to the collapse of two very famous companies recently: HIH Insurance and One.Tel. Would the government have attacked someone for reporting that something was going bad in One.Tel as merely just talking it down? It astounds me that this government will find any excuse to abrogate their responsibilities in relation to the economy and simply blame the opposition for creating the problem because we dare to raise it. This is a sign of a government no longer in control of its own agenda. With the logic of the government applied to other situations, the more things get worse then the more people should remain silent on the facts or risk, if they talk about it, making it worse.

If people were perhaps prepared to actually talk about things more often, to talk things down, to look at them a bit more closely, and to hold the government accountable, then things might actually change for the better. The government must understand that simply raising the issues does not create the issues; simply reporting the economy does not create the economy. If the government goes out there and says that the opposition is talking down the economy then we should ask: what is wrong with the economy? Is the government admitting that there is something wrong with the economy? There must be because, if there is a problem out there then shouldn’t we talk about it? Shouldn’t this government realise that and talk about the economy, perhaps in a positive way? If there are problems, shouldn’t they be brought to light? I remind government members on the other side of the House that simply talking about the economy does not create it—one way or the other; good or bad.
Commonwealth Heads of Government Meeting

Mr HARDGRAVE (Moreton) (9.43 a.m.)—I rise to express my concern about the plans of the Australian Labor Party, the Australian Metal Workers Union and others involved in the Stop CHOGM Alliance. The Commonwealth Heads of Government Meeting is meeting in Brisbane in October and already the group which is organising the protest—the Stop CHOGM Alliance—is vowing to shut down the forum. They say they will do that by the sheer weight of their membership numbers and that they are mobilising demonstrators from around the country. They say that they will be able to force the meeting of CHOGM to be abandoned. Their organiser, Mr Tim Anser, has obviously been charged by the AMWU because, as we know, Doug Cameron, from the AMWU, has already said that the union was going to use its members’ money to bankroll demonstrations at CHOGM in Brisbane in October.

This is the same organisation which provides $680,000 in affiliation fees to the Australian Labor Party. This is the same organisation that both the member for Kingsford-Smith and the Leader of the Opposition have failed to condemn over its plans to shut down CHOGM. On radio station 4BC this morning, Mr Anser said that they are justified in shutting down CHOGM because:

CHOGM is about keeping a system running that’s about tying up the loose ends of the British Empire which keeps the Third World shackled by debt.

This is the most nonsensical observation that could be made about the role of the Commonwealth in the modern era. Countries like Nigeria, Trinidad, the Solomon Islands and Pakistan—all of which are members of the Commonwealth of Nations, affiliated members of CHOGM, and members of the Commonwealth Parliamentary Association—have had their share of difficulties, poverty and debt, which put great pressure on their democracies. If it were not for the linkages with the Commonwealth and the active role played by CHOGM and the Commonwealth Parliamentary Association, many of the decisions that needed to be made in a proper, democratic and peaceful way in those countries would not have been made.

The impact of the Commonwealth in the poor African nations is so profound that the former Portuguese colony of Mozambique petitioned the Commonwealth Parliamentary Association to join its ranks—and it was accepted. At one stage, even the Palestinian Liberation Organisation was petitioning to join the Commonwealth of Nations, as it possibly could, and join with Cameroon, Lesotho and Uganda—the list goes on.

In a few months time in this place the Commonwealth Parliamentary Association will be holding its 47th conference. I am pleased to have had a part in organising that conference, along with many others in this building. Part of the agenda at that conference will be a discussion on Third World economies, poverty and debt reduction. That will highlight what this government has done on microcredit schemes, providing assistance where it really can be used by those countries. When CHOGM meets in Brisbane, the African refugee community in my electorate are looking forward to showcasing how well they have established themselves in Australia. The fact that the Labor Party, the AMWU and others are trying to stop CHOGM shows that they are out of touch. (Time expired)

World Refugee Day

Ms HOARE (Charlton) (9.46 a.m.)—I am pleased to note that the previous speaker referred to the refugee communities in his electorate. Yesterday, as you would know, Mr Deputy Speaker, was the first ever World Refugee Day. It provided an opportunity to remember that refugees are human beings who have rights which should be respected prior to, during and after the process of seeking asylum. Late last year, the United Nations General Assembly resolved to establish an internationally recognised World Refugee Day. That day provides us all with an opportunity to reaffirm the values upon which international agreements on refugee protection are based.
Today there are an estimated 17½ million refugees, mostly from Africa and Asia. Eighty percent of today’s refugees are women and children. Refugees claim asylum under the Convention Relating to the Status of Refugees to which most Western nations, including Australia, are parties. The convention refers to victims of persecution for reasons of race, religion, nationality, membership of a particular social group, or political opinion. However, many of today’s refugees have fled natural or ecological disasters or extreme poverty and do not fit this definition.

Writing yesterday in the Australian newspaper, the new United Nations High Commissioner for Refugees, Ruud Lubbers, said:

Close to 1 million ... are asylum seekers—people who may be refugees but whose status is not yet determined.

I depend on the good faith of the politicians who control the 150 or so countries where refugees and asylum seekers are living.

That includes the people who sit in this place. He also talked about government and oppositions vying to appear tough on ‘bogus’ asylum seekers ‘flooding’ into their countries. He said that in some nations—and he includes Australia—individual politicians and media appear at times to be deliberately inflating the issue.

The Howard government seems intent on introducing tougher and more draconian measures to control detainees in our immigration detention centres in light of recent disturbances. I will be speaking in the parliament on the Migration Legislation Amendment (Immigration Detainees) Bill 2001, which will give guards at the centres the right to strip search detainees over the age of 10. Genuine asylum seekers often have escaped regimes where their human rights were violated. It might be argued that detention centres are hardly a suitable environment, physically or psychologically, for women and children in particular and, in many cases, for men. (Time expired)

Petersen, Mr Fred

Mr NEVILLE (Hinkler) (9.49 a.m.)—Today I would like to pay tribute to Mr Fred Petersen who died last Monday at the age of 81. He was born in Longreach in 1919, the fifth of eight children. His parents, Wilhelm and Eliza, moved to Bundaberg in 1920 where Wilhelm served as the mayor of Bundaberg from 1943 to 1946. Fred was educated at the East Bundaberg State School and Bundaberg High School. He enlisted at the outbreak of World War II and reached the rank of sergeant-major, appropriately so because his war service included the training of Islander troops in the Torres Strait and Thursday Island. His skills as an organiser were well recognised then. He met his wife Gwen while training in Brisbane and married her in 1944.

You can say a lot about Fred Petersen. He was a carpenter, a wheelwright by trade, an entrepreneur, a hardware and housing materials operator, sawmill owner, Rotarian and Paul Harris Fellow for his community work. He co-founded, with his brother Larry, Petersen Brothers which had a huge impact on the commercial life of Bundaberg. At its peak, Petersen Brothers encompassed three hardware stores, two sawmills and workshops for joinery, plumbing, cabinet making and painting employing, colleagues would you believe, 200 people. This is one man’s operation.

His greatest success in business was when he tapped the market for prefabricated homes. He built a home called the Petersen Brothers panel built package home and this went all over North Queensland, western Queensland, the Northern Territory and Western Australia, even into the Pacific Islands. It was interesting that the whole thing could be packed on a truck and taken to these areas. During the Darwin cyclone, they were some of the buildings that did not blow away, a tribute to his great skill.
Following a heart attack in the 1980s he sold his company to the Adelaide Steamship Co. His great community success, however, was the building of the Bright Horizons complex. In those days, we did not have things for disabled children. Over two weekends he organised a team of people, donated most of the materials himself and built Bright Horizons which was a huge education complex for disabled children, now known as the Endeavour Foundation.

Fred's wife, Gwen, predeceased him, passing away in 1996. He is survived by his sister, Edna Hills, brother Charlie, son John and daughter Jean Mallett. I extend to them my profound sympathy and my admiration for a great Australian.

**Gene Technology**

Mr GRIFFIN (Bruce) (9.52 a.m.)—I rise this morning to herald the arrival of the Gene Technology Act 2000, coming into force today, 21 June. However, I do so also to raise some concerns. Members may recall the legislation was passed in the last act of the session late last year in early December. Since that time we in the opposition, and also in the government, have had hopes that a range of things would have occurred that will make the system operate in a way which is effective for the regulation of this technology. However, certain things that should have occurred have not occurred over that period of time.

For example, there was supposed to be a process in place, and the actual appointment of a permanent Gene Technology Regulator. However, as was discovered just recently in Senate estimates, it will be some months before such a person is appointed. That is a shame because initially, while the office is getting going, a range of decisions and actions will be taken and it is very important that the person who will be in charge of that administration is in place in order to make sure that that process occurs effectively.

Secondly, there was an intergovernmental agreement between the states, the territories and the Commonwealth which basically governed the detail around this arrangement and, in fact, that has still not been signed. I believe, at this stage, it has not even been seen in a final form by some states and territories so it is not in place even though, as I understand it, it was sitting in a Howard government in-tray for some months until some time in May before it started going out to some of the states.

The result of that is the ministerial council, which is part of the new process and will set a range of things like policy guidelines and principles for the Office of the Gene Technology Regulator, has not been formed, has not met and therefore has not performed that particularly important role in terms of getting a system in place which everyone will have confidence in.

In particular, I would mention one policy principle, which relates to the question of exemptions, and zones being able to be made GM free by states and within states and territories. That is something that was agreed to under the legislation and is requiring a policy principle to be put in place. That cannot occur because we do not at this stage even have a ministerial council in place to consider the matter.

There were also guidelines which were supposed to be released some weeks ago for the types of risk assessment processes that will be in place under the legislation, again to ensure that industry knows what they have to do and also that those who are concerned about this technology are aware of what is actually occurring. Those particular guidelines are not in place. This just is not good enough. This system is something that the Labor Party supported in a situation where we were confident and hopeful that we would get a process in place where this technology could grow, but in a situation where people were sure of what was actually occurring. That has not happened. The government has to act. (Time expired)

**Aboriginals: Violence and Abuse**

Mr WAKELIN (Grey) (9.55 a.m.)—This morning I will say a few words about the discussion raging around the community to do with violence, and particularly sexual violence,
against Aboriginal women. I take some quotes from Paul Toohey’s article in the *Australian* of today’s date, where he talks about the difficulty of Aboriginal people working out reconciliation within the total community when, particularly on this issue, there is a very real struggle to achieve reconciliation within their own group.

This is an issue that has been there for a very long time. It is an issue that, in more politically correct times, it was very difficult to discuss, because it was subjugated by issues around racism, Aboriginal disadvantage and the politics of not being able to address the fundamental issues. As Joseph Elu said in the media this week, it is all very well to talk about reconciliation, but it is far more important to have food on the table, an economic structure, education, stronger health and stronger infrastructure than it is for more academic types to debate these issues around reconciliation.

In Paul Toohey’s piece he brings it out very well. Paul Toohey is a very distinguished writer in exposing these issues and trying to ask Australians to face up to them and perhaps try to work with Aboriginal communities to see if we can do a lot better than we have in the past. One area where I disagree with Paul Toohey is where he says:

White Australia must, if it steps back, admit to being perplexed—

I am sure we are confounded at times with the issues there, but nevertheless this is the part that I disagree with—

and just a little glad that Aborigines have turned on themselves rather than wider society over the years. I do not think any Australian could take any joy or gladness from the circumstances of the last week or two, and particularly the circumstances that we have known about for many years. On that issue I would simply say to Paul Toohey that there is a huge challenge for the media to deal with this issue.

**Mr DEPUTY SPEAKER (Mr Nehl)**—Order! In accordance with standing order 275A, the time for members’ statements has concluded.

**APPROPRIATION BILL (No. 1) 2001-2002**

**Consideration in Detail**

**Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs**

Proposed expenditure $1,164,143,000

**Mr SNOWDON (Northern Territory) (9.59 a.m.)—**There is a range of issues one would want to address in the context of this portfolio and its budget allocations. Clearly, the five minutes that I have got will not be sufficient for me to address or canvass the range of matters which I would seek to do if I had the opportunity, including issues such as those which were just referred to my honourable friend, the member for Grey. I will come to the member for Grey shortly, because he said something this week which I found rather disappointing. We should be canvassing issues to do with housing, health, education—all of those issues. I have mentioned them many times in this parliament. The impact of the GST on Aboriginal communities is but one.

Earlier this week, we had the government contemplating what reconciliation meant and saying that we should all be thinking about practical reconciliation. We saw a fine example of practical reconciliation earlier this week, when we had the government bring down a report which recommended that Aboriginal people should be denied the right to vote. Let us be clear about it: the proposal this week to have people certify who they are, with documents and/or to have witnesses certify who they are, so they can be eligible to enrol to vote is discriminatory, and it will discriminate against indigenous Australians, particularly those who live in remote communities, many of whom are illiterate. Let us be clear about this, because I have had long
experience of this, and so has the Liberal Party. On Monday, 18 June, we had the member for Grey say in this place:

In the Pitjantjatjara lands something like 2,000 people are eligible to vote at each election. Of those 2,000 Aboriginal people, over 90 per cent have their ballot paper filled in by an AEC official. To add to that, that region has the lowest informal rate of voting in Australia. Of course, I should add very quickly that 90 per cent of those eligible votes go to the Labor Party. The question has to be asked: are those people casting a very genuine and sincere vote when 90 per cent of those ballot papers are filled in by the AEC officials ...

And so it goes on. I would ask the member for Grey, what would he say about the good burghers of Blighty, in the member for Farrer’s electorate, where 91 per cent of people in that booth vote for the Liberal Party or the National Party? Would he make the same judgment about their consideration of how they voted? You see, illiteracy has never been a test of the legitimacy of one’s right to vote, but it is being used consistently by our opponents, the coalition, to seek to deprive indigenous Australians of their right to vote. Implicit in this statement by the member for Grey is the view that these people have not made a choice which was their choice, and he questions their right to cast that ballot.

This proposal that all Australians have identification or have someone to identify them so that they can enrol, in accordance with the proposal, will be discriminatory, and it will particularly impact upon indigenous Australians. It will discriminate against indigenous Australians, most particularly against indigenous Australians in northern Australia. I take you back to the events of 1977. In 1977, the Liberal Party was caught seeking to use its scrutineers at Kimberley in an election to deprive indigenous Australians of the vote. This matter ended up in the Court of Disputed Returns, and there was a new ballot, and the ultimate result of that was that Ernie Bridge got elected over the Liberal candidate. But the Court of Disputed Returns actually overturned the result because of the malicious way in which the Liberal Party sought to deny indigenous Australians the vote, using their scrutineers and using the Electoral Act.

One of the things they sought to do was to deny indigenous Australians the right to vote, because they were illiterate, in much the same way that the member for Grey implied in his statement earlier this week. It is worth quoting from the judgment of the Court of Disputed Returns at that time:

Knowledge of the English language is not one of the qualifications of an elector laid down by the act. So it is not. You do not have to be literate to vote. (Extension of time granted) What is very clear is that the proposals being put forward now by the Liberal Party, in concert with the committee inquiry into electoral fraud or electoral rorting and its recommendations, are designed to deny people the vote. Be clear about it: it is to deny people the vote. The impact upon people in the Northern Territory, if the recommendations were implemented in the way sought by the coalition, would be to deprive hundreds and possibly thousands of indigenous Australians of the right to vote, partly because many of them are illiterate, partly because they do not hold identification and partly because none of the persons described in the proposal by this committee live where indigenous Australians live—so there is no person able to write a statutory declaration stating, ‘I know so and so.’

The ultimate impact of this will be a political exercise designed to rort the electoral system. If you go back as far as 1977 and look at the sequence of events, including the speech by the member for Grey this week, you can see that this is what the Liberal Party have been on about. Yet we have the minister—and I am pleased he is here in the House—talking about reconciliation. Minister, if you believe sincerely in reconciliation—

**Mr DEPUTY SPEAKER (Mr Nehl)**—The member will address his remarks through the chair.
Mr SNOWDON—How can the minister support a proposition which will disenfranchise people? Surely, in this year of the Centenary of Federation, when we have given indigenous Australians proper recognition of their place in the electoral process—if nothing else, since 1966, the right to vote—why is it that, when proposing that we should all support the idea of reconciliation, particularly practical reconciliation, we now have the government contemplating and the minister presumably supporting a proposition which will ultimately discriminate against indigenous Australians? It will discriminate against others, but it will particularly discriminate against indigenous Australians.

You cannot have it both ways. You cannot say that you support reconciliation on the one hand and then go about setting up proposals to regulate the electoral processes which will ultimately deny them their basic and fundamental democratic rights—something which they fought so hard for and something which we in this country are so proud of. It seems to me that there are those people in the Liberal Party who believe as I do that indigenous Australians’ rights must be given their appropriate recognition within all fora and within all parts of our society—in particular the fundamental right they have to cast a vote and to choose which government should represent them—and that this should not be based on where they are, who they are, and whether or not they are literate or have some personal identification card. It should be based on the fact that they are Australian citizens and that they are over the age of 18. Once they are over the age of 18 and they enrol to vote, they should be given the vote, and there should be no process which seeks to deny them that right.

Mr Deputy Speaker, I lost my seat in the 1996 election on the basis of a technicality which ultimately denied indigenous people who lived in various parts of the Northern Territory and who were mobile the right to vote. I am very conscious that historically in my own electorate—and I am very proud of the fact—I am able to secure between 75 and 80 per cent of the vote of remote communities. I do not go around, as the member for Grey has done, questioning their right to vote on the basis of whether they are literate or have sought assistance at the polling booth, nor would I seek to deny them the right to vote because they do not have a document which identifies who they are—and nor should they have to. If the government really understood how these people lived and where they lived and if they really believed in reconciliation and justice from indigenous Australians, they would not even be contemplating proposing this thing.

Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (10.09 a.m.)—I think this debate goes well beyond the estimates for the Department of Reconciliation and Aboriginal and Torres Strait Islander Affairs. Let me make it clear that the government is not about depriving Australians of an entitlement to vote; it is about securing a voting system which is free of fraud and manipulation. When you have significant numbers of people in Australia—and we do—who have no entitlement to vote because they are not Australian citizens or if residents before 1984 may have had an entitlement to vote, you do need to be able to check people’s identity. I am not going to suggest that the honourable member would in any way countenance fraud, but I would hope that he would not want to suggest, as he appears to have, that I and my colleagues would want to deny Australians their proper entitlement to vote. That is not what we are about. I want to make it very clear: it is not a question of the capacity of people to speak English or their literacy levels that impact upon that entitlement.

I went to South Africa to monitor elections, and a significant proportion of the community there is illiterate. There were mechanisms in place to ensure that there was not double voting and to ensure that when people actually voted they had invisible ink on their fingers. The reason is that they then had to put people’s fingers under a scanner to check that people had not voted previously. I am not suggesting that should happen here. All I am saying is that, if people are able to present a document of identity that tells you who they are, you can, with cer-
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... be assured that it is only one name that is ultimately voted against in a poll. It does give you a significant opportunity to deal with the issue of bona fides.

The suggestion is that indigenous Australians do not have identification. I would dispute that. I think indigenous Australians, in much the same way as most Australians need identification, need to be identified—very often for the purposes of receiving benefits. They are well known in the communities in which they live. They may well have participated in programs like the Community Development Employment Program. There would not be difficulty in finding people who can identify and vouch for people living in those remote communities. I want to assure the member that I am cognisant of some of the difficulties in relation to remote Aboriginal communities. I am not about, and the government is not about, disenfranchising people. We are about ensuring that those who have an entitlement to vote, vote and that those with no entitlement, do not vote. I will look closely at the proposals as they are developed to ensure that that objective is achieved. I will consult with my colleagues on it.

Mr McMullan (Fraser) (10.13 a.m.)—I wish to speak mainly about matters other than those which have been raised by the member for the Northern Territory and responded to by the Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs but I do wish to say something briefly about those matters as they have been raised. I will accept without question that the minister is being open and honest when he says that he has no intention and would not agree with any process that set out to deprive indigenous people of their right to vote. He has said that, and I do not have any reason to challenge it. I do know from bitter personal experience that there is a long history where conscious effort was made by the Liberal Party to do that, particularly in Western Australia—but that is the process of which I am most aware—but also in the Northern Territory.

The 1977 experience is starkest, and I know that there were members of the Liberal Party who were strongly opposed to that behaviour. It was not the unanimous view of members of the Western Australian Liberal Party. Many of them spoke to me when I sought to encourage my party to take action at the Court of Disputed Returns at that time. Subsequently, some very prominent members of the Liberal Party in this federal parliament, who were then members in Western Australia, were appalled by the behaviour. But it is not a one-off. There were subsequently successful measures taken by the then Liberal government of Western Australia to make changes not dissimilar to those which are recommended by this committee, and they had exactly the effect referred to by the member for the Northern Territory.

It was possible to measure dramatic difference in enrolment in indigenous communities between the federal and the state roll at that time as a result of deliberate changes to the law made by the then Court Liberal government. For example, they made representations to the committee of inquiry, which led to these changes, that itinerant people should not be allowed enrolment because they did not have a fixed place of address and therefore could not meet the requirements of the Electoral Act. I was in the room when that representation was made on behalf of the Western Australia Liberal Party to that committee. Nobody could be in any doubt about the consequences of that and the subsequent changes had the effect which we all predicted, foresaw and were concerned about. There are continuing activities of that type on the ground. We are seriously apprehensive about where this legislation will take us. Let us leave it there for now and hope that the bona fides of the minister will override the intentions of others and lead to a decent outcome. I will be very pleased if that is the case. I am not looking for any changes of the law to help my party. I am very happy to fight on the laws as they stand now.

I want to talk about matters that overlap several departments but affect indigenous people. I want to raise them in terms of the attitude of agencies within this department to those matters and any analysis that might have been done in relation to the consequences of these changes for indigenous people. I am referring to a range of matters, particularly in relation to the area
of employment and training. Some of that is CDEP and some is in other departments, but it has implications for ATSIC, for indigenous communities and for indigenous people. By way of background, we do have in this budget propositions for what are called new initiatives—I have always regarded that as tautology—in indigenous training and employment, some $31 million over four years. The application of money to that purpose is something that should be supported. By way of background, we do need to realise that there was a $67.5 million program terminated as a consequence of cuts made in 1996 to the ATSIC community training program. (Extension of time granted) It is another occasion of digging a very large hole and then asking people to applaud when you fill half of it back in again, so we do have that background.

My concern relates to a series of points. While large amounts of money have been allocated, almost none of that will be spent in the first year, in the budget year, that we are talking about. The actual appropriation contains almost no money. The forward estimates say that, if the government is re-elected and if you believe they will not make any cuts afterwards, good things will happen on the never-never. But the appropriation, the money in this bill, is almost nothing. The $31 million over four years allocated to assist CDEP organisations in areas with a viable labour market sounds good—nearly $8 million a year. In the first year, $2.6 million is allocated.

Similarly, on other programs, $15.6 million over four years for community participation agreements and capacity building—once again, without going to the merits of the individual measures, a proper purpose, a purpose which I would like to see money spent on. So $15.6 million over four years—nearly $4 million a year! Only $1 million in the first year, and probably nothing before the federal election. At the most, shall we say, $400,000, if it is pro rata. There is the serious possibility, if the government gets elected and says, ‘Oh, we’re surprised, there has been a downturn in the budget, we have to make some more cuts’ that in fact nothing will happen. The situation is the same for the funding on education and training, and on indigenous housing and infrastructure. That is one apprehension—that there is virtually no money in the appropriation bill we are considering in detail here, even though the forward estimates contain some promises of better things to come.

I am also concerned—and I will be interested in the response from the minister and the agencies within this portfolio on this—that the assistance to CDEP is focused in the areas where the labour markets are strongest, not in the areas where the labour markets are weakest. I understand the rationale for that, in that this is where you can assist people out of CDEP into paid employment because there are viable labour markets. That is not an inappropriate objective, but in the hierarchy of objectives I am interested in why anybody would consider that, when you are setting priorities for employment assistance, you would say, ‘We will give the biggest assistance in the place where the labour market is the strongest, not where it’s the weakest. We will give the money where it’s needed least, not where it’s needed most.’

We all know we should not make light of the magnitude of the problem in the areas where I say—and statistically it is true—the assistance is needed least. These are areas where assistance is still needed, so it is not that I am saying, in this instance, that the money is necessarily going to be wasted. The idea of indigenous employment centres in areas of viable labour market, conceptually, could be of assistance. Because we have some difficulty or disagreement about the structure and operation of the Job Network, we might quibble about the way these centres might eventually be set up—although it is a bit hard to do that at the moment because our understanding from the estimates is that there are no guidelines about what constitutes a viable labour market, no criteria for what is a viable indigenous labour market, and no guidelines for this program at all. So it is hard to assess, but we can say it seems a strange priority.

There are areas of great and particular crisis in terms of the nature of the labour market, where there is no viable labour market, or very little, and where the department of finance
had—as we know from the leaked minute—recommended that assistance should be provided, but nothing was provided. So I am concerned about that and I would ask the minister and the agencies to give some thought to how this priority can be justified, and whether this is a priority that reflects the thinking about where employment assistance for indigenous people—the most disadvantaged, the people for whom unemployment is the highest—might go in the future. (Extension of time granted)

In view of the time and in the interest of other members, this will be my last contribution. It is a related area: it relates to issues of employment and it relates to problems confronted by the Murdi Paarki regional council of ATSIC. The government recently lauded—quite properly—the achievements of Murdi Paarki regional council. It is one of the success stories of indigenous organisations and the government suggested that this is an organisation that would be an ideal recipient of new government funding of the sort referred to in other programs in the budget—to which I am not speaking now, but I generally endorse the positive comments made about the regional council. I visited it in Lightning Ridge and Walgett and Gaduga recently.

At the same time that that praise was being heaped upon the council, the government was cutting funding for a regional training program which is very important to the continuing activities of the regional council. Murdi Paaki Regional Council has just lost funding from the Department of Employment, Workplace Relations and Small Business through their ongoing regional training strategy. It appears, although the guidelines still have not been brought down, that Murdi Paaki will not be able to benefit in three years time when funds become available for many of the new government programs on the never-never, as it is unlikely that the criteria for what constitutes a viable labour market would cover very many of the areas covered by Murdi Paaki. Perhaps there are some, but unless the definition is very broad I would be surprised if that would be the case universally or for most of the area—but we do not know.

I am concerned that here we have an organisation trying to do a good job, being lauded and being cut at the same time. The CEO of ATSIC was reported as saying that the regional training strategy was regarded as a success and said, ‘They have succeeded and continue to succeed in that partnership in a way that you would not find many other examples of in this country.’ I think the CEO of ATSIC has got that basically right. What I am concerned about is that, having properly assessed that these people are a bit of a success story, the appropriate response for this success is to cut the funding to one of their successes. It does not send a message to the people of the Murdi Paaki Regional Council or to other organisations that the response to success is going to be further assistance.

It is a very bizarre set of priorities and I would ask the minister, if he has not looked at it already, to do so if, as I assume, it has been drawn his attention. I would be interested in what steps are available to him and what he has done to enable this successful regional training program to continue. When you are faced with the manifold challenges of the portfolio of Reconciliation and Aboriginal and Torres Strait Islander Affairs, as the minister is, setting priorities is a daunting task. How can you say something is more important than the health crisis? How can you say something more important than the crisis in housing? However, there is no doubt that, in any 10-year view of where investment needs to be, employment and training will be high up, without necessarily saying it will be top, because that is a very hard call to make. But nobody would challenge that a successfully implemented training strategy on the ground by an indigenous organisation in regional Australia is important where the need is great and the capacity and significance of indigenous people in those organisations are very substantial. If this region is going to succeed, it needs indigenous organisations and indigenous people to prosper because they are a large part of the labour market, of the consumer market and of the business backbone of this and many other regions. But if we want this re-
Mr ALBANESE (Grayndler) (10.28 a.m.)—I take this opportunity to give my first parliamentary contribution as parliamentary secretary to the shadow minister for Aboriginal and Torres Strait Islander affairs and reconciliation and to thank him and the leader of the Australian Labor Party, Kim Beazley, for the honour of being involved in this important, indeed central, area of policy development in the lead-up to what I hope will be, later on this year, a Beazley Labor government.

The first activity that I undertook outside of Sydney was when I visited the Murdi Paaki regional summit held in Walgett on 13 and 14 April. That was an eye-opening summit which brought together indigenous people, representatives of state and Commonwealth agencies and people committed to advancing the gains which have been made by what is a very successful regional council of ATSIC. The Murdi Paaki region comprises the area of north-western New South Wales around Walgett, Bourke, Brewarrina and a number of communities in that region.

The summit had some very positive outcomes. One which the shadow minister has just outlined was the regional training strategy which is a successful labour market program. But it is quite clear that much needs to be done. I had not been to Walgett before. It is quite a frightening statistic that the main street of Walgett contains a number of businesses, not one of which has an indigenous employee. So whilst indigenous people are essentially the lifeblood of those businesses, they have not been able to break through in terms of employment. There are a number of other concerns with regard to education, health and housing. It is clear that the way forward is through discussion and dialogue, but it is also clear that those communities need the support—including financial support—of government if advances are going to be made.

I would like to thank ATSIC Commissioner Gordon and Sam Jeffries, the chair of the regional council, and other members of the community for the hospitality that they gave me. I look forward to continuing to work with the regional council to implement some of the positive suggestions which came out for advancing strategies. The first summit was held some two years ago, and it was interesting to hear the report on the gains that have been made since then.

Speaking with a different hat on—that of member of the South Sydney rugby league board—I thought it was also quite opportune that on Saturday evening Murdi Paaki played South Sydney at Redfern Oval. Also, an under-13s team was brought to Sydney from the region with the support of the New South Wales Department of Sport and Recreation. Those kids were just so excited on Saturday night to be playing the mighty red and green South Sydney Rabbitohs on Redfern Oval as a curtain-raiser to the main game. Not only does that have economic benefits for them but in terms of cultural benefits it led to enormous uplifting in the confidence of those young people. I thank John Watkins, the minister for sport in New South Wales, for his assistance with funding for those young people to come to Sydney.

I will finish by saying that I am incredibly concerned by the report handed down by the Joint Standing Committee on Electoral Matters this week. I want to put on the record my concern about the ID recommendations and the potential for indigenous people to be excluded from the democratic system. (Extension of time granted) That is the basis of that report. The fundamental rights of citizens to participate in the democratic system simply should not be removed for cheap political gain. The Pyne committee has quite clearly tried to work out ways in which people will be excluded from voting, essentially on the basis of race. For some time this occurred constitutionally in this nation; it also occurred organisationally with a num-
Mr RUDDOCK (Berowra—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (10.35 a.m.)—I would like to briefly take up the points that were made in relation to employment matters. I addressed the issue of the report of the electoral committee earlier. There are a number of programs in the area of the Department of Employment, Workplace Relations and Small Business which do promote self-reliance for indigenous people—Australians Working Together—and they are under various headings, such as community participation agreements and capacity building, better support to get a job, increased education and training assistance and remote area servicing. It is the case that the funding is incremental—there is no doubt about that. In total, it involves in the first year, $4.4 million; in the second year, $15.1 million; in the third year, $27.5 million; and in the fourth year, $35.7 million. Of course, when you have an initiative which involves moving in a new direction, it does take some time to put in place those arrangements to ensure that the funds are properly spent and acquitted.

The shadow minister makes the point that some of this funding is intended to support the CDEP schemes that are able to provide pathways to other employment opportunities. The reason for this is that the CDEP scheme, as it now operates in many communities, provides what is the equivalent of a work for the dole arrangement. When one looks in many of the more remote areas, one finds that the other sorts of employment opportunities to which you might wish to see people move are just not available. In many of these communities I recognise that there are opportunities for other Australians to work.

I have been to many communities where 600 indigenous Australians are living. Few are in employment other than through the CDEP scheme, and probably 70 or 80 other Australians are working there. They are the schoolteachers, the officers who are supporting the community council or, sometimes, the employees who are working in the shop, which is often community owned. The question you have to ask yourself is: how can a CDEP scheme be developed to provide a pathway into those sorts of positions where people need to be highly trained? In reality, without looking at the educational achievement of young people at a very early age, CDEP schemes provide the opportunities for secondary education and post-secondary education and are the pathways for those sorts of jobs. It does not come readily from providing what are often essentially community services—landscaping, garbage services, road maintenance and so on. Regrettably, they are not the pathways to that sort of employment.

One needs to look at the way in which one can improve—which the government is seeking to do—educational levels to get better outcomes that get people into secondary education and post-secondary education, to provide those sorts of opportunities which indigenous people can go back and take up. Community employment schemes are working in other situations as well. If you have had work experience and it has been demonstrated that you can hold down a job, there can be other employment opportunities which are meaningful rather than seen to be make-work schemes or, as has often been described, ‘payment of sit-down money’. It is our objective, where possible, to see those pathways developed. That is the reason for this change.

(Extension of time granted)

We looked at the Department of Finance evaluation of the CDEP schemes and, when we had to prioritise the funding that we had, we looked at whether it was better to boost the funding for what were oncosts and incidentals in relation to running those schemes, which are matters that people can discuss, and whether that ought to be a priority over and above the pathways. Our view was that the pathways to more meaningful employment were a better route to follow.
I have been asked about the regional conference that was held recently by the Murdi Paaki Regional Council, which the member for Grayndler attended, presumably in his role assisting the shadow minister. I was not able to go but I was invited to that summit in Walgett and my parliamentary secretary, Chris Gallus, attended along with my adviser, Russell Patterson. I agree that the regional council is providing a very worthwhile role in terms of discussing and advancing initiatives in relation to employment. I understand the chair, Sam Jeffries, recognised that within the budget CDEP initiatives there may well be an opportunity for them to look at following those matters up with a view to seeing how they can constructively integrate within those initiatives. That is a matter for which the Department of Employment, Workplace Relations and Small Business has responsibility, but I will ensure that they are aware of my interest, the shadow minister’s interest, and the parliamentary secretary to the shadow minister’s interest, in seeing ways in which we can work very constructively.

There have been very significant changes in New South Wales in areas where the broader community and indigenous Australians have been able to work together. I have seen that particularly in Moree, which I saw 20 and 30 years ago and which presented as a very dysfunctional community. I have seen very significant change where people have come together and worked to create employment opportunities and to provide effective pathways. I have seen confident, young, indigenous people going abroad to get further experience, particularly in the cotton industry which has been playing a very positive role in that area. I am sure that there are many other areas of Australia where there are employment opportunities and where working together to get people out of the CDEP into more meaningful employment will be a very significant move. I want to assure the Main Committee that this is an area in which the government is very seized of the importance to be working constructively with those who wish to be involved in it, because we see employment opportunities as being absolutely crucial to being able to shift the level of disadvantage which we all know indigenous people in Australia face.

Mr McMULLAN (Fraser) (10.44 a.m.)—I do not wish to extend this debate and this matter I am going to raise does not require any response from the minister now. I simply want to ask him to add to the matters that he raises with the Department of Employment, Workplace Relations and Small Business the particular issue concerning the regional training strategy that I raised and see if he can find a way to overcome the problem that Murdi Paaki is facing at the moment and if he might, when he has some information, let me know of the outcomes of those representations. I appreciate what he said on the other matters. This does not require any further extension of the committee’s consideration. I just ask him to take that matter up.

Mr QUICK (Franklin) (10.45 a.m.)—Can I ask the minister to look at the Anaconda Nickel program? Currently the House ATSIA committee are looking into the needs of urban Aboriginals and we have visited Anaconda, seen the excellent work that they are doing out there, and seen the hassles they are having with the program, which is very successful, employing over 100 indigenous people who then go into the company and earn in excess of $50,000 a year. The square does not fit the program and there are hassles between a number of Commonwealth government departments, the state government of Western Australia and the education department. We had a committee hearing yesterday with DETYA and we asked them to look outside the square. So I ask you to have a look at Anaconda Nickel and perhaps, if you get a chance, to wander over there. It is an excellent program but we need to think outside the square. Considering the number of indigenous communities living in areas close to mining companies throughout Australia, the Anaconda Nickel program is a model that can be used effectively in the transition through CDEP into other programs.

Mr RUDDOCK (Berowra)—Minister for Immigration and Multicultural Affairs and Minister for Reconciliation and Aboriginal and Torres Strait Islander Affairs) (10.46 a.m.)—I will ask, and I will draw the honourable member’s comments to the attention of the minister, Mr
Abbott. I might just observe that the very constructive role that is being taken by a number of Australian companies to find employment opportunities for indigenous people is a significant and a very worthwhile change that has occurred of late. I do not think that we should be standing in the way of ensuring that those proposals are able to be implemented, subject to the extent to which the implementation is a matter that might require some form of subsidy. If that is involved, we need to make some other judgments. Let me commend the member for raising this issue, commend those companies that are thinking so constructively about these issues, and assure the member that I will follow that up.

Proposed expenditure agreed to.

Department of Defence

Proposed expenditure $17,515,798,000.

Department of Veterans’ Affairs

Proposed expenditure $412,372,000.

Mr EDWARDS (Cowan) (10.47 a.m.)—Before this expenditure is agreed to I want to put on the record a couple of issues. The first is a letter that I want to read which comes from a constituent and relates to the one-off payment of $25,000 to prisoners of war or their widows. This letter reads:

My father ... enlisted at the beginning of the war in July 1940 and worked on the road between Alice Springs and Darwin and eventually was sent to Singapore. He was captured along with everyone else and worked on the Burma Railroad. Towards the end of the war he was on the Japanese ship that the Americans destroyed only to be picked up by the Japanese again and sent to Tokyo as a slave. Returning to Australia in December 1945.

During this time, my Mother ... and older sister lived with family and friends, my mother worked in a factory that made parachutes. She was told that my father had died, believed drowned, when the ship he was on was sunk, so she grieved for him and only found out he was alive when my grandfather heard a message from him on the radio via the Red Cross.

After my father returned home, he had so many problems and no help in dealing with what he had been through. He suffered from Malaria for years and various other medical and mental problems. It was always my mother that was there for him during these times. She loved him very much.

My parents had six children and sadly they separated in 1964. My father moved away and eventually remarried 13 years later.

My mother was not his widow but she was his wife and she suffered all the pain and misery of those years during and after the war and she is the one that deserves to receive the ex gratia payment from your Government, not my fathers second wife, who already has the war widows pension ...

Our entire family is very upset knowing that our Father’s second wife will receive this payments, we think that it is totally unfair and that our Mother deserves some sort of recognition for all the hard times she has been through. My Mother is a very generous woman and would not make a fuss about this, therefore I am registering my protest. It is totally unfair and I would say you have not made allowances for these type of situations.

Your Department put out a press release ‘Government Ends Labor’s Discrimination Against Remarried War Widows’, well I think your Government is discriminating against my Mother because my Father chose to remarry some 13 years after separating.

I know that these are not very easy issues to deal with, but I want to ask the minister to have a look at this issue and to respond with some compassion to this woman. This is not a widow asking for something for herself. This is one of six children saying, ‘What about my mum?’ I might say I am very disappointed that the minister is not here to address these issues.

Mr Slipper—He has been delayed.

Mr EDWARDS—I appreciate that, fine. The second issue I wanted to raise—and I wanted the minister to be here—is that I wanted him to explain how it was that he could make the
mistake of writing to in excess of 1,500 veterans and war widows advising them that they were going to receive $300 and then, on finding out there was a mistake there, not writing back personally but leaving it to his department to write back and deliver the bad news saying, ‘I am sorry, there has been a blue and you are not going to get that payment.’ If it was good enough for the minister to do one thing, it was good enough for him to do the second. I think it is a reflection on his character that he did not do that and I wish that he were here so that I could have said those things to him personally.

Another thing relates to the question of the medal for national servicemen. While I support the granting of this medal, I and a lot of other veterans including national servicemen are concerned about the division this medal is going to create between men who served overseas together, men who suffered together and men who died together. For the first time in the history of our Army we are going to have a difference in the way volunteers are being treated as compared to the way that national servicemen are going to be treated. While this issue remains to be finalised in our own party room, I will be arguing very strongly that any national serviceman who has existing campaign medals or service medals should not be eligible for this national service medal. If we treat this issue that way it will ensure that the sort of division that is going to occur, that is occurring, will not happen, and I want the minister to look at that. The other thing I would quickly like the minister to explain is why he advised the TPI association that he would discuss the issue of the veterans’ entitlement disability pension being counted as income for social security pension purposes and then the issue was not addressed at all in the budget when that budget was brought down.

Mr QUICK (Franklin) (10.52 a.m.)—I will be brief. I am glad to see the minister is here—no, he is disappearing again. I would like to endorse the comments by the honourable member for Cowan. The minister is quick to take the credit for a lot of things. He is always there for his photographic opportunities, unveiling plaques at various places. I think it was in rather poor taste that he went over to the 60th anniversary of the Battle of Crete and unveiled the wonderful obelisk—and there were lots of photos—and then not long afterwards there was the announcement in the budget about the POWs in Japan and nothing for the thousands of Australian servicemen who were captured in Crete and Greece and deposited in German POW camps for 3½ years. I do not know how he sleeps.

He was over there embracing and kissing the cheeks of the Cretan or Greek minister for defence or minister for veterans’ affairs. I commend him for taking some of the war widows and some of the guys who were over there who did the hard yards but I do not know how he can look them in the eye and say, ‘I am sorry, guys, your suffering was not as great as the poor bastards that were captured by the Japanese and did the hard yards there.’ I spoke to two of the POWs, Jack Sheppard, 88, and Jack Doddridge, 83, who were captured at Crete. They saw the paratroopers coming down and thought, ‘You beauty, here are the reinforcements.’ Unfortunately they were not reinforcements, they were the Germans. Both these guys managed to survive by looking after each other. Both were young blokes from Hobart—Jack, 28 and Jack, 23—and they looked after each other in appalling conditions in German POW camps. Their wives are still alive and they are still alive, and they think the minister is a bit of a mean-spirited bloke—I will not tell you exactly what they said.

We are not talking about dray loads of people. There are only 54 POWs in Tasmania who were captured and who served time as prisoners of war in German camps. Consider the amount of money that is being wasted on television every night trying to extol the virtues of this government, yet this minister and this department are so mean spirited they cannot say that all POWs or their widows are going to get it. I think if you are going to be up front, get your face on TV and say, ‘I unveil this wonderful plaque to commemorate the 60th anniversary of the battle of Crete. Well done, fellas. We’ll take you and your wives over there, fete you and look after you,’ you cannot then say, ‘I’m sorry, your hardship wasn’t enough to get
I commend the minister for some of the initiatives that he has taken, such as for the cobbers at Fromelles, where my father was wounded on 19 July 1916. He is so quick to take the initiative and to get the credit for a lot of things, but not when it comes to the hard decisions like the German POWs—and we are not talking about dray loads of them. There is all of this money being expended on television advertisements saying, ‘This is a wonderful, wonderful government.’ I just think a bit of social justice from the minister would be well deserved.

I know Jack Sheppard and Jack Doddridge and their wives and the 52 other veterans in Tasmania who did it bloody hard in Germany. My mother-in-law is a Lithuanian and she served time in some of those camps, doing it hard. I know from first-hand experience just what those blokes suffered. It’s been raised. ‘Fellas, you did 3½ years in Germany, The other poor bastards did 3½ years or so under Japanese control. They get the lot; you get nothing,’ and to go over to Crete and take all the kudos and say, ‘Yes, wonderful things, but we’re not going to give you anything,’ I think is bloody appalling and reprehensible. I would like the minister to stand up here today and tell us why.
that the government is not concerned about addressing the needs of Defence Force personnel properly articulated by them.

There is a whole range of other issues. One, which could well be dominant very shortly but is not at the moment, is the proposal circulated by Defence Personnel Executive to review the methodology of calculating the district allowance. If the proposals of this paper are accepted, ADF members living in all remote localities are likely to suffer a cut in their allowances. Members in Darwin will receive a substantial cut because, according to the paper, they do not regard Darwin as a remote base—it is a capital city and costs are comparable with other capital cities. This is complete, utter nonsense. Anyone who lives in northern Australia knows it is nonsense. Fuel prices are higher than in the other capitals, commercial rental and power charges are very high, and food and household supplies cost as much as 30 per cent more than comparable communities in the southern part of Australia. A cut to DA would result in a significant disadvantage for all, but particularly for lower paid ADF members and their families.

There is an issue to do with the INDMAN regs governing maternity leave. It is believed by female Defence Force personnel that the regs are discriminatory in that, if you take maternity leave and have to access leave without pay of more than three months to make up the full 12 months entitlement, your promotion date gets puts back by the full amount of the leave without pay period you choose to take. Several women have taken out a redress of grievance on this issue. We do not know yet what the outcome will be. I ask the minister: what is the likely outcome of this to be? Are these women going to be continually disadvantaged because of the fact they have taken leave without pay in conjunction with maternity leave? These sorts of personnel issues are ones which should be exercising your mind, Minister. Today I would like you to give me a response at least on RLLT. Do you intend to do anything about it in the future? If not, why not? Madam Deputy Speaker, if the minister is not prepared to do it, why did he bother to say last year that he would fix it?

Mr PRICE (Chifley) (11.02 a.m.)—Thank you, Madam Deputy Speaker. I will certainly hope to try to address my remarks through you. If I lapse, no doubt it will be brought to my attention. The first thing I wanted to raise with the minister is this issue of attitude adjustment tours. Just to refresh his memory, it was the attempted suicide by a female serving officer that brought these attitude adjustment tours to light—a scheme, I might say, that I thought did have some good points in it, but the problem being that it was tantamount to kidnapping and false imprisonment and had no basis whatsoever in military law. I see that the minister has left the chamber. In the government response to our military justice report, the minister undertook to table the three reports into attitude adjustment tours. Attitude adjustment tours really got me quite concerned when we were doing that initial report. Of course compared to 3RAR it was just like scones and bickies.

Can I ask through you, Madam Deputy Speaker, after three years of this sordid 3RAR affair of bastardisation, when will the minister make a comprehensive statement in this parliament about the government’s attitude to bastardisation? I do not think it is unreasonable to ask a minister of the Crown to make a definitive statement. There is no statement. No minister of the government has made a comprehensive statement about 3RAR. Could the minister advise me of the process for releasing the details of people who are being charged? I see that Ian McPhedran has announced that Lieutenant Colonel Nick Welch, who should be presumed innocent until dealt with, has been charged. What is the policy about releasing this information? Who is releasing it? What are the guidelines? Who actually released it? When was he charged and when was the announcement made public?

Can the minister confirm that the Burchett inquiry has been extended yet again? Did the minister make an announcement about that? How many people have actually made submissions? I support the Burchett inquiry. I am looking forward to Mr Burchett’s findings, but I would be very grateful if the minister could indicate to the parliament what basis Mr Burchett
and his team are using to determine whether something is investigated in detail or just merely noted. I raise this because people are ringing and writing to my office saying that they have approached the audit team but they have heard nothing from them. I appreciate, given the terms of reference, that that cannot be done.

Last but not least, this is the 100th year of our Army. I note that we have two distinguished major-generals in the audience.

Mr Slipper—Do you think they came here to listen to you?

Mr PRICE—I am sure they did not. When will the minister announce what the role of the reserves is? The white paper took away the expansionary role, the basis of the reserves. We know the numbers are down. We know that they can be used as slots in the regulars, but when will he formally announce, in the 100th year of the Army, what the role of the reserves will be? We have just passed legislation that should have been passed 10 years ago to deal with the reserves, but these reservists, in the centenary of the Army, cannot find a detailed, clear statement of what their role is.

If we are spending $500 million a year to provide slots in the Regular Army, I think you want to think again. I know a role was tested in Tandem Thrust. If we are going to have the whole of the reserves on protection duties and formally classify them as second-class soldiers, I think you have got problems—in practicality and in public relations. When will this minister state to members of the parliament what the formal role of the reserves will be? I believe they need, desire and want to be sent in formed units. (Time expired)

Mr ALLAN MORRIS (Newcastle) (11.07 a.m.)—The Defence portfolio at the moment is being administered by a minister who seems to be the most political, the most shallow and the most ill-informed I have ever experienced and seen, even before my time in parliament. One need only look at recent events to realise that. We have had the nonsense this week with the announcement about equating the cost of the Australian coastguard with that of the American coastguard. I presume the Minister for Defence is therefore looking at equating his defence budget with the American defence budget on a pro rata basis. What kind of stupidity and nonsense is that?

This is disturbing in other ways. That kind of nonsense really does not make much difference, because it is not about decision making, but it gives an insight into the mindset and the attitudes which affect decision making. That has come forward in recent times in a number of ways, and perhaps the most critical one in recent days and in this current budget has been the establishment of the Headquarters Australian Theatre. This has been going on now for quite a long time.

If we look at a report in the Canberra Times on 12 June, we start to see the minister’s interference and political intrusion into this decision. The article lays out that the logical approach is Williamtown; it is next to the joint defence establishment, is next to the Air Force and has a harbour nearby where naval resources can also be available. That is the logical approach. The article indicates—and Nicholas Stuart is normally pretty well informed, and one has no reason to doubt him—that Harman was also considered, as was Nowra. But Nowra is fairly small and does not have the extensive infrastructure that Williamtown, Newcastle, has; and Harman is, like Canberra, a long way from the ocean and the Navy. To locate a major defence theatre so far inland, logistically and technically, is questionable.

The more disturbing incident is the intrusion of this new thing called turbulence. The minister seems to be attaching himself to the Auditor-General’s report about turbulence in military postings and suddenly it means you have to put it somewhere near to where it already is. We then see in the article—emerging out of nowhere after years of consideration and assessment—the idea of Eden-Monaro. This is so blatantly political as to totally destroy the credibility of military decision making. For this theatre, combining the three forces and being at
the absolute peak of our defence decision making, to be located on the basis of political convenience to a government is absolutely outrageous. It will put at risk decades of decision making within the military services, and I ask the minister to report to the parliament and back to this committee about just what on earth is going on here and what on earth he is up to.

The portfolio is not his plaything. It is not something he can fiddle with as he wishes. He has a responsibility to the Australian government, to the Australian people now and to the Australian people in the future. If he corrupts this process in the way that it looks like he might and, given the indications and the kinds of statements he has made over recent months, he is quite capable of doing that, then heaven help us and, more importantly, heaven help the defence forces because it will take them decades to recover both their confidence and credibility.

In an article by Danielle Cronin on 19 December in the same newspaper she points out that Mr Gary Nairn believes that Eden-Monaro is now a major possibility, even probability. So we have seen a shift in a week: it is floated as a possibility and a week later it is a hot favourite. I have not seen this with any other minister in my 18 years in this parliament—this would not be happening, not with a matter as serious as this. This is strategic and infrastructure only. This is not some little bagatelle to be tossed around. I think it is absolutely appalling that Defence is being used in this kind of way.

The other issue that is still disturbing is the decision about the submarines. We have the world’s best diesel submarine. Whatever the government says, this is the world’s best and we know the Americans want it, and that has become clear over the last two or three years, not just in recent months. The fiddling with the weapons and the combat system, and the bagging of that for so long, which was an American system and an American failure, is reprehensible but we need to have its future development clarified.

Mr BYRNE (Holt) (11.12 a.m.)—I rise with some great pleasure to briefly touch on the issue of the Defence Reserves Association. I offer not to speak as passionately or eloquently as the member for Chifley but I will do my best, particularly given that I have a number of constituents who are members of the Defence Reserves Association in my electorate. Indeed, a good friend of mine, Kevin Walsh, has one of the executive positions in the Defence Reserves Association of Victoria. He and a number of others continue to detail concerns that they have about their treatment, particularly by the minister and the Defence establishment.

A particularly important issue that they continue to raise with me, and it is backed up by the National Audit Office, is the fact that there are now apparently only 14,000 reservists, and yet two years ago the reported figure was around about 26,000. So why should that worry us? I believe the government has undertaken some level of advertising but, having spoken to these members, it is my understanding that the haemorrhage is not being stemmed. Basically, we would not be able to meet our East Timorese commitments without reservists. A high number of permanent Navy force positions are filled by reservists—indeed, there is hardly a ship in our Navy which has the capacity to put to sea without first having its crew increased by the addition of reservists.

An interesting aside is that apparently a Commander Hedges, the senior naval reserve officer in Victoria, recently inquired at Manpower—the recruitment agency for the Defence reserves, and the Defence Force generally—in Victoria, and at its headquarters and at Defence headquarters what the recruiting target for naval reservists was and no-one could tell him what the recruitment figure was supposed to be, which is a great worry given the shortfall of reservists that we have.

So since our defence forces are so dependent on reservists, what has this government done to facilitate reserve service? They have removed reserve service as an allowable matter in industrial awards. They have removed award protection. They have introduced a six-week
common induction training program—I am not quite sure who decided to introduce it, but every piece of feedback that I have had with respect to this is negative. I understand the government are making some noises about breaking it up into two three-week modules; there has been a lot of talk but no action with respect to this. They have failed to provide GST compensation to reservists. The fact is that reserve pay is tax-free, so that means that because they do not pay any income tax they are obviously not getting compensated. There is no income taxation decrease, which has occurred with a lot of people that receive pay. They have not been given any compensation to buttress the fact that they have had increased costs of living. Many feel they have had their career paths destroyed, and there has also been a downgrade in reserve command positions, as I understand it. I understand the chief of reserves army was formerly a major-general and has been recently downgraded to a brigadier. It also should be noted that the chief of cadets was recently upgraded to a major-general, so does this mean the cadets are more important for the defence of the country than reservists? I think that is a fairly important point.

Mr Slipper—They are both important.

Mr Byrne—They are both important, I understand, but in terms of the feelings of the Defence Reserves Association, I think they are saying they want positions upgraded to appropriately reflect their importance to the national effort. It must be said that the government has introduced reserve call-out protection. This has occurred as a consequence of legislation that has taken some time to come into the House but it finally has. Effectively, former Minister Bishop promised that in the first term of the Howard government that this would be brought in. The bill, when it actually came in, was too late to be applied to those reservists that went to East Timor. Their jobs were not protected, despite the fact that we could not have done the job without them. The Leader of the Opposition himself had to introduce a private member’s bill on this matter in time to cover the reservists needed for East Timor. The Defence Reserves Association was informed that it was impossible to draft protection laws for reservists some months before East Timor—I note that at this time Victoria and the Northern Territory had protective legislation. Therefore, the CRES—whom people here would know—a reserve officer who in civilian life is a QC and a trained parliamentary draftsperson, eventually lost patience with Defence, wrote the act and presented it to Defence. The legislation he wrote is now the government’s much-awaited reserve protection and modernisation bill. Consequently, how would you feel if you were a person in the Defence Reserves Association that has been treated in this manner by this government and by the defence establishment? They want appropriate recognition for their contribution and their valuable service to the community. I am certainly hoping that when we have the election of a Beazley Labor government that some of these concerns—in fact all of them—will be appropriately addressed and that appropriate recognition will be given to the contribution of the reserves.

Mr BRUCE SCOTT (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (11.17 a.m.)—I want to firstly thank all those who have made a contribution to important areas of government policy in terms of our appropriation bills before the consideration of the committee today. In thanking everyone—obviously there have been some questions raised by the other side of the chamber, and I will attempt to answer some of those questions in my summing-up—I want firstly to go to the last speaker in relation to some of the misinformation that was put forward by him. I really wish sometimes that the other side of the chamber would get their facts right before they go on the public record and talk about the fact that the head of defence reserves has been downgraded to a brigadier. That is totally untrue.

Mr Byrne—That is what they are saying.

Mr BRUCE SCOTT—You should get your facts correct—come to my office and get your facts correct. He is still a major general and has not been downgraded to a brigadier. In rela-
tion to the head of cadets—and that is a new appointment—he is also a major general. I think it indicates that on this side of the House we not only take the issue of cadets very seriously, by having a very senior-ranking defence personnel in charge of cadets, but we have not downgraded the position of head of defence reserve forces, which is still in the hands of a major general.

There are a couple of other issues in relation to the reserves that the previous speaker talked about. What this government has done since coming to office is introduce legislation which, for the very first time since Federation, will see the jobs of reservists protected by legislation. That has never been the case before and reservists now know that when they are part of the reserve force—and we do value the contribution that they are making in our Defence Force—we see them as part of the total force. We do not see them as reservists and regulars. They are part of the total force, and we have now protected their jobs by legislation. We have also gone further than that. We recognise that, when reservists are on deployment or away on training for extended periods, we also need to support the employer. There will be support payments given to employers who have reservists in their employment so that they can release them for training or deployment. So since coming to office there is a great deal that this government has done in recognition of the valuable role that our reservists do play. Importantly, what we have to do is to make sure that their jobs are protected.

There have been quite a few questions raised by previous speakers in relation to some of the veterans’ entitlements. I want to touch on the issue of the federal government’s initiative in this year’s budget relating to the one-off ex gratia payment to ex-prisoners of war of the Japanese. It is obviously very difficult for the government, and anyone for that matter, to imagine the treatment of those who were interned as prisoners of war by the Japanese or the Germans or the Italians during the Second World War. What we did was make sure that the payment went to not only those surviving ex-prisoners of war of the Japanese or their surviving widows but also the civilian internees. That is in line with what has happened in other countries around the world that had some of their people interned in Japanese prisoner of war camps during the Second World War. It is exactly the same as what happened with the British, the Canadians and the New Zealanders. We have, in this case, done exactly as those other Commonwealth countries have done.

In relation to the question should this payment have gone to the ex-prisoners of war of the Germans, since the budget we have been talking with the ex-service organisations, and obviously they will be coming to us with any further recommendations as they see fit. What we did initially was go to the Ex-Prisoners of War Association and ask them for a submission from their association which was a reflection of the grassroots membership of their own association. (Extension of time granted) I would also like to point out that those who were interned by the Germans during the Second World War were treated under the Geneva conventions. The Japanese did not accept the Geneva conventions, and there are some differences in terms of, say, the approach that was taken not only by the Australian government but also by the British government, the Canadian government and the New Zealand government. Of the governments involved in those countries, two are Labour—the British government and the New Zealand government—and we have all basically had a consistent policy on this issue.

I want to mention the decision made in relation to the payment going to divorced widows of an ex-prisoner of war in Japan. What we have done is quite consistent with Commonwealth policy in that, when there is a divorce, there is quite a clear line of legal separation of any entitlements or any other benefits that may flow because a person is divorced, and that relates to any legal entitlements. In fact, it is no longer available to those people because of a divorce.

In relation to the $300 payment to our veterans and widows who are of retirement age, there was a mistake made by my department and 1,421 letters were sent out in error. When my department discovered that, they immediately moved to stop that payment. They immedi-
ately rang all those people personally and the secretary of my department said that, since the mistake had been within the department, he felt it was his duty to write to all the people who had been wrongly advised by me in relation to this error. I have got to say that errors will occur. I have got a department that works very hard. There was an error made—they admit that. I admit that and I regret it, and they do, too. The right thing was done and that was the important thing. The payment was stopped. They were rung and also written to by my secretary and I believe that was the right thing to happen.

One other issue in relation to the Defence portfolio concerns remuneration of remote locality leave travel. I advise the other side of the House that this is an entitlement, it is not an allowance. It has always been there as an allowance for travel. The entitlement has not changed. It is still the same as it always was—an entitlement to travel. What they have not been able to do is cash it out for the same value they might have years ago.

The important thing is that it is an entitlement to travel which is paid for by Defence. The fact that Defence have got contracts with a major airline carrier means that they can now get a better deal in relation to the costs. It should be the interest of all on the other side of the House to make sure that Defence can spend taxpayers’ money wisely and well. The very fact that they can still travel is important. That entitlement remains, and I wish that the member for the Northern Territory sometimes would get his facts a little straighter.

I would also like to indicate at this point that under this government’s initiation to review the whole package of remuneration and benefits to defence personnel under the Nunn review, that review will be completed in the very near future and will be reporting to government in August. We certainly look forward to what the Nunn review finds and brings forward to government in relation to the whole package of remuneration for defence personnel of regulatory service including other entitlements and superannuation benefits for serving defence personnel.

In conclusion, I want to thank those on the other side of the House for their contributions. I reiterate my commitment to members on the other side of the House that should they ever have a question about veterans or defence personnel issues my door is always open. I am always there to provide them with information and the facts and to assist in every way to ensure that we do deliver the right benefits and make sure that, in relation to veterans’ entitlements, we err on the side of generosity. In relation to defence personnel let me make sure that we look after these people who are always ready and willing to serve our country.

Proposed expenditure agreed to.

Department of Foreign Affairs and Trade

Proposed expenditure $2,798,770,000

Mr HOLLIS (Throsby) (11.28 a.m.)—In this consideration in detail I would like to make some comments about Australia in the United Nations. I do this having been the Parliamentary Adviser to the General Assembly for the 55th Session of the United Nations. There seems an almost deliberate attempt to downplay the role Australia plays at the UN, the importance of the UN to our foreign policy initiatives, and Australia’s participation in UN bodies addressing economic and social issues, and the human rights committees. The UN has been concerned about economic and social advancement since its establishment. Throughout the last 50 years these subjects have been the focus of discussion and activity.

At the millennium assembly held early in September last year, these were the principal issues discussed with many heads of state and government, concentrating on issues such as globalisation, development, poverty and inequality. It was clear that most governments take economic and social issues seriously. They consider that they have major international dimensions and that the forums of the UN General Assembly, and the Economic and Social Council and its commissions are useful in making decisions and planning actions to address them. It is
irresponsible that Australia has played little or no role in some of these forums in recent years. The PM did attend the millennium assembly and the foreign minister took part in the general debate in the UN General Assembly—and these were certainly important occasions—but Australia has been relatively passive in economic and social bodies in recent years. For example, Australia did not even attend the second session of the preparatory committee for the special session of the General Assembly on social development, held in Geneva in June last year, and it was alone among developed countries, excluding Japan because of an election, in not sending a minister to head the delegation to the special session.

Australia was represented by five Geneva based diplomats; not even a public servant was sent from Canberra. This compares with Canada which had a delegation of 43, Germany with 33, the UK with 19 and the US with a delegation of 25 led by the Secretary of Health and Human Services. Yet the initiatives focused on were of global significance. They related to each of the 10 commitments made at the World Summit for Social Development and included such issues as market access for the exports of developing countries; means of reducing international financial instability; a target, a strategy and programs for reducing global poverty; employment policy in both developed and developing countries; social protection; education and human services; ageing; affirmative action for gender equality; HIV AIDS; the price of pharmaceuticals; national taxpayers; and international cooperation.

About 40 substantial initiatives were agreed for implementation by national governments in the international system. Surely Australia has an interest in being effectively represented at such discussions. Some of these issues affect Australia directly, others involve evolution of global policy and yet others are issues of moral concern which force our involvement. It is neglectful of Australia’s interests for this country to be unrepresented in these discussions. When every comparable country takes these events seriously, is it not reasonable to expect Australia to do the same?

In the human rights field Australia has given the perception of downgrading its interest. I do think it is unfortunate that comments made by the foreign minister, the Minister for Immigration and Multicultural Affairs and the Attorney-General have led many to believe Australia is downgrading its interest and is not prepared to cooperate on human rights issues. Surely Australia is resilient enough to take criticism. Governments always believe criticism is unfair and misguided, but if we are prepared to raise human rights issues elsewhere, especially with regard to Indonesia and China, we must be prepared to have our obligations and agreements subject to scrutiny.

Threats not to cooperate with UN fact-finding missions are misguided and send a wrong message. That is what we have been doing in relation to the United Nations over recent years: we have been sending the wrong message. I do believe that Australia should strengthen our representation at the UN. We should not be withdrawing from committees but be more active in committees, and hopefully go back to the day when Australia, like Canada, New Zealand and Sweden, punched above its weight—not as we are doing now. We are punching well below our weight. That is the tragedy of Australian representation at the United Nations through the policy of this government: instead of punching above our weight, as we have done for so many years, we are punching well and truly below our weight, and that is a tragedy. (Time expired)

Mr MURPHY (Lowe) (11.33 a.m.)— On Monday during members statements, just before question time, I raised the appointment of the Sri Lankan high commissioner to Australia, and the concerns that the Sri Lankan community have in relation to Major General Janaka Perera’s appointment. Unfortunately, 2 p.m. arrived and I was not able to make that statement but, nonetheless, the shadow foreign minister, Mr Brereton, asked Mr Downer, the foreign minister, a question. I would like to pursue that because members of the Sri Lankan community are very, very concerned about his appointment. Today I would like to draw to the minister’s at-
tention that I have placed question No. 2737 on the Notice Paper. It deals with a letter that was sent, as I understand it, from Dr Brian Senewiratne to Minister Downer on 8 May, expressing concerns about the appointment of Major General Perera and expressing the view that he had the worst record of human rights violations of any army officer in the Sri Lankan armed forces in the two decades that Dr Senewiratne had been monitoring the human rights situation in Sri Lanka.

I have also drawn the minister’s attention to a press release from Amnesty International issued on 17 June, expressing concerns about the appointment of Major General Perera as Sri Lankan ambassador to Australia. I have also drawn his attention to a media release from the Australasian Federation of Tamil Associations, distressed with the appointment of Major General Perera as Sri Lankan ambassador to Australia. I would like to know from the minister what advice he received as to the suitability of Major General Perera to be the Sri Lankan ambassador to Australia and who provided that advice to him. I would also like to know whether he received any advice independent of the Sri Lankan government on the suitability of Major General Perera and, if not, why he did not receive such alternative advice, in view of the allegations levelled at Major General Perera. I would also like to know from the minister whether he has the right to reject Major General Perera’s appointment as Sri Lanka’s ambassador to Australia and what the circumstances are in which the appointment could be rejected and, following all that, whether he would consider reviewing the appointment of Major General Perera as Sri Lanka’s ambassador to Australia.

The Sri Lankan community—both the Sinhalese and the Tamil communities—is very concerned at the appointment of Major General Perera as the new ambassador. I have even had complaints from the Muslim community in my electorate. This is not just something that has been raised by one particular group. There are many people who are concerned about this man’s history.

Some of the allegations are that, on 7 September 1996, Krishanthi Kumarasamy, an innocent 12th grade schoolgirl, was raped and murdered by the Sri Lankan troops under the command of Major General Janaka Perera, and that the mother, the 16 year-old brother and the neighbour of Krishanthi who went in search of her were also murdered and buried within the Chemmani army camp. There are also allegations that Major General Perera was in command of the forces responsible for the disappearances of some 540 people in mid-1996 in the Jaffna Peninsula, and that some of these people died under torture or were deliberately killed in detention.

There is another report, of 3 July 1998, from Dewage Somaratne, a corporal who worked under Major General Janaka Perera’s command, who told a court in Colombo that he can show where there are 300 to 400 bodies that have been buried. Subsequently, another soldier, Corporal Rajapaske, took the investigators to the mass grave site where bodies—blindfolded, hands tied and with broken chest bones—were exhumed, as confirmed by the Australian forensic pathologist Kevin Lee on the Sunday program on Channel 9 last Sunday. Also, Major General Janaka Perera was commanding the antiguerrilla force in Batticaloa district from 1993 to 1995, where 10 Tamil civilians in the Valaichcheni area and seven in the Sithandi area were killed by his soldiers.

When reputable organisations like Amnesty International put out a media release, which they did on 17 June, expressing their grave concerns about the fact that presidential commissions of inquiry, which were mandated to investigate the allegations—(Time expired)

Ms PLIBERSEK (Sydney) (11.38 a.m.)—I wanted to take the opportunity during this consideration in detail debate today to raise the issue of Australia’s relationship with Slovenia, particularly because it is the 10th anniversary of Slovenian independence. I think it is an op-
portune moment to reflect a little bit on our relationship with this emerging country in eastern Europe.

As I said, this is the 10th anniversary of Slovenian independence and it is worth noting how far Slovenia has come in the 10 years since it has been independent. It is very likely that in the next round of accession to the European Union, Slovenia will be accepted into the European Union. There is also a very good chance that in the near future Slovenia will become a member of NATO. I think this is because Slovenian politics, unlike politics in much of the rest of the former Yugoslavia, has been fairly stable, although there are a large number of people who were active during the era of Slovenia’s communist past still in Slovenian politics.

They have steered a very stable course through the economic transitions and social changes that have emerged with democracy. With the broad agreement of the Slovenian political movement and Slovenian community, there is a desire to join the European Union and to join NATO as well. The political climate there has been much more stable than in much of the former Yugoslavia.

Economically, Slovenia has also performed much better. This is a real opportunity for Australia as well. Slovenia’s GDP purchasing power parity is around 70 per cent of the European Union average. I know that Australian businessman Gerry Harvey is very interested in Slovenia as an emerging economy, and I spoke to him last year about his plans to open up one of his large stores in Slovenia. At that time, he was looking for further opportunities to invest in Slovenia. It is certainly a possible market for Australia—we import a lot of Slovenian goods, particularly whitegoods, into Australia. I think that this relationship will continue to grow.

As I say, it is only 10 years since Slovenian independence. In that time there has been an enormous amount of economic improvement in Slovenia. Also, they have been very outward looking in terms of looking for new opportunities to trade with other countries. An excellent example of this was during the Olympics: Slovenians set up what was called Slovenia House in York Street in Sydney. It was an opportunity for businesses and people who were interested in investing in Slovenia to go to Slovenia House to speak to people there about the opportunities in Slovenia, to see some of the goods and services that might be of interest to them and also to sample some fine Slovenian food. Of course, none of that would have been possible without the activities of not just Helena Zorko, the chargé d’affaires here in Australia, but also the Slovenian honorary consul, Alfred Breznik, who for very many years has been very active in trying to interest Australians in trading opportunities with Slovenia and also in Slovenia as a tourist destination.

In the last few years I have noticed an increasing number of travel specials in the weekend supplements of our major newspapers, in the magazine *Gourmet Traveller* and in the Qantas in-flight magazine. All them describe the wonderful natural beauty of Slovenia, the fact that there is a beautiful coastline and that it is very close to Italy, Austria, Hungary and the beautiful coastline of Croatia. So it is an excellent destination for a holiday. It also has excellent skiing—I picked up in the weekend newspapers that it is being promoted as a fine European skiing destination because it is much better value for money than going to Switzerland, Austria or somewhere like that. All of these of course present fantastic opportunities for Australian businesses wanting to invest in Slovenia and for Australian tourists going overseas. It is an unusual and excellent destination for a holiday. During this consideration in detail, I want to draw the minister's attention to the 10th anniversary to ensure that we continue to consider our relationship with Slovenia in this light. *(Time expired)*

**Mr BRUCE SCOTT** (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) *(11.43 a.m.)*—I want to thank the members on the other side of the House, and particularly the member who has just spoken for her contribution. Obviously, it is
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a place that many of us should visit some day. I have never had the pleasure of visiting Slovenia but, from the sound of that interesting and very colourful outline, it is certainly a very beautiful part of the world. On this 10th anniversary we do wish them very well, after some of the struggles that they have been through in the past and for the struggles in the future.

In summing up, I thank members on the other side of the House. They touched on the issue of the United Nations and I want to say that the United Nations does play a very important part in international world affairs. They do have an important role there. Australia is a participant and obviously we participate in a range of United Nations activities. I guess the most recent that has received the highest profile within Australia would be our commitment with the United Nations in East Timor following the INTERFET operation, which was led by Australia after the vote for independence and the horror that erupted in East Timor two years ago.

Important as the United Nations is, Australia and this government see as very important the fact that we are a sovereign nation and we have sovereignty issues that are important to all Australians. We always maintain our right to a different view to that that may be put by the United Nations. That is a sovereignty issue. It is one that we guard dearly as a coalition government and we will always want to maintain our right to a different view to that put by the United Nations.

The other point that I would like to highlight at this time is that this government has taken a different approach to the ratification of United Nations treaties. The processes, since we have come to government, have changed quite dramatically. Any treaty now requires the review of parliament and the scrutiny of parliament and I think that indicates that we are very serious about our sovereignty in this country. That parliamentary process of scrutiny has allowed much broader views to be put than those of the government of the day.

In conclusion, can I once again thank the members on the other side of the House for their cooperation. Appropriations for the foreign affairs and trade areas are very important.

Mr MURPHY (Lowe) (11.47 a.m.)—Because the minister did not refer to the concerns that I raised about the appointment of the Sri Lankan High Commissioner, Major-General Perera, would he take my concerns back to Minister Downer, particularly the fact that the presidential commissions of inquiry which were undertaken into some disappearances that occurred between 1988 and 1994 were stopped and the respected global defender of human rights, Amnesty International Australia, has recommended that further investigation in relation to his activities should be undertaken. I think that is terribly important.

Mr Bruce Scott—Certainly I will make sure that the foreign minister is aware of your question and he will get back to you with some answers on that question.

Dr THEOPHANOUS (Calwell) (11.48 a.m.)—I want to raise some issues concerning the Department of Foreign Affairs and Trade. In particular, I want to raise the issue of the low level of trade that exists between Australia and eastern European countries. In a visit that I took to three eastern European countries last year, which I provided the minister a report about, the situation in relation to trade with respect to eastern Europe was appalling. It is quite unacceptable. The department’s own figures show that Australia’s exports to Croatia were $2 million and imports were $10 million and Australia’s exports to Hungary were $7 million and imports were $78 million. We do slightly better with Romania, with $62 million, but that is the only one of the eastern European countries that we do moderately well with, and that is nearly all raw materials.

I have asked this previously but, given that in Australia we have huge communities from eastern Europe, why is it that the department of trade and Austrade do not employ enough people of a bilingual background or a background from those countries—I am talking about Australians who are here from those countries—to work to boost our trade performance in
eastern Europe? It is quite unbelievable that we have one of the biggest Croatian communities in the world and yet our trade with Croatia is so pathetically low, and similarly with these other countries. It is not just the three countries that I have mentioned. There are other countries in eastern Europe which are very important and where our trade situation is just not good enough.

I know the government feels that it needs to focus on Asia, and trade with Asia, and I have no quarrel with that. But the government said when it was elected that its foreign policy would not be directed primarily at Asia but that it would be a more balanced foreign policy. Why then are we not getting more trade with eastern Europe? Many countries, including Asian countries, are getting into the eastern European market. We are talking about a market of millions and millions of people—a market in which we are not getting anything like a sufficient amount of trade and investment. One of the reasons is, as I said, we are not employing enough Australians from those countries in the department or in Austrade to go there and be on the spot. They could even help organise delegations and what have you with respect to trade with these countries.

I think this is a critical matter. We cannot put all our eggs in the one basket in relation to trade. We should be focusing on this whole series of countries that became independent after the fall of the Soviet Union or that were independent but were within the Soviet bloc. These countries are now available for trade, for investment and for participation. You might say that we are a bit far away; but we have the very dramatic advantage of having very big communities from some of those countries—for example, Poland, the Czech Republic, Slovakia and Slovenia. We visit those communities in our roles as members of parliament and we know about them. They are part of multicultural Australia. Why aren’t we doing more to promote trade in relation to those countries?

The second aspect of trade I want to refer to briefly is this virtual veto that has been placed on the participation of Australian companies in the 2004 Olympic Games. (Extension of time granted) I raised this issue in parliament after my visit to Athens where our diplomats were in a very difficult situation trying to negotiate a reasonable deal with respect to the Greek government’s determination that effectively prevents the participation of Australian companies in major projects of the Olympic Games of 2004. Australian companies gained a lot of experience with our Olympic Games. We gained enormous experience. We have the possibility of very competitive tenders in relation to this. I discovered when I was there that, because of the imposition of a very small provision in the World Trade Organisation arrangements—where Australia has failed to sign a technical provision—they were using this as an excuse for effectively preventing Australian companies from tendering.

I know that the Prime Minister, the Minister for Trade and several other people have written to both the European Union and the government of Greece about this matter, but that was months ago. What is happening with this? One small concession was made as a result of all of this, and that concession was that Australian companies could participate in some joint ventures—but not as equal partners; they have to become totally subsidiary participants. In other words, they have to play a minor role within the Greek companies or European companies that are making submissions in relation to this. This is a totally unacceptable outcome.

Hundreds of millions of dollars of Australian know-how, goods and services may not be provided for the Athens Olympic Games. That is what is at stake. We need to know that the government is going to do more about this. We have done the polite thing: we have written to the European Union and the government of Greece. What is going to happen next? These tenders will soon be finished and Australia will miss out. That issue needs to be confronted and we need to deal with it.
I want to raise one other matter in relation to trade. It concerns the question: what happens when people and delegations, especially from Asian and Arabic countries, wish to come to Australia to explore trade possibilities and they are stopped from doing so by the Department of Immigration and Multicultural Affairs? This government talks about how it wants to promote trade and investment, but we know of a large number of groups and organisations which have tried to bring delegations here, especially from China, India and other Asian countries, and from Arabic countries, and the rules—not the actual law, as this is done very cleverly by the department of immigration—are applied in such a way that they either prevent those people coming in on short-term business visas, or the department makes such a fuss about and requires so much documentation and there are so many things to be checked out that the people give up and go to some other country to do their business. That is not good enough.

A provision in the act or an arrangement is required whereby, if a group wants to visit for trade purposes and it is rejected by Immigration, there should be some way of appealing to the Department of Foreign Affairs and Trade to see whether they can assist such a group. That should happen so that we do not get these ridiculous situations where very genuine groups which want to come here are prevented from doing so and from engaging in trade. (Time expired)

Mr Bruce Scott (Maranoa—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (11.58 a.m.)—I will respond to a couple of the member’s questions. Obviously, I will pass on to the relevant minister the questions relating to the Athens Olympics and our involvement in trade opportunities there. I was recently in Greece and while there I raised the issue with our ambassador and at the level of the president and other government officials, including their minister for development. So representations are being made, not only through our embassy but also on ministerial visits such as mine.

In relation to eastern Europe, the government really is committed to developing and expanding the opportunities for Australian exports. Within the portfolios of the Department of Foreign Affairs and Trade, Austrade works very strongly to develop trade opportunities, including to eastern Europe, which was a concern of members. The Export Market Development Grants Scheme is really an excellent example of a number of initiatives that do help Australia export into countries where there could be some obvious risks associated with payment issues. The government does have a range of issues that do support our exporters. We have got a focus within the Department of Foreign Affairs and Trade on developing opportunities all around the world. There are global opportunities for Australian exporters and this government is continuing to make sure that our focus is not just perhaps on Asia, although it is vitally important to us. We see the opportunities all around the world where there is a competitive advantage for Australians to be involved in export trade.

Proposed expenditure agreed to.

Department of Industry, Science and Resources

Proposed expenditure $1,874,874,000

Ms Ellis (Canberra) (12.01 p.m.)—I just want to speak very briefly, given that I had slightly insufficient time in my earlier contribution to the budget debate. I want to speak specifically about research and development and innovation and the effect that has on industry and science, and on resource development in this country.

The innovation statement that the government announced some little time back now puts some money back in, actually $3 billion in round figures, if I recall, which is attached to that innovation statement. In actual fact we have seen under this government in its time in office some $5 billion come out of universities and research and development in general terms. Whilst we would be very happy to see $3 billion go back in, it is a pity it is not the $5 billion and it is pity there are not growth funds on top of the $5 billion. The problem is also that we
would not be wanting to hold our breath to see this money because most of it appears in four or five years time and it is, in fact, $2 billion short of what we have seen taken out of the process since this government has been in office.

I specifically pay attention, however, to the situation facing an organisation like the CSIRO. The continuing job cuts that have been forced on the CSIRO show the true government picture, in my view. You cannot, on the one hand, have programs like Backing Australia’s Ability whilst not being prepared to invest in the CSIRO, which I believe to be our premier national science agency. This agency is now about to lose another 110 staff, on top of the 1,000, or thereabouts, who have already gone since this government came to power. How can we hope to see the innovation needed by Australian industry to meet the challenges of this century with this continual attack on the CSIRO?

I am proud that, in this country, we have produced some of the best scientific minds and some of the best scientific outcomes the world has seen, and we are internationally regarded in that respect. Our economy and our future depend on this sort of investment. We have seen cuts to the CSIRO that are totally unsatisfactory and unacceptable. We have seen $5 billion taken out of our universities and our research and development programs and we have seen only $3 billion of that go back under the fancy new packages that this government comes up with. If we really truly want to believe in our research and development future; if we really want to see some investment for the benefit not only of this country but of the world—may I be so bold as to say—organisations like the CSIRO ought to be getting growth funds, they ought to be getting an investment into them. With each budget that comes along we should not see an attack on an organisation like this—and it has to be described as nothing more or less than an attack when you see the debilitating loss of expertise, corporate knowledge and investment in human input in that organisation.

My brief time today is really to draw the government’s attention to an organisation like the CSIRO, internationally regarded, with a history that many other organisations around the world could envy, and do. If a government pretending to govern this country wants to say that it believes in our scientific future and that it believes in the benefits of that scientific future that flow through to our economy, and if it believes that to gain any advantage in the world we need to invest in these areas of policy, then for heaven’s sake I implore it to be serious about an organisation such as the CSIRO—and others, but that is the one I am specifically addressing today—and I call upon it to be more honest in its appraisal of how it is tackling the staffing, particularly. An organisation like this cannot continually have government funds cut without having to address things like salaries and wages for employees. One hundred and ten staff is just ridiculous, but it is on top of what has already happened collaterally over the last few years. I would like to impress upon the government that if it is going to be serious about this, then it also has to be honest about it and invest appropriately.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (12.06 p.m.)—I certainly appreciate the honourable member’s support for the CSIRO, something that I can assure her this government is very much committed to. The government has already committed over $2.3 billion in funding under the current triennium, 2000-01 to 2002-03, for CSIRO, ANSTO and AIMS. Funding for science innovation has increased by some seven per cent, a total of nearly $4.7 billion. That is the highest amount that has ever been spent by any Commonwealth government in support of the nation’s efforts for science, technology and innovation. That investment in science means that one of our premium science bodies, the CSIRO, is going to take a fair chunk of it. The CSIRO will certainly be extensively involved in the expanded CRC program. An additional $227 million has gone into that. There has been a whole range of other initiatives that the CSIRO will be accessing.

With regard to the staff, I suggest that that is something the CSIRO management is working through. With a staff of almost 6,000 people I do not think it is right for individuals to...
suggest that the CSIRO is going to start to fall apart. It is also premature to suggest that the
CSIRO will be cutting jobs as a result of any increases in wages to some of their staff. I would
challenge the suggestion that there have been decreases in funding. Overall there has been a
significant increase from the Commonwealth’s perspective.

Proposed expenditure agreed to.

Department of Education, Training and Youth Affairs

Ms PLIBERSEK (Sydney) (12.09 p.m.)—The chamber will know that the New South
Wales state government recently released a document called Building the Future which was
about the reorganisation of inner city schools. The reason that the state government has had to
do this is the quite dramatic fall in the number of students attending public schools in the in-
ner city. One of the main reasons for this is pertinent to our debate today, and that is the lack
of resources that have been going into the public sector, and parents perceiving there to be far
more resources in the private schools in the area. The government’s SES funding model has
exacerbated this problem with wealthy category 1 schools expecting to receive an extra $60
million a year by 2004—which makes an average increase of about $1,044 a year for each
student—while the poorest category 12 non-government schools receive an average increase
of only $182 per year per student.

This brings me to another issue that I wanted to talk about today. I have often spoken about
Labor’s commitment to public education and the fact that a Labor government would be
channelling resources back into public education rather than towards private education, as this
government has done. But there is another issue that we have to address: what is happening to
the poorer non-government schools. In my electorate I have an excellent school, the East
Sydney Community School, that deals with some of the most disadvantaged young people
anywhere in the state and probably anywhere in the country. They are young people who are
often homeless. They often have substance abuse problems. They are certainly amongst the
most marginalised students that you will ever come across. This school is able to operate be-
cause it has extraordinarily dedicated staff. The staff are not only teaching students; they are
very often the only adults that these students are able to trust. They often end up visiting stu-
dents in hospital, for example, if their health deteriorates, if they have accidents and so on.
They are quite intimate with the students. The other reason that this school is able to operate
is that it has a very good board. The board is constantly trying to scrape together money so
that this school can continue to operate.

The new SES funding model, because it is based on the postcodes of the parents of stu-
dents, of course does not reflect the needs of the students who attend this school in any way
whatsoever. If these students are housed, they are often housed in youth refuges—and the
relevance that the postcode of the youth refuge has is obviously zero to the needs of these stu-
dents. When I wrote to the minister expressing my concern that the school had been recatego-
rised, the minister wrote back—in fact, he had one of his staff write back—to say that, yes,
the school had been recategorised but, because the government had promised that no school
would lose funding, the funding would be maintained for the next couple of years. That is not
the point. I have been to this school. This school needs a doubling of resources. It does not
need its funding maintained, it needs its funding doubled. It is just managing to get by at the
moment in the most sparse classrooms. It does not have any of the basic furniture or computer
equipment that most schools would expect to have and certainly that most non-government
schools enjoy. It does not need its funding maintained, it needs it dramatically increased. For
the minister to respond that the school’s funding would be maintained is completely inade-
quate.
The minister’s staff also suggested that there was an emergency assistance program, but this is a transitional program. This program is of no use to a school that needs it funding increased permanently so that it can deal with the most disadvantaged young people in the community and keep them going to school rather than doing what many of them were doing before attending the school, which was not just truanting but leading very dangerous lifestyles, including being street workers and using drugs in the Kings Cross-Darlinghurst area.

The other major problem with the funding is that the assessment was done on the basis of the 50 students enrolled at the beginning of the year. This school often has up to 65 students, so they are really operating on a shoestring at the moment. I would take this opportunity, during the consideration in detail stage of the appropriations debate, to beg the minister for more funds for this school and for other schools in need, including non-government schools. (Time expired)

Mr Cox (Kingston) (12.14 p.m.)—Falling retention rates are a major concern across the education system but boys at government schools are now at the cutting edge of what for many will be lifelong educational disadvantage. The ABS figures show that only 50.3 per cent of boys at government schools in South Australia are completing year 12. The picture for girls at government schools is somewhat better, with 62.5 per cent staying on to complete year 12.

The South Australian government school retention rates are the worst amongst the states—10 per cent lower than national averages for both boys and girls. With outcomes like this across the government school system, it is obvious that many young South Australians will miss the life opportunities being enjoyed by other young Australians. Low retention rates in South Australia are a recent development. In 1992, South Australia had a total retention rate, both government and non-government, exceeding 90 per cent, which was about 15 per cent above the national average. Now with the national retention rate at 72.3 per cent, South Australia lags behind at 65.4 per cent.

The problem of low retention rates in South Australian government schools cannot be dismissed with glib answers about kids leaving school to get jobs. There are more job opportunities in the eastern states but the young adults there are choosing to stay at school longer. It may be the case that potential school leavers in other states can see better job opportunities and are choosing to stay at school longer so that they will be equipped to take advantage of them.

Another important issue that needs examination is whether improvements can be made to vocational education in schools that would encourage more students who do not plan to pursue tertiary studies to stay on and get more value out of their time at school. South Australia already has a serious problem with the best and brightest of its school leavers moving interstate to study or seek better jobs. The poor rate of year 12 retention and the exodus of young job seekers will have a serious impact on South Australia’s future work force. At the end of the day, the skill and diversity of South Australia’s work force will be a key weapon in the ongoing battle between the states for industries and jobs. That half our male students at government schools are dropping out should sound alarm bells in the offices of both state and federal Liberal education ministers. Federal Labor’s education priority zones will be an effective tool in lifting retention rates in the areas most neglected by Liberal governments.

Mr Andren (Calare) (12.16 p.m.)—I wanted to make a few comments on the budget allocations as they pertain to my electorate. The provision of Commonwealth funded undergraduate places at regional universities is welcome, while the extension of HECS type schemes to postgraduate study appears soundly based, but I see concerns expressed in some quarters that this could simply trigger higher fees. I hope that is not the unintended consequence of this.
I, too, welcome the hundred rural nursing scholarships which will go some way towards addressing the other side of the rural medical deficit—the critical nursing shortage. Obviously any assistance for students attending the two universities in my electorate—Charles Sturt University, Bathurst; and Sydney University, Orange—is to be welcomed, but I hope they achieve the aims stated on budget night. Charles Sturt University is both a winner and a loser in the budget so far as I can ascertain. Vice-Chancellor Cliff Blake—and I must place on record my admiration for the work he has done as he heads off to retirement in the next week or so—tells me he is pleased with the increased places and hopes that Charles Sturt University shares in them. But, overall, the funding increase is a long way short of what he believes is needed.

He points to the 1.7 per cent increase in university funding despite the government’s own predicted two per cent inflation increase. He points out that $65 million extra will be shared amongst, I think, 37 campuses Australia wide—withstanding, I know, the $34 million over four years for the 670 new places. I would like the minister, if she would, to address the fact that the increase to the universities has fallen short of the expected inflation rate, as CSU and other campuses are considerably overenrolled to meet the needs of minimal staffing, huge classes and the diminishing face-to-face capacity that they have.

I have also put before the minister a proposal from Sydney University, the TAFE and the New South Wales Department of Education for a joint education facility based on the campus at Orange. I look forward to the capital assistance for that facility, which will far survive my tenure in Calare. It would be a sort of combined campus—maximising the potential of the kids in rural New South Wales to have an education stream from senior high school through the TAFE option and the crossover of TAFE to university study—which Sydney University is planning.

As for the vexed debate on the funding of private versus public schools that we have had in recent times, I visited Calare public school a week or so ago, a school with a wonderful student body, a parent body and, indeed, a school that over the years has been a leader in education in the area. In the last few years that student body and its parents have built their own shelter area, their own toolshed, a small meeting room from their own resources for drama and screening educational videos and such, and also I might say for their community education of entertaining old people from the nursing homes whom they bring in once a week to exchange memories with the kids and have a wonderful interaction.

They funded that at some substantial cost to that community, and they do have difficulty when they look up the road at a place like one of the independent schools—where, indeed, my kids went after a state education at primary school—and they see things like covered swimming pools being put in, and laser levelled playing fields. They do not begrudge the spending of taxpayers’ money on providing an equal educational opportunity to everyone, much like the formula I have supported for nursing homes, where we must have a three-star level right across the spectrum. (Extension of time granted) But if people want to choose a five-star standard of health care, nursing home care or, indeed, education, that should be their choice.

I think the perception out there—and that is the difficult one that this and any other government has to come to terms with—is that there are quite obvious differences in the standard of shelter shed, of playing field and, indeed, of other facilities. People see the superstructure going up, they see the roadworks being done, they see the earthmoving going on and they say, ‘Look, we are still sharing the paddock down the road that the council lets us use three mornings a week as a playground.’ These are the discrepancies they notice and they do not feel they are getting a fair go if there is not a three-star level right across the board in public education.
The thing is that when these moneys are made available to the independent schools, it does enable many of them to provide the basic services that every school should have—the teaching staff, the staff-student ratios—but it also frees up other funds, such as the foundations that these schools have and the ability to raise other money to build these quite outstanding extra facilities. That is where I think the SES formula is inherently flawed in that it does not take into account the capacity of these schools to raise their resources. I just think that until we do seriously address that we are going to have not only the perception but the reality of an unfair distribution of the education dollar.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (12.24 p.m.)—The budget for the education, training and youth affairs portfolio provides over $12.4 billion in the 2001-02 financial year. This is an increase of over $590 million over the previous year. As part of this budget the government has announced a range of new measures for the portfolio, primarily in three key areas.

Firstly, the future of innovation and research in Australia has been secured with the announcement of Backing Australia’s Ability. Under this initiative, the portfolio will provide almost $1.4 billion in funding over five years to the higher education sector. Secondly, the government has delivered an immediate response to the report by the Youth Pathways Action Plan Task Force Footprints to the future, which was released on 22 May this year. The government’s response recognises the complexity of issues faced by young people in today’s society and their transition through school, and from school to further education, training, work and independence. This budget includes $73.2 million over four years in additional funding for this portfolio. Thirdly, the portfolio has been provided with an additional $119.4 million over four years to boost education and training opportunities for people in support of the Australians Working Together—Helping People Move Forward package.

I will now outline in more detail the level of this government’s commitment to each of the sectors which come within the portfolio responsibility. It is somewhat predictable that the difference between state school and private school funding has been raised—and I note that the member for Kingston and the member for Calare raised concerns about their electorates and institutions in them. By way of background, it needs to be said that governments of all persuasions have provided funds to the non-government sector. School funding has, in one form or another, been based on a needs based assessment, although I can certainly remember the time when I attended a small Catholic school in the country and no such provision was made—it was simply a matter of parents doing their best to provide for schools. The major provider of non-government school education is the Catholic Education Commission in each of the states and territories. In the lead-up to the 1998 election, both the Australian Labor Party and the Liberal Party supported the recategorisation of Catholic schools in all states, except Western Australia and the ACT, to category 11 as recommended by the independent Non-Government Schools Policy Review Committee.

We also need to look at the data from the Bureau of Statistics which shows that parental choice in schooling is not confined to families who have high incomes and can supposedly afford high fees. One of the downsides of the debate which the opposition has fostered in this area is unfortunate. I think we all have a responsibility to bring communities together and not to be dividing them on the grounds of class—that should be in the past—or income. There should be fairness. I provide members with these interesting statistics: of the 21 per cent of school students who come from families with an annual income of less than $26,000, 20 per cent attend a non-government school; and of students who come from families in the middle income bracket—that is, earning between $41,600 and $77,999—over 31 per cent choose non-government schools. This data shatters the idea that non-government schooling is somehow elitist and divisive.
I had my own experiences last week, which were covered by *A Current Affair*, with a family in my electorate who were managing with three small children on a combined income based on what was earned and family allowances. They had to budget carefully. But I note that their two school age children were attending a non-government school. Despite their difficulties in making ends meet, it was their choice to send their children to a non-government school. *(Extension of time granted)*

Commonwealth funding for Australian schools in 2001-02 has risen by six per cent over the last financial year to continue the Howard government’s record level of education spending. This is the sixth budget in a row that has increased schools funding. It brings Commonwealth expenditure on Australian schools to a new high and will continue the government’s drive to deliver better education through improved levels of literacy and numeracy and to provide the 70 per cent of Australian students who do not go straight on to university with the enterprise and career curriculum they need to forge successful careers. Over the next four years, the Commonwealth will spend $26 billion on Australian schools, in recognition of the importance of this sector.

Debate interrupted; adjournment proposed and negatived.

**Ms WORTH**—The budget builds on the Howard government’s commitment to government schools that has seen their Commonwealth funding grow by almost 42 per cent between 1996 and 2002, while enrolments have only grown by 1.4 per cent. That is something that the opposition would do well to remember when they raise issues of funding for government schools. Government schools will get the lion’s share of the new initiatives for schools in this year’s budget. Government schools will get an estimated $238 million or 87 per cent of the funding for specific school initiatives contained in this year’s budget.

Key initiatives for government schools in this budget include $143.5 million over four years to strengthen government schools through the return of the funding collected under the enrolment benchmark adjustment or EBA by developing students’ scientific, mathematical and technological skills, developing school based innovation and building supporting learning environments. I say to those opposite who raise this as an issue that if they want to see funding that has been allocated for education go back into the general revenue in state treasuries, such as in New South Wales, which has had a very bad reputation in this area, then they would be abolishing the EBA. We are not abolishing it. We are keeping it there to ensure that the money that has been allocated for education gets spent on education and gets spent where it is needed to be spent.

An amount of $46.7 million over four years has been set aside to assist 70,000 young people per year to move from school to further education, training or work by maintaining the Jobs Pathway program at its current high level. This brings the total allocation for the program to more than $95 million over four years. An amount of $36.9 million has been set aside for literacy and numeracy funding over 2001-02 and 2002-03 to support the government’s national literacy and numeracy plan, which has already seen a 13 per cent improvement in the reading abilities of year 3 students across the country.

Provision for additional resourcing of $99.5 million over 2003-04 and 2004-05 has been made in the forward estimates. An amount of $34.1 million over five years will be made available to support online curriculum development, to give Australian schools access to world-class curriculum materials. I think this is a very important initiative. An amount of $10 million has been allocated to support senior secondary indigenous students to complete year 12 and go on to higher education or vocational education and training under the Australians Working Together package. The funding will support 1,600 students through partnerships involving communities, industry and education providers, starting from 2002. A further 2,300
students will gain access to vocational learning opportunities through local businesses and communities.

Looking at the youth part of the portfolio, specifically *Footprints to the future*, the government has announced some important measures in relation to the transition for young people from school to work. In September 1999, the Prime Minister announced the formation of the Youth Pathways Action Plan Taskforce. This taskforce was set up in response to the government’s recognition of the complexity of issues in today’s society that surround young people in their transition through school and from school to further education, training, work or independence. This high profile taskforce was chaired by Captain David Eldridge from the Salvation Army and comprised young people, representatives from academia, business, Commonwealth and state governments.

(*Extension of time granted*)

*Footprints to the future* was publicly released on 22 May this year within the context of the 2001-02 budget. The government has delivered an immediate response containing measures that address some high priority needs, reinforce initiatives already under way, pilot some new ways of providing enhanced career and transition support, and pilot cross-portfolio and cross-government collaborative approaches to youth related program delivery.

The measures include the provision of $9.7 million over four years to expand the Enterprise and Career Education Foundation workplace coordinator arrangements in remote parts of central and northern Australia. This funding is in addition to almost $100 million over 2000 to 2004 allocated to the ECEF at its launch in March 2001 to assist students to successfully move from school into the workplace or further education and training.

A sum of $3.6 million is allocated in 2002 to pilot the provision of around 30 career and transition advisers to work with schools, local communities, young people and their families. Also in 2002, $3.7 million is allocated for around 18 innovative pilots, testing ways to achieve successful integrated community support including through government agencies for young people in transition.

The Family and Community Services portfolio is allocating $6.4 million from 2002-03 to provide a transition to independent living allowance that provides a targeted one-off payment of up to $1,000 to young people exiting state care, to help defray the costs of entry to study or work and in such areas as rental bonds. They are also allocating $4.8 million from 2002-03 to expand mentoring arrangements for young people through the development of the mentor marketplace.

*Footprints to the Future* is a very comprehensive report with most, if not all, of its 24 recommendations requiring cross-government and community partnerships to bring them to fruition. It is important to note, therefore, the measures announced in the 2001-02 budget form part of an ongoing response to the report. A more comprehensive response will be developed for consideration in next year’s budget, after there has been time for consultation with the states and territories, various communities, and authorities and bodies. This will be informed by this consultation process and also by the career in transition pilots and the piloting of innovative measures to test the collaborative delivery of youth-related programs. A speaker from the opposition raised the difficulties that some of the students are having in one of the schools in her electorate with drug related problems, which highlighted some of the difficulties that were brought forward to this task force. Of course it does require cross-portfolio attention and it requires a lot of collaborative effort between the states and the Commonwealth but they are issues that this government is aware of and sees as important, and will be working on.

In addition to these initiatives, the government is also providing long-term continuity for two highly successful youth transition programs with direct program funding in the 2001-02 budget, through the provision of $74.4 million over four years to continue the Job Placement Employment and Training Program—or, as you would affectionately know it, Mr Deputy
Speaker, JPET, because I know that you and so many of my other colleagues value this program that benefits young people at risk of homelessness and other disadvantaged young people. Of course, there is also $95 million over four years for the Jobs Pathway Program to ensure that services continue to assist up to 70,000 young people annually from over 1,600 secondary schools around Australia.

Overall this budget builds on the government’s success in implementing national literacy and numeracy standards, in strengthening the career knowledge and choices of young Australians, and in developing schools’ capacity for innovation in science, mathematics and technology. The Commonwealth continues to lead the country in its investment in Australia’s future through effective, comprehensive and quality schooling. Higher education is always an important issue, not only for my colleagues here but right around Australia. (Extension of time granted)

The budget’s new funding for higher education will ensure Australia has a world-class, innovation-driven higher education system which is fundamental to maintaining high employment and economic and social prosperity for all Australians. Key initiatives for the higher education sector in this budget include $1.4 billion in funding over five years for innovation and research to implement the Backing Australia’s Ability initiative.

Initiatives in this package include the $736.4 million over five years to double funding for the Australian Research Council, to provide increased support for discovering and linking elements of the National Competitive Research Grants Program, and to introduce new Federation Fellowships. There is $337 million over five years for universities’ project specific research infrastructure, and this will support ARC and National Health and Medical Research Council project grants. A sum of $246 million has been allocated over five years to upgrade universities’ systemic research infrastructure and there is $151 million over five years for an additional 2,000 university places, totalling 21,000 over five years, with priority given to information and communication technology, mathematics and science. These places will help address skills shortages in these fields.

A new postgraduate education loan scheme will also provide $995 million over the next five years in interest-free loans to promote lifelong learning, and to encourage Australians to upgrade and acquire new skills. The budget initiatives will help end the brain drain of Australia’s best and brightest by providing internationally competitive salaries through the $225,000 per year Federation Fellowships. The Federation Fellowships and enhanced competitive grants funding will provide a vital role in keeping the very best Australian researchers in Australia, where their contributions to knowledge and innovation can most benefit the country.

This budget also commits an additional $34.8 million over four years for 670 new commencing places per year for students at regional universities and campuses. These additional places will increase the opportunities for young people in regional areas, where demand for higher education is growing. I am sure the member for Calare—if he is listening in—will be particularly interested in this. As a result of this measure, the number of new fully funded regional places will total 5,226 over four years. The places will be available at regional campuses in response to demand in areas with growing populations. The new places are on top of the 110,000 places already funded by the Commonwealth at regional universities around Australia. The health of the vocational education and training sector is also a high priority for the government, but given the fact that I gave that considerable attention in the debate in the House yesterday I think it is unnecessary to go over that detail now. I thank my colleagues for their contributions. I know this is a particularly important area for us all.

Mr ZAHRA (McMillan) (12.43 p.m.)—I welcome the opportunity to participate in this debate. When talking about education we often hear a lot about universities, TAFEs, schools
and, increasingly, preschools. But one of the areas of the education system which we often neglect, or certainly do not talk anywhere near enough about, is adult and community education. In particular, I want to talk a little bit today about a quite remarkable adult community education provider which I have in my electoral district: Living and Learning Inc., in Pakenham. Living and Learning Inc. used to be the Pakenham neighbourhood house, which was created in 1989. In 1995 it changed its name to Living and Learning Inc. to reflect the direction that it saw itself heading in, and to reflect the scope that it wanted to offer in terms of the range of clauses and opportunities it wanted to provide for people who came through its door.

Pakenham is a pretty remarkable place. It is a place which is growing at a rate which is difficult to describe for people here. When I was a kid we would catch a train to Melbourne and the train would go through Pakenham. Mostly no-one would get on and mostly no-one would get off on the way back. Nowadays it has about 10,000 people and over the next seven or eight years it is probably going to grow to 20,000 people, so it is growing very rapidly and increasingly becoming part of the outer eastern suburbs of Melbourne. In that environment, the work which Living and Learning Inc. does is extremely important, because for those new people moving into the community it provides a point of contact. It is an easy way of accessing community services and an easy way of getting to know some people in that district, making new friends and getting plugged into all of those important community institutions which exist in Pakenham and district.

The client base of Living and Learning Inc. is made up of people from 27 different countries of birth other than Australia. It services people from 28 postcode areas. A significant number of people who access its services are male clients. I think it is extremely encouraging that a lot of men feel comfortable going into that place and accessing its services. As you would be aware, Mr Deputy Speaker, a lot of blokes have traditionally not felt very comfortable going into neighbourhood houses and places which provide adult and community education. A high percentage of single-income families access the service as well. Living and Learning Inc. services the whole gamut of life in Pakenham and district, from children’s services to services for the elderly. It is exactly the type of institution, exactly the type of organisation, that is flexible enough to deliver services to meet community needs. It is not bound to servicing only young people. It is not bound to servicing only older people. It services whatever the community needs. This is exactly the type of organisation which we need to have in places like Pakenham to meet the demands of those growing and changing communities. It is an important first port of call for people who move into the district—and people are moving into that district at a rate of knots.

Living and Learning Inc. in Pakenham can be best described by defining its approach as one of participation rather than exclusion. It wants to provide an opportunity for everyone in Pakenham and district to participate and get involved, irrespective of what walk of life they come from. Living and Learning Inc. has embraced lifelong learning—it does not just talk about it, it practises it in everything it does. We can be very proud indeed of the work of institutions like Living and Learning Inc. in Pakenham. Such institutions do not always get the kudos, praise and recognition that universities, TAFEs and, increasingly, secondary colleges get, but I think it is important, at least in this debate, for us to acknowledge their excellent work and for me as the local member to say how proud I am of their significant efforts.

Ms WORTH (Adelaide—Parliamentary Secretary to the Minister for Education, Training and Youth Affairs) (12.47 p.m.)—I acknowledge the previous speaker’s comments about adult learning. I also think that adult learning is a very important area—in fact, lifelong learning is an important area. I alert him to the fact that the Commonwealth does provide funding for Adult Learning Australia to run Adult Learners Week, but primary responsibility for the areas of adult and community education rests with the states and territories.
To briefly respond to the issues raised by the member for Calare which I failed to respond to previously, I am pleased that he notes the important initiatives and the expansion of places but I note that, as far as funding and university grants are concerned, funding is cost adjusted each year to take into account cost increases, so increases will be maintained in real terms. His concerns should be relieved in that respect. He also raised the issue of the University of Sydney campus at Orange. The university proposals will be considered later this year as part of the process followed each year for allocating resources between universities. I generally note his support.

Proposed expenditure agreed to.

**Department of Finance and Administration**

Proposed expenditure $489,051,000

**Mr Danby (Melbourne Ports) (12.49 p.m.)—** Mr Deputy Speaker Nehl, it will relieve you to know that I am not speaking about the matters of administration as far as this department is concerned which affect the parliament—the Collins class telephones that we have recently had installed, or the extraordinary SM26 franking machines that I know most parliamentarians use in their offices. However, I do want to speak about the administration of the Australian Electoral Commission which, in my view, is doing a world-class job, especially in comparison to other electoral systems in other democratic countries.

During the last 10 years, the Australian Electoral Commission has conducted six electoral events, including four elections, a Constitutional Convention and a referendum. There were 72 million votes cast, and there were 72 cases of proven electoral fraud. Even if we include one senator’s extraordinary example of where a cat was registered, there were 72 cases of proven electoral fraud out of 72 million votes. Most Australians would think that elections in Australia are a lot better run than those even in comparable democracies like the United States, especially when Australia has only one proven fraud per million votes. The Electoral Commission does this not only by specific targeted doorknocking but also by matching of databases, which is an increasingly modern way of checking out the change of addresses that people undertake before they are allowed to enrol to vote in federal elections.

As the Australian Electoral Commission points out in its submission to the Joint Standing Committee on Electoral Matters, elections are the key trigger for many registrations. In fact, in the 1996 federal election, 428,000 people registered in the week after the election was called, and in the 1998 election, 351,000 people registered. Of those, I am particularly concerned with the 65,000 new voters who registered after the last election and the projected 80,000 voters who will register this time. Under a proposal currently being considered by the government, about which the Prime Minister said he supported this report of the Pyne committee, these first time new voters would be excluded. I think, given the efficient administration of elections by the Australian Electoral Commission that we have under a compulsory voting system, that would be a great shame and would be an antidemocratic measure. It is not a measure—it is recommendation 6 in this report—that many in the media have focused on. They have focused on the government’s concern with voter ID, but I believe it will have far more long-term significance for Australians.

Since 1983, when we had the debacle of some 300,000 Australians being excluded by the conservative government of the time, action has been taken by the Australian Electoral Commission to register people for one week after the election is announced. I think that is an entirely appropriate thing to do, given that we have a compulsory voting system. The government’s attitude to this predates the so-called discovery of evidence in the inquiry into the integrity of the electoral roll, because the submission to cut off new voters was made before the inquiry was established. It was made by the federal director of the Liberal Party in submissions to the Joint Standing Committee on Electoral Matters, so I am sure the administration of
the Electoral Commission will not be eased at all by this measure, particularly when we consider that, for instance, at the recent Queensland election apparently 40 per cent of 18-year-olds in Queensland did not register to vote. This is the kind of administration that the government should be focusing on if it wants to improve Australia’s democratic possibilities.

We should be having active advertising and other kinds of campaigns to make young people understand that they can provisionally enrol and that they should enrol to participate in the democratic process. We should not be going along with these proposals to cut off 80,000 new voters at the next election and prevent them from exercising their democratic rights.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.54 p.m.)—Unfortunately, the opposition is determined that the proceedings will not go beyond 1 o’clock with respect to the matters that are currently on the Notice Paper. Therefore, I move:

That further proceedings on this bill be conducted in the House.

Question resolved in the affirmative.

**APPROPRIATION BILL (No. 2) 2000-2001**

Second Reading

Debate resumed from 22 May, on motion by Mr Fahey:

That the bill be now read a second time.

Motion (by Mr Slipper) agreed to:

That further proceedings on this bill be conducted in the House.

**APPROPRIATION (PARLIAMENTARY DEPARTMENTS) BILL (No. 1) 2001-2002**

Second Reading

Debate resumed from 22 May, on motion by Mr Fahey:

That the bill be now read a second time.

Motion (by Mr Slipper) agreed to:

That further proceedings on this bill be conducted in the House.

**ADJOURNMENT**

Motion (by Mr Slipper) proposed:

That the Main Committee do now adjourn.

**Multiculturalism: One Nation**

Ms BURKE (Chisholm) (12.56 p.m.)—I rise today to extol the virtues of multiculturalism in our society and to warn against the danger that One Nation presents to our diverse society. In this year of celebrating Federation we have the unique opportunity to examine our journey to becoming one of the most unique and harmonious nations on earth.

The drive for Federation displayed many of the trademark Australian principles we cherish today—values such as hard work, cooperation, compromise and a healthy scepticism of all forms of authority. The political system that was created with Federation reflected our heritage and development at the time. While most of this was positive, it was also tinged with concepts we would now consider negative and inappropriate—concepts such as male only suffrage, and restrictions on immigration based on race. Eventually, the White Australia policy was replaced with a non-discriminatory migration policy and, since 1945, we have seen some 5.7 million migrants settle in Australia. Whenever I am asked to list the benefits of multiculturalism it is easy to reel them off—new customs, new religion, new music, dance and cuisine and the obvious advantage of increased commerce and trade opportunities.
On a broader level, multiculturalism has prevented Australia from becoming too inward looking. The different perspectives, experience and ideas that come with mass migration were like a breath of fresh air to a country like Australia that is so geographically removed from the rest of the world by our distant location. Instead we are one of the most tolerant and cosmopolitan developed nations on earth. But this was not always the case. I know there are many of my constituents in Chisholm with Chinese-born ancestors and relatives who experienced great isolation and prejudice when they settled here, particularly during the gold rush years.

In my seat of Chisholm over 35 per cent of residents were born overseas. One of the great joys of my job is interacting with the various ethnic communities in Chisholm, whether it be the Chinese and Vietnamese restaurants in Box Hill, the dynamic and well organised Italian and Greek senior citizen clubs in Clayton and Oakleigh, or the emerging population of Sri Lankans in Mount Waverley. It is an area thriving from the benefits of mass migration. The Chinese influence on Box Hill has been profound and has turned Box Hill from a sleepy outer suburb to an area thriving with the benefits of migration. The Chinese community has been heavily involved in celebrating Federation in many other ways with projects such as the Chinese Medical Association’s launching of a diabetes handbook or the wonderful functions held for elderly Chinese citizens at the Box Hill senior citizens clubs. One of the things I admire most about the Chinese community is its ability to look after each other, whether it be through the building of nursing homes for people of Chinese origins, the programs the Chinese women’s association runs to prevent the isolation that often goes hand in hand for Chinese women as they settle in Australia, the heavy involvement of the Buddhist community in volunteering work, or the Chinese social services located in Box Hill which offer a range of services to the Chinese community.

Our great multicultural and democratic country needs protecting from those who seek to undermine it. Therefore, I feel compelled to raise a very disturbing incident that occurred in Melbourne last month. It has been reported to me by numerous sources and has been the subject of many articles in the Chinese press in Melbourne. At a function in Melbourne to launch a book entitled Melbourne Chinese Stories, a special guest was brought along by a prominent member of the Chinese community. This special guest was none other than the one and only One Nation representative in the federal parliament, Senator Len Harris. This function was well attended by the members of the Chinese community who were horrified by the appearance of a One Nation representative at their function. They regard One Nation as a racist organisation that does not believe Asian migration has a place in this country. One could therefore imagine their disgust when someone who holds themselves up as a leader of their community is insensitive enough to bring along a One Nation senator and, worse still, acts as apologist for his party’s views.

The leader of the Chinese community, in his speech to this large gathering of the Chinese community, defended One Nation as a party that was not racist and that was in fact a party that supported Chinese culture. I certainly do not remember hearing anything from One Nation or from any One Nation member uttering any words but those of intolerance and hostility towards the members of the Chinese community. It is therefore hard to believe that this person could have behaved so badly and have so badly misrepresented and misread his audience. So today I call upon Senator Tsebin Tchen, our first Asian born parliamentarian, to explain why he decided to insult his own community in such a public and dishonourable manner.

Small Business: Government Initiatives

Mr LLOYD (Robertson) (1.00 p.m.)—I rise today to highlight further assistance that has been provided by the Howard government to small businesses throughout Australia. The government has provided $6 million for a pilot program aimed at improving small business skills. There will be a series of small business assistance offices funded throughout Australia through the area consultative committees. I am particularly pleased that this has happened
because I believe that I have played a small role in the development of this program. Initially the government appointed GST signpost offices throughout Australia, and they were so successful in most areas of Australia in assisting small business through some of the transitional difficulties of implementing the GST that there was obviously a role for well-informed and skilled people in the community to be basically liaison officers with the small business community, enabling them to access the whole range of support programs that are there to assist small business.

It is important that small business knows how to access these assistance schemes because, in many cases, running a small business is a full-time job. I know that from personal experience. You really do not have time to be out there, particularly some of the smaller microbusinesses that do not have a large number of staff. If they are owner operated, or a husband and wife with one or two staff, they do not have the time to be out there researching the assistance programs and support programs that are available and are put in place by the Howard government to assist them. So having someone such as a small business assistance officer in regional areas is going to be of great benefit to small business people.

There has been a lot of talk of course about the implementation of the GST. The Labor Party has run quite a large scare campaign and has tried to make out that it has been a great burden on small business. The whole idea of the new tax system was to take some of the burden off small business, and large business as well, to get rid of the wholesale sales tax nightmare, to get rid of sales tax on exports and to free up exporters to make them more competitive. It has been a great boost to small business.

I would like to read part of a letter which I received recently from a small business operator on the Central Coast. It was a totally unsolicited letter that he wanted to write to me. The letter says:

Dear Jim,

Since the introduction of the GST all I seem to hear from the media—and I will add the opposition as well—and the general public is nothing but negativity.

I am the part owner of two businesses on the central coast—and he goes on to explain where they are—and the general public is nothing but negativity.

The combined annual turnover of these two businesses is around 1.7 m. Our two businesses employ 13 people (9 permanent and 4 casual).

Since the introduction of the GST approximately 95% of our stock is now cheaper because it was previously subject to the 20% sales tax. Our customers are surprised when we inform them that the GST means cheaper prices in our shops.

You certainly would not hear that from the Labor opposition. It also highlights the importance of having effective information campaigns so that people do understand the changes to the tax system. He goes on:

In regards to the completion of the BAS I am amazed that business owners are finding this time consuming. We complete our BAS statement in approximately 10 minutes and do not find it at all complicated. What all the fuss is about beats me. I mention this to my business neighbour and he also finds the BAS very easy to complete and he advises me that he can complete the return in approx. 10 minutes also.

The introduction of the GST has encouraged us to streamline our accounting practices—surely this did cost us money to set up initially, however our business is now far better off because of the new accounting methods. As far as we are concerned we are far better off following the introduction of the GST.

He goes on with some other details there. That really highlights what a lot of small business people have found with the new tax system. The whole idea was to implement a tax system
which was streamlined, which was effective and which got rid of the old, outdated wholesale sales tax regime. I am very proud to be part of a government that had the determination and the courage to introduce a tax system which the Labor opposition knew had to be introduced in this country, but they never had the determination or the will to make the hard decisions to take this country forward.

Electoral Matters

Mr MELHAM (Banks) (1.05 p.m.)—Australians pride themselves on their democratic rights and traditions. In a democratic society, the fundamental responsibility and privilege of its citizens is the right to exercise their vote. Australians watched the American civil rights movement of the 1960s in which young men and women were killed for trying to encourage the disenfranchised to register to vote. Despite the 15th Amendment and the 19th Amendment of the Constitution of the United States of America, which had enfranchised black men and women, southern voter registration boards used poll taxes, literacy tests and other bureaucratic impediments to deny African-Americans their legal rights. The US Voting Rights Act of 1965 stopped the practice in various counties of impeding the registration to vote. It expanded voting rights for non-English-speaking Americans. Lyndon Johnson was right when, on 6 August 1965, in Washington DC, he stated:

The vote is the most powerful instrument ever devised by man for breaking down injustice and destroying the terrible walls which imprison men because they are different from other men. Yet this country could be doomed to repeat the travesty of the sixties if recommendation No. 4 of the Pyne report is implemented. We have local examples of this sort of thing, but this committee report is trying, in effect, not to learn from but to repeat the mistakes of history.

Let there be no mistake, that recommendation is aimed deliberately at disenfranchising specific groups in our community. It is using a sledgehammer approach to crack a walnut. The sixth recommendation in the Pyne report is also a shocker. What does it do? It tries to repeat the mistakes of Australian history. In 1983, the Fraser government, of which the current Prime Minister was a cabinet member, used the dirty, sleazy trick of closing the electoral roll on the day the election was called and the writs were issued. What did that do? It disenfranchised people. At that time, on 9 November 1983, Mr Griffiths said in the House:

In the leadup to the last election we had the spectacle of Mr Fraser closing the rolls within 24 hours of issuing the election writs, thus disfranchising in the vicinity of 300,000 people. They all may not have wished to exercise their right to vote. But it is indisputable that the closing the rolls within 24 hours effectively precluded those people who were eligible to vote but who were not enrolled from exercising their democratic right to vote. We have brought in what I call the Fraser amendment, to that part of the Act where provision is made for the electoral rolls to be closed seven days after the issue of election writs. Never again will we have that shameful, disgraceful situation in which, by the use of a cynical power that Mr Fraser had, those people were precluded from exercising their right to vote. If one looks at the pattern of voting within the younger age groups one can see quite easily why Mr Fraser would not have wanted them to vote.

The Klugman report was an excellent report. It was about facilitating people’s rights to vote. It was about recognising that illiterate people in the community and indigenous people had trouble voting.

In the six years I was on the Joint Standing Committee on Electoral Matters, from 1990 to 1996, we brought in special provisions for the farming community so that they could be on the list of permanent postal voters, in terms of distance. It was all about facilitating the vote. What we have here is the government so paranoid that they do not have these groups trying to knock people off. The arguments they use over time were never sustainable. The recommendations do not come from recommendations of the independent Electoral Commission; they come from politicians. I do not want us to be viewed with the same ridicule and cynicism as
the most recent federal election for the President of the United States was viewed. That is what the Pyne report does. It is a cynical, sleazy, grubby report. *(Time expired)*

**Werriwa Electorate: Digital Democracy**

Mr LATHAM *(Werriwa)* (1.10 p.m.)—I rise to inform the House of the results of the second digital democracy ballot in the seat of Werriwa. In response to the question, ‘Should company directors be forced to take responsibility for the entitlements of workers if the companies go broke?’ 228 people, or 92 per cent of the ballot, voted yes and just 20 people voted no.

The result reflects the need for mutual obligation policies to apply to the richest Australians, not just to the poorest parts of society. Just as unemployed people have a responsibility to work for the dole, company directors should be personally responsible for the entitlements of their workers. This result highlights the need for a new culture of corporate citizenship in the private sector, supported by stronger government regulation.

It is one of the paradoxes of our time that so much economic activity has gone global but so many of our serious economic and social problems are intensely local. The only way in which we can reconnect local communities to global economics is through good corporate citizenship—companies acting as good corporate citizens as well as profit making centres.

Our third digital democracy ballot has now commenced, on the controversial question of stem cell research. The recent meeting of the Council of Australian Governments called for community consultation on the issue of stem cell research. This is why, online, I am asking the question, ‘Should the federal government ban the use of human embryos in stem cell research?’ I have made this voting process available to people outside the electorate of Werriwa, as well as to my constituents.

At the COAG meeting, the federal government determined to ban the cloning of human beings, but the wider questions of stem cell research and the cloning of human embryos were left open. While most people agree that the cloning of human beings should be banned, the potential benefits of stem cell research are enormous. It has the capacity to address serious diseases such as cancer. Nonetheless, moral doubts remain because of the involvement of human embryos. This is why COAG has opened up the decision making process on the question of stem cells. We do need an extensive amount of community consultation. People need to have their say about what they want from this new cloning technology. Online voting is an excellent medium by which this consultation process can proceed.

The digital democracy experiment in my electorate is proceeding quite well, but it is not without its critics. I noticed in our local newspaper that the minister for communications, Senator Alston, was calling on me to cross the floor because of the result of the first ballot on online gambling. He wants me to cross the floor to support the government’s legislation. This is quite a turnaround for Senator Alston because just last year he did not even know what electronic democracy involved. He knew nothing about this concept. I refer the House to an article in the *Australian Financial Review* on 14 January last year, where he wrote:

Mr Latham’s assertion to the contrary notwithstanding, the new regime—he is talking about digital TV—will not retard Australia’s take-up of electronic democracy, whatever that may mean.

At the beginning of last year he was saying, ‘Electronic democracy—what does that mean?’ and now he has the hide to present himself as an expert on the concept and issue advice to me through one of the newspapers in my electorate. I think the minister is just exposing his own lack of knowledge about an important concept which is quite influential and growing in influence worldwide—the concept of electronic democracy.
There have been other critics. Unfortunately, one of them is on my side of the House. I notice that the habitual letter writer, the member for Griffith, was at it again last Thursday in the Daily Telegraph, writing:

What Mark did not tell us was how many people participated in the latest ballot. We would all like to know.

In fact, regular readers of the Daily Telegraph knew. They did not have to ask this question, as the member for Griffith did on 14 June. They would have read a story in the newspaper on 5 June, based on one of my press releases. It gave the full details—that 213 people participated in that ballot and that 144 people voted in favour of a ban on online gambling and 69 against.

The member for Griffith has just demonstrated that the only part of the Telegraph he reads is my column. He needs to go to the news pages and keep up to date to find out more information. He needs to go past my column and broaden his own knowledge. He also needs to understand that at no stage in the development of this Werriwa scheme did I say that the result of the ballots would automatically transfer into national law. He has misrepresented me by taking an earlier quote from a book review on Dick Morris’s Vote.com. I was talking about the potential of direct democracy. I said that once all households have access to the Internet you could run ballots online and pass the results automatically into law. This is not our system in Werriwa as yet. (Time expired)

Blair Government

Mr SAWFORD (Port Adelaide) (1.16 p.m.)—The recent UK election had a particular interest to me on three counts: firstly, it was the first time the British Labour Party had won consecutive governments; secondly, I had a family connection through the involvement of my cousin, Phil Sawford, the member for Kettering, who was elected as the most marginal Labour member in 1997, and whom I met in Westminster in June 1997. It is interesting that Kettering, which is just outside Northampton, is where my great-grandfather came from in 1850. He arrived in Australia in 1851. Phil Sawford is a Labour member, and I am a Labor member. There is some continuity in the family. The third reason that I was interested in the UK election was that I learned in a newspaper article that Patricia Hewitt, an Australian by birth, the daughter of Sir Lennox Hewitt, was also a victor in that election for Labour and was appointed to the Blair ministry.

Patricia Hewitt is a very important person in the employment debate in the developed world. She was once the chief executive officer of the London institute of public affairs. One of the arguments that she put forward, I think in the late 1980s, was that consideration be given to the reduction in working-time organisation. This is a proposition that has been discredited by financial writers, academics and people within the labour studies faculties around Australian universities. But they are wrong and Patricia Hewitt was right.

What she was saying effectively was that, in the employment debate around the world, no debate is complete unless you take into consideration the reduction in working-time organisation. One of the great criticisms of this reduction in working-time organisation is that it suffers from what the critics say is a ‘lump of output’ fallacy. What they mean by that is that there is only a certain amount of work to be done and people can only move in and out of employment. I think that that is nonsense and is fallacious in itself.

If you look at the records in the United Kingdom of how British men have worked for the last 100 years, or rather from 1881 to 1981, you will find that they used to work 154,000 hours over a period of 56 years, but that in 1981, they were working for, say, 88,000 hours over 48 years. The economists’ argument is basically that if you have a reduction-of-hours policy, like the French have, you actually reduce opportunities for employment. That is absolute nonsense.
We have a situation around the world where more and more people are working longer and longer hours. Productivity in the last 20 years has actually stalled. The big grunt in productivity increase happened in the period after the Second World War up until 1980. If you examined and made an analysis of what had happened in that particular time, you would find that capital investment in the world quadrupled. You would also find that manufacturing output tripled and energy consumption tripled. But—and here is the real catch—employment growth actually grew by one-third.

Patricia Hewitt, I hope, will be one of those people in the Blair Labour government who will work assiduously to make the employment debate far more complete. When people look at the raw figures about unemployment in this country they generally think: seven per cent unemployment, 700,000 unemployed—and the figure goes up, the figure goes down. That figure, before 1980, was an accurate figure because overemployment and underemployment were not significant. But today those two issues are. Overemployment impacts on over a third of Australians who are working more than 50 hours per week. Underemployment—those who want to work full time but unfortunately are only offered limited hours—now affects at least seven per cent of the population—700,000. Those people who are not even included in the ABS statistics—those who want to work but who are excluded from the labour market figures—also equate to 700,000 people. (Time expired)

Vote 1 for Jobs

Mr LINDSAY (Herbert) (1.21 p.m.)—Mr Deputy Speaker, I draw your attention and the parliament’s attention to a union television campaign for jobs. This is the AMWU’s campaign in a number of marginal seats across the country called Vote 1 for Jobs. It was launched yesterday. It has been launched with the claim that little has been done by the government about the 75,000 job losses in manufacturing since 1996. Mr Deputy Speaker, you know and I know that in fact there have been no such job losses. That is absolutely wrong. Indeed, there have been 10,000 extra jobs provided in the manufacturing industry, so I think that the union’s campaign is scurrilous.

Let us look at what the union are suggesting to their members. They are suggesting, ‘Don’t vote for the government; vote for the Australian Labor Party.’ What should the union members who hear that think about and realise? The first thing is something called employment. What happened in the life of the Howard government? Eight hundred and twenty-five thousand new jobs in the country. What happened under the Labor Party? Twenty-seven thousand jobs in 13 years. If you are a worker, which government would you choose: a government that produces 825,000 new jobs or a government that only produces 27,000 new jobs? There is no choice, is there?

Let us look at workers’ wages. What happened in the life of the last Labor government? Real wages went down. The union is suggesting to its members: put a government back that puts your wages down. How could they suggest that? Under the Howard government, real wages have gone up quite considerably. I think that is a proud achievement of our Prime Minister and of this government. There are other points that we ought to consider. We ought to consider things like—just small things, I know—interest rates. What happened under the previous government? Interest rates were 17 per cent under the Australian Labor Party. Workers loved that and they would want to go back to it, wouldn’t they? Pigs might fly.

In relation to unemployment: 11.2 per cent unemployment under Mr Beazley, the highest since the Great Depression in this country. Here we have a union running a television campaign across marginal seats, saying to their workers, ‘You want to go to higher unemployment? Go back to the Australian Labor Party.’ I do not think that is going to happen. I do not think that workers will see that particular situation as being at all desirable. More than that, we have seen this week independent confirmation that Labor’s roll-back policy on the GST will cause a one per cent rise in interest rates if there is a $4 billion rollback. That equates to
an $80 a week increase in the average family home mortgage. Here is a union recommending to its workers that they take an $80 increase in their mortgages by voting for the Australian Labor Party at the next election. I do not think so.

In my seat of Herbert, unemployment continues to fall despite the fact that the Beattie government now has the highest unemployment rate in the Commonwealth of Australia. What colour of government is the Beattie government? It is an Australian Labor Party government. Mr Beattie, with his froth and bubble smile and great personality, went to the electorate and said, ‘I am going to the people on the basis of a five per cent unemployment target.’ The employment rate went the other way: it went up; it did not go down. There is now a nine per cent unemployment rate in Queensland. Fortunately, in Townsville and Thuringowa unemployment continues to go down. That is because we have a very alive and progressive city. I put the AMWU on notice that I am working now to secure the Yabulu extension project, which will secure the jobs at the Queensland nickel refinery at Yabulu and will also bring on stream a new nickel processing plant in Western Australia which will feed stock to the Yabulu plant. We have to make sure that the Yabulu extension project gets up—and people will understand what this union campaign is about.

Main Committee adjourned at 1.26 p.m.