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SITTING DAYS—2001

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- **HOBART**: 729 AM
- **DARWIN**: 102.5 FM
Privilege

Mr Speaker (9.31 a.m.)—Yesterday the honourable member for Rankin raised as a matter of privilege the issue of whether false or misleading evidence had been given by officers of the Australian Taxation Office in connection with the inquiry by the Standing Committee on Employment, Education and Workplace Relations into employee share ownership. In accordance with the practice of the House, the matter should be considered in the first instance by the standing committee itself. I will be happy to consider any advice the committee can provide.

Employee Entitlements Support Scheme

Mr Beazley (Brand—Leader of the Opposition) (9.31 a.m.)—I move:

That so much of the standing and sessional orders be suspended as would prevent order of the day No. 4, private members business, on the Notice Paper standing in the name of the Member for Brisbane relating to the Employment Security Bill 2001 being called on forthwith as part of a package of measures to secure employee entitlements through:

(1) the recovery of employee entitlements lost in cases of insolvency involving artificial corporate re-structuring; and

(2) a related scheme consisting of an employer funded insurance scheme which guarantees 100 per cent of employees entitlements following corporate collapses.

So far only the Stan Howard stand-alone scheme has, in fact, seen 100 per cent of workers' entitlements guaranteed. Whatever happened to honest John?

Motion (by Mr Anthony) put:

That the member be not further heard.

The House divided. [9.36 a.m.]

Mr Speaker—Mr Neil Andrew


AYES


NOES

Mr BEVIS (Brisbane) (9.41 a.m.)—Mr Speaker, I second the motion. If you do not work for Stan Howard, this government do not care about your entitlements—

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

Motion (by Mr Anthony) put:

That the member be not further heard.

The House divided. [9.43 a.m.]

Mr Speaker—Mr Neil Andrew)

AYES

Anderson, J.D. Andrews, K.J. Lieberman, L.S. Lindsay, P.J.
Anthony, L.J. Bailey, F.E. Lloyd, J.E. Macfarlane, I.E.
Ardon, B.G. Barresi, P.A. May, M.A. McArthur, S. *
Bartlett, K.J. Billson, B.F. McGauran, P.J. Moylan, J. E.
Bishop, B.K. Bishop, J.I. Nairn, G. R. Nehl, G. B.
Brough, M.T. Cadman, A.G. Nelson, B.J. Neville, P.C.
Cameron, R.A. Causley, I.R. Pearce, C.J. Prosser, G.D.
Charles, R.E. Costello, P.H. Pyne, C. Reith, P.K.
Downer, A.J.G. Draper, P. Ronaldson, M.I.C. Ruddock, P.M.
Elson, K.S. Entsch, W.G. Schultz, A. Secker, P.D.
Fahey, J.J. Fischer, T.A. Spiller, P.N. Somlyay, A.M.
Forrest, J.A. * Gallus, C.A. Southcott, A.J. St Clair, S.R.
Gambaro, T. Gash, J. Crean, S.F. Thompson, C.P.
Hull, K.E. Goodridge, G.R. Gerhard, J.I. Wakeham, B.H.
Kelly, D.M. Kelly, J.M. Gerle, J.F. Williams, D.R.
Kemp, D.A. Lawler, A.J. Gibson, S.W.
Zahra, C.J. * Lieberman, L.S. Lindsay, P.J.

* denotes teller

Question so resolved in the affirmative.

Mr BEVIS (Brisbane) (9.41 a.m.)—Mr Speaker, I second the motion. If you do not work for Stan Howard, this government do not care about your entitlements—

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

Motion (by Mr Anthony) put:

That the member be not further heard.

The House divided. [9.43 a.m.]

(Mr Speaker—Mr Neil Andrew)

AYES

Anderson, J.D. Andrews, K.J. Lieberman, L.S. Lindsay, P.J.
Anthony, L.J. Bailey, F.E. Lloyd, J.E. Macfarlane, I.E.
Ardon, B.G. Barresi, P.A. May, M.A. McArthur, S. *
Bartlett, K.J. Billson, B.F. McGauran, P.J. Moylan, J. E.
Bishop, B.K. Bishop, J.I. Nairn, G. R. Nehl, G. B.
Brough, M.T. Cadman, A.G. Nelson, B.J. Neville, P.C.
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Fahey, J.J. Fischer, T.A. Spiller, P.N. Somlyay, A.M.
Forrest, J.A. * Gallus, C.A. Southcott, A.J. St Clair, S.R.
Gambaro, T. Gash, J. Crean, S.F. Thompson, C.P.
Hull, K.E. Goodridge, G.R. Gerle, J.F. Wakeham, B.H.
Kelly, D.M. Kelly, J.M. Gibson, S.W.
Kemp, D.A. Lawler, A.J. * Lieberman, L.S.
Zahra, C.J.

* denotes teller

NOES

Adams, D.G.H. Andre, P.J. Stott, P.
Andren, P.J. Beazley, K.C. Bevan, A.
Bevis, A.R. Brereton, L.J. Byrne, A.M.
Burke, A.E. Crean, S.F. Cox, D.A.
Corcoran, A.K. Danby, M. Crosio, J.A.
Cress, G. Ellis, A.L. Edwards, G.J.
Evans, M.J. Ferguson, L.D.T. Emerson, C.A.
Ferguson, M.J. Fitzgibbon, J.A. Gibbons, S.W.
Gerick, J.F. Gillard, J.E. Griffin, A.P.
Hall, J.G. Hoare, K.J. Hatton, M.J.
Horne, R. Jenkins, H.A. Hollis, C.
Jenkins, H.A. Kerr, D.J.C. Irwin, J.
Kerr, D.J.C. Lawrence, C.M. Kernot, C.
Lawrence, C.M. Lieber, J. Latham, M.W.
Lievore, K.F. Martin, S.P. Lee, M.J.
Martin, S.P. McFarlane, J.S. Macklin, J.L.
McFarlane, J.S. McMullan, R.F. McClelland, R.B.
McMullan, R.F. Morris, A.A. McLeay, L.B.
Morris, A.A. Murphy, J. P. McLeay, L.B.
Murphy, J. P. O’Connor, G.M. O’Byrne, M.A.
O’Connor, G.M. Price, L.R.S. O’Keefe, N.P.
Plibersek, T. Quick, H.V. Price, L.R.S.
Roxon, N.J. Royston, B.F. Rudd, K.M.
Sawford, R.W. * Sciacca, C.A. Sciacca, C.A.
Sercombe, R.C.G. * Sidebottom, P.S. Sidebottom, P.S.
Smith, S.F. Snowdon, W.E. Slatter, P.
Swan, W.M. Thomson, K.J. Tanner, L.
Thomson, K.J. Wilkie, K. Tanner, L.
Zahra, C.J. * Lieberman, L.S.

* denotes teller
Question so resolved in the affirmative.

Original question put:
That the motion (Mr Beazley’s) be agreed to.

The House divided. [9.46 a.m.]

(Mr Speaker—Mr Neil Andrew)

A: Adams, D.G.H.
    Andren, P.J.
    Beazley, K.C.
    Bevis, A.R.
    Burke, A.E.
    Corcoran, A.K.
    Crean, S.F.
    Danby, M.
    Ellis, A.L.
    Evans, M.J.
    Ferguson, M.J.
    Gerick, J.F.
    Gillard, J.E.
    Hall, I.G.
    Hoare, K.J.
    Horne, R.
    Jenkins, H.A.
    Kerr, D.J.C.
    Lawrence, C.M.
    Livermore, K.F.
    Martin, S.P.
    McFarlane, J.S.
    McMullan, R.F.
    Morris, A.A.
    Murphy, J.P.
    O’Connor, G.M.
    Plibersek, T.
    Quick, H.V.
    Roxon, N.L.
    Sawford, R.W. *
    Sercombe, R.C.G. *
    Smith, S.F.
    Swan, W.M.
    Thomson, K.J.
    Zahra, C.J.

N: Albanese, A.N.
    Beazley, K.C.
    Breereton, L.J.
    Byrne, A.M.
    Cox, D.A.
    Crosio, J.A.
    Edwards, G.J.
    Emerson, C.A.
    Fitzgibbon, J.A.
    Gibbons, S.W.
    Griffin, A.P.
    Hatton, M.J.
    Hollias, C.
    Irwin, J.
    Kernot, C.
    Latham, M.W.
    Lee, M.J.
    Macklin, J.L.
    McClelland, R.B.
    McLay, L.B.
    Melham, D.
    Mossfield, F.W.
    O’Byrne, M.A.
    Price, L.R.S.
    Ripoll, B.F.
    Rudd, K.M.
    Sciaccia, C.A.
    Sidebottom, P.S.
    Snowdon, W.E.
    Tanner, L.
    Wilkie, K.

AYES

Ayes…………… 67
Noes…………… 72
Majority……… 5

AYES

Adams, D.G.H.
Andren, P.J.
Beazley, K.C.
Bevis, A.R.
Burke, A.E.
Corcoran, A.K.
Crean, S.F.
Danby, M.
Ellis, A.L.
Evans, M.J.
Ferguson, M.J.
Gerick, J.F.
Gillard, J.E.
Hall, I.G.
Hoare, K.J.
Horne, R.
Jenkins, H.A.
Kerr, D.J.C.
Lawrence, C.M.
Livermore, K.F.
Martin, S.P.
McFarlane, J.S.
McMullan, R.F.
Morris, A.A.
Murphy, J.P.
O’Connor, G.M.
Plibersek, T.
Quick, H.V.
Roxon, N.L.
Sawford, R.W. *
Sercombe, R.C.G. *
Smith, S.F.
Swan, W.M.
Thomson, K.J.
Zahra, C.J.

NOES

Anderson, J.D.
Anthony, L.J.
Baird, B.G.
Bartlett, K.J.
Bishop, B.K.
Brough, M.T.
Cameron, R.A.
Charles, R.E.

States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2001

First Reading

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

Second Reading

Dr Kemp (Goldstein—Minister for Education, Training and Youth Affairs and Minister Assisting the Prime Minister for the Public Service) (9.49 a.m.)—I move:

That the bill be now read a second time.

I would like to note at the outset that the House is familiar with the contents of this legislation, and that I have previously made the House aware of the urgency of the legislation for the budgets of a large number of new schools in the Catholic, Lutheran, Anglican and other systems, as well as for new, generally low fee, independent and community schools.
Mr Lee—Could I seek your indulgence, Mr Speaker. The minister’s introductory remarks are different to the second reading speech that has been circulated. I do not know if that is a matter of concern to him. If he intends to give a speech different to that circulated, I will accept it, but it is unusual.

Mr SPEAKER—The member for Dobell has raised a matter that the minister may wish to clarify from a point of view of courtesy to the member or the parliament, but of course what the minister delivers as a speech relative to the bill is entirely the minister’s business.

Dr KEMP—The speech that I am delivering is being circulated, I understand, at the present time. The amendment contained in the bill was previously contained in the Innovation and Education Legislation Amendment Bill 2001. That bill was effectively voted down in the Senate on 29 June 2001, when the Senate voted to split the bill three ways.

The failure to pass this measure has resulted in the Commonwealth currently being unable to pay five schools their full entitlement, and further failure will result in the Commonwealth being unable to pay a total of 54 schools their second payment, which is due in October this year. In addition, new applications for funding have been received and, if approved, these schools will not receive the payments they are entitled to until this legislation is passed.

With this bill I reintroduce the measure and again stress the urgency of its passage.

The bill amends the act by increasing the funding for establishment assistance to new non-government schools for the 2001 to 2004 program years, in line with current estimates of demand. The act provided for total establishment assistance of $4.726 million for the 2001 to 2004 program years. The amendment increases the total funding to $14.260 million, an increase of $9.534 million over four years.

The requirement to increase the amount appropriated for establishment grants has been necessitated by parameter change. I note that adjustments to appropriations necessitated by parameter change is a common occurrence in education legislation going back many years. In relation to the 2000 census data, it was found that, while the number of new school commencements was relatively constant, average enrolments were more than double those in 1999.

The States Grants (Primary and Secondary Education Assistance) Act 2000 provided for two categories of new schools that would be eligible for establishment assistance, all newly commencing systemic and non-systemic schools applying for general recurrent grant funding from 1 January 2001, and newly commencing non-systemic schools that applied for general recurrent grant funding after 11 May 1999 and were approved with effect from 1999 or 2000.

Establishment grants are available at the rate of $500 per full-time equivalent—FTE—student in the first year of the school’s operation and $250 per FTE student in the second year of operation. Those non-systemic schools approved from 1999 or 2000 are eligible for establishment grants in 2001 and 2002.

The total available funding for 2001 is $859,000. In accordance with approved payment arrangements, 50 per cent advance payments have been made to 49 eligible schools approved for general recurrent funding. However, because of the shortfall in funds, some five schools have not been paid the full 50 per cent instalment of their establishment grant entitlement which was due once they were approved for general recurrent funding. New schools not approved before the end of June 2001 will receive noth-
ing without the bill being passed. All 54 schools currently approved for funding involving nearly 4,000 students will be denied their second grant instalment, due in October 2001, if the bill does not pass. There will continue to be shortfalls in funding for future years without passage of the bill.

For the benefit of senators who voted to split, and thereby effectively vote down, the Innovation and Education Legislation Amendment Bill, I wish to make the following points.

Firstly, this bill contains no policy change to funding arrangements for non-government schools. It is only an additional appropriation required to ensure the government can meet its obligations to newly establishing non-government schools over the quadrennium.

Secondly, failure to pass this legislation will involve a shortfall in funding which may have to be made up by the schools’ parent communities either in the form of increased schools fees or additional fundraising. For 54 of the new schools, their second instalment is due in October 2001. Schools would have been entitled to factor these payments into their budgets and failure to receive the payments can be expected to cause budgetary difficulties for the schools, many of which serve middle and low income communities.

Finally, I note that all schools approved for establishment grant funding must be approved by the relevant state registration authority, and that it is the responsibility of state governments to register new schools.

The government unequivocally reaffirms its commitment to choice in schooling.

If all new schools are to be treated fairly, speedy passage of the bill is necessary.

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

Mr LEE (Dobell) (9.56 a.m.)—Mr Speaker, I seek your indulgence to comment on the matter I raised earlier, either before or after I adjourn the debate.

Mr SPEAKER—I will allow the member for Dobell to make a reference specifically to the distribution of the speech.

Mr LEE—Very briefly, the minister said that the speech was being distributed. I think he spoke for about six minutes, and we still do not have the new version of the second reading speech being circulated in the House. I think it is a matter of great regret that we have not followed—

Mr Slipper—Read the Hansard.

Mr LEE—If we are now expected to wait a day to read it in the Hansard, that is a discourtesy to the House.

Mr SPEAKER—The member for Dobell has been granted indulgence.

Mr LEE—If the minister does intend to circulate the new version of the second reading speech, it would be appreciated by the opposition and by other members.

Debate (on motion by Mr Lee) adjourned.
Some offence provisions in my portfolio’s legislation predate the criminal code and there is a possibility that the application of the code will change their meaning and operation.

The purpose of the bill is to make all the necessary amendments to offence provisions to ensure compliance and consistency with the general principles of the criminal code.

Specifically the bill will amend offence provisions in the Higher Education Funding Act 1988 and the Student Assistance Act 1973. However, the offence provisions, as amended by the bill, will not change in operation or meaning.

The bill harmonises offence provisions in Education, Training and Youth Affairs legislation in several ways.

Firstly, the bill makes it clear that the criminal code applies to offence provisions within the portfolio legislation.

Secondly, the bill clarifies the physical and fault elements of offences. This will improve the efficient and fair prosecution of offences.

Thirdly, the bill amends my portfolio’s legislation to remove unnecessary duplication of the general offence provisions in the criminal code.

Finally, the bill amends certain offence provisions to expressly provide that they are offences of strict liability—that is, an offence where the prosecution does not need to prove any fault on the part of the defendant. If an offence is not expressly stated to be one of strict liability, then the prosecution will be required to prove fault in relation to the physical elements of the offence. The amendments in the bill are necessary to ensure that the strict liability nature of certain offence provisions is not lost after the application of the criminal code. Without these amendments, the offences would become more difficult for the prosecution to prove and perhaps unenforceable.

I would like to emphasise that the bill does not create any new strict liability offences.

The criminal code is a significant step in the reform of our system of justice, and the harmonisation process will bring greater consistency and clarity to Commonwealth criminal law. It is important that the amendments in the bill are made prior to 15 December 2001 to ensure that there is a seamless transition.

I look forward to the bill receiving the support of the opposition.

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

Debate (on motion by Mr Lee) adjourned.

CUSTOMS TARIFF AMENDMENT BILL (No. 5) 2001

First Reading

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

Second Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.01 a.m.)—I move:

That the bill be now read a second time.

The Customs Tariff Amendment Bill (No. 5) 2001 contains approximately 800 amendments to the Customs Tariff Act 1995.

These amendments implement changes resulting from the second review of the Harmonised Commodity Description and Coding System, commonly referred to as the harmonised system.

Australia’s commodity classifications for traded goods have been based on the harmonised system since 1988, with most other countries in the world having now also adopted the system.

The harmonised system provides a hierarchical system of headings and subheadings to uniquely identify all traded goods and commodities.

It is reviewed periodically by the World Customs Organization, with changes resulting from the first major review being implemented in 1996.

Australia’s commodity classifications for traded goods have been based on the harmonised system since 1988, with most other countries in the world having now also adopted the system.

As a signatory to the international convention, Australia and other signatory countries are required to implement the changes arising from the second review, from 1 January 2002.

The second review of the harmonised system has focused on deleting those head-
ings and subheadings where there are low levels of international trade.

The review also introduces amendments to reflect changes in industry practices and technological developments.

It provides new headings and subheadings to allow signatory parties to separately identify new products such as certain categories of waste, including chemical and clinical waste and narcotic substances.

Finally, many of the amendments are designed to clarify existing descriptions and terminology in the harmonised system.

While giving effect to the changes to the harmonised system, the Customs Tariff Amendment Bill (No. 5) 2001 also ensures that existing duty rates and levels of tariff protection for Australian industries and margins of tariff preference accorded to Australia’s trading partners are preserved.

The Customs Tariff Amendment Bill (No. 5) 2001 will also align Australia’s tariff structure with the international standard.

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

Debate (on motion by Mr Horne) adjourned.

HEALTH AND AGED CARE LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL 2001

First Reading

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

Second Reading

Mr ANTHONY (Richmond—Minister for Community Services) (10.05 a.m.)—I move:

That the bill be now read a second time.


The Criminal Code will codify the most serious offences against Commonwealth law and establish a cohesive set of general principles of criminal responsibility.

The purpose of this bill is to apply the Criminal Code to all offence-creating and related provisions in acts falling within the Health and Aged Care portfolio, and to make all necessary amendments to these provisions to ensure compliance and consistency with the Criminal Code’s general principles. While the majority of offences in legislation in the Health and Aged Care portfolio will operate as they always have, without amendment, there are some that will require adjustment.

Amongst the most significant amendments is the express application of strict liability to some offence-creating provisions. Under the Criminal Code an offence must specifically identify strict liability, or the prosecution will be required to prove fault in relation to each element of the offence.

This is necessary to ensure that the strict liability nature of some provisions is not lost in the transition to the application of the Criminal Code’s general principles. If relevant offences are not adjusted in this manner, many will become more difficult for the prosecution to prove, therefore reducing the protection which was originally intended by the parliament to be provided by the offence.

The bill will similarly improve the efficient and fair prosecution of offences by clarifying the physical elements of offences, amending inappropriate fault elements and clarifying provisions where the defendant will bear a burden of proof. Several provisions in portfolio legislation require a defendant to bear an onus of proof which is unnecessarily difficult and inconsistent with the statutory preference in the Criminal Code. The opportunity has been taken in this bill to amend these provisions so that where the defendant must bear a burden of proof the defendant will need to point to evidence that suggests a reasonable possibility rather than prove a matter beyond reasonable doubt.

This harmonisation of offence-creating and related offences in health and aged care legislation with the Criminal Code is an important step in the government’s program of legislative reform that will achieve greater consistency in Commonwealth criminal law.
I commend the bill to the House and I present the explanatory memorandum to this bill.

Debate (on motion by Mr Horne) adjourned.

NEW BUSINESS TAX SYSTEM (THIN CAPITALISATION) BILL 2001

Cognate bill:

NEW BUSINESS TAX SYSTEM (DEBT AND EQUITY) BILL 2001

Second Reading

Debate resumed from 7 August, on motion by Mr Slipper:

That the bill be now read a second time.

upon which Mr Kelvin Thomson moved by way of amendment:

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

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

(1) failing to honour its commitment to provide a revenue neutral business tax package;

(2) imposing a complex and cumbersome tax system on Australian businesses rather than delivering the simpler system it promised; and

(3) increasing the compliance burden for Australian businesses thereby reducing their competitiveness, their profitability and, in some cases, their ability to trade.”

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.09 a.m.)—Before I was rudely interrupted by the commencement of the adjournment debate in the chamber last evening, I had largely completed the summing up of the New Business Tax System (Thin Capitalisation) Bill 2001.

Mr Horne interjecting—

Mr SLIPPER—My friend the member for Paterson ought not to be so precious. I will have some comments to make on the second reading amendment a little later, but at this stage I want to move to the New Business Tax System (Debt and Equity) Bill 2001 summing up. This bill will amend the Income Tax Assessment Act 1936 to introduce new rules for the tax treatment of debt and equity and as a consequence will amend and repeal certain provisions of the Income Tax Assessment Act 1936. The new debt-equity rules set out what constitutes equity in a company and what constitutes debt in an equity. In doing so, they explain how the debt-equity borderline is drawn for tax purposes. The side of the debt-equity borderline is that an interest in a company determines whether returns on the interest may be frankable or may be deductible. The test for distinguishing debt interest from equity interest focuses on a single organising principle: the effective obligation of an issuer to return to the investor an amount at least equal to the amount invested. This test seeks to minimise uncertainty and provide a more coherent economic substance based test that is less reliant on the legal form of a particular arrangement.

The debt-equity rules provide greater certainty and coherence for hybrids—that is, financial instruments that have both debt and equity features—that is attainable under the current law. The definition of ‘debt interest’ also constitutes a key component of the proposed thin capitalisation regime contained in the New Business Tax System (Thin Capitalisation) Bill 2001, since it is used to determine what deductions may be disallowed. The bill amends the dividend and interest withholding tax provisions and provisions relating to the characterisation of payments from nonresident entities so that they are consistent with the new debt-equity borderline. The debt-equity test does not apply to certain leases, derivatives, service agreements and employment contracts.

Honourable members will be aware that there has been extensive consultation on the new rules that implement the general approach recommended by the Ralph Review of Business Taxation. That included an extended consultation process following release of exposure draft legislation by the Treasurer in February this year. The bill contains object clause provisions that guide the interpretation of the rules. Regulations may also be made that are consistent with those objects to provide guidance on the detailed operation of particular provisions.

The honourable member for Wills, when he spoke to the House, claimed that the debt-
The equity bill has been introduced late into parliament. The government’s response to the remark made by the honourable member for Wills is that this is a bill where there has been widespread consultation. An exposure draft was issued in February this year for consultation. There has been community input into the exposure draft. We obtained a business and commercial perspective on what was proposed, and there has been further consultation on the detail. The bill is really a template of how a caring, consulting government ought to operate. We did not rush something through the House. We put out into the community what we proposed, we listened to what people said, and now we have a bill that I believe is eminently workable and deserves the support of the parliament.

The second reading amendment moved by the member for Wills is rejected by the government. That will not come as any surprise to the honourable member or indeed to the opposition, but it is astounding that the member has the audacity to come to the chamber and claim that the government has failed to honour its commitment to provide a revenue-neutral business tax package. He claims that we are imposing a complex and cumbersome tax system on Australian businesses rather than delivering the simpler system we promised. Also, he claims that we have increased the compliance burden for Australian businesses, thereby reducing competitiveness and profitability and, in some cases, their ability to trade. Three strikes and you’re out. The opposition has falsely brought forward three proposals that do not have any substance at all.

I want to remind honourable members that during the 13 years of Labor, small business was hit with the worst economic recession since the Great Depression. There were record small business interest rates of over 20 per cent. There was high inflation, massive government borrowing and national debt. There was record unemployment peaking at 11.2 per cent when the now Leader of the Opposition was the minister for employment. There were also record business related bankruptcies: 1,712 in the June quarter 1992 compared with 1,517 in the June quarter 2001. It was 13 per cent higher under the Australian Labor Party in government.

Mr Anthony—Outrageous!

Mr SLIPPER—It is outrageous, and the minister at the table is well aware of those disastrous impacts of the Keating and Hawke governments. Labor also hit small business with a $10.3 billion deficit left by the former finance minister, now Leader of the Opposition.

It does not stop there. Labor was responsible for an industrial relations system dominated by deals among big unions, big business and big bureaucracy, and a centralised awards system that restricted flexibility. Everyone knows about the job destroying unfair dismissal law, but it has prevented small business from creating at least 50,000 extra jobs. This statistic does not come from the government, it comes from the Council of Small Business Associations, which is well aware of the impact that the Labor Party has had on small business through refusing to allow our changes to the unfair dismissal law to remain part of the law of this country. On five occasions at least, the ALP has rejected the opportunity for small business to put on those 50,000 extra people. How on earth can Labor members look in the mirror in the morning, knowing that they have condemned 50,000 Australians to places on the dole queue? There was also no protection under Labor in fair trading laws. Every time there was a call for fair trading reforms for small business, Labor commissioned another review. Labor had 17 reports, reviews or in-
queries during its 13 years in government, and did nothing.

Let us look at their tax record. Labor introduced many new taxes and consistently increased taxes. They introduced the capital gains tax, a fringe benefits tax, increased company tax, compulsory superannuation tax, a compulsory training tax, and automatically higher indirect taxes and higher fuel excise. The provisional tax uplift factor was eight per cent in 1995-96. This has adversely affected small business cash flows that should have been retained in the small business to assist with the servicing of loans, increasing employment and/or supporting investment.

Let us look at what the coalition have done by comparison. We have lowered or abolished many taxes and delivered a stable economic environment featuring low interest rates and low inflation. Income taxes have been cut across the board, company tax has been slashed from 36 per cent to 30 per cent from 1 July this year and financial institutions duty has also been abolished. We have overseen dramatic reductions in small business interest rates to the lowest levels since the 1960s. Small business overdraft rates peaked at 20.5 per cent under Labor in September 1989. They were at 11.25 per cent when we were elected to office and they are now around eight per cent. For a loan of $100,000, this fall in small business overdraft rates from 11.25 per cent to around eight per cent represents a saving on interest costs of around $3,300 or $275 a month. Inflation is at its lowest level in 20 years. Provisional tax has been abolished as part of the tax reform plan. The coalition moved early to cut the provisional tax uplift factor twice, down to five per cent, from the high of 10 per cent under Labor. That is, by the end of June 2001, the government most importantly has been reducing debt and we have repaid much of Labor’s debt—some $60 billion of Labor’s $90 billion debt. We have not created the problem, but we accept the responsibility to fix it.

This government is a government which is very proud of its record. We are pleased to be judged on this record at the election later this year. The political debate in Australia has matured considerably and it is no longer adequate for the Labor Party to come in here and mouth platitudes—pious, empty, vacuous, insubstantial, meaningless, incorrect, false, deceiving platitudes, as they—

Dr Lawrence interjecting—

Mr SLIPPER—The member opposite should not interject. Her record in Western Australia was nothing short of appalling. The ALP come in here, they move these second reading amendments, and they somehow expect that, once again, they are going to deceive and trick the Australian people into accepting that Keating and the then Keating government ministers, Beazley and Crean, are worthy of election to office. Let us just look for a moment at what the Australian people are saying. As a government we have made mistakes and we have been prepared to admit them. The Prime Minister has gone out there and has consulted with the Australian people and we have made reforms.

The alternative, of course, is the election of Mr Beazley as Prime Minister and Mr Crean as Treasurer of Australia. Would you want to trust those people, who were responsible for building up $90 billion of debt, and who were responsible for telling us prior to the 1996 election that the budget was in surplus and it turned out to be $10,300 million in deficit? Would the Australian people want to trust those people, whose records are so appalling, with the keys to the Treasury? I commend both bills to the chamber and I urge the chamber to reject the second reading amendment moved by the honourable member for Wills to the New Business Tax System (Thin Capitalisation) Bill 2001.

Amendment negatived.

Original 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.
NEW BUSINESS TAX SYSTEM (DEBT AND EQUITY) BILL 2001
Second Reading
Consideration resumed from 7 August, on motion by Mr Slipper:
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.

TAXATION LAWS AMENDMENT (RESEARCH AND DEVELOPMENT) BILL 2001
Second Reading
Debate resumed from 21 June, on motion by Mr Entsch:
That the bill be now read a second time.

Dr LAWRENCE (Fremantle) (10.24 a.m.)—Here is a bit of a reality check after the bluster we have just heard from the previous speaker, the member for Fisher, about what is really happening in the tax system and how, in this case, it is undermining the research and development effort so critical to Australia’s future. On the face of it, the Taxation Laws Amendment (Research and Development) Bill 2001 amends various acts to change and make additions to the R&D tax concession, and it arises from initiatives that were contained in the Howard government’s Backing Australia’s Ability document, announced in January this year. These amendments have been described by the government as being designed to encourage investment in business R&D. I hope to demonstrate that they have pretty much had the reverse effect.

The main amendments to be made to the income tax law are the inclusion of an objects clause and some changes to the definition of R&D activities, and one commentator described some of these changes as ‘gobbledygook’; an R&D tax offset for small companies to have access to the cash equivalent to the R&D tax concession; a premium rate of 175 per cent for additional R&D; the removal of the exclusive use test and the introduction of a 125 per cent effective life write-off for R&D plant; and a retrospective change made to the manner in which plant expenditure is claimed.

Before considering the major effects of this bill, however, let me summarise the government’s track record on tax concessions for R&D, because I think it is important to put it in that context. Firstly, we have seen that the value of claims for companies undertaking R&D was first cut in half in 1996—it was one of the first acts of the Howard government—from 150 per cent down to 125 per cent. Industry have been seeking to restore it ever since. This effectively reduced the after-tax impact, from 18 cents in the dollar down to nine cents in the dollar—a figure that, of course, fell to 7.5 cents in the dollar with the reduction of the corporate tax rate to 30 per cent. So it has been seriously eroded as an incentive.

We have also seen the government preside over shaving the incentives related to pilot plant and plant generally. Feedstock claims have been abolished, with effect particularly in the chemicals industry, and, now, prototypes are to go as well. This legislation contains changes to the definition of R&D, to require both innovation and high technical risk, which will further reduce the number of eligible projects and companies, some assessors say, by as much as a third. As one commentator put it, the result is that only labour and some overheads are left. The same commentator suggested, and I share this view, that tax concession for private sector R&D is dead. The changes since 1996 have abolished it, and this bill is its obituary.

In the context of this debate, I remind members of one very simple but important fact: business research and development in Australia is in serious decline, and has been since 1996. Not only is it in decline now; it has been in steep decline since 1996, when Howard’s newly elected coalition government made the extraordinary and shortsighted decision to slash public spending on research and development, despite very considerable promises to do exactly the opposite. I think it is important to realise that, until 1996, the measure of Australia’s busi-
ness R&D performance had grown each year, not dramatically but steadily. There had not been even one single year of decline and, although we still lagged behind much of the developed world, we were around the OECD average.

With every new set of statistics since 1996 released by the ABS and others, we have seen that continued decline. I have to say that the credibility of the Prime Minister and the responsible minister diminishes by a similar magnitude. Both the Prime Minister and the responsible minister have abused critics who have drawn attention to these catastrophic effects of their policies on public and private sector R&D, and they have done very little in response. They claim, for instance, that the current statistics do not take account of the proposals put forward by the government in the January Backing Australia’s Ability statement, and those initiatives were partially funded in the last budget. That may be true, but let no-one in this place or elsewhere be fooled: what these statistics do measure is the effect of those 1996 and subsequent Howard government policies that saw hundreds of millions of dollars of public support torn from the research sector. As the Group of Eight universities have shown, the Backing Australia’s Ability statement in total, let alone in the business area, has barely shifted our sluggish performance when measured against the rest of the developed world, who I would have to say are galloping ahead. The rate of increase is minuscule, if at all.

With all the self-congratulatory carry-on surrounding the Backing Australia’s Ability statement, I guess we could have been forgiven for thinking that Australia’s R&D crisis had been solved—far from it. Despite the media’s apparent reluctance to dissect the policy, the Prime Minister should not think that he has fooled the research and industry communities. They understand what has happened. They know he has not presided over a triumph in innovation policy; rather, he has filled a few potholes and failed to reverse the serious decline in our national research capacity.

Industry commentators and participants alike know the truth—the Howard government caused the problem and they are now trying to take credit, as recently as this week, for ‘the single largest increase in funding in this area in Australian history’. So says Senator Alston in a media release of 7 August. While Senator Alston’s staff were preparing this release they might also have noted that the coalition government also presided over the largest cuts to public research in Australia’s history and the largest, and only, decline in business research and development in recorded Australian history. They are the outcomes of the policies. Besides, I think they should note that they took out $5 billion and they have replaced it with only $2.96 billion. In fact, in this financial year the increase in expenditure across the board for the Backing Australia’s Ability initiatives is only three per cent. This $2.9 billion is all on the never-never. We have a three per cent increase at a time when the CPI is running at six per cent, so there is a real decline in expenditure in this area—hardly ‘the single largest increase in funding in this area in Australian history’. They should take to actually reading the history and the data.

It does not take a genius to recognise that if you create a massive problem then your solutions will need to compensate for the previous cuts as well as funding the expansion of effort which is clearly needed in this area. I think it is fair to say that across the board, not just in relation to R&D tax concessions, the Howard government have presided over a very ad hoc approach which is lacking a broad and coherent strategy. And, importantly, they have operated without an appropriate sense of urgency. Although we have had a lot of reports, including from the Chief Scientist and the Innovation Summit Implementation Group, which have recommended substantial and immediate action to stem the decline in business R&D, the government have taken the simple option of increasing expenditure on measures that promote their short-term political interests ahead of the much harder and much more complex task of building long-term strategic investment in Australia’s future. We understand that. That is what the Knowledge Nation is all about. The community also understands that need.
The government did announce belated action in January this year, after they had been nagged by the business and research communities, and we are debating the outcomes of that statement today. But, as I said, it will do no more than repair some of the damage created by their own decisions. Even that is dubious and will do little to develop the sort of momentum and commitment to innovation that they were urged to undertake and that is so clear in the economies of other nations with whom we compete. As the President of the Business Council of Australia, and others, put it recently, ‘Unless we embrace change, others who do embrace it will eat us for breakfast.’ Frankly, we are halfway down the international community’s gullet right now.

It is now more than clear that this failure to spend more on research generally is stalling innovation and dragging down other parts of the economy. The Howard government do not appear to understand that future industries are built on today’s research. At the moment we are living off the fat of previous generations, and we cannot afford to continue to do it. In that context, it is not at all surprising that Australia is now perceived by many of our international peers as an old economy with few, and diminishing, prospects of participating fully in emerging industries that are built on information technology, biotechnology, nanotechnology and renewable technologies, to name a few. A carefully constructed innovation and industry strategy is needed if we are to reverse these trends, and we are not seeing that effort from this government. We need significant effort and investment in education, particularly in science, mathematics, engineering and technology. We need significant investment in research and research infrastructure, and in industry research and development, from both the private and the public sectors.

Perhaps more importantly, and this is certainly an area where the government have failed the nation, is the fact that such a strategy also depends on an intellectual property regime which rewards innovation and a financial system with the capacity and willingness to fund longer term, more risky investments in innovative products and processes. That is what this bill should be about, and that is what it is not about. These must be priority areas for attention, as they are for Labor under the banner of the Knowledge Nation, the framework for which was outlined by the task force chaired by Barry Jones and in which I had the pleasure of participating. Instead, under the coalition all we have seen have been sustained attacks on the research sector, shrinking funding, and even recent attacks by the increasingly aggressive Australian Taxation Office on specific characteristics of new economy sectors, like the structure of contracting within the information technology sector and the treatment of web development expenses by companies. It sets innovation in that area back significantly.

So just what is the state of Australian research and development? In the last year of the Labor government, the Commonwealth was spending over $1 billion each year in support for research and development by business, and that included the R&D tax concession. Under the Howard government’s new proposals, the government will still be spending less than $1 billion in each of the next five years in support for research and development by business. In other words, by 2005-06, after this so-called big package, a decade after the initial cuts, the government will still be spending less than $1 billion in each of the next five years in support for research and development by business. In other words, by 2005-06, after this so-called big package, a decade after the initial cuts, the government will still be spending less on support for business R&D than we were spending in 1995-96. We cannot afford that as a nation.

As a result of the Howard government policies, business investment in innovation and spending on R&D have fallen sharply. It is not just that the government contribution has gone down; business spending has gone down—and gone down very quickly. As I said earlier, the decision to cut the R&D tax concession from 150 per cent to 125 per cent in 1996 produced an immediate decline from a peak of 0.86 per cent of GDP in 1995-96 to just 0.64 per cent in the most recent statistics. I think we should all understand this: our expenditure now compares very unfavourably indeed with other industrialised nations. At a time when almost everyone else is investing heavily in the knowledge bases of their economies, the government have significantly reduced business R&D—not to
mention public sector R&D, which is, for the first time, also going down.

The investment that that this bill seeks to achieve is 33 per cent lower than it would have been had it continued to increase at the same rate over the three years before the cut. We have lost one-third of our capacity. A plethora of small and ad hoc grants are not an effective alternative and have not filled the gaps. There is no evidence to show that they are working. Unless we reverse this trend and start to catch up with our competitors, Australia will miss further opportunities to improve our standard of living and will squander the skills and creativity of our people. The Chief Scientist’s report describes innovation as ‘the only way forward’. There are no alternatives. As outlined in a recent US report on innovation—and the government should heed this:

There are few capabilities as important to our national life as those which allow us to generate, diffuse and employ new technologies. Our standard of living is directly linked to productivity growth driven by technological innovation; both profits and higher wages depend on this growth. The nation’s defence, the health of its children, the quality of its environment—all of these public goods and many others can be provided more effectively and at lower cost.

Innovation does not arise spontaneously. The government should listen: it does not arise spontaneously. It is the product of private entrepreneurship, intellectual creativity and collective effort.

We have to work together on this. It is a significant national challenge, similar to that which we faced after the Second World War. In the case of Australia’s innovation environment, we can still see examples of significant achievement and development, despite the damage caused by the coalition’s economic decisions. The cultivation of a lively culture of research and innovation in Australia, which is already shown in such institutions as cooperative research centres established by Labor and in many of our universities and public institutions, is a priority for a future Labor government. We need that culture of innovation.

In my terms as Premier of Western Australia, and subsequently as a minister in the Keating federal government, I clearly understood the value to our economy of a strong and growing research and innovation sector. Our standard of living depends on it. Among some of the other reports I mentioned earlier, the recent Yellow Pages global entrepreneurship monitor report, which seeks to create international benchmarks for innovation characteristics and performance across comparable economies, demonstrated that high levels of innovation activity are strongly correlated with high economic growth. This study found that, while Australia ranked well in some entrepreneurial business practices, it was lacking when compared with some very key benchmarks. For example, Australia’s venture capital industry, which enables us to commercialise good ideas, is underdeveloped. We ranked only 15th out of 19 in terms of venture capital invested as a percentage of gross domestic product. The United States percentage of gross domestic product, in comparison, is more than seven times that of Australia.

In the critical area of information technology, Australia ranked 16th out of the 17 countries for investment in the IT industry sector. To again use the United States as a comparison, their percentage of GDP invested in IT firms was 24 times that of Australia. The problems in the ICT sector—the information communications technology sector—are symptomatic of this government’s failure to understand the fundamental economic, technological and social changes that should be, and are to some extent, transforming Australian society and the rest of the world.

Despite obvious opportunities and strengths in the ICT sector, Australia has not developed a strong growing domestic industry in design and production of hardware, software and digital media content—and I underline this—relative to other countries of similar size and economic conditions. Indeed, some are very much smaller than us. Some research suggests that growth will decline over the next three to four years rather than going ahead. It is clear that the lack of concrete and effective public policy support for innovations and development in these critical areas has contributed to this slide.
Perhaps more importantly, profitability growth in the sector is also predicted to decline in coming years, so we will make even less money from it, particularly with competition increasing from international suppliers into our domestic market. The potential removal of existing import restrictions, most commonly described as parallel importation, will add to this.

The Australian information industries currently account for only two per cent of the world’s information sector activity and represent only a minor part of what is becoming a heavily integrated global market for so-called new economy goods and services. This is pretty remarkable, given the trumpeting we have heard from the Prime Minister and others about our alleged performance as a new economy. Where are the concerted strategies under this government to ensure that the opportunities presented by technological change are opportunities for all of us?

For the Prime Minister, the simple solution to these problems is to ignore the problems, to talk up what little progress we have made and to pretend that the mere use of ICT tools, rather than the production and export of them, makes us a new economy. The Prime Minister has claimed that the International Monetary Fund research refutes the claim that poor production and manufacturing figures show a decline in our relative progress as a new economy, but his argument is very misleading. In fact, in a recent analysis of the global IT, the IMF, which he is fond of quoting, found that ‘IT spending as a share of gross domestic product is extremely high in Australia, but production of IT equipment is a small share of total output’.

As innovations in this sector develop worldwide, we will be disadvantaged by not exploiting the opportunities provided by the domestic research and development of new tools and applications. There are many who are keen to do it—and able to do it—in Australia.

The value of information and communications technology produced in Australia amounts to less than one per cent of our gross domestic product. Of the 19 OECD advanced economies, Australia rated the second lowest when it came to the production of IT sector goods. We can do better than that. The image that these statistics deliver to both international and domestic markets and potential investors in Australia’s information industries is a negative one, particularly for those states with a declining share of the national industry. It is something that a committed government—a Beazley Labor government—would work to turn around. Instead more mirrors and smoke machines are brought out by the government to prove that statistics such as hours spent on the Internet by household can somehow be used to measure our progress as a new economy. That is a bit like claiming that watching television makes us all qualified television show producers.

Despite the fact that Australia’s combination of a well-educated innovative workforce and a pleasant physical environment make it ideally suited to this new economic environment, surveys of Australian based managers of multinational ICT firms have shown that they are highly critical of the federal government’s policy in attracting information industries. And rightly so. The lack of support from industry is hardly surprising, given the government’s lack of a clear understanding of policy in this area. Overall, the uncertainty created in all industry sectors by the cuts and subsequent definitional and operational changes, described by the government as ‘streamlining’ in this legislation, have only served to increase the investment uncertainty and to act as a disincentive to incoming research capital.

When the budget was announced earlier this year, it was revealed that the government would actually be investing far less in business research and development than was promised by the Prime Minister in the statement in January. So it was even worse than we thought. In its innovation statement, the government committed an extra $335 million over four years to the R&D tax concession—sounded good—but, at the same time, it removed $250 million by changing the treatment of plant. When the budget emerged, this amount had actually increased to $330 million, leaving a net increase over the forward estimates of just $5 million. When we made this sleight of hand public, the gov-
ernment suddenly found an extra $70 million overnight—after the budget papers. In any case, this goes nowhere near restoring the cut the government made in its 1996 budget, which ripped $450 million a year out of the R&D tax concession, and there is still no estimate of the value of further cuts to be made as a result of changes in the definition of R&D.

Turning now to the details of the bill, I want to point out how we should be treating research and development under the tax system. A national industry R&D policy should meet several key objectives— and we would seek to meet them. It would, first of all, increase spending on R&D over present levels and over what would be done in the absence of incentives to at least equal the average OECD level; it should demonstrably improve public benefits, such as employment, exports, import replacement and so on; it should encourage linkages between public sector research and development and business; it should facilitate high technology based business start-ups and commercialisation of Australian ideas; it should encourage international alliances, inbound investment and R&D collaboration; and it should address the needs of all sizes and types of companies across Australia and in the regions. Such a policy should be based on the recognition that businesses need certainty and continuity in order to plan for innovation—not the chopping and changing we have seen from this government. Simplicity of administration is also essential to keep compliance costs low and to maximise take-up rates, especially for new and emerging SMEs which are often inexperienced in management.

This bill does exactly the opposite on all fronts. In fact, it is not an exaggeration to say that it may finally kill off access to tax concessions for R&D for the majority of Australian companies. The bill itself is poorly drafted and convoluted. Just last night, for instance, an additional 26 amendments were dropped on the table without warning or consultation with industry, let alone with the opposition. It appears that the minister responsible knew nothing about it. When contacted late last evening, the minister’s office did not know about these amendments because they were drafted by Treasury, answering to the Assistant Treasurer. That is the history of these R&D tax concessions under this government—steady erosion by Treasury, which has always opposed them, regarding such concessions as rorts. The Department of Industry, Science and Resources have been sidelined yet again. They are increasingly rolled by the Treasury—not just in this, but in other key debates in relation to industry policy.

The bill proposes changes to the definition of R&D that will make it a requirement that eligible activities must involve both innovation ‘and’, rather than ‘or’, high levels of technical risk—the lethal ‘and’, as it was described by one commentator. The result is that the hurdle will be raised for eligibility. As one accountant who works in this field pointed out to me:

The R&D tax concession program was implemented to cushion the financial aspects of undertaking a program of R&D activities. That is what it is for. Encouraging companies to bear the risk of failure in order to develop new technologies is the principal aim of the original piece of legislation. The critical point in relation to this lethal ‘and’ is that “R&D is generally not conducted in isolation from an organisation’s day-to-day activities. For this reason, a company may be conducting R&D when it decides to expose itself to a technical risk that could result in failure or it may be devoting resources to purely innovative thought in an attempt to gain a market advantage through superior technology. To require both innovation and technical risk to be present simultaneously will have a dramatic narrowing effect on the number and size of claims for the R&D tax concession.”

This proposal has been put forward several times in recent years. Industry has rebuffed it every time, but it keeps popping up. In the past, the government has been forced to abandon it after consultation, but Treasury has finally prevailed and the lethal ‘and’ is in the bill. Analysis provided by the Australian Industry Group also suggests that the outcome of cases cited by the government as justification for this measure would be unaffected by the change in definition proposed. Interestingly, despite repeated questioning, the government has continued to insist that this measure will not result in any significant
reduction in the claims made—greater savings to revenue. Why then enact the provision if it is only at the margin? There is no doubt that this proposal represents a further effort to curtail the existing scope of the concession, and it should be opposed for that reason.

Turning to the treatment of plant, the bill also purports to give effect to recent government announcements relating to the treatment of expenditure on plant for the purposes of the R&D tax concession. These announcements were made in an effort to placate industry concern about the potential impact of a draft Australian Taxation Office ruling issued in November 1999—which, by the way, is yet to be finalised. However, the bill also appears to include additional measures for which there was no previous announcement by government and no consultation with industry. In particular, it includes provisions that would act to claw back the impact of the R&D tax concession for expenditure on plant by requiring that companies offset any eligible deduction against profits earned as a result of the production of any saleable product that derives from the use of the plant in R&D activities. Earlier rulings by the ATO have had the effect of including prototypes in the definition of plant. In the view of many, this means that there is little or no value left in the tax concession. This aspect of the bill is incredibly complex in its effect and could only be improved with significant amendment, and we urge the Senate to recommend such amendments. In essence, these provisions of the bill would seriously undermine the effect of previous government announcements to provide pro rata access to the tax concession for plant expenditure which has a dual commercial and R&D purpose.

I will now look at the so-called 175 incremental tax incentive. The bill does give effect to this; however, it is based on a changed formula from that announced in the earlier statement. It contains additional provisions that provide for adjustment of a company’s entitlement depending on the level of variation in R&D expenditure from year to year. If a company’s level of R&D decreases by more than 20 per cent in any given year, an adjustment amount may be calculated that may affect the subsequent level of deduction under the premium tax concession. Successive adjustment amounts can be aggregated to provide an adjustment balance. The inclusion of an adjustment amount and an adjustment balance appears to greatly complicate the administration of the incremental or premium R&D tax concessions—no ‘appears’ about it; it actually does, particularly for small business. It is likely to limit the usefulness of this additional incentive to those companies that have access to a sophisticated level of tax advice. It is also likely to penalise some companies that, for whatever reason, experience a high level of volatility in R&D expenditure. The bill also contains some retrospective provisions, which are worrying, operating back to 1985, which could result in an ATO led attack on legitimate prototyping expenditure claims.

In all, I have to say that this bill is typical of the government’s performance on research and development since its election. It is poorly conceived; it is deceitful, and it is myopic. It will severely hamper the efforts of innovative Australian firms and do nothing to improve our now disgraceful national performance on research and development. No amount of bluster can change that. Every commentator can see it except, apparently, those people who advise government. I agree with many of the commentators who see this as killing off access to R&D and I think we are presiding today not even over the death of R&D business expenditure in Australia—I think that has been pretty much achieved—but over its obituary. That is why I move the following amendment to the motion for the second reading:

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

while not declining to give the bill a second reading, the House takes note of the serious decline in business research and development in Australia that has occurred under the Howard Coalition Government, and:

(1) notes the impact of the Coalition’s cut of the R&D tax concession from Labor’s 150% to the current 125%

(2) notes recent criticisms of the BAA tax concession proposals, including those concerning:
(a) the retrospectivity of some provisions;
(b) poorly defined definitions and terms;
(b) the unknown financial impact of some changes”.

I commend the amendment to the House and express the desire that the Senate will intervene on behalf of the suffering business sector of Australia to be subject to further scrutiny.

Mr DEPUTY SPEAKER (Mr Jenkins)—Is the amendment seconded?

Mr Bevis—I second the amendment and reserve my right to speak at a later time.

Mr BILLSON (Dunkley) (10.54 a.m.)—Today the contribution from the member for Fremantle, Labor’s shadow spokesperson on industry, illustrates the stark choice that our nation faces. The Taxation Laws Amendment (Research and Development) Bill 2001 represents an enormous investment in the productive capacity, the potential for innovation and the creativity of our nation, and yet what we get from the shadow minister, the Labor Party’s view, is nothing but negativity. Look at the choice. Labor runs around talking about Knowledge Nation—it has been described as ‘noodle nation’—but the stark evidence before us today is that it is actually ‘negative nation’. Negative nation is the sole contribution that the Labor Party is making to this debate.

When you go through what the shadow minister Dr Lawrence has had to say, it is just a litany of negativity. It is toxic to the creative capacity of this country. It seems to be the standard fare of the Labor Party to go around dishing out vitriol, negativity and myopic analysis that take us absolutely nowhere in terms of our national interest. But it creates a bit of dust—some would say bull-dust, and that would be my view of it. Out of that entire half-hour contribution, did you get any sense at all that there is a Labor Party alternative? None. All you got was the myopic vitriol about what the nation is trying to do to strengthen its productive capacity.

When we talk about Knowledge Nation on the Labor Party’s side we know that it is only noodle nation, a grab bag of bids from various interest groups, strung together by some noodles that have been presented as if they were a strategy. At the end of the day it is only a grab bag of bids from interest groups. It is a grab bag that does not resemble any kind of coherent strategy, and what the shadow minister failed to say today was that it is not even something that the Labor Party have embraced. It is just a proposition. It is a bunch of ideas that have been dropped on them to make it look like they are doing something in this area when really they have made zero commitments and have zero alternative plans about how to move forward the entrepreneurial, productive and innovative capacity of our country.

So that is the stark choice that the shadow minister has given us today. The Labor Party’s idea of negative nation—talk it down; criticise every element of it; snuff out the very characteristics that make a difference to our innovative, entrepreneurial and productive capacity in the future. You can sit there and listen to the academic vitriol from Dr Lawrence and the throwing together of statistics. In one part of her speech she used some data about the ICT—information communications technology—take-up in our country to say that the take-up represented evidence of a contemporary new economy and that we might be doing okay, but she then went on later to say that that did not really matter because what matters is our development and formation of ICT technologies. Even in her own contribution, keeping with the spirit of the noodle nation, there are internal contradictions. It shows that the analysis that seeks to substitute for alternative ideas takes us nowhere—absolutely nowhere. That is the clearest thing that comes out of this debate today. You have a choice: the noodle nation, the negative nation dressed up as a grab bag of ideas that the Labor Party has not even submitted to, or a very coherent, constructive, positive plan, Backing Australia’s Ability.

Let us stay with that idea of Backing Australia’s Ability for a moment. It recognises a couple of things. We actually have some capacity to support; we have some abilities; we have the capability to drive our economy and our living standards forward to create better jobs and better levels of income and better standards of living into the future.
based on the tools that we have in our country. Those tools are not only strong now but are being developed. We have more people in universities now than ever before in the nation’s history. We have 300,000-odd people in new apprenticeships—threefold the number that were there when the Labor Party left office. Doesn’t that great wealth of capacity get overlooked by the Labor Party? It is as if the 70 per cent of people who do not leave secondary school to go to university have nothing to contribute. That is the Labor Party’s world view.

But in my view and in the view of the government those people have abilities and capacities and talents that are as worthy of nurturing as are the abilities, capacities and talents of anybody who has been through university. But, again, in the negative nation that the Labor Party presents—with its emphasis on university skills and university participation and fails to mention the enormous increase that has been achieved since the government was elected. She has failed to talk about the pathways from school to business and to employment that are in place to make sure that we can tap into that capacity of all Australians and back Australia’s ability. That is what we are discussing today.

The choice is stark. Dr Lawrence talks about the knowledge nation and it seems to amount only to the knowledge to criticise, whereas the government’s view is that it is about developing the knowledge to create. The Labor Party’s policy seems to create the perception of actually doing something—with noodle nation, it looks like something is going on—but nothing is actually going forward in any of that at this stage, whereas the government’s policy, so clearly articulated in the Backing Australia’s Ability statement, is a coherent, integrated set of policy measures.

It is about the culture we create. Dr Lawrence does not quite get it. She thinks that, if you can go around creating more knowledge to criticise, somehow that is going to drive our economy forward; we know that is not the case. To create, to invest, to be entrepreneurial, people need to feel confident to take the risks, to invest the energy and to put their own horsepower and own resources behind their ideas. If you listen to the Labor Party constantly criticising and hear their negativity, you would not wonder why some people think, ‘Gee, maybe it is all a bit too hard.’ That is what the Labor Party would like people to think: that to be creative, to be innovative, to be entrepreneurial is all too hard.

So follow the Labor Party’s way and they will somehow make it look like that is going on, but it really is not. Those that are aware about the creation of ideas and their transformation and commercialisation to better jobs for our citizens know that the climate has to be right. If you have crippling interest rates, you are not going to borrow money to transform your idea into a product that you can take to the marketplace. If you have industrial relations laws where you are trying to introduce the best talent you can into your business, but they are so stuck because the Labor Party have again yielded to union demands and there is no flexibility or capacity for workplaces to marry their business objectives with the skills their employees bring, you are going to lose an opportunity. If you have a climate of lack of confidence in the market itself or a climate where investment is not welcomed—something that the Labor Party left us with—then, again, where is the innovation going to happen?

You cannot buy innovation on its own. It has to be a sparkle in people’s eyes. They have to have the fire in the belly to want to innovate, to undertake some risks, to be entrepreneurial. They have to want to do it. What the noodle nation advocates fail to understand is that it is about people feeling okay about taking those risks, being prepared to put a positive attitude into their efforts, to invest in their ideas, to be confident that the economic climate in which they operate is able to embrace what they want to bring to the marketplace and to put their ideas forward. It is the distinction between the knowledge of those who want to tell you why things cannot happen and the knowledge that says ‘Hey, maybe if we tried this it would work.’ It is that knowledge to criticise that the Labor Party seems to substitute for industry policy versus the knowledge and
tools to create. That is what we are talking about today: Backing Australia’s Ability.

That is the choice that the electorate faces. What would you rather be a part of? What is wrong with a bit of optimism? We are the fastest growing economy in the developed world. We have interest rates that people only dreamed of prior to the election of the Howard government. We have 830,000 extra people in jobs. We have investment at an affordable level because of where the economic climate has been positioned through the good economic management of this country. We are paying off our debts so that those who want to access finance are not crowded out by the government wanting to borrow money. This is a time to be innovative and to be entrepreneurial; and all we get from the Labor Party is the knowledge to criticise. What a stark choice!

To illustrate the whole difference of approach further, let us go to the closing comment from Dr Lawrence, the Labor Party shadow spokesman on industry. When she wanted to sum up the Labor Party’s view on this package of measures, who did she ask? An accountant. She asked an accountant what the view was on these packages, and the accountant had some ideas about how hard it was to access the tax concessions. Look, news flash, Dr Lawrence: this is not about solely accessing tax concessions; it is about tax concessions and other policy measures to achieve something more worthwhile. The object of it is not to lay off tax concessions; it is actually to support innovation, entrepreneurship and creativity in our country.

Doesn’t that illustrate the difference? This is not about a tax lurk. I can understand why the Labor Party seem to focus on that, because when they left office that was one of the negative characteristics of the regime they had in place. It was abuse prone, and it looked like being unaffordable because it was driven by people wanting to get some tax lurks, not people wanting to get the horsepower to create, to innovate, to commercialise and to achieve a higher standard of living in our country through better jobs. What a stark contrast. One of the great gifts in the lead-up to the next election is that industry policy people from the government side who actually know something about creating ideas, wealth, employment and entrepreneurship are having to debate some of these issues with Dr Lawrence. What a gift!

This bill that is before us today is designed to enhance the tax concessions that are available and to act as an incentive to business investment in R&D, not just to give away tax concessions. They are supposed to be an incentive to achieve something more worthwhile. In supporting that, we are making sure that our R&D concessions available to companies are internationally competitive, so that people with the great ideas want to be a part of it here. And that is about increasing the investment in R&D activities, promoting technological advancement through a focus on innovation, and an acceptance and embrace of technical risk. We are a little risk averse in this country. It is okay to be wrong occasionally, as long as you learn from it, and then apply your learning to be better placed to solve the problems the next time around.

It is about encouraging people who want to invest in R&D to have a strategic plan, so that they know where they are going to take the ideas that they are developing. It is about an environment that is conducive to increased commercialisation of new processes and product technologies. It is more than just saying, ‘Hey, I have an idea.’ The idea in itself is nice, but this is about translating that idea, commercialising it so that it creates jobs and opportunities for our country. It picks up on a number of reports. It recognises that this is not the sole contribution that the government has made in this area. The government recognises that innovation is the economic lifeblood of the nation, and that is why there is $2.9 billion invested in this comprehensive, integrated plan called Backing Australia’s Ability. When that was launched, that was another great day for this nation—here was an affordable forward plan with practical measures to get behind people who want to do something. Dr Lawrence comes in here and criticises the investment being made in innovation by comparing it with forward estimates that the Labor Party had. What a novel idea that is!
Mr Deputy Speaker, remember the last year the Labor Party were in office? They missed their budget target by $10.3 billion—$10,300 million. As Maxwell Smart would say: ‘Missed it by that much, Chief!’ Well, it was not ‘that much’; it was an enormous amount of money. In that one year they were out by $10 billion-plus. Does it show you how their forward estimates were just phoney figures? They did not mean anything anyway—they could not nail the numbers in one year, let alone rely upon their forward estimates. So, for those people who listen to the Labor Party wanting to compare expenditures in areas based on the forward estimates, just remember the forward estimates are phoney numbers, counterfeit logic. They were never going to be achieved in the first place because the base year of those forward estimates was out by a country mile.

The bill today, though, is part of a wider package of measures that lay the foundation for our future, for our opportunities for employment and economic growth, and it clearly demonstrates the commitment of the government to innovation. The bill and other changes that have been announced in the ‘Backing Australia’s Ability’ package are broadly based on the recommendations from the Innovation Summit report and on a report by the Chief Scientist into the effectiveness of Australia’s science, engineering and technological base and its ability to support innovation. Isn’t that an interesting contrast? The Labor Party takes its industry innovation advice from an accountant and the government draws its advice from the Chief Scientist and the Innovation Summit that brought all the players together who actually turn up and participate in this field. Gee, I know whose advice I would rather rely upon.

Let us just spend a moment on that subject. I want to talk about the horsepower in individuals to drive innovation. Professor Murray Gillin, someone I have a great admiration for, is heavily involved in the school of entrepreneurship at Swinburne University in Victoria. At that school they were tracking what happens to university graduates. Apparently, around eight of every 10 science, engineering and technology graduates entering Swinburne had as one of their goals, when they entered their studies, to run their own business, to be an entrepreneur, to innovate in their own right. By the time they left, only one in eight still felt that way. Something happened to those minds and attitudes and that sparkle in the eye and fire in the belly while they were at university. That illustrates an issue that we need to tackle. It is about getting people’s hearts and minds in an innovative, entrepreneurial mode, to value those things and to actually say, ‘Your being an entrepreneur—whether it is in the private sector creating opportunities and jobs or even in the public sector as public sector entrepreneurs with new ideas and creative solutions to public sector problems or social ills—we value as a nation; we think that is important.’ We have to make sure that people feel a part of that.

This package gives them the tools and it sends a very clear message that the government believes innovation is important. We have to translate that, though, into the hearts and minds of people, so that when they leave their studies or enter the work force they are thinking, ‘Gee, it really hits my buttons to be innovative. I want to be an entrepreneur. I want to run my own business,’ and they actually aspire to do those things rather than looking to apply their skills in the relative comfort of a big organisation, a big science agency or somewhere where they are doing things because—as Dr Lawrence would have us believe—the accountants think it is a good way to get a tax concession. That is not what we want. We want people who want to do it because they want to do it and are prepared to invest their time, energy and talents, because, at the end of the day, that is the software. We can put all the tools, all the hardware, in place—and there is a fantastic package of that in the ‘Backing Australia’s Ability’ statement—but we have also got to work on the software.

That is what is so reprehensible about what Dr Lawrence had to say. It was negative nation, negativity, sucking the lifeblood out all the software, out of the people, out of the humans that make innovation not just a policy statement but a set of behaviours. That is what saddens me most about the contribution of Dr Lawrence and the Labor
Party today—half an hour of absolute negativity. It damages the single most important ingredient in this whole concept of innovation, and that is whether people have that fire in their belly and sparkle in their eye to want to innovate. The more negativity, the more talking down, the more doom and gloom, the more cynicism, the more lamenting ‘oh me, oh my’ that you get from the Labor Party, the more damage is done to that crucial and most vulnerable element: people’s preparedness to behave in an innovative and entrepreneurial way to create, to achieve and to take our nation forward.

The package today is a terrific instalment that looks at expanding the concessions available for additional R&D at a premium rate—that is, if companies have been investing in R&D anyway, if they jack it up a few gears there is a premium available. But they have to show form over the last three years, that they had been interested and involved in R&D and that they are actually going to a high level of investment and commitment in that area. That is an important step. It is also an idea about opening it up to small companies, where they can look at a refundable tax offset rather than going for a deduction if they are in a tax loss situation. That is important as well. These are the tools that make a difference. This is about encouraging people to develop plans for their R&D. It sits alongside a number of other measures. I will briefly touch on one that I have raised in this parliament before, and that is our patent laws.

I went to the United States and talked with some Stanford professors about our competitiveness. I said that, with the way we patented our ideas, the Americans did us over every time because we had such a rigid, safe, structured patent law that you needed an idea to be not only signed, sealed and delivered but on the table before you would get patent protection. In the United States, if you had a bit of an idea and a bit of evidence that you had been thinking about it for a while, you could get a patent. So we were actually getting run over the top by these entry-level patents in the United States snuffing out and borrowing our ideas before we could get legal protection for them. The government has done something about that; it has introduced an innovation patent to make sure that even at that level we are supporting the energies of our citizens. I conclude with this remark: let us think about the software, the human desire to want to be involved in innovation, and make sure we do not let the Labor Party snuff that out. (Time expired)

Mr RUDD (Griffith) (11.15 a.m.)—The country will live or die based on its future commitment to research and development. Based on the legislation which is currently before the House, the Taxation Laws Amendment (Research and Development) Bill 2001, this government plainly intends for the country to die. We have a perfect piece of Orwellian logic before us: we have government spokesmen saying that the legislation before the House will increase the nation’s R&D effort, whereas if we examine the detail of what is before us in that legislation we see that it will result in a decrease in R&D expenditure by this government. This is the tangible outcome of the Howard government’s Backing Australia’s Ability document.

We have a radically different approach to this issue. Our approach recognises that research and development are the drivers of the future knowledge economy. Our approach recognises that Australia’s R&D performance is sliding against practically all of its international competitors. Our approach as a consequence recognises that government must unapologetically take the lead in R&D policy, having R&D policy not at the margins of the public policy debate in this country but at the centre.

Labor has outlined a comprehensive approach to R&D, and that approach is contained in the document which we proudly own as the Knowledge Nation report. That report analyses this nation’s underperformance as a knowledge economy and then it sets about outlining a comprehensive set of policy recommendations for the total education sector, for the total R&D performance of the country, as well as for the specific industry sectors which we believe will drive the new knowledge economy of this nation in the 21st century. As Kim Beazley has rightly said, Australia faces two choices, and they
are stark and they are simple: we will be either a knowledge nation or a poor nation. There is no middle way, there is no third way and there is no muddling through on this. The starkness of the alternative stares us squarely in the eyes: we will be either a knowledge nation or a poor nation.

What of those opposite in this debate? Rather than have a policy debate about the Knowledge Nation, early childhood education, school education, technical and further education, higher education, ICT, biotechnology, the future of the environmental sciences, the adequacy of the nation’s research institutes or our overall macroperformance in research and development, what do we get from this government? Do they engage in this debate at all? No, they do not. Do they engage in a policy debate? No.

This government have been calling for three years for a policy debate from the opposition on research and development and public policy in general. We deliver them the Knowledge Nation report, but do they engage and actually take up the challenge which we then lay before them? No, they do not. Do they come up with any actual policy responses to the 20 sets of policy recommendations contained in the Knowledge Nation report? No, they do not. Do they come up with single line by line responses to the 94 individual recommendations contained within those 20 sets of the Knowledge Nation report? No, they do not. They do none of this.

What has been the government’s response to the Knowledge Nation? What have we had in terms of the concerted effort of the Liberal Party brains trust on the Knowledge Nation? What have we seen from this meeting of the great minds of Minchin, Kemp and Costello? Have they refuted the policy premise which is contained throughout the Knowledge Nation report, that of underperformance? No. Do they refute our comparative data in terms of how this nation is measured against its international competitors in R&D performance? No. Do they have anything to say of substance at all on the policy path ahead as a response to the Knowledge Nation report which has been put out in the public domain by us? No, they do not.

What have the combined intellectual resources of the Howard government, a cocktail of Tony Nutt, Tony O’Leary, Lynton Crosby and Mark Textor—Peter Costello’s under Fuhrer-over Fuhrer, who sits at the dispatch box—all come up with? With all the sophistication of a primary school schoolyard, they have decided to call the Knowledge Nation the noodle nation. That is the consummation of the intellectual effort of those opposite—to call it the noodle nation.

It sounds like the sniggering of a gaggle of Etonian schoolboys in that ancient and ignoble tradition of Alexander Downer. They are absolutely convinced in their narrow little minds that confected name calling is not only just a jolly good lark but also somehow a substitute for seriously engaging the policy project which we advance through the Knowledge Nation report.

I have news for the government on this and I have news for its Liberal Party advisers, both within ministerial offices and those sitting over in Lynton Crosby’s secretariat: you have got it radically wrong. The reason you have got it radically wrong is that the market research is saying our definition of the Knowledge Nation has already punched through to the Australian community, and they like it. The reason they like it is that it provides a long-term vision for where this nation needs to be in a decade’s time. It provides the building blocks through which that vision is to be realised.

The second piece of bad news I have for the Liberal Party when it comes to their management of the Knowledge Nation debate—and if they doubt my first point they should have a cold, hard, long conversation with Mark Textor and see what the qualitative research is saying at the moment in terms of people’s view of the importance of education and the knowledge economy to their children’s future—is that they have radically missed that the Australian public have had a gutful of this sort of prepubescent name calling—noodle nation, negative nation, all that sort of stuff—as a substitute for a serious discussion about matters which radically affect the future of the children of the Australian people. They have radically misjudged the mood of the Australian public
on this matter; they do not comprehend it. The hardheads on their side do comprehend it, and for that reason we have seen this unrelenting campaign, even prior to the release of the Knowledge Nation report, aimed to strangle it at birth before it was released, and then this four-week long campaign of derision as a substitute for actually engaging in a substantive policy rebuttal of its content.

The hardheads on their side know that we have punched through, and that the Australian public have a deep appetite for, a vision for, where our schools will be in 2010; where our universities will be in 2010; where our research institutes will be in 2010; will we have an ICT industry of any comparable international standing and competitiveness; will we become the world’s leader in biotechnology or just another also-ran, as we have become in ICT; and do we have the capacity to use our enormous scientific base to become world leaders in the delivery of environmental sciences to a world which is already suffering the ravages of environmental degradation? That is what the Australian public want to hear about.

Speakers from the government front bench stand up and snigger away that this is ‘noodle nation’, but they just show that they miss the point entirely. Labelling our document ‘noodle nation’ might be of enormous satisfaction and private jollity amidst those opposite as they retreat from the government benches to their comfortable ministerial suites, which they shall occupy but for a moment longer. Again I say to them: have a long, long conversation about what Mark Textor is saying from his research on your side. You will see that your rhetoric in this chamber and your failure to engage the substance of the knowledge nation debate is to your political detriment and ultimately to your political peril.

We had an extraordinary contribution to this debate just now from the member for Dunkley. He used this immortal phrase that the Labor Party, through its shadow minister Carmen Lawrence, was engaging in a ‘toxicity of negativity’. That is just terrific. Bruce has obviously spent the last week—

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The honourable member knows he should address the member correctly.

Mr RUDD—The member for Dunkley has obviously spent the last week or more with his thesaurus working on that one—a ‘toxicity of negativity’. That is something of which Disraeli in his poorer moments would have been proud. As Disraeli said, ‘Some in this chamber are occasionally inebriated by the exuberance of their own verbosity,’ and I suggest that the member for Dunkley has provided us with a living example today—‘toxicity of negativity’.

I simply confront the inherent logic in the proposition, or its illogic. What we have in this Knowledge Nation report—with its 20 sets of recommendations, and 94 individual recommendations in total—is a positive policy program for the nation’s future. How any speaker in this debate could say that this constitutes a ‘toxicity of negativity’, when it is a program for the nation for the next decade, defies elemental logic. What it demonstrates is that on the Liberal side the text is handed out—‘Okay, colleagues, this week we’re going to call it ‘noodle nation’. All of you should get up there and have a giggle, but, whatever you do, don’t engage in the substance of the debate about the recommendations because, “That’s off message”’. That is what Mark Textor has probably been saying to them. We have, I think, a petrified Liberal establishment opposite, determined to try to strangle this thing at birth. I have to say that it is alive and kicking and, by the time this election comes around, it will be around to get each and every one of you, including each and every one of your marginal seats.

The member for Dunkley also said, ‘Where is the Labor Party coming from with these questions?’ He seems to be puzzled as to whether we have a coherent program based on a point of philosophical departure from liberalism or neo-liberalism. Let me just enlighten the member for Dunkley on this single point. The Liberal Party’s view of research and development is this: one, government should absent the field; two, the magic of the marketplace should then ensue; and, three, through an act of mysterious,
spontaneous combustion, research and development will rise like a phoenix from the ashes and the Australian economy will power forward to a glorious future. I simply ask: where is the evidence of that in the last five years? I see none at all.

Our approach by contrast is this: this is a small country. It is a small economy; we are 19 million people in a world of six billion-plus people. We are the 14th largest economy in the world. We are only the fourth largest economy in East Asia. We are a small place and, because of that, we have no alternative but for government, unapologetically, to take the lead. That is how this country developed—by government taking the lead.

There is a second point as well, and it is this: when we talk about school education, when we talk about early childhood education, when we talk about higher education, when we talk about research and research institutes, we are talking about what economic theoreticians describe as public goods. These are public goods. These do not spontaneously combust from the market. If you absent government from the field, what you find, particularly in economies of small critical mass, is that they simply do not materialise. They absent the field. How did we actually end up with a public education system in this country? How did we end up with universal education? Because governments took the lead, particularly through the agency of the early reformist Labor governments in the 20th century across the Australian states.

The final point in terms of the member for Dunkley's presentation is this: he should really reread his Adam Smith on his side of the equation. Adam Smith argues that education and the delivery of that service is in fact a public good; it is something which the state must be intimately involved in. Our proposition, very simply, at that level is that we do not apologise for an up-front, strong and decisive leadership role by government in leading this nation in the direction of becoming a knowledge nation because, as Kim Beazley has said, 'If we are not a knowledge nation, then in the future we are simply a poor nation.'

We turn to what we have said in the Knowledge Nation report, and I would encourage those opposite engaging in this debate and the broader debate on it in the community to just engage in a moment of empiricism and actually read the document. I know it is a novel thought in this chamber sometimes—to actually read what we are talking about—but I encourage you to read this document and provide us with some reasoned responses. The member for Dunkley asked before: how is it that we could define underperformance on the part of the Australian economy against knowledge economy measures? I would refer him to page 21 of the Knowledge Nation report. We did not simply opine on that as a Knowledge Nation Taskforce under Barry Jones. We commissioned a group which comprised Considine, Marginson, Sheehan and Kunnick to come up with an index of Australia's investment in knowledge between 1985 and 1998. They stated:

The index is based on the latest OECD data and compares Australia to 11 other OECD countries. It measures spending on both the creation and application of knowledge, including public spending on R&D and software, and the development of knowledge capabilities of individuals, including spending on education and training.

That commissioned study found that:

While investment in knowledge in the selected countries—

across the OECD—

increased from 7.46 per cent of GDP in 1985 to 8.22 per cent in 1998, investment in knowledge in Australia fell from 6.47 per cent of GDP to 6.15 per cent.

In other words, the rest of the developed world is going upwards, and Australia is going in the reverse direction. That study also found:

In 1998, Australia was about 25 per cent lower in terms of investment in knowledge than the weighted average of the 12 countries, and nearly 30 per cent lower than the United States.

In other words, in the period under the current government, investment in the knowledge nation in this country is now lower than that of Sweden, France, Denmark, Finland, Norway, Canada, the UK, the USA, the Netherlands, Austria and Germany. We come out as the wooden-spooners. Those findings are not ours; they are the findings of
a professional study looking at the totality of measures of how this knowledge economy stacks up against its competitor states.

Let me turn to the performance of a principal sector of the knowledge economy—namely, our schools sector. Let us look again at some of these international measures. The report states:

Between 1996 and 1998, preschool participation in Australia declined from 24.1 per cent to 22.4 per cent, compared to the OECD country average of 39.6 per cent, and much higher levels of participation in Western Europe.

While Year 12 completion rates in Australian schools increased from 36.3 per cent in 1982—just before Labor came into office—to 77.1 per cent in 1992—after nearly a decade of Labor government—this increase has not been sustained and has been stagnating for a number of years. In 2000, the apparent retention rate for full-time secondary students from Year 7/8 to Year 12 was only 72.3 per cent.

That is, the 77 per cent back in 1992 has been reduced to the 72 per cent it is today. As far as universities are concerned, the report states:

Between 1990 and 1995, domestic student load in Australian universities rose by 19.2 per cent, but in the next four years to 1999, the rate of increase was slower, at just 10.2 per cent. In the year 2000—and this is a stunning statistic of which none of us in this chamber can be proud—the number of domestic students in Australian higher education system actually fell—it actually fell for the first time in living memory—from 603,156 in 1999 to 599,905 in 2000 ...

In 1998, Commonwealth funding constituted only 51.85 per cent of total university funding, down from 58.08 per cent in 1996.

The report states that, overall, funding per student is falling. In Australia it is now $29,000 per student, which is well below the OECD average of $35,000 per student. Cutbacks in Commonwealth funding for vocational education and training tell a similar story. It is calculated that this expenditure fell by a further 11 per cent in the two years between 1997 and 1999.

These international measures across our performance in school education, preschool education, higher education and technical and further education are replicated in the report’s analysis also of the economy’s overall relative performance on research and development, our overall performance in the key drivers of the new economy—that is, ICT, the new environmental science based industries and, most critically, the new emerging revolution, which is biotechnology.

An Agenda for the Knowledge Nation is a positive program for Australia’s future. The mob opposite have not come up with a single confronting idea that refutes any element of the policy program advanced in the Knowledge Nation report. We are proud of this document because it provides the basis for a strategy for government to turn this country into a knowledge nation in the year 2010 and for the 21st century. (Time expired)

Mrs VALE (Hughes) (11.34 a.m.)—I rise to support this bill, the Taxation Laws Amendment (Research and Development) Bill 2001. This important bill is about boosting innovation in Australia in general,
and boosting business innovation in particular. The vehicle to do this used in this bill is the provision of attractive taxation concessions. This bill is one of a series that puts into effect the government’s policy to actively encourage an innovative Australia that was outlined in the government’s innovation statement, Backing Australia’s Ability, that was released early in 2001. The policy contained in that statement was built upon the solid foundation of thorough consultation with the scientific, education and business communities. This and other bills giving effect to the government’s policy are well considered. They reflect the national consensus on the steps that should be taken to ensure the best future for Australia from innovation and technological development.

The taxation concessions in this bill are part of a package of measures worth $2.9 billion over the next five years that will be channelled into the scientific education and business communities. Although the measures contained in this bill will result in a cost to revenue over the five years of only $138 million, their importance and impact will be much greater. Whereas the scientific and education communities are largely the beneficiaries of grants and most of the expenditure, the incentives for the business community contained in this bill are mainly in the form of taxation concessions. There are several significant advantages to a company of a taxation concession over a grant awarded on a competitive basis. One advantage is that the concession provides certainty in forward planning, a key ingredient in any business plan. The other advantages of a taxation concession are that it is broad based in its application and that it is market driven.

This bill includes the introduction of a refundable tax offset for small companies that expend money on research and development, and a very real 175 per cent research and development tax concession for additional investment in research and development. The 175 per cent premium is expected to support about $4.3 billion in business investment in research and development over the next five years.

The bill also includes streamlining changes to research and development plant and to refine the definition of research and development. Small companies with an annual turnover of less than $5 million that spend up to $1 million a year on research and development will be eligible for a new tax rebate. The rebate is expected to provide up to 1,300 small Australian companies with an opportunity to access about $30 million in research and development related tax losses, and when they most need it—that is, during the early stages of their development and research growth. These measures to a large extent have been adopted from the recommendations of the National Innovation Summit that was held in Melbourne in February 2000. More than 500 participants spent two days brainstorming and exchanging knowledge and experiences, and the summit culminated in a comprehensive package of recommendations designed to enhance Australia’s innovation system. The summit was followed up by a high-level innovation summit implementation group, a group of experts who produced the final report called Unlocking the future. In introducing the section entitled ‘Generating ideas’, the final report states:

Continued generation of new ideas is essential for business growth in a globally competitive world. They lead to new processes, products and outcomes with commercial value. They generate new business opportunities, jobs, profits and enhance the wealth of the nation. To create ideas, Australia must seriously invest in research and development. We must maintain a world-class research base, operate in world-class facilities, and access world-class skills.

In essence, that is what this bill is all about. For business growth in a globally competitive world, companies must be encouraged to invest in the new processes and in new products and to seek innovative outcomes with commercial value.

In my electorate of Hughes a number of companies are responding to the challenge. One highly innovative company is Silex Systems Ltd, which is located at the Lucas Heights Science and Technology Park. That company has researched and developed its silex silicon and carbon enrichment project. The silex technology enables the cost-effective enrichment of natural materials, thereby creating new materials that have im-

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Another innovative company located at the Lucas Heights Business and Technology Park is Vita Medical Ltd, which is well advanced in developing the concept that both microaerosol and thrombo trace generators produce drugs that are effective in assisting the diagnosis and treatment of pulmonary embolism, deep vein thrombosis, asthma and other autoimmune diseases.

I have previously spoken in this House about another local company called SSH Medical Ltd, which has developed a revolutionary speculum used by doctors in the cervical examination of women. This speculum is called the Venus speculum, a soft rubberised doughnut-shaped instrument that significantly reduces the intrusiveness and discomfort caused to women by the old-fashioned duck-billed speculum that was used in such examinations. Used in the detection of cervical cancer, this innovative speculum has been widely welcomed by women across Australia and hopefully will encourage more women to undergo regular checks for cervical cancer. When one understands that each year over 300 women in Australia die from cervical cancer, this important innovation has the potential to save the lives of many Australian women and, when its export market is developed, the lives of many thousands of women all over the world.

Those are but a few examples from my own electorate of the sort of innovation and innovative investment that will produce new jobs and new profits for Australians. That is where the benefits of innovation flow on to the broader community. It is important to note that investing in company research and development, scientific research or education institutions each by itself will fall short in optimising the full innovative potential of our land and people. To achieve the maximum outcome from innovation, we need to recognise the interdependency of science, education and business and the synergy of such interdependency to fuel each other with ideas and skilled human resources.

Innovation goes back a long way in the history of Australia, and so too does investment in innovation. Some time ago, in a speech to the House on innovation and education, I outlined some of that history that can be traced back to the vision of one of our colonial statesmen, William Charles Wentworth, and his efforts to establish the University of Sydney in 1849. In the following century, the subsequent foresight of Prime Ministers John Curtin and Robert Menzies powerfully expanded and actively encouraged tertiary education in Australia for Australians. Their foresight has had an enormous beneficial impact which has propelled Australia into the international forefront of many scientific endeavours.

Turning to business innovation, in 1982 Prime Minister Malcolm Fraser established the Australian Science and Technology Council as an advisory body to government, and that led to the following Hawke government providing a 150 per cent tax deduction for research and development expenditure. The intention of the tax deduction was to promote research and development by business, but unfortunately it was also abused by some who used it as a tax dodge. Over a period, weaknesses were identified in the legislation by Federal Court and Administrative Appeals Tribunal decisions. Those weaknesses provided loopholes that broadened the scope of the concession beyond its intent, and partially destroyed its usefulness as an innovation tool. As a result, the poor application of the taxation concession contributed to the national debt of $80 billion that Labor governments compiled under Prime Ministers Hawke and Keating and it did not produce the desired outcome.

This bill contains provisions that are designed to eliminate the weaknesses of past research and development taxation concessions. It contains a clause that sets out the objects of the bill and a tighter definition of research and development activities. That will assist businesses, and perhaps subsequently the courts, to interpret what are eligible research and development activities and, just as important, what are not research and development activities. The object of the taxation concession is to make companies more internationally competitive by encouraging innovative products, processes and services.
Under this bill, activities are not research and development activities by definition unless they are carried on in accordance with a plan that complies with prevailing guidelines. To be eligible, such activities require at least one activity to meet the criteria of innovation and high levels of technical risk. I believe that the objects clause is the key to the success of this bill. It will ensure that the taxation concession will be gained from genuine and productive research and development activities and not from any prime intention of avoiding taxation. Australia’s total expenditure on research and development in 1998-99 was about $8.8 billion. As a share of GDP, it was 1.49 per cent, thereby placing it in the mid range of OECD nations. However, when it comes to business research and development, the share of GDP is lower than the OECD average.

Some people make quite a meal of the fact that we have slipped in ranking, but it needs to be borne in mind that rankings are always fluctuating within the 20 members of the OECD, from one measure to another. After all, they are the world’s strongest and most competitive economies that operate according to comparable rules. That said, one of the prime reasons the research and development ranking slipped in the late 1990s was that the government stopped the tax rorting related to business research and development when it came to office in 1996. In other words, the reported OECD level of research and development appears to have been inflated by tax dodging.

In consort with the rest of the $2.9 billion innovation package, this bill will restore and then surpass the previous level of genuine, productive research and development. It will then be a true measure of Australia’s innovative performance. Australians will be assured that business research must be primarily innovative in its activity and must involve high levels of technical risk, and that companies that undertake such research and risk are therefore deserving of a taxation concession.

One cannot help but reflect upon the levels of research and development attributed to other countries in the OECD to which Australia is often compared. However that may be, Australia must aim at quality research, at quality development and at quality businesses that, as the Prime Minister says, will allow us to punch above our weight. I read in a report in the Age that the chief executive officer of Ericsson’s Asia Pacific Lab, Mr Ric Clark, jokes of the day when technologists are paraded down Melbourne streets like winning Olympic athletes, ‘because they are probably contributing more to the country than the people winning the gold medals’. Without wanting to take anything away from the great sporting achievement of Australia’s athletes—because of their inspiration, confidence and hope they contribute significantly to the national psyche—there is something to be said for elevating to the same level the achievements of our innovating companies because they open doors to greater national prosperity for all of us.

As I said at the outset, this bill is just one in a series of bills that puts into effect the government’s policy for an innovative Australia. It is a progeny of the best and the most up-to-date thinking on a national innovation policy. As the Financial Review editorialised on 30 January this year, ‘Package gets balance right.’ It certainly does, and I heartily support this bill.
it and he does not try to understand it. He is trying to cover up the shortcomings of this government, because this government has an absolutely horrific record as far as R&D is concerned.

There is no doubt that we enjoy a high standard of living in Australia compared to world standards, and much of that can be attributed to our ability and readiness to embrace technology and innovation. Be it mobile phones, personal computers, the generation of electricity from solar energy, Australians have always shown themselves to be amongst the highest per capita consumers in the world of innovative products. We have developed world ranking scientists, engineers, surgeons, farmers and horticulturists. It does not matter where you go around the world, you will find a product that has been developed in Australia. That is the great thing about Australia when you consider that we are a relatively small nation.

However, when we have a look at the history of the Howard government, the research and development sector of our industrial base has been markedly in decline. Right from the election of 1996, money expended on research and development has declined. The attitude of ministers opposite has been that at some time in the future you would be able to simply turn on the tap and it would be there. That is not the case. When a research facility closes down, where do the researchers go? Do they sit there and wait? The answer is, of course, that they do not. They will go where there is a job, and if it is not in Australia, because of the global economy and because of global industrialisation, you will find them working in other parts of the world where they are valued and where they do get recompensed for their efforts. They certainly were not valued by this government over the past five years.

I have listened to members opposite. They do not comprehend what industry is all about. I listened to the Minister for Trade yesterday and, in typical fashion and full of bravado, he got up and he very proudly accepted the full responsibility for Australia’s car exports, particularly to the Middle East. Again, that encapsulates the attitudes of this government. To this minister, a car industry is something that you can simply turn on or turn off. It is not something that has been developed over the past two decades, and we remember all the hurt of the Hawke government when John Button redeveloped the car industry. Some older Australians would remember when cars, thank goodness, were first imported into Australia, because they were sick of driving their Holdens and their Falcons with the bench seat and the lino floor. They wanted the comfort of a small car with bucket seats, a push-button radio and carpet. Australian manufacturers would not give that to them but, because of the money that was spent in nurturing the car industry, we now produce cars of world standard.

I do not care where you go around the world, when you come back home and sit in your locally made product, be it from General Motors, Ford, Mitsubishi or Toyota—but made here—you appreciate that it is a world-quality vehicle. It was not developed this year; it was not developed last year; it was not developed in the last five years; it was developed over a long period of time. What the Minister for Trade did not tell us when he puffed out his chest yesterday was that, last week when the Prime Minister went to Japan to talk to Mitsubishi, Mitsubishi had pulled back from their half a billion dollar proposal for a new model to invest in Australia and, instead, gave him very much a second prize—and a very distant second prize—of $70 million, purely to reskin an old model. That epitomises the sort of thing you get when you have a government that is not prepared to invest in innovation and that is not prepared to allow companies like Mitsubishi to invest in research and development, which they need to do. If we want to keep exporting our cars to the Middle East, we must keep that level of investment going.

Let us compare ourselves with some of the industrial minnows of the world. The Treasurer likes to stand up and tell us how well Australia is going and how we are leading the world in capital growth. I read an article by Peter Ruehl in the Financial Review the other day. He was talking about Ireland, a small country of about 3½ million people. They have a GDP of 10.5 per cent per capita, compared with Australia’s 3.5 per
cent per capita. They have had an annual growth over the last seven years of over nine per cent. Why? Because Ireland have really taken research and development by the throat. They realised that, if they were going to break the shackles of their ties with the past, they had to be innovative and they had to invest. They did that, and they have been a world success story.

Mr Fitzgibbon—It could be because it’s a republic.

Mr HORNE—Yes, maybe it is the republican element in it that has created it. Or we could talk about Finland and Nokia. What an innovative company that is. You have only to look at small countries like that to realise that the brave are rewarded, but not Australia. Over the last five years all we can get is a government that is prepared to poke fun at ‘noodle nation’, a government that has slashed research and development funding. I listened to the minister for primary industry stand up and talk about our exports of primary industry. I take great pride in that too because, as a representative of a rural and regional seat, I know that there are beef producers, for example, whom I represent and who, for the first time in many years, are getting a return on their investment. I sold some cows and calves the other day and was very pleased. Let me say at the same time that, while it is very positive for one sector of our community, it also has a downside. The downside is that, because of our lower Australian dollar, we are expending far more than we should be on our high-tech imports. These are the sorts of industries that we should be developing ourselves, and we would be if we had a fair dinkum regime of R&D. But, we do not have it, and so we are paying more.

Madam Deputy Speaker Kelly, I know that there is an industry that is very dear to your heart in your other role as the member for Dawson—that is, fuel replacement. We know that in Australia over recent years there have been many complaints about the high price of fuel. Why? Because we either import it or pay world parity price for our local product, so we are captive of the world market. What an ideal environment has existed in this country to develop alternative fuels. Of course, I am talking about ethanol. For the last more than five years, the production of ethanol in Australia has, essentially, been put on hold, despite the fact that we have a world expert in Dr Russell Reeves, who happens to be a resident in the electorate of Paterson. His technology is being used all over the world, but not in Australia.

That is the tragedy of what is happening in Australia under this government. Yet, on the eve of an election, the government trot out a policy and think that it will immediately encourage research and development and the benefits from it. They forget the lead-in time that will be needed. They forget the years it will take for industry to pick up on any new concepts or ideas that may be turned into new products. It will not happen overnight, and that is where this government have condemned Australia to a downturn in innovation and in research and development. They have condemned Australia to be a nation that, as the former speaker said, is losing its ranking compared with other OECD nations. That is the tragedy of what this debate is all about. If the government think that Australian industry is going to give them a pat on the back for restoring something that they should never have got rid of almost six years ago, then they are wrong. History will show that what they did in 1996 was against the interests of Australian industry, against the interests of Australian people, and it will have a marked effect for decades to come.

Ms JULIE BISHOP (Curtin) (12.01 p.m.)—While the members opposite, including the member for Paterson, were lamenting this country’s record on research, development and innovation, and as they talked down this country’s efforts in that regard, the Minister for Industry, Science and Resources, Senator Nick Minchin, was announcing—just an hour ago—$16.4 million worth of research and development funding for innovative projects in my state of Western Australia. Twenty-seven innovative Western Australian companies have now received funding worth $16.4 million for research and development projects under the federal government’s R&D Start program for the 2000-01 financial year. This was an-
nounced at 11 a.m. today. Broken down, by industry sector, 10 projects in engineering and manufacturing received $5.3 million, 11 in the IT&T sector received $8.3 million, and, in the biological sector, six projects received funding of $2.7 million.

Nationally in all business sectors, 247 projects received funding today worth $202.7 million—an increase of over $25 million, compared with almost $177 million for 219 projects the previous year. These funding levels provide positive evidence of the government’s commitment to providing the necessary funding to Australia’s creative talent in the field of R&D. It reinforces the steps that the government has taken in the innovation area. This government is constantly working at making available to business and industry the most appropriate means of undertaking research and development and of commercialising their products. The contrast between what we have been doing, by virtue of the announcement by Senator Minchin today, and the lamentable talking down of this country by the members opposite could not be more stark.

I cannot allow the member for Griffith’s contribution to this debate to pass without comment. He lampooned the government’s response to this make or break ALP policy, Knowledge Nation. Let us assume that the government is being partisan about it. Let us just assume that the government does have a jaundiced view of the credibility of this Knowledge Nation policy. But let us see what others have said of it. If they do not accept that we have grave doubts about the credibility of Knowledge Nation, let us see what others have said.

Tim Colebatch, again, wrote in the *Age*:

My rough guess is that to implement the report’s wish list would require taxes to rise by about five percentage points of GDP, or $35 billion a year...That is not possible

Terry McCrann of the *Daily Telegraph* wrote:

It is difficult to think of something dumber than to unveil a plan that might cost up to $35 billion on some estimates, more than the GST, and leave everything hanging. Beazley has done precisely the wrong thing in not identifying what he would do, at what cost, and how it would be funded.

The editorial in the *Advertiser* asked, ‘Where is the money coming from?’ Tim Colebatch, again, wrote in the *Age*:

I doubt that this report will help.

It opts for a utopian approach rather than a practical blueprint. It is a vast wish list of everything the taskforce would like Australia to be, without any agenda on how to pay for it.

And we are criticised for not engaging in debate on this. Catriona Jackson wrote in the *Canberra Times*:

The doubling of spending on research and development would cost around $5 billion a year. To raise this sort of money the ALP would have to halve the defence budget or massively increase income or company taxes.

The Hobart *Mercury* stated in an editorial:

Since Knowledge Nation is unfunded and uncosted, the scientific community and Australian taxpayers face the big question: Where will the billions come from to pay for it all—

Michael Duffy wrote in the *Daily Telegraph*:

Just when you thought it might be safe to go back into the water and give Labor a go, another great cloud of Beazley waffle rolls in from over the horizon. The fact that it is unaffordable suggests they cannot do sums... Not a great asset in people aspiring to be the great educators of the nation.

Tony Boyd wrote in the *Australian Financial Review*:

If Beazley is serious about implementing the recommendations of his task force, he will have to embark on a fresh round of tax reform.

Jane Richardson wrote in the *Australian*:

As a whole, Knowledge Nation is politically undoable.

Stephen Matchett wrote in the *Sydney Morning Herald*:

For all the breathless optimism at what the future promises for an education-focused Australia, there are glaring gaps in Knowledge Nation, most notably how it could be paid for and how it would help individuals.

Simon Hayes wrote in the *Australian*, ‘The ALP’s Knowledge Nation report has failed to excite the IT industry.’ Ian Grayson wrote in the *Australian*: ‘The Knowledge Nation report sparks feelings of déjà vu followed by an uncontrollable urge to yawn.’ It goes on and on. Never mind the government’s approach to this undoable policy. The fact is
that the Labor Party needs to have a long, hard think about what it has been doing and what it has been saying in relation to Australia’s research and development commitment.

It is often said that politics is a matter principally concerned with perception, and perhaps never more so than in Australian politics today. In an age of mass media, with information consumers seen to be peeling off into apathy, disregard or a fragmented specialisation of interest, there is a real danger that some of the media of this country will come to generate its own reality. Whereas the chroniclers of a past age shaped that age’s future interpretations to meet their contemporary biases and interests, we now face the prospect of our contemporary chroniclers, our nation’s media, shaping not simply future but present understandings. This comes back to my point about the lie that is being peddled by the Labor Party over this country’s commitment to R&D and its achievements.

It seems that the Labor Party have encapsulated within their thinking a lie that is seemingly being peddled as a fact. For too long, a false evaluation has been made of Australia’s innovation and enterprise, more particularly of the Commonwealth’s contribution to it. For too long the Australian public has been treated to this contrived morality play in which a false barren present is somehow being contrasted with an equally false bountiful past. I am not shooting the messenger here. The Australian Labor Party are perpetuating these myths, and it is a sad reflection on their commitment to the betterment of this nation. The past that they keep talking about—the notion that, prior to the 1996 budget, Australian R&D and its practitioners enjoyed some kind of perpetual government supplied rapture—does not equate with the facts of the matter, yet this is the lie the Labor Party continue to peddle.

Pre-1996 business expenditure on research and development was 25 per cent lower as a share of GDP than the OECD average. Labor cannot run away from that. The poorly conceived 150 per cent tax concession for research and development threatened the financial stability of the Commonwealth at a time of massive deficit but failed to properly assist genuine research activities. The concession opened up public policy to gross abuse for tax minimisation purposes while, at the other end, the then government—the members opposite—was slicing $60 million in triennial funding from Australia’s premier public research body, the CSIRO. In the background, Australia’s manufacturing trade deficit increased from $7.7 billion to $26.2 billion by 1995. Investment in knowledge activities—the very stuff that this Knowledge Nation pamphlet supposes to consider—lapsed under the previous government.

In the decade that ended in 1995, our nation’s investment in knowledge fell from 6.47 per cent of GDP to 6.1 per cent of GDP. This represented a level of investment 40 per cent below Sweden, almost 33 per cent below Finland, over 25 per cent below the United States and 14 per cent below the United Kingdom. What is the source of these figures? It is the very report commissioned by the Leader of the Opposition and referred to by the member for Griffith, who failed to mention that, in the 10 years from 1985 to 1995—when Labor was in office—our investment in knowledge fell. Just as the visions of an idyllic past being sold to us by the members opposite are without foundation, so are the question marks some are seeking to place on our present circumstances.

It might surprise some listeners to this debate that in the government’s first budget—1996-97—at a time of calamitous fiscal deficit bequeathed by the departing government, public sector research funding was raised to its highest ever level in real terms. At 8.5 per cent of GDP, Australia has one of the best funded public research sectors in the world, ahead of nations like Japan, Canada, the United States, the United Kingdom and Germany. In the past five years, the Commonwealth has established the Prime Minister’s Science, Engineering and Innovation Council. We have seen the completion of the first comprehensive scientific capability review for many years. The R&D Start program has been built up from $735 million, with a further $338 million being made available to fund future project expenditure. Most importantly, the
Most importantly, the government’s industry and innovation policy, Backing Australia’s Ability, will stimulate research through: an additional $736 million for Australian Research Council competitive grants, representing a doubling of funding by 2005-06; a boost to research infrastructure funding by $583 million; the commitment of an additional $176 million for world-class centres of excellence in the key enabling technologies of information and communication technologies and biotechnology; $155 million for the support of investments in major national research facilities; the expansion of the Cooperative Research Centres program, with an additional $227 million in funding and a greater focus on access by small and medium enterprises. The expansion of this program is leading to quite exciting research outcomes.

The type of research, the level of cooperation and the synergy with different research institutions is really at the leading edge, and we should be proud of the companies—the small and medium enterprises particularly—which are engaging in this program.

There is increased funding for universities to upgrade their scientific and research equipment, their libraries and their laboratory facilities. There has been reform of the R&D tax concession, including the provision of a premium rate of 175 per cent for additional related R&D activities, which I will come back to in a moment. There has been the tax rebate equivalent to the R&D tax concession to help the growth of small companies in tax loss. Furthermore, Backing Australia’s Ability will accelerate the commercialisation of the product of research and development by expanding the Cooperative Research Centres program, which is a move that I applaud. A number of research institutes in my electorate of Curtin, particularly the University of Western Australia, are involved in a wide range of scientific endeavour within the CRC program.

Backing Australia’s Ability will lead to the doubling of the value of the Commercialising Emerging Technologies program to provide early assistance to firms to commercialise skills. A $100 million innovation access program will be introduced to help business access the best technology in science from Australia and overseas. A competitive pre-seed fund for universities and public sector research agencies will be established to help turn ideas into products and into jobs. There will be a doubling of funding for the biotechnology investment fund to encourage the growth of new biotechnology firms. There will be an extension and development of the commercialisation of new agribusiness products and services and technologies. The impact of the new business tax arrangements will be monitored. There will be a strengthening Australia’s intellectual property regime. All in all, Backing Australia’s Ability represents about a $3 billion investment over five years in Australia’s scientific and industrial future. How can the members opposite say with any credibility that the government is deserting the R&D field? That is nonsense. It is ridiculous to say that. But we know why they persist in doing it: they persist in talking down this nation.

One of the particularly important factors in Backing Australia’s Ability is the reform of the system of tax concessions for research and development undertaken. These reforms, which are the subject of the bill before the House, include: the tightening of eligible research and development activities so as to prevent unintended access to the concession through uneconomic and unscientific activities—and, in the wake of past Federal Court and Administrative Appeals Tribunal decisions that have done precisely the opposite, this is obviously needed; the provision of an effective life write-off of plant used for research and development purposes—a move that will, with the assistance of some amendments that I understand are being sought by the government, bring these plant expenditure provisions into line with the uniform capital allowance regime; the introduction of a refundable tax offset for use by smaller companies in a tax loss situation—which will clearly enhance the benefit of the R&D tax concession for small companies and improve their cash flow during their initial growth phase; and, as I mentioned previously, the introduction of a 175 per cent incremental concession that will enhance deductions for certain expenditure where the company concerned has increased its research and development expenditure beyond
a three-year average—the particular expenditure concerned being that which relates to labour related costs—which will have spillover benefits for the broader Australian economy.

This final measure, the 175 per cent incremental concession, represents an increase of $540 million in the Commonwealth’s contribution over five years to 2005-06. This will generate further research and development, while providing greater stability and certainty for companies involved with the concession. These measures are designed to give effect, in the tax concession sense, to the government’s strategy to encourage investment in business research and development. After the passage of this bill, the Industry Research and Development Board will seek to monitor the impact of the reforms, particularly the capacity of businesses to claim the premium concession. In this way, the Commonwealth will safeguard against any unintended consequences that plagued previous concession schemes. It is appropriate that the impact of regulation on business be monitored. Essentially, this legislation impacts upon companies undertaking R&D activities. In the long term, I think this will enable companies to better interpret what R&D activities are eligible and thereby encourage the use of strategic planning. The removal of the exclusive use test will enable companies to claim the R&D tax concession where plant is being used only partially for R&D, and that is obviously a sensible reform.

The bill and its reforms, together with the whole Backing Australia’s Ability package, put the lie to claims that Australian research and development, and, by extension, Australian science, industry and education, are ill-serviced by the incumbent government. That is not the case—the facts and the statistics bear out the reality. Australia has reason to be proud of its research and development record. The announcement today by the Minister for Industry, Science and Resources of $202.7 million worth of funding for innovative R&D projects clearly bears out the government’s commitment to providing the necessary funding to Australia’s creative talent in the field of R&D.

I would suggest that, instead of spending time constructing false pasts and mischievous presents, those sitting opposite ought to work with the government to ensure that Australia is well served by her politics, not handicapped by it. Is it too much to hope for a constructive contribution from the opposition? I commend the bill to the House.

Mr PRICE (Chifley) (12.19 p.m.)—I enjoyed the contribution on the Taxation Laws Amendment (Research and Development) Bill 2001 from my friend the honourable member for Tangney—

Ms Julie Bishop—Curtin.

Mr PRICE—Sorry, the honourable member for Curtin—the putative pretender premier of Western Australia. I think we can be thankful that today’s debate is not being broadcast, because on the one hand you have government members saying that this bill is something akin in significance to Moses bringing the tablet of the Ten Commandments down from the hill and, on the other, the opposition being trenchantly critical of the government’s performance. I think the people of Australia would be disappointed that, in the area of research and development, this parliament is unable to come together in a bipartisan approach—something beyond politics—in the national interest. I was fond of saying that, by and large, defence was such an area. We have seen the departure of Minister Moore, whom many considered perhaps the most incompetent Minister for Defence, and his being replaced by a defence minister whose sole objective is to make defence an issue of partisan policies—causing, I think, a reassessment of Minister Moore’s contribution.

We on the Labor side will always be very searching about issues of research and development. Fundamentally, the Labor Party is always concerned about jobs and people’s opportunities in life and we do not consider that workers are just hewers of wood and bearers of water. Research and development has always been important. I thought the central theme of what the member for Curtin was saying was that, in Labor’s time, business research and development was not very respectable by OECD standards. I think that is true. I do not think we have ever claimed
that it was magnificent. What we did claim was that there was a significant improvement in business research and development.

I was talking about the Labor Party’s commitment to jobs, and quality jobs. I can give an example from Western Sydney of just how contemptuous the government is about people from Western Sydney and their opportunities, and that is the savage cutback in the number of training places at universities for postgraduate students. There has been a cutback across the board; I am not saying that Western Sydney is somehow unique. But where it is unique is that the University of Western Sydney has the highest percentage of cutbacks in positions. This is a relatively young university, but 50 per cent has been cut: 341 places. It ranks second in terms of percentage, only outdone by the WA Catholic University of Notre Dame in the home state of the honourable member for Curtin. It ranks second in percentage terms and second numerically in places.

Here is a young university trying to build up its research and development and 50 per cent of those places have disappeared. I think it is an absolute tragedy for the gifted and talented young students from Western Sydney. We can talk as much as we like about research and development but the starting place for a lot of research, particularly fundamental research, is at the universities. If you are hacking and slashing in such a vindictive way at the University of Western Sydney, what future do we have?

I am very proud to come from Western Sydney. It has an economy of $55 billion a year and is the third largest economic region in Australia. But we have a serious problem with IT jobs in Western Sydney. For the rest of Sydney, 20 out of 100 jobs are in IT related fields. In Western Sydney, there are only four. Let me quote from Jim Bosnjak, the Chairman of the Greater Western Sydney Economic Development Board, someone I claim as a friend and I know others in this House claim him a friend as well. He said:

Sydney today faces the prospect of being fractured by the knowledge divide. The knowledge jobs and high tech investment are being led to inner Sydney, while the traditional support industries are being left to Western Sydney. This is a situation which must be addressed if both Sydney and Australia are going to realise their international potential for economic development and employment. Bold leadership from the government, innovative investments from industry and a united community are essential if Western Sydney is to maintain our mantle as an economic powerhouse. The doorways to change are our people and our land. The key to these doors is knowledge.

And what has happened in the University of Western Sydney? Fifty per cent of training related positions have been cut. There will be 50 per cent less this year compared to last year. That is an absolute disgrace.

I know a number of government members have spoken about the 150 per cent syndicated research that was provided by the Labor government. Government members claim that this was subjected to abuse, although I do not believe that they have really established that case. But I would not argue that it was fault free. All I say is this: if you talk to a number of innovators and entrepreneurs who got in there and developed companies—and not only developed in Australia but exported worldwide and often established company presences overseas—they will tell you that that 150 per cent R&D syndication was absolutely vital to the early years of their success. They spent on R&D not single digit amounts; it was not an argument about three per cent, five per cent or six per cent. They would spend 20 per cent, 30 per cent or 60 per cent of their revenue on research and development, and that 150 per cent R&D syndication was vital.

We often think of ourselves as the lucky country, and we are, but we are not so lucky that we can avoid opportunities that are presented to us, because they do not come back a second time. We do not get second chances at these things. The honourable member for Curtin quoted extensively from some newspaper reports. I would like to quote from an article in the Australian of Tuesday, 22 May by Jeremy Horey:

Our dollar is not languishing at just over S$US50 cents because the world is sick of hearing about our sporting success. Our dollar is low because we are slipping down the OECD rating in every single important economic indicator that has anything to do with innovation. We know that the
way to build a modern innovative and creative economy is to invest in education and in research and development. These two things provide the foundations on which to build a new economy, but there are other factors as well. We need to encourage people to take risks in starting new businesses. We need to reward those who succeed, not tax away their gains. We need to treat the capital gains of people who build new businesses in a special way.

And the article goes on. It is not the case that the federal government on its own, whether Labor or Liberal, by passage of legislation will single-handedly change the landscape. We cannot achieve things on our own but we can show the way and we can make investment. We need business and the research sector to assist and to participate and to be involved.

There are a few things I wanted to cover but I do not want to miss out on discussing the Technology, Employment and Learning Corridor—the TELC—in greater Western Sydney. I know that this will be of great interest to the Minister for Finance and Administration because he takes an interest in all things concerning Badgerys Creek.

This report—and I have the report here—was commissioned by Western Sydney Labor members of parliament. We asked the Greater Western Sydney Economic Development Board to develop a proposal that looked at creating a high-tech park on the Badgerys Creek site. They have put together an excellent report for us. This report has been endorsed by Labor members from Western Sydney and also by candidates. The 1,700-hectare site at Badgerys Creek is the largest single remaining site in Commonwealth ownership. This proposal looks at attracting those high-tech jobs that I was talking about. Remember that divide in Sydney: in Western Sydney only four jobs out of 100 are IT related; in the rest of Sydney 20 jobs out of 100 are IT related. We are not going to be able to address that overnight, but the board has been able to establish that, if a federal Labor government and a state Labor government got together and worked on developing this Technology, Employment and Learning Corridor, we could create up to 100,000 jobs directly and 300,000 jobs indirectly.

A spokesman for Deputy Prime Minister Anderson has said that the government supports the concept, but not at Badgerys Creek. The problem is that there is no other similar site. It would be a balanced development. In other words, it would not only have industry but also have some housing and some retail outlets. And it is not just about developing factories or employment centres but also about having facilities for learning, training and working all on the one site. I think it is an absolutely exciting proposal. I am confident that, when we complete our consultation with stakeholders in Western Sydney, we are going to get overwhelming support not only from the local councils but from the alliance of mayors, from WESROC, from the University of Western Sydney and I would hope from some other universities as well.

Yes, there would be some cost to the Commonwealth and, no, it is not documented, but this is not a feasibility study. Clearly, a feasibility study would need to be undertaken, but this report gives flesh to a real concept that creates an exciting jobs agenda in Western Sydney and also an agenda for Knowledge Nation. People in Western Sydney would see that this is a very appropriate use of these 1,700 hectares. After all, the government has decided not to proceed with making Badgerys Creek the default second airport site for Sydney and has decided to revisit the issue in 10 years time. Unfortunately, this has resulted in a huge opportunity cost in terms not only of the $155 million that has already been spent but of just leaving this land sitting idle when it could be creating and contributing to Knowledge Nation.

The foreword of the report contains a quote from Kim Beazley, the Leader of the Opposition, when he launched the Knowledge Nation report. He said:

Australia has two choices: We can be a Knowledge Nation or we can be a poor nation. To those who say we can’t afford to meet the challenge laid down by this report, I say we can’t afford not to. I commit the Australian Labor Party from today to the long-term agenda of this Report, and I pledge all my energies and my every working day to achieving it ... It says that Australia must be a leader and creator—not just a follower and user of other people’s ideas—if we are to succeed
in the new world we find ourselves in. We must create new industries, transform the old, and create jobs and future prosperity for every Australian. Becoming a leader in the 'knowledge world' will take a sustained national investment effort. I agree, and it will not be achieved overnight.

In the short time remaining, I want to refer to a couple of things. Firstly, as the chairman of the Ministerial Advisory Committee on Telecommunications Reform, I know that we were repeatedly told that all Australia could ever aspire to was to be a niche player in the communications field. I think there is some validity to that. I notice that others have mentioned Nokia, the company from Finland. If you believe that Australia, with two per cent of the telecom resources of the world, can only be a two per cent player, how does Nokia fit into that equation? Clearly, Nokia is a multinational company and has a stake far larger than the communications economy of Finland would suggest. I think too often we have tended to sell ourselves a little bit short.

In the program developed for communications equipment back in 1988, we actually had a mechanism for forcing manufacturers to spend at least five per cent of their turnover on R&D. This is a very modest figure, given that communications really is high-tech. As modest as that program was, it actually worked. They were forced to spend it, there was annual accounting and there was transparency. The industry plan which I wrote for the ministerial advisory committee looked to lift our exports in communications from something like $200 million—in 1992, of course—to $2 billion.

I know we never achieved $2 billion worth of exports. To that extent, people can be highly critical and say the plan failed. But I understand we achieved something like $1.6 billion of exports, and I do not see it as a real failure to lift exports from $200 million to $1.6 billion per annum. I understand that the momentum of those changes has now been significantly lost, more is the pity. I repeat that surely research and development ought to be an area where the major political parties can come together in a bipartisan way in the national interest. I fear that that is a dream. But I can promise the Australian people that the Australian Labor Party will never lose our passion for research and development creating the jobs of the future for our future generations.

The Taxation Laws Amendment (Research and Development) Bill 2001 is an important part of the framework of incentives that are provided by the Commonwealth to encourage private sector research and development. According to the second reading speech of the Parliamentary Secretary to the Minister for Industry, Science and Resources, who introduced the bill to the parliament, this bill outlines a range of new measures relating to tax concessions for research and development activities by Australian businesses and forms part of the government's Backing Australia's Ability package. I just make one perfunctory comment, that that particular package only restores $2.9 billion of the $5 billion in cuts that had already occurred in the area under this government.

The main amendments that are being proposed in this legislation include amendments to the tax law that create a premium rate of 175 per cent for additional research and development, the inclusion of an objects clause and some changes to the definitions of R&D activities, and a retrospective change to the manner in which plant expenditure is claimed. This particular element has been thoroughly analysed by the shadow minister, the member for Fremantle. The amendments also include the removal of the exclusive use test and the introduction of 125 per cent effective life write-off for R&D plant, and an R&D tax offset for small companies so that they can have access to the cash equivalent to the R&D tax concession.

The whole nation knows the Howard government's poor performance in this very important area of policy, an area that is important to the economic future of this nation. It is a source of disappointment that in the current global economic context any national government of any persuasion is responsible for or has presided over the largest decline in public sector research and development and the largest decline in private sector research and development. It is an extraordinary situation for Australia that, when we com-
pare ourselves with other growing economies around the world which are our major competitors in manufacturing, the provision of services and agriculture, we find Australia has slipped down the pole in a substantial way. The government must accept responsibility for that; the figures are there for all to see. Business investment in innovation spending and spending on R&D has fallen sharply. The decision the government made to cut the R&D tax concession from 150 to 125 per cent in 1996 has led to a decrease in business R&D as a percentage of GDP from 0.86 per cent in 1995-96 to just 0.64 per cent, according to our recent statistics. The disappointing thing about that decline is that it has occurred at a time of growth in the Australian economy.

Labor left this government an enduring economic legacy, and it is not the one that government members want to paint here day after day in debates. The legacy of Labor to this government was an economy growing at a rate of four per cent over four years. All the government had to do was continue that particular performance, and one would have hoped that with that economic growth would have come a maintenance of levels of private sector R&D expenditure. But it did not. And it did not because the government removed some of the incentives that were in place for the private sector to increase its R&D. The Prime Minister is very fond of presenting statistics in the wake of his statement on building Australia’s capacity that portray the government in the best possible light. I guess the Prime Minister would want to do that in a political sense.

The sad reality is that when we look at those things that underpin research and development and innovation in this country—and I am talking about educational expenditures in the higher education area, in the TAFE area and the primary and secondary sector—we find that the Commonwealth government has scaled down its expenditure. I want to compare the situation that the Prime Minister says exists now with Australia’s performance five years ago, because that gives us some idea of the dimension of how far Australia has slipped down the pole. The Prime Minister has said that the government investment in university education, at 1.09 per cent of GDP, is higher than the OECD average. We all know how averages distort figures. Be that as it may, what the Prime Minister does not tell you is that the equivalent figure in 1995 was 1.18 per cent. That is the real picture of where Australia has gone since this government has come into power.

The Prime Minister also says that the combined public and private investment in tertiary education, at 1.59 per cent of GDP, is above the OECD average. What he does not say is that the equivalent figure in 1995 was 1.67 per cent. We have slipped backwards in these critical areas that underpin our research and development and our innovation effort. I feel somewhat sad for government members who come into this House with their tails between their legs, trumpeting the government’s building Australia’s capacity package. What they should be saying—and they should be honest with themselves—is that they are rebuilding the capacity that they have destroyed. That is all they are doing. They are restoring the situation that Labor left them when they came to power in 1996.

As a general proposition, in regard to almost all of the significant policy areas and the problems that this nation confronts, the coalition follows the Labor Party when it comes to acknowledging the problem and postulating some solutions. We have seen it before on the issue of salinity. With all the resources of the government and all the promises that it made about developing policy in this particular area, when we asked why the government had not kept to its own timetable in this important policy area all we got from my counterpart the Minister for Agriculture, Fisheries and Forestry was, ‘The key ministers are busy. It’s very difficult to get them into the one room at the one time to discuss the problem.’ Those were his words. What an extraordinary statement from a minister who is responsible for one of the great problems that face Australia today.

It is the same on the republic. We had to drag coalition members into the ring, timid as they were, to take up a realistic position on Australia’s future. We can recall, of course, the then deputy leader of the coali-
tion government and leader of the National Party, Tim Fischer, traipsing around this country denigrating Labor members for the stand they had taken on the republic. Wouldn’t you believe that, just when he announces that he is leaving the parliament, he has this conversion on the road to Damascus in respect of Australia becoming a republic. So it is with creating a knowledge society in Australia. The bald reality is that we have had to lead you by the nose again. We will not have to lead you and push you into these areas in a few months after you call the next election, because you will be relegated to where you ought to be. Your rightful place is in opposition barking away at the periphery of these issues while Labor gets in and leads this parliament and the nation on them.

I noticed the Treasurer grinning like a hyena, in his unbelievable arrogance, when talking about our knowledge society. He has pilloried, as the Prime Minister has, my leader Kim Beazley for the leadership he has displayed since Labor went into opposition on this particular issue. We have finally elevated this issue to an important place in the minds of the Australian public. They now know that we have slipped as a nation, and they now know that there must be a massive investment in public sector research and development and a massive lift in private sector research and development if Australia is going to hold its place with other nations which are already far ahead of us and if we are going to create the sorts of opportunities on which our children and our grandchildren will rely over the next three decades.

The fundamental issue that we have to confront is whether we are going to be creators of new technologies—and we have some good form in that respect in our past—or whether we are going to be just users of new technologies. This is a major philosophical difference that exists between Labor and the coalition. We believe that Australians should be creators of new technologies. The Prime Minister really believes—and his statements on the public record show this—that we ought to be users. In my portfolio as shadow minister for agriculture, we have had in the past the extraordinary statement of the then agriculture minister, now Deputy Prime Minister, telling us that really our future as a nation was not in value adding to what we produce; it was basically in improving the quality of the bulk commodities that we exported. That is where our wealth was going to be generated—a matter of the public record. A deep philosophical divide now exists between Labor and the coalition in the directions that ought to be taken in this area.

The Knowledge Nation report which was submitted to Kim Beazley made many recommendations including: doubling Australia’s overall investment in research and development by 2010 to take us to the top of world ranking; targeting more of our R&D and commercialisation initiatives in key growth industries; building three national institutions of global standing in biotechnology, information technologies and environmental management; creating an institute for manufacturing as a centre for excellence for industry R&D; significantly increasing funding to the CSIRO and other leading research bodies; reviewing tax and other incentives for commercialisation of Australia’s ideas; making Australia a leader in online education; listing the provision of medical services to the rest of the world; ensuring that nine out of 10 young Australians leave their teens with a year 12 or equivalent qualification; significantly increasing the funding of universities and vocational education; increasing funding to the ABC; tackling the brain drain by building a database of all Australian researchers or business people living abroad and developing incentives to encourage them to return, including 1,000 new publicly and privately funded research fellowships. Those are recommendations that we have taken on board, and within the limits of our fiscal capacity—which is declining by the day, I might add, due to this government’s mismanagement of the budget process—we will attempt to put Australia on a course of action that will ensure our future in years to come.

I would like to make a few comments on the issue of the knowledge nation. If it ever applies to the survival of the sector, it applies in the area of my shadow ministerial responsibility of agriculture. The sector faces an enormous productivity challenge in the sec-
tor in coming decades. The land base has suffered substantial degradation which is now eating in a massive way into the productivity of the sector. Our urban centres are growing and our available landmass devoted to agriculture—in many areas very productive pieces of land—is now going into urban development.

There are two technologies that are having a massive impact on Australian agriculture: new information technologies and, of course, biotechnology. I will not go into detail here on the impact of those technologies on farm productivity in the future. Let me say, though, that the central challenge for Australian agriculture is to maintain productivity of a contracting and degraded land base in the face of substantial pressures that are upon it while also moving to a sustainable mode of production in coming years. At the heart of that productivity challenge is not only the skilling of farmers and better land use but also a more substantial research and development effort and the development of new innovative technologies and practices in the sector. Research and development effort is important not only in the production of agricultural products but also in the value adding sector. This is one of my great passions: the ability of the value adding chain to generate employment, to generate new ideas and to improve its productivity, because I know that, when we achieve that in the chain, farmers at the farm gate will receive a better price for what they produce.

In my own electorate, Geelong is a manufacturing city. Yesterday I met with members of the Geelong Manufacturing Council who plan to take Geelong to the next step in manufacturing. I commend Don Jessop, Alan McLean and David Peart for the work that they have done to establish strong networks in the automotive and textile industries that are central to our manufacturing performance. And I commend, also, the initiatives of Geelong’s education sector in concert with the City of Greater Geelong to establish Geelong as a learning city. We have great institutions in Deakin University and the Gordon TAFE and we have great adult education providers. We know that education forms the basis of our future in Geelong and we are prepared to invest in it. What is at stake here is not only the future of Geelong but also the future of our children. (Time expired)

Mr MARTYN EVANS (Bonython) (1.00 p.m.)—The Taxation Laws Amendment (Research and Development) Bill 2001 represents yet another of the stopgap ad hoc measures which this government has treated the people of Australia to in relation to research and development in this country. Since the government was first elected, it has proposed a series of simple and simplistic measures which, one at a time, in an ad hoc and serial fashion, have sought to address the vitally important question of research and development.

Let us turn our minds back to the early days of the first Howard government. When they came to office they mounted a sustained attack on science and research and development and higher education in this country. It was probably not, as has characterised their whole R&D policy, a coordinated process as a result of some deep-seated ideological or policy commitment to attack R&D and science; it was simply an ad hoc response to the circumstances in which they found themselves and the policy commitments which they had made on the run in relation to the political environment of the day. If we think back to that time, the Treasurer in particular and some of his erstwhile colleagues mounted a sustained attack on R&D policy in this country by seeking to demonise almost the policies which had been in place until that time because they wanted to make some savings in the budget process. So they attacked a number of the policy platforms which had been built up over the period of the previous Labor governments in relation to syndication, in relation to the R&D tax concession and of course in relation to measures like the Chief Scientist’s full-time position, so we saw a dramatic reduction in the R&D tax concession, from 150 to 125 per cent, and we saw the abolition of syndication, which allowed people to share the tax concession between those who had a policy idea for R&D and those who actually had the profitable taxation cash flow with which to sustain the development. It was often the
case, and is often the case, that those who have some of the early ideas, the early adopter ideas in relation to a new project, do not actually have the cash flow to benefit from an R&D tax concession, and syndication permitted that to occur.

There may have been some issues to be resolved about syndication but, rather than address those issues in a few isolated cases, the government simply abolished the whole policy plank. Combined with their dramatic attack on the R&D tax concession level, that resulted in the sustained fall in R&D investment by the business sector which we have seen almost every year of the Howard government in office since then. So clearly they sent the market signals which they intended to send to business in this country because the business community certainly responded to those market signals by dramatically reducing their investment in R&D. When you combine that with the Howard government’s attack on university R&D infrastructure, and of course the other underlying areas of ARC investment and NHMRC investment, some of which has subsequently been recouped—and I will go on to talk about that—we saw that sustained fall in business investment in R&D, coupled with the attack on public sector agencies such as CSIRO, AIMS, ANSTO and AGSO, Geoscience Australia, the other important and vital public sector research agencies, which of course has been reflected in those agencies’ inability now to expand and meet the rising needs of R&D in Australia. This bill is just the continuation of that ad hoc response.

What have we seen the government do in response to those dramatic falls in R&D? I might say that these were some of the first falls in almost 15 years because there was a continuing rise in this investment throughout the Labor Party’s period in office, but we have seen a continuing fall since this government assumed office. Eventually, this fall percolated through to the Prime Minister and the Treasurer and they recognised the impact which this would have on future investment in Australia and businesses’ ability to respond to the changing needs of our society. Of course we then had the innovation summit. At the innovation summit the Prime Minister asked this country and the parliament to judge him on his record in these areas. We have now had the opportunity to do that, and I would say that the country, the business community and the parliament will form a very harsh judgment, as will history, on the impact of the Howard years—let us hope there are in total only six or seven of them—on business and public sector investment in R&D, because the impact has been very bad indeed. I am not sure whether the Backing Australia’s Ability statement arose from the innovation summit or not because, like most of these things, the government has treated them as one-off exercises and not as part of a sustained series of policy development proposals, as needs to be the case.

Subsequent to the innovation summit, if anything arose from that at all it was that business made clear the impact which the government’s policy—or lack of it—in R&D terms had had on their ability to invest in the future of this country. Of course the subsequent development of the Backing Australia’s Ability statement partially restored some of the funding which had been lost to R&D over the first period of the Howard government. They spent the first three or four years taking money out of the system—from universities, and through the R&D tax infrastructure from all of those areas of public sector and private sector investment. The Backing Australia’s Ability statement then restored about three-fifths of what they had taken out. When you look at the sum total of that combined with the recent budget statement on selected areas of R&D investment, some of which is reflected in the bill before us today, you see that we are now back to levels which the Labor Party had succeeded in generating in the early 1990s.

Under this government we have seen that sustained attack on R&D leading to business investment and national investment in R&D declining in its ability to deliver results for this nation. We are back to those levels of the mid-1990s in terms of the percentage of GDP which we invest in R&D. History’s indictment of the business community’s response to this government’s policy initiatives is that they have failed to invest, as has the
government itself, in the future of our country, in the future of R&D.

What is the Labor Party’s response to this? We have always recognised the importance of public and private sector R&D in developing future agendas for this country. Recently the Leader of the Opposition, Kim Beazley, recognised this in a comprehensive manner by establishing the Knowledge Nation Taskforce, which has produced a report. The task force was chaired by Barry Jones. I was the deputy chair of that committee. We had the benefit of the input of a number of leading business figures in this country, not on the basis of their commitment to the ALP but on the basis of their commitment to research and development, to education and to understanding the ways in which that investment commitment by the country can lead to high wage, high skilled jobs in the future.

The government’s response to that has been—this has been a consistent theme—to seek to ridicule and demonise research and development as a policy commitment, as they did in the early days of their response to the R&D tax concession. Indeed, we see the Treasurer in a most arrogant fashion referring to it as ‘noodle nation’, while chortling hysterically in the parliament during question time. If the Howard government’s best response to a policy commitment to the knowledge nation, to R&D and to education is to treat it with ridicule, if their best response is to look at it and simply say, ‘We’re not going to respond to this seriously,’ then I think that really reflects their lack of commitment to developing a sound R&D policy in this country.

If they actually understood the importance of this, if they actually understood the negative impact which their policies have had, they would not respond to a serious community led development in this area—which is what the Knowledge Nation report is—with the kind of arrogant response we have seen from the Treasurer and the lack of response which we have seen from the Prime Minister. They would respond in serious political terms. They would attempt to develop a response of their own. They would attempt to develop a policy commitment of their own. They have failed to do that. In his response to GST criticism, the Treasurer often likes to criticise our response by drawing a comparison with developing countries like Swaziland and Botswana, countries without a broad based GST. The reality is that he is drawing the same kind of comparison to his own R&D tax policies, to his own investment in research and development, because he is leading us down the path of those kinds of economies, not the kind of economy which Australia needs to become. This government can invest massive amounts in the housing industry through the grants scheme—which is now blowing out, as we see in the budget figures and in the press commentary today—and massive amounts in the private health insurance rebate. All of these things are worthy in their own way, but we see the government respond in these areas and we do not see it respond in the area of research and development.

That is a critical gap in their policy thinking. Without that investment in education, Australia will not have the kind of high wage, high skill job future which we would want to see for our children. If we look at our investment as a country in knowledge as a percentage of GDP, we can see that it is falling consistently. In 1985 we were at 6.47 per cent. In 1988, the latest year for which figures were available, we were down to 6.15 per cent. Ranking Australia in the context of our OECD colleagues, we find that Sweden is up at 10.83 per cent investment and the United States is at 8.7 per cent of its GDP in knowledge industries. Australia, as I say, is back at 6.15 per cent of GDP compared with a weighted average for the OECD countries of just over 8.2 per cent. That is a serious gap for Australia and one which we must address if we are to take this commitment seriously. Our ability to respond in these areas is the most serious commitment we can make for the future of the country.

This government built up the taxation department with some 3,000 new employees following the introduction of the GST—a figure which has now fallen, I understand, to something over 2,000 new employees. In that same time period—and this is the most damning statistic that I have seen of this
government—it has allowed the CSIRO’s payroll to fall by some 1,100 staff. The government’s commitments to replenishing the Public Service in this country have gone on a priority for the tax department to implement their new tax policy, yet at the same time it has allowed organisations like our premier scientific research organisation at the public sector level, the CSIRO, to fall by 1,100 staff. That is a juxtaposition which I am sure the public would be appalled by and which the Prime Minister, when I asked him a question without notice in the House in the dying days of the last session, was almost completely unaware of. Geoscience Australia—AGSO—have had their budget trimmed to the point where their staffing has also fallen significantly. Yet that is an agency, like CSIRO, which can deliver enormous value added responses to our national budget. When you invest in organisations like CSIRO and AGSO, they are able to deliver a substantial return to the Australian government and to business in this country because they develop the new technologies, the new techniques, which make us competitive in a globally competitive world. Without that investment, we will surely slip even further in the knowledge nation stakes. We will slip even further in investment in education. Our potential to recover as a nation from the ‘Pacific peso’ status which we now enjoy will be even more restrained and we will not be able to respond to the demands of the knowledge economy of the 21st century.

Right now our fifth biggest mining export is mining intellectual property—mining software and intellectual property associated with mining. So our so-called old economies are responding to this challenge. Without the support of the public sector investment and without the support of the appropriate taxation regime, they will not be able to do that. The bill before us today does not advance this agenda one iota. Indeed, it is a complex and tricky measure—which is what you would expect in this context from the government—and one which almost seeks to take back as much as it delivers. My colleague the shadow minister for industry, in her opening remarks, has amply demonstrated that. Business will soon lose interest in their ability to be supported by government when the bureaucracy associated with this is so complex and when the returns associated with it are so low. While the government seeks to convey a view that it is supporting premium R&D in this country, the reality is that the overall investment statistics are declining. That is what we have to see as the defining characteristic of this government’s term.

This is the government which has given us a part-time Chief Scientist—although one with a significant personal commitment, I know, to science in this country. It has largely ignored his groundbreaking report. It has allowed our business commitment to R&D to slip even further. In a series of ad hoc responses, it has failed to deliver a nationally coordinated R&D strategy. I regret that the judgment of this parliament, the judgment of history and the judgment of the Australian people on the Prime Minister’s request to judge him on his record will be a damning response of a failure to acknowledge the importance of the knowledge nation, a failure to acknowledge the defining agenda of the 21st century and a failure to position Australia appropriately to benefit from that agenda.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (1.15 p.m.)—First of all, I would like to thank all participants in this debate. I will refer to the comments of the member for Fremantle regarding the decline in Australian spending on R&D. What the member has failed to note is that there has been very strong growth in GDP which has affected R&D as a percentage of GDP. The opposition would probably prefer lower growth in GDP so the percentage of R&D would look better. But it would not be better at all, and the government is concerned with making R&D better, not making it look better. It also should be noted that the government has completed and is now implementing a comprehensive framework to build R&D and innovation outcomes through Backing Australia’s Ability. This is being done very much in partnership with industry. The member for Fremantle also criticised the government’s dropping of the R&D tax concession from 150 to 125 per cent. Simply
reinstating the 150 per cent R&D concession would be at a huge cost to revenue, with no industry commitment to increase the level of R&D. It would simply be throwing money at the problem with no underpinning rationale, and the benefit would go to R&D that occurs anyway. What the government is doing is introducing a targeted 175 per cent R&D concession for extra R&D, and this will be much more effective and strategic than an across-the-board concession. It will be additional R&D, and it is a true incentive, which is certainly what this government is all about.

The member for Fremantle also criticised the change in the definition of R&D. This is a minimal change which does not increase the hurdles for either innovation or high levels of technical risk. The change is directed towards a small number of marginal R&D claims that do not meet the policy intent of the R&D concession. The Industry Research and Development Board has indicated that in its view the vast majority of R&D activities that currently qualify for R&D tax concession will continue to qualify under the proposed definition. Change is about closing the gate; it is not about raising the hurdle. The board is an independent body. It has also indicated that whatever party were in Canberra it would make the same recommendations to change the definition of R&D so as to protect the integrity of the concession. I ask: would the member go against the recommendations of an independent body where such a recommendation is made to protect the concessions?

Finally, the amendments that the member for Fremantle has proposed criticise the retrospection of this legislation. It is correct that this legislation contains some retrospective provisions concerning plant. These changes are favourable to taxpayers and are being implemented at the request of industry to bring the law into line with industry practice. The member could always move an amendment to this, but taxpayers claiming the R&D concession would certainly suffer.

The member for Griffith actually defended Knowledge Nation. It is interesting to note that he stated that this was in fact ALP policy. I wonder whether the opposition leader knows that Knowledge Nation is in fact ALP policy? He certainly has not declared that it is at this stage. You have to ask the question: why is that the case? Why hasn’t it been declared as policy? I would suggest that that is because it is a messy, unfunded wish list with no foundation in reality. You can promise the world but at the end of day you certainly will not be able to deliver.

The Taxation Laws Amendment (Research and Development) Bill 2001 contains changes and additions to research and development tax concession. These were announced by the Prime Minister on 29 January 2001 in the Backing Australia’s Ability package. These measures are designed to encourage investment in business R&D. Broadly, the bill tightens the definition of R&D activities to prevent unintended access to the concession. It introduces effective life write-off for plant used in R&D activities. It makes changes to the manner in which plant expenditure is claimed so that taxpayers can claim the concession for plant which may ultimately be intended to be used for non-R&D purposes. To assist small companies, this bill introduces a refundable tax offset so that small companies do not have to wait until they have enough income to take advantage of a tax deduction. Finally, the bill introduces a premium of 175 per cent concession for R&D expenditure above the last three-year expenditure average. This is greater than the normal 125 per cent concession for R&D. It is a huge incentive for increased R&D expenditure. These measures are designed to give a more focused and effective concession to give effect to government strategy to encourage research and development in Australia. I commend the bill to the House.

Question put:
That the words proposed to be omitted (Dr Lawrence’s amendment) stand part of the question.

The House divided. [1.25 p.m.]

(Mr Deputy Speaker—Mr C. Hollis)

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**PAIRS**

| Howard, J.W.       | Beazley, K.C.      |

* denotes teller

Question so resolved in the affirmative.

Bill read a second time.

**Consideration in Detail**

Bill—by leave—taken as a whole.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (1.30 p.m.)—I present a supplementary explanatory memorandum to the bill. I ask leave of the House to move government amendments 1 to 26 as circulated together.

Leave granted.

**Mr ENTSCH**—I move:

1. Schedule 2, item 54, page 50 (line 4), after “73BA”, insert “or 73BH”.

2. Schedule 2, item 54, page 50 (lines 8 to 10), omit paragraph (c), substitute:

   (c) no deduction:

   (i) is allowable to the eligible company under section 40-25 of the *Income Tax Assessment Act 1997* for the asset for any year of income; or

   (ii) was allowable to the eligible company under section 42-15 of the *Income Tax Assessment Act 1997*, as in force before its repeal by the *New Business Tax System (Capital Allowances)* Act 2001, for the asset for any year of income; and
(3) Schedule 2, item 54, page 50 (line 24), after “73BA”, insert “or 73BH”.
(4) Schedule 2, item 54, page 50 (line 33), after “deduction”, insert “or a notional Division 42 deduction”.
(5) Schedule 2, item 54, page 51 (formula before line 2), omit “Division 40 deductions”, substitute “Division 40/42 deductions”.
(6) Schedule 2, item 54, page 51 (line 10), omit “Division 40 Deductions”, substitute “Division 40/42 deductions”.
(7) Schedule 2, item 54, page 51 (line 11), after “Division 40 deductions”, insert “or notional Division 42 deductions”.
(8) Schedule 2, item 54, page 51 (line 26), after “section 73BA”, insert “or 73BH”.
(9) Schedule 2, item 54, page 51 (line 32), after “section 73BA”, insert “or 73BH”.
(10) Schedule 2, item 54, page 53 (after line 2), after the definition of notional Division 42 deduction, insert:
notional Division 42 deduction has the meaning given by section 73BJ.
(11) Schedule 2, item 61, page 55 (line 17), after “73BA”, insert “or 73BH”.
(12) Schedule 2, item 61, page 55 (lines 20 to 22), omit paragraph (d), substitute:
   (d) no deduction has been allowed or is allowable to the transferor in respect of the asset under:
      (i) Division 40 (capital allowances) of the Income Tax Assessment Act 1997; or
(13) Schedule 2, item 79, page 59 (line 11), after “section 73BA”, insert “or 73BH”.
(14) Schedule 2, item 79, page 59 (line 23), after “73BA”, insert “or 73BH”.
(15) Schedule 2, item 79, page 59 (line 32), after “that”, insert “when you used it either for a taxable purpose or for”.
(16) Schedule 2, item 79, page 59 (line 34), omit “is a taxable”, substitute “you used it for a taxable”.
(17) Schedule 2, item 79, page 60 (line 2), after “73BA”, insert “or 73BH”.
(18) Schedule 2, item 79, page 60 (line 5), after “73BA”, insert “or 73BH”.
(19) Schedule 2, item 79, page 60 (line 9), after “73BA”, insert “or a notional Division 42 deduction (within the meaning of section 73BJ)”.
(20) Schedule 2, item 79, page 60 (formula after line 14), omit “Division 40 deductions”, substitute “Division 40/42 deductions”.
(21) Schedule 2, item 79, page 60 (line 24), omit “40 deductions”, substitute “40/42 deductions”.
(22) Schedule 2, item 79, page 60 (line 25), after “deductions”, insert “and notional Division 42 deductions”.
(23) Schedule 2, page 61 (after line 9), after item 81, insert:

81A After subsection 104-235(1)
Insert:
(1A) However, subsection (1) does not apply if you are an eligible company (within the meaning of section 73B) of the Income Tax Assessment Act 1936 and the #depreciating asset is a section 73BA #depreciating asset (within the meaning of section 73BB of that Act).
(1B) CGT event K7 also happens if:
   (a) you are an eligible company; and
   (b) a #balancing adjustment event occurs for a section 73BA #depreciating asset you #held; and
   (c) at some time when you held the asset:
      (i) you used it other than for a taxable purpose or the purpose of the carrying on by or on behalf of you of research and development activities (within the meaning of section 73B of the Income Tax Assessment Act 1936); or
      (ii) you had it installed ready for use other than for a taxable purpose.

Note:The heading to section 104-235 is altered by inserting “and section 73BA deprecating assets” after “deprecating assets”.

81B Paragraph 104-235(4)(a)
After “#depreciating asset”, insert “or the section 73BA #deprecating asset”.
(24) Schedule 2, page 61, after proposed new item 81B, insert:

81C Subsection 104-240(1)
Omit “#depreciating asset’s #termination value”, substitute “#termination value of the #depreciating asset or the section 73BA #deprecating asset”.
81D Subsection 104-240(1) (definition of sum of reductions)

Repeal the definition, substitute:

*sum of reductions* is the sum of:

(a) in the case of the *depreciating asset*—the reductions in your deductions for the asset under section 40-25; or

(b) in the case of the section 73BA depreciating asset—the reductions that would have been required under section 40-25 (including as applied for the purposes of section 73BC of the *Income Tax Assessment Act 1936*) on the assumption that when you used the asset either for a taxable purpose or for the purpose of the carrying on by or on behalf of you of research and development activities you used it for a taxable purpose.

81E Subsection 104-240(1) (definition of total decline)

After “*depreciating asset*”, insert “or the section 73BA depreciating asset”.

81F Subsection 104-240(2)

Omit “*depreciating asset’s cost*”, substitute “*cost of the *depreciating asset or the section 73BA depreciating asset*”.

(25) Schedule 2, page 61 (after line 11), after item 82, insert:

82A Subsection 118-24(1)

Omit “*depreciating asset is*, substitute “*depreciating asset or a section 73BA depreciating asset (within the meaning of section 73BB of the *Income Tax Assessment Act 1936*) is”.

Note: The heading to section 118-24 is altered by adding at the end “and section 73BA depreciating assets”.

82B Paragraphs 118-24(1)(a), (b) and (c)

Omit “a depreciable asset”, substitute “an”.

(26) Schedule 4, item 5, page 81 (line 27), omit “or 73C”, substitute “or 73CB”.

These amendments make minor changes of a technical or clarifying nature. The amendments will ensure the R&D tax concession operates as intended.

Amendments 1 to 10 amend section 73BF by inserting various references to section 73BH, a reference to division 42 deductions and references to notional division 42 deductions. These technical amendments ensure that section 73BF, the balancing charge provision, operates as it was intended by including in the balancing charge calculation the amounts notionally under division 42.

Amendments 11 and 12 amend section 73EA, which provides rollover relief in certain circumstances. These amendments extend the rollover relief so that it is available where a deduction has been allowed for the asset under section 73BH and where no deduction has been allowed for the asset under division 42.

Amendments 13 to 22 amend sections 40 to 292, the balancing charge provision which applies on the disposal of an asset which has been used for both R&D and non-R&D purposes. These amendments insert references to section 73BH, notional division 42 deductions, and to taxable purposes. These various amendments ensure that all the deductions which represent the assets’ decline in value are taken into account in determining the amount which is added to or subtracted from an eligible company’s income.

Amendment 23 amends section 104 through to 235, which provides for a new CGT event K7. The amendments ensure that depreciable assets used in R&D activities for a non-taxable purpose are not caught under the CGT event K7. This has the effect that a CGT calculation will not be required where the asset has been used for both a taxable purpose and for the purpose of carrying on R&D activities.

Amendment 24 amends subsection 104 through to 241, which provides a formula for determining a capital gain or loss on a CGT K7 event, as depreciable assets used in R&D activities are not subject to CGT. The amendment ensures that the disposal of such assets will not result in a capital gain or loss under the formula.

Amendment 25 amends subsection 118 through to 241 which excludes certain assets
from capital gains tax where those assets are subject to the balancing adjustment event on disposal. The amendments include a reference to a section 73BA depreciating asset ensuring that R&D depreciating assets continue to be excluded from the capital gains tax provisions. Finally, amendment 26 amends the note on section 73Y. The note currently contains two references to section 73C. The latter reference should be to section 73CB.

Dr Lawrence (Fremantle) (1.35 p.m.)—These amendments, as I indicated in my speech during the second reading debate today, were provided to the parliament very late yesterday evening. I understand the exigencies of government but in an area as complex as this I think that is entirely unsatisfactory, not least because it does not enable the opposition—or anyone else, for that matter—to comprehensively examine the impact of these changes. It may be that they are entirely benign, as the Parliamentary Secretary to the Minister for Industry, Science and Resources, who is at the table, has suggested. But there may be unlooked for effects that have not been calculated by the government or its department. It would not be the first time that that had happened.

Mr Entsch—Trust me.

Dr Lawrence—I am not suggesting any conspiracy on the part of the parliamentary secretary at the table. Rather, I note that this is a very unsatisfactory way of proceeding. I also indicated when I spoke this morning that it was surprising because when we contacted the responsible minister’s office last evening we were informed that his office itself was not aware of these amendments. That gives me even more cause for concern. The amendments seem to have come via the office of another minister—in this case the Assistant Treasurer—without reference to the responsible minister.

As I also indicated this morning, this gives rise to a serious concern about the effectiveness of DISR in ensuring that research and development is conducted in Australia in a way that is beneficial to industry and not simply compliant at a technical level with certain expectations that the tax office may have. Although I will not be in any way voting against or undoing these amendments, for that reason and because of the complexity of the bill we are very keen to ensure that it gets an examination in the Senate—and that will include these amendments. We will be encouraging the various people who have contacted us, including people from accountancy firms and from industry, to make presentations to that committee, should the Senate agree to it, to ensure that unlooked for consequences that may well flow from tax changes as complex as this are not overlooked and are well understood by the government. Equally, if there are further amendments that could be made to improve this bill, particularly its complexity, then I would be very keen for that to be achieved. As I also said this morning, this is a very important matter for this country. These amendments and the bill itself may look benign enough at one level, but we are already picking up some pretty serious consequences for players in the field whom we would want to encourage to undertake R&D. It is fairly clear that some of them will be excluded by these provisions. Those exclusions do not seem to have been taken into account in the development of this bill.

The government says it intends to increase R&D in Australia. Our very real concern is that that will not be the result of these actions. That is really pretty much what I wanted to say, but I have to say that I am conscious of the fact that our next speaker for the second reading of the bill has not yet returned to the chamber. He is watching on the monitor perhaps, but he is not in here. I will conclude my remarks by simply saying that we look forward to the Senate examining these and other changes enacted by the bill and the amendments, because we are very keen to ensure that the provisions do support and assist rather than hamper industry R&D.

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Bill (on motion by Mr Entsch)—by leave—read a third time.
STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 2001

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

Mr LEE (Dobell) (1.40 p.m.)—Perhaps at the very beginning I will move the second reading amendment that the opposition wishes to place before the House. 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 condemns the Government for:

(1) misusing the issue of literacy for political advantage;
(2) manipulating statistics about literacy achievement; and
(3) providing $145 million to wealthy category one schools which could have been better used improving literacy for students in government and needy non-government schools”.

This legislation implements an announcement in the May 2001 budget which was described as ‘Improving schooling outcomes’. According to the Minister for Education, Training and Youth Affairs in the press release he issued on budget night, $36.9 million was being provided for the period 2001-02 to 2003-04 for literacy and numeracy funding. The minister claimed in his budget release that $36.9 million was being provided for literacy and numeracy funding over that period to support the government’s national literacy and numeracy plan. The problem for the government is that this legislation in many ways sums up the problem with this minister. Here we have a budget announcement claiming that $36 million extra is being provided to help improve literacy in schools across the country, but it is only when you read the fine print that you find buried away at the back of Budget Paper No. 2, under the heading ‘Improving schooling outcomes’, we have how much additional expenditure in the year 2001-02? Zero dollars. How much in 2002-03? Zero dollars. How much in 2003-04? Zero dollars. How much in 2004-05? Zero dollars. What we have is the minister issuing a press release on budget night saying that the government was providing an extra $36 million to improve literacy and numeracy in schools, but buried away in the fine print of the budget papers is the confirmation that the government had already provided the funding for this very program.

In many ways, this legislation sums up exactly this minister’s approach to literacy. It is all about smoke and mirrors. It is all about rebadging existing programs and seeking to claim credit as though these were new program funds to help make a difference in our schools. It is all about smoke and mirrors, rather than actually facing up to the issues that need to be addressed. In many ways, this is nothing new. We have a minister who has sought to use literacy to score cheap political points rather than face up to the tough issues of working with state governments of whatever political complexion, rather than face up to the tough issues of working with teachers, principals and parents to actually help lift the literacy standards for students in schools across the country. The reason this minister has sought to score political points from literacy is that he has created in his own mind a complete and utter fiction. This fiction goes back to the Keating government years when Working Nation allocated $2.6 million in 1994 to the National School English Literacy Survey. This was an attempt by the then Labor government to collect nationally comparable data on literacy achievement. It allocated specific funding to early literacy programs. This survey duly collected the data in August and September 1996 in government and non-government schools, and the results were published in *Mapping literacy achievement*.

Page 6 of the introduction to this report summarises the findings. It shows that four per cent of year 3 students were assessed as being below the range of achievement estimated to contain the draft benchmark for reading, and six per cent were below the required range for writing. There were continuing discussions at that time between the Commonwealth and the states about what
was the appropriate benchmark. These were not the literacy results that the incoming minister for school education, David Kemp, wanted to hear. So, having received a report commissioned in 1994 saying that there was not a literacy crisis in Australia, the minister decided that he wanted different results. So he sent the same data back to be reprocessed because they were not, as I say, the results that he wanted to hear. He commissioned a separate report called literacy standards in Australia, which classified students as being above or below an arbitrary line that he determined, an arbitrary line that allowed the minister to make different conclusions to those from the earlier report.

This is the report that the minister for education continually refers to both in this House and in comments he makes in media around the country, which he uses to justify the claim that, in 1996, 27 per cent of year 3 students failed to meet the minimum acceptable literacy standard—or, as further evidence of his innumeracy, we have the minister exaggerating even that claim to state that, in his opinion, one-third of Australia’s students could not read and write properly in 1996. That is the claim that he makes.

The problem for this fantasy is that you cannot seek to survey the literacy of Australian students and get one set of results saying that there is no literacy crisis and simply reprocess that data and reach a conclusion that there is a literacy crisis unless obviously someone has done something very manipulative in working out how to determine whether or not students have an adequate standard of literacy. What this was all about was an appearance by this minister for education on the 60 Minutes program, and it was on that disgraceful 60 Minutes program that this minister propagated this fantasy that he invented that a third of Australian kids could not read and write properly. He basically alleged that there had been a conspiracy between the Keating Labor government, the education unions and every one of the state and territory governments to cover up the fact that a third of Australian kids could not read and write properly. That was the claim that he has made not only in this parliament and outside the parliament but on that infamous 60 Minutes episode. The problem for the minister is that it is pretty hard to believe that Paul Keating would be conspiring with Jeff Kennett, that Paul Keating would be conspiring with people like Rob Borbidge in Queensland or Richard Court in Western Australia, of very different political complexities, but it is basically part of the fantasy this minister has invented that there must have been a conspiracy to hide the fact that there was a crisis because he has manipulated and distorted the figures to produce these bogus claims that there is a literacy crisis.

Don’t rely on the words of the federal Labor opposition. Just let me remind the House of the words of some of the minister’s conservative colleagues. One of the minister’s colleagues from the Liberal Party in Victoria, the former Liberal education minister in Victoria, Phil Gude, certainly knows a self-promoting fraud when he sees one. Phil Gude, a Liberal from Victoria, said:

"Literacy is our highest priority and despite Dr Kemp undermining the previous collaborative process we are determined this important process goes ahead."

He said that in the Herald Sun in 1997. He also said:

He—

Dr Kemp—

ought to do the right thing, own up to the fact that he has manipulated the figures in a most dishonest and disgraceful fashion.

He also said:

It is a debate that has hit the public arena as a result of political grandstanding by Dr Kemp. So this isn’t just the federal Labor Party expressing contempt for the minister’s manipulation of these literacy figures; this is the minister for education, David Kemp’s own Liberal colleague, the former Liberal minister for education in Victoria, Phil Gude. I assume the minister for education would allege that Mr Gude is part of the conspiracy and therefore that is the reason why he dismisses the federal minister for education’s actions as manipulative, dishonest and grandstanding but it does not disguise the fact that this minister for education has used bogus figures to make these claims.
You would almost think when you hear the minister for education ranting and raving about literacy tests that is he invented them. The problem for the minister for education is that, while he became the federal minister for education in 1996, New South Wales has been conducting basic skills testing since 1987—nine years before he even became minister for education, and three years before he was even elected to this parliament. Victoria has been carrying out basic skills testing since 1995, as has South Australia.

So the point to make is that the states have been carrying out these tests for a long time. If you look at the results of those tests that have been carried out by the states over the years, there has been not much of a change but a modest improvement in the last few years in the literacy performance of students in Australian schools. There has been a modest improvement in some areas in some states not because the minister for education manipulates figures from some survey conducted in 1996 but because some governments have actually been putting extra resources into addressing the literacy problem. They have been doing the hard work. In some of the states, they have developed reading recovery programs. My colleague the member for Grayndler has visited many primary schools in his electorate where the reading recovery teachers, funded by the New South Wales government, are there making a difference every day, changing students’ lives, working one on one, often every day for several months helping kids who have fallen behind and who have been identified in their first three years of schooling to catch up to the rest of the class. States like New South Wales, Queensland, Victoria, Tasmania, Western Australia—

Mr Albanese—Even in South Australia.

Mr LEE—and even South Australia have realised that it is too late to identify students with literacy problems by the time they enter high school. We have to make sure that we are identifying the students with literacy problems as early as possible. One of the great privileges that we have as members of parliament is that we get to visit schools and speak to some of the teachers who are there every day changing students’ lives and opening up opportunities for them that would not be there if they did not have the extra help that comes through programs like reading recovery.

Some of the other states, particularly Victoria, have focused on lowering the class sizes for those early years in primary school. That also means that, if a student has a problem, there is a better chance that their teacher will be able to work and provide that concentrated effort to help those students with learning difficulties. That is the real way you address literacy problems—providing the extra resources to help people like those reading recovery teachers, those primary school teachers, work with the students who have got problems.

It is bad enough that the minister in 1996 took the data which had previously been used to produce the original report *Mapping Literacy Achievement* and then distorted that to produce his own bogus figures. The minister now claims four years later that, simply because he is the minister for education, there has been a sudden improvement. He does not do this by repeating the testing that was done in 1996 and using the same benchmarks that he had determined in the past; he simply uses a different form of measurement to reach the conclusion that there are now fewer students with literacy problems. This is the second part of the false claims that the minister makes.

Having generated this bogus claim that a third of kids could not read and write, he now gets more accurate figures and claims that the reason for the difference is that, as federal minister for education, he has improved national literacy. It is a perfect example of a minister for education comparing apples with oranges. If the minister were prepared to allow a fair and honest assessment of what has been happening to literacy, he could not make the outrageous claims that he does.

The point we have to make in considering this legislation is that, if we are serious about doing something about helping students that have literacy problems in schools—and there are many out there—what we have to do is make sure that we are helping to identify them to provide them with the extra help and
assistance that they need. We have to make sure that that happens. Instead of doing that, the government is simply seeking to rebadge and repackage existing programs and claim that as a massive new funding proposal for literacy. Let me give you a clear example of that, Mr Deputy Speaker. In 1997, the funding for the former Labor government’s Disadvantaged Schools Program—a great program established by the Whitlam Labor government, continued to its credit by the Fraser conservative government and continued by the Hawke and Keating governments—was wrapped up into the English as a Second Language Program and relabelled as a literacy program. Last year literacy and special education were combined and wrapped up into what was called a strategic assistance program.

The problem is that there has been hardly any increase in federal funding for literacy, yet we have the minister for education producing misleading information such as this Liberal Party propaganda that has been circulated through Australian schools, paid for by the Australian taxpayer, that makes the claim that over the next four years the Commonwealth government will be spending almost $1.4 billion of Commonwealth funding to address literacy. The problem is that it is minimal extra funding; it is simply rebadging the old Disadvantaged Schools Program and rebadging the English as a Second Language Program—even wrapping up into it some of the special education program money—and claiming that that is going to do something about literacy. If the government wants to really do something about improving literacy in Australian schools, it needs to make sure that it is targeting the extra funding into the schools that need the most help. That is why the Labor Party is proposing to establish education priority zones to put extra Commonwealth funding into schools that need the most help. It is about making sure that the federal government works in partnership with local communities to address problems like literacy. It is through programs like the education priority zones that we will direct real extra dollars into the schools that need extra help, whether they are needy government or non-government schools, because that is the way you make a difference. You do not make a difference in the way this minister for education is performing by simply rebadging existing programs.

For the record, let me make clear the federal Labor Party’s position on basic skills testing. We support basic skills testing, no matter how many times the current federal minister for education makes false claims that we do not. We support basic skills testing. We know that it is not a perfect measure of student performance and that there are teachers in classrooms who every day are making assessments about the progress of their students. A basic skills test is a very crude measure of the performance of a student but it does provide extra information that can be useful to the best of teachers and it does provide useful information to parents so that they have some feedback as to how their child is performing. The difference between the Liberal Party and the Labor Party is not about whether or not we support basic skills testing; the difference is that, unlike the government, the Labor Party support providing extra funding to do something about literacy and to do something about numeracy. There is no point in identifying literacy problems through basic skills tests if you provide no money to fix the problems.

Mr Anderson—So money is the solution to everything?

Mr LEE—The Deputy Prime Minister, an old boy of Kings, makes the comment that money is the solution to everything. We say to the Deputy Prime Minister: if money is not the solution, why is your old school getting such a massive increase in federal funding because of the changes you have made to school funding? We think it is an outrage that an extra $105 million is being provided to 58 of the wealthiest schools in the country when there are many schools, government and non-government, with much greater need. It is by redirecting the funding that you are channelling into those wealthy category 1 schools that we will make a real difference. We will redirect those dollars into urgent capital works in public schools, and we will spend that money in funding 1,000 new teacher scholarships each year, providing more of the best year 12 students with the incentive to go into teaching. We will...
also use that money to provide more teacher professional development, helping reskill our existing teachers to improve the quality of teaching in our classrooms. That is the difference between us. Both sides of politics support basic skills testing, but, unlike you, we will provide the extra money to address the literacy problems that are out there requiring our help and assistance. Bogus claims by this minister for education have disgraced this debate on national literacy, and that is why so many parents and teachers are looking forward to the day that this government and this minister are not continuing.

Mr Speaker—It being 2.00 p.m., the debate is interrupted in accordance with standing order 101A. The debate may be resumed at a later hour. The member for Dobell will have leave to continue speaking when the debate is resumed.

Questions Without Notice

Liberal Party of Australia: Four Corners Program

Mr McMullan (2.00 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware of Senator Vanstone’s statement to the Age newspaper last week that Mr John Seyffer was in attendance at meetings of the coalition leadership to discuss matters relating to the financial affairs of the former Prime Minister Mr Keating? In what capacity and at whose invitation was he present at those meetings? How does Senator Vanstone’s claim square with Senator Heffernan’s claim that Mr Seyffer is a mere envelope-stuffing Liberal Party volunteer? Prime Minister, who is telling the truth: Senator Vanstone or Senator Heffernan?

Mr Howard—I am not aware of that statement by Senator Vanstone. I will have a look at it.

National Crime Authority: Report on Heroin Treatment

Mr Schultz (2.01 p.m.)—My question is addressed to the Prime Minister. Has the Prime Minister’s attention been drawn to a report of the National Crime Authority urging consideration of measures to control the market for addicts by treating the supply of addictive drugs to them as a medical and treatment matter, that is, a heroin treatment trial? What is the government’s response?

Mr Howard—In reply to the honourable member for Hume, my attention has been drawn to the report of the National Crime Authority, and I take this opportunity of totally rejecting the suggestion raised by the Chairman of the National Crime Authority that consideration be given to a heroin trial. It remains the policy of this government to totally oppose heroin trials in this country. We will give no aid, comfort or any encouragement to any state or territory. I believe that those who advocate heroin trials are misguided. I do not accept the analysis that the measures that have been taken in recent years to increase the capacity of the law enforcement authorities to tackle the drug problem have failed to bear fruit. The report ignores the commitment of over $500 million made by this government to Tough on Drugs, which funds a three-pronged approach to fighting the drug menace through greater resources for law enforcement, education and treatment.

Our law enforcement efforts against drugs are already paying off. Federal agencies have seized, over the past four years, 1,694 kilograms of heroin, 2,650 kilograms of cocaine and 697 kilograms of ecstasy. Seizures and arrests have contributed to the disruption and dismantling of major heroin importation and distribution networks. I take the opportunity of recording my thanks to the Australian Federal Police, the Australian Customs Service and the police services of the various states of Australia, which have cooperated so effectively with the federal authorities.

Although it is far too early to make any exaggerated claims in relation to evidence of reduction in deaths from heroin overdose, it is nonetheless encouraging to note that this year in the state of Victoria the number of deaths from heroin overdose has been 29, compared with a figure of 150 over an equivalent period last year. I stress that, although it would be unwise to exaggerate, it is encouraging. One of the reasons for this claimed by the Australian Federal Police, and it tends to pass the test of commonsense, is that the law enforcement activities have had an effect on the availability of supply.
There are other reasons, but the activities have had an effect on the supply of heroin on the streets of Australia, and the fact that there has been that decline—and I think that trend has also been mirrored in New South Wales—means that those who run around saying that the only answer to this problem is to throw up your arms, surrender and legalise it all are wrong.

That will always remain the attitude of this government. I say to those opposite, who are inclined—through the mouth of the Leader of the Opposition this morning—to give some comfort to the idea of a heroin trial, that I think they are wrong. On this issue there is a very sharp division between the government and the opposition. I was disappointed with the remarks by the Leader of the Opposition today.

I might conclude this answer by saying that during its last four years in office the former Keating Labor government provided only $13 million in net new money in the fight against drugs. In the time that this government has been in office, over the last four years, we have provided $314 million to finance the campaign against drugs. Let me make it clear: while ever this government is in office and while ever I am Prime Minister of this country, there will be no heroin trial.

QUESTIONS WITHOUT NOTICE

Members of Parliament: Entitlements

Mr BEAZLEY (2.07 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware that yesterday the Auditor-General released a report critical of accountability procedures for MPs’ entitlements? Why has your government rejected this important report? Why won’t you join with me in supporting the Auditor-General’s call for greater transparency and better control of entitlements? In particular, why won’t you back Labor’s policy, which was released 10 months ago, to establish an independent auditor of parliamentary entitlements and the twice-yearly tabling of details of all parliamentary entitlements?

Mr Schultz interjecting—

Mr SPEAKER—Order! The actions of the member for Hume are effectively denying the Prime Minister the right to be heard.

Mr HOWARD—I thank the Leader of the Opposition for his question. I am aware of the audit report tabled yesterday in the parliament, and I would like to say a couple of things about it. First, I would like to say—and this is said in fairness to members on both sides of the House—that of the 90,000 transactions to which the ANAO had access, only 54 were deemed to have been in error; and, of these, 42 had been already identified by the Department of Finance and Administration. There is no evidence in this report of systemic abuse and I have not been able to find any solid evidence in this report of deliberate acts of dishonesty on the part of members. I think it is important, unpopular though it may be, to say that it is the case that, in order to carry out their duties properly, members on both sides of the House—that of the 90,000 transactions to which the ANAO had access, only 54 were deemed to have been in error; and, of these, 42 had been already identified by the Department of Finance and Administration. There is no evidence in this report of systemic abuse and I have not been able to find any solid evidence in this report of deliberate acts of dishonesty on the part of members. I think it is important, unpopular though it may be, to say that it is the case that, in order to carry out their duties properly, members on both sides of the House are entitled to a number of things which may seem to the general public on occasion to be excessive. In a big country such as Australia, you do have to travel a lot. You cannot do your job as a minister, you cannot do your job as a shadow minister and you cannot do your job as a parliamentary committee member without travelling a great deal. We are constantly being asked by the public and by the media to provide more information. We are constantly being asked, and properly so,
to more effectively service our electorates. That is the backdrop against which I would make a further couple of comments.

Having said that, let me say that the government will very carefully examine what is in the report. For my part, I have to say that I think there is a case for capping a number of the allowances and entitlements, both in relation to current members and also former members. I have already commissioned some work to be done in relation to that and I will be having something further to say about it.

In answer to the Leader of the Opposition, I would go further than what he said; I would actually do something now. I would actually place some caps on some of these allowances and entitlements. Of course, I note again with interest that this is something else that was going to be done in the 14th year. I say to the Leader of the Opposition that I think there is a case and I am already having work done on that. My recollection and understanding may be in error in relation to this, but it is my understanding that, whereas half-yearly reports are tabled in the parliament in relation to serving members, that may not be the case in relation to former members. I have to say that the distinction escapes me and the justification for that distinction escapes me, and unless there is a solid reason for that distinction to be maintained, I think it should be abandoned.

Bougainville: Peace Settlement

Dr SOUTHcott (2.11 p.m.)—My question is to the Minister for Foreign Affairs. Will the minister inform the House of the progress towards agreement on the Bougainville peace settlement? How has the Australian government assisted this process?

Mr DOWNER—I wonder if I might take the opportunity also of welcoming the Argentine foreign minister—he is a good friend of mine and I am delighted to see him in our parliament—as well as Michel Rocard.

I thank the honourable member for Boothby for his question. I acknowledge, by the way, the honourable member’s interest in Bougainville. He visited in 1999 as part of a parliamentary committee to examine the peace process. The government warmlywelcomes the announcement made yesterday by Prime Minister Mekere Morauta that the Papua New Guinea government has endorsed, albeit with some minor modifications, a comprehensive settlement agreement for Bougainville. This is a very significant step in bringing to a close a very bloody and very long-running dispute in Bougainville.

The international media may not be very interested in Bougainville, and I think it is fair to say that they are not, but it is worth the House remembering that between three and four times as many people have died in the Bougainville dispute, either directly or indirectly as a result of the civil war, as have died in the Northern Ireland dispute since 1969, and this is on our doorstep. We have seen it as a fundamental duty of this government to do everything we can to try to bring peace to Bougainville. Importantly, working with our friends across the Tasman in New Zealand, we have made a very big contribution to it. We have provided, over the last four or so years, close to $100 million worth of aid. We have provided the bulk of the peace monitoring group since April 1999. About 2,000 Defence Force personnel have served in the peace monitoring group, as well as 260 civilian monitors. We have made an enormous diplomatic effort. In particular, I acknowledge the constituents of the member for Herbert, the people of Townsville, who hosted the Townsville Bougainville peace talks earlier this year. They did an outstanding job and it is a great tribute to Townsville that it has turned out to be such a centre of peace talks for Australia and for the South Pacific.

This peace agreement has been somewhat modified, albeit in a minor way, by the Papua New Guinea cabinet, and those modifications will have to be accepted by the people of Bougainville. I hope that they will be accepted, because they are very small modifications. I think this is going to be a very historic development for the South Pacific. We place a great deal of emphasis on doing what we can to achieve peace in this part of the world. I think one of the proudest achievements, albeit one of the least recognised achievements, of this government has been the role we played in bringing to an end
that bloody civil war and bringing peace to the people of Bougainville and the people of Papua New Guinea.

Workplace Relations: Workers’ Entitlements

Mr BEAZLEY (2.15 p.m.)—My question is to the Prime Minister. Prime Minister, are you aware that last night on Channel 10 News a worker at Tristar said this about your Minister for Employment, Workplace Relations and Small Business:

He’s going to get his multimillion dollar superannuation payout and that’s guaranteed—guaranteed by us, the workers. Can he guarantee our entitlements if this company goes broke?

Prime Minister, doesn’t this man have a point? Why won’t you give him the same security of his entitlements that we in this parliament enjoy? Won’t you at least back Labor’s policy, which I released a year and a half ago, which gives workers a 100 per cent guarantee of their life savings?

Mr HOWARD—I have got to say that I am once again struggling with the morality of the Leader of the Opposition on this issue. I am struggling with the political hypocrisy of a man who served as a senior member of a government for 13 years and did nothing at all to secure the entitlements of people who lose their entitlements when a company goes broke. Could I also remind the Leader of the Opposition that, although he might be trying to bring about another result by the use of the language that he employs in this issue, the Tristar company is trading quite profitably. Through all of this dispute, no evidence has been produced to suggest that a worker made redundant by that company would not get his or her full entitlements—no evidence. The whole construct on which the Leader of the Opposition’s question is based is completely false.

The other point I would make is that the first government in Australia to bring in a scheme has been the government I lead. We watched for 13 years as the Labor Party did absolutely nothing. We have brought in a scheme.

Mr Costello—And they opposed it.

Mr HOWARD—The Treasurer reminds me that they opposed the scheme, and they have encouraged the Labor states not to join it. This man leads a party that has encouraged the Labor states of Australia not to join our scheme. You have made a deal with the Labor leaders for them to continue to oppose our scheme until the election, on the understanding, of course, that that will strengthen the alternative being put forward by the Labor Party. I want to make it clear that we have a scheme. That scheme is a safety net. It has been in operation now for 18 months and, if the states were prepared to join that scheme, you would have a situation where a very good safety net was available in that small number of cases—and it is half of one per cent or less—of companies that go broke and are not able to meet their entitlements. You would have a scheme that covered the great bulk of their entitlements.

The Leader of the Opposition is asking the Australian public to accept that a government which did nothing for 13 years, but which now promises everything, is more credible than a government that has at least made a start while it has had the reins of power to introduce a scheme that is worthwhile and effective for the workers. I would say to the governments of New South Wales, Victoria, Queensland, Western Australia and Tasmania: don’t go on dudding the workers in your states, because that is basically what you are doing. The Labor premiers of those states are duding the trade unionists of those states by refusing to join the Commonwealth scheme. At least the Premier of South Australia has some concern for the workers in the motor vehicle industry in South Australia, and for the workers of that state, because that is the reason why he has joined the government scheme. I thank him for that, and I remind the House again of the monumental hypocrisy of the Leader of the Opposition.

Budget Outcomes

Mr ANDREWS (2.19 p.m.)—My question is addressed to the Treasurer. Is the Treasurer aware of any revisions to previous budget outcomes and would the Treasurer outline these outcomes to the House?

Mr COSTELLO—I thank the honourable member for Menzies for his question. Each year at budget time the government
publishes historical data on the state of the budget going back over previous decades. I will table again the historical data. To take two years in question which will be of interest to some here, in 1994-95, the outcome— not the budget, the outcome—was a deficit of $13 billion, and in 1995-96, the outcome was a deficit of $10 billion. I will table that document.

Conversely, I will also table the historical data on the Commonwealth’s debt provision, because obviously if you turn a deficit of $10 billion, you have to borrow the difference. The deficit of $10 billion meant that the government spent $10 billion that it did not have. I will table the historical data on the Commonwealth’s debt position showing that in 1995-96 we borrowed over $10 billion to finance our deficit. The year before, we borrowed about $13 billion to fund our government deficit. That is historical data and it is on the record. It goes back for decades.

When we borrowed that $10 billion to fund the deficit, we had to go onto the financial markets and borrow it. The Commonwealth was driving up interest rates. It was not imaginary; you had to actually borrow it so that your cheques were honoured.

I am asked whether I am aware of any revisions to previous budget outcomes. Strange as it may seem, I read a story in the Financial Review today about the honourable member for Melbourne in which he revises previous budget outcomes. It is the most extraordinary piece. My eye was taken by a little insert where he describes a lot of the middle of politics as dead-cert boring.

Mr Tanner—That wasn’t me.

Mr COSTELLO—Oh, that was Latham, was it? The member for Melbourne finds the middle of politics highly interesting; I have done him an injustice. This is what he said in the face of the historical records:
The so-called ‘black hole’ was essentially a creation of fiddling with the parameters that was done by the incoming government, rather than anything more concrete.

Apparently it was not concrete when we had to go out and borrow $10 billion. That was imaginary, was it? Government bonds worth $10 billion were issued to finance the deficit outcome and he says that it was ‘not concrete’. These were bonds that had to be issued and on which the Commonwealth had to pay interest. The article in the Financial Review then asks:

It was an imaginary black hole then?

To which the member for Melbourne replied:
The bulk of it was simply created by fiddling with the parameters.

He has single-handedly revised a budget outcome— not a budget forecast but a budget outcome as recorded in the Commonwealth historical accounts, as backed up by the Commonwealth debt position and as represented by actual bonds that were issued to fund that deficit. I have often sat here and wondered whether the Labor Party are dishonest or incompetent. When they go on with the idea that there was not an actual deficit, is it dishonesty or is incompetence? Is it that they knew but wanted to cover it up, or is it that they never knew and still have not apologised? They still cannot come to grips with the mismanagement of the financial accounts. These are not budget forecasts; these are outcomes. The outcome of the last year of the then Minister for Finance, now the Leader of the Opposition, was a $10 billion outcome. After we had paid the bills and got the revenues in, we were $10 billion short and we issued $10 billion worth of government bonds, which we paid interest on and which we went into the financial markets for. That was the outcome as at 30 June and throughout that campaign, as late as February, the then Minister for Finance was trying to tell the Australian people that we were in surplus. Was it dishonesty or was it incompetence?

I want to table one last piece of evidence that might also come as a revelation to the would-be finance minister of the Labor Party. You wonder why he is the would-be finance minister of the Labor Party. He probably makes these statements to try to make the last Labor Party finance minister look good. In a press release on 10 May 1998 the then Deputy Leader of the Opposition and shadow Treasurer, Gareth Evans, had this to say:

It’s not news for me to acknowledge that the 1995-96 Budget outcome was recorded in the
1996-97 Budget papers as an underlying deficit of $10.3 billion.

Mr McMullan—That’s how you wrote it.

Mr COSTELLO—No, that is not how we wrote it; that is where it came in. That is the $10 billion you had to borrow. You do not write $10 billion worth of unnecessary bond borrowings to try to make sure that your cheques do not bounce. They were issued. This is what Gareth Evans had to say when he finally admitted that the Labor Party’s budget outcome deficit was $10 billion in the red:

That was given massive publicity at the time and, unlike Peter Reith, I am not in the business of claiming that black is white.

Mr Reith has never done that, but the shadow minister for finance gets back into the business of claiming that black is white. He single-handedly revises the budget outcome. He tries to wish away $10 billion worth of bonds. He refuses to acknowledge the reason that we now have a Charter of Budget Honesty: the most deceitful conduct during an election campaign in Australian history from Australia’s worst finance minister ever was from the Leader of the Opposition who, unlike Gareth Evans, has never had the decency to come out and admit what the situation was. And he now tries to inveigle the member for Melbourne to support him in that dishonesty.

Employee Entitlements Support Scheme

Mr BEVIS (2.26 p.m.)—My question without notice is to the Minister for Employment, Workplace Relations and Small Business. Minister, do you recall saying yesterday in this House about the National Textiles bailout:

What happened at National Textiles happened before the government’s safety net entitlements scheme was put in place.

Minister, are you aware that Minister Reith said on the Sunday program on 13 February last year:

Well, National Textiles is being helped under our scheme. It is being helped under the scheme established as at the first of January and in addition to that scheme we are proposing—because of the textiles and the regional circumstances—a top up relevant to that circumstances.

Minister, didn’t you mislead the House yesterday and will you now correct your statement? Will you now also come clean as to whether the Stan-alone top-up is available for any other workers?

Mr ABBOTT—Let me simply say that the circumstances that gave rise to the National Textiles matter arose before our scheme was put in place. It is as simple as that so, obviously, I did not do what the member for Brisbane suggests I did. Let me also make this fundamental point: this government has nothing to apologise for in the National Textiles matter. I have here a letter saying, ‘We request that your government provide immediate financial assistance to National Textiles workers.’ That letter is from the state Labor minister, Richard Face; it is from the member for Paterson in this House; it is from the member for Hunter in this House. What the government did in the case of National Textiles was perfectly right.

Mr Bevis—But does anyone else get it?

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

Mr ABBOTT—How could it be so right then and so wrong now?

Workplace Relations: Unfair Dismissal Laws

Mr HARDGRAVE (2.29 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Would the minister inform the House of what measures the government is pursuing to cut red tape in relation to unfair dismissal laws to make the system fairer? How will these measures create real jobs, particularly in small business, and are there any alternative policies in this particular area?

Mr ABBOTT—I thank the member for Moreton for his question. No-one in this House is more concerned about protecting the interests of small business than the member for Moreton, and I congratulate him. For almost a decade, federal unfair dismissal laws have been a serious obstacle to employment growth in this country. To put it at its most simple and most plain, if it is expensive to let people go, it is hard to take people on. That is the problem with the former gov-
ernment’s unfair dismissal laws. Thanks to those laws, Australian business has routinely been paying thousands of dollars to departing employees over and above their entitlements, even in cases of illegality or gross negligence.

This government changed the unfair dismissal laws in 1996, but unfortunately that has not stopped a small mercenary group of ambulance chasing lawyers and unscrupulous union officials from bringing nuisance unfair dismissal applications in ways that amount to the legal harassment of small business. I am delighted to tell the member for Moreton and the House that significant relief is now at hand. This morning the Senate passed the government’s termination bill. That bill imposes penalties on lawyers and other advisers who encourage speculative and unmeritorious unfair dismissal claims. It requires the disclosure of ‘no win, no fee’ arrangements by lawyers and other advisers; it allows the Industrial Relations Commission to exclude unmeritorious claims after just one conciliation hearing; and, most importantly, it establishes a standard, three-month probationary period for all new employees, during which the unfair dismissal laws will not apply.

This is a very serious and significant breakthrough for small business. I thank the Minister for Small Business for his untiring efforts in bringing the concerns of small business before the government and before the cabinet. I thank the Senate, particularly Senator Murray and the Australian Democrats, for adopting such a constructive attitude to the government’s bill. This is a sign of this government’s unflagging determination to boost employment in this country, and it is a sign of our determination to let small business create more jobs.

**Auditor-General’s Report: Sale of Commonwealth Buildings**

Mr TANNER (2.32 p.m.)—My question is to the Minister for Finance and Administration. Have you seen last week’s report by the Commonwealth Auditor-General on the government’s fire sale of 56 Commonwealth buildings? Didn’t the Auditor-General find that the fire sale was so badly mismanaged that more than $100 million of taxpayers' money was wasted? Minister, if it were not for your incompetence, wouldn’t Australian taxpayers have an extra $100 million to invest in their hospitals, schools and universities?

Mr FAHEY—I thank the honourable member for Melbourne for his question. I would first like to congratulate the member for Melbourne on a personal event that occurred during the break. I extend my best wishes to him on his recent marriage. I will come to the question, which is of course what the honourable member for Melbourne wants me to do, and I am happy to do so.

I think we should see this report from the Auditor-General in its true perspective. That report indicated that the government’s program was very successful. In terms of value, the sale of government properties exceeded forecasts by some $131 million. In other words, the return was 15 per cent above the forecast. A number of other successes were acknowledged by the Auditor-General, including the fact that most of the properties were sold at or above their market value.

The Auditor-General did raise a number of points, and I do not say this lightly, because it would be on the record that I was the minister responsible for bringing about some significant reform to the audit acts after some eight years. I think my predecessor in Finance had a bit of a go at that, and I picked up the ball and we ultimately delivered some additional support for the Auditor-General. I have a high regard for the institution of the Auditor-General as an officer of the parliament and for the role that the Auditor-General plays in terms of the management of the government’s expenditure and revenue.

Having said that, there were some highly inaccurate comments made in that report and, dare I say, in some very lazy reporting on that report. Let me take you to some. It is a big statement, and I am happy to back it up. There was a reference to the AGSO building in Canberra. That building was sold by the government. An exercise was done by the Auditor-General and, over the life of the lease—some 20 years—the Auditor-General suggested that if the rental went up in an incremental way, as it tends to do in leases, at a rate based upon CPI of 5½ per cent or more...
per annum, then, on a net present value factor after a 20 year lease, you would lose $265 million. If you go back over the past 10 years, there has been only one occasion when CPI exceeded 10 per cent. In fact, in 1997-98, I think it was, there was negative CPI. If you take what has been in the forecasts of the government for some years as well as is in the current budget, and is generally accepted by most analysts—a three per cent increment—and if you take away the second factor that the Auditor-General put into the exercise, which is that the agency would have to borrow money to pay for this increased rental, you come out on a net present value after 20 years with a $57 million positive.

The second one is the R.G. Casey Building. The Auditor-General did an exercise which said that that lease contained a two per cent incremental lease payment per year—not nine per cent compounded, like Centenary House—and it also contained a provision for a market review every three years. At the current time, there is a market review. There is an ask of 38 per cent by the owner of that building. I have the utmost confidence in the Minister for Foreign Affairs and the Minister for Trade to say that none of the people in DFAT will pay a 38 per cent increase on their rent. There has not been that sort of an increase in Canberra, with the exception of one building. We know that building: it is the building that houses the Auditor-General. It is called Centenary House, and it has built into it a nine per cent compounding interest rate. In fact, its rental is currently way above the most prestigious high-rise rental of Sydney. It means $36 million of losses to the taxpayers of Australia.

I come back to what the Auditor-General found. There was $131 million more achieved for the Commonwealth and the taxpayers, which retired Labor’s debt—$131 million more than was ever forecast. The examples were inaccurate. I did not say it lightly, and I proved my point in terms of just where it was inaccurate. This government takes its responsibilities very seriously. We had a debt—you heard the Treasurer today, in no uncertain terms, point out just what that debt was—and we had to do something about it. One of the decisions we took was to put the scarce capital into education, into health and into welfare and not into bricks and mortar.

If we really want to get serious about the Auditor-General and the Auditor-General’s reports, let me finish on the 1995-96 Auditor-General’s report on the government management of real estate in the years leading up to 1995-96. There is one out there at Tuggeranong Park—a decision taken by the Labor government in 1989. With Tuggeranong Park, some very interesting figures have been pointed out by the Auditor-General. Firstly, there is a financing arrangement that makes noodle nation look like a very sensible proposal. When the audit was done in 1995-96, the Auditor-General found in respect of Tuggeranong Park that there was a liability in the Commonwealth’s accounts of more than $75 million on this creative accounting process of financing. Further, the Auditor-General went on to say that, during the life of the lease on that alone, the shortfall would be more like $195 million—significantly more. We have managed that better. We have got it down to a $115 million shortfall. That is Tuggeranong Park.

We know about Centenary House; I have already referred to that. On the management of the government’s property, I will conclude by simply saying this: that same report said that, just to bring the existing government property up to proper standards, there was a need to spend $900 million. Most of the buildings that were being looked after by the Labor government did not pass occupational health and safety standards. I can say very clearly there has been a proper management of the sales of the government’s properties. That has reduced Labor’s debt. A number of the examples that the Auditor-General has provided do not stand up.

Employee Entitlements Support Scheme

Mr BILLSON (2.41 p.m.)—My question is addressed to the Minister for Employment, Workplace Relations and Small Business. Is the minister aware of a statement made by Labor premiers who refuse to join the government’s workers’ entitlements scheme? How will the actions of the Labor premiers
in relation to this scheme make disadvantaged workers in their states even worse off?

Mr ABBOTT—I thank the member for Dunkley for his question and for the concern he has to protect workers’ entitlements. Let me say, particularly to members opposite who support the Manusafe scheme, that the protection of workers’ entitlements is a very important issue, but it does not justify shutting down a major Australian industry. You do not protect workers’ entitlements by taking away the right to work of tens of thousands of your fellow Australians. I am aware that members opposite now think that the only way to protect entitlements is through schemes like Manusafe. But this certainly was not always their view. I have a letter from the then minister for industrial relations, Ralph Willis, who said:

The establishment of a wage-earner protection fund is opposed. It would impose an unfair burden on the greater proportion of employers who conduct their businesses efficiently.

He went on to say:

Such a fund may also act as a disincentive to some employers to conduct their businesses on a responsible and proper financial basis.

That is not all. I have here a document that was released in 1992, when none other than the Leader of the Opposition was minister for employment. This document was issued by the then Attorney-General, Michael Duffy, and dealt with this whole issue of the protection of workers’ entitlements and the establishment of a wage protection fund. At the time when the gentleman opposite was minister for employment, Mr Duffy said:

... the fund would be a further imposition on existing successful businesses, and it would be better to retain and develop, where possible, existing employee priority provisions.

Mr Speaker, I table those two documents. Unlike the former government, this government has not neglected the issue of employee entitlements. The difference between our scheme and all the other proposals floating around is that our scheme does not cost jobs because our scheme is not a levy on payroll.

I am aware of a statement by the Labor premiers yesterday, saying that they would not join the government’s scheme. That statement means that a South Australian worker who has lost entitlements gets twice as much as a worker in any other Labor state. It means that workers in Labor states are missing out on thousands of dollars—to suit the political concerns of the Labor Party. It means that the Labor premiers are refusing to pay a single dollar to workers who have lost entitlements and who are therefore facing perhaps the most calamitous time in their lives. The Labor premiers believe that the federal government scheme is less than perfect, but I say to them, ‘Surely, something is better than nothing.’

The Leader of the Opposition likes to quote people to the Prime Minister. Let me quote Mr Thomas Beard, who worked for a Queensland company that went broke and was unable to pay entitlements. Mr Beard said:

I have written to the Queensland state government asking them why they are not participating in the scheme. If they were, I would have got over $17,000 of what I was owed instead of only half that amount, $8½ thousand.

It is a fair question. Premier Beattie ought to answer it and all the other Labor premiers ought to answer it. If members opposite were really concerned about workers, they would tell their state Labor colleagues to join the government’s scheme.

DISTINGUISHED VISITORS

Mr SPEAKER—I inform the House that we have present in the gallery this afternoon members of a parliamentary delegation from Lebanon, accompanied by His Excellency the Lebanese Ambassador to Australia. I welcome our distinguished guests. I also welcome members of the Australia-Japan Young Political Leaders Exchange Program. On behalf of the House, I extend to our visitors from Lebanon and from Japan a very warm welcome.

Honourable members—Hear, hear!

Mr SPEAKER—While I am on my feet and have the attention of the House, I also
notice in the gallery Mr David Beddall, a former minister in the federal parliament. I extend a welcome to him as well.

**QUESTIONS WITHOUT NOTICE**

**Employee Entitlements Support Scheme**

*Mr CREAN* (2.47 p.m.)—My question is to the Minister for Employment, Workplace Relations and Small Business, and it follows the answer he just gave. Minister, did you not tell the House yesterday that your employee entitlements scheme is fully funded in the forward estimates? Doesn’t funding for your employee entitlements scheme in fact end on 30 June 2003? Given your government’s constant criticism of any proposal for new spending commitments from the surplus, how are you going to fund this scheme when the money runs out?

*Mr ABBOTT*—We will fund it in the usual way.

**Private Health Insurance: Policies**

*Mr PEARCE* (2.48 p.m.)—My question is addressed to the Minister for Health and Aged Care. Would the minister update the House on how Australians with private health insurance continue to benefit from the government’s policies, such as the 30 per cent rebate and gap cover? Is the minister aware of any recent comments concerning access to the 30 per cent rebate?

*Dr WOOLDRIDGE*—I thank the honourable member for his question. Now that our health insurance initiatives have been successful in getting more Australians into private health cover and making it better value, we are seeing the benefits coming through. A vital part of this system has been our no gaps or known gaps schemes. They have met with some opposition from parts of the medical profession but, by and large, doctors have been very supportive. For example, Medibank Private, the largest fund in the country, tell me that they now have nearly 4,700 specialists on their web site who have signed up for gap cover schemes, and this does not include the 1,600 doctors who have charged under Medibank’s private gap scheme but are not listed on the web site or the 6½ thousand specialists who regularly charge only up to the Medicare benefits schedule. Some weeks ago, Medibank Private launched a web site listing specialists. They inform me that in the month of July, the first full month, they got 35,000 hits on that web site, which clearly shows that there is a demand for this information. Consumers do want to be informed, and this would seem to be quite reasonable. But, of course, what is reasonable for one person may not be reasonable for another.

It is quite appropriate that the member for Aston should be asking me this question because it was during the recent by-election that views were sought from all candidates on the future of the 30 per cent rebate scheme. There are 65,000 people in Aston with private health cover. Only one major candidate failed to answer the question: would you oppose anything that would diminish the value of the health insurance rebate to contributors and their families? That was the Labor candidate. The Labor candidate resolutely refused to answer the question: would you oppose anything that would diminish the value of the health insurance rebate to contributors and their families? That was the Labor candidate. The Labor candidate resolutely refused to answer the question: would you guarantee that the 30 per cent rebate will not be diminished in value to families and contributors?

*Mr Murphy*—You can’t talk; you haven’t answered my questions on notice.

*Mr SPEAKER*—The member for Lowe!

*Dr WOOLDRIDGE*—The Labor Party has form on this.

*Mr Murphy* interjecting—

*Mr SPEAKER*—The member for Lowe is warned!

*Dr WOOLDRIDGE*—In 1993 in this House, the Leader of the Opposition made the following statement in an l-a-w tax debate as a matter of urgency:

The fact that the opposition does not rub the electorate’s nose in what we say are our election promises does not mean that we are breaking our election promises.

... ... ...

If in the course of an election campaign opposition members are incapable of getting that point of view through to the Australian people, then they should not come in here and tell us that we lied to them.
To translate that very verbose quote, it basically means, ‘If the electorate is too stupid not to realise what our weasel words mean, then that is their problem.’

Let me tell you what the weasel words from the opposition on the 30 per cent rebate mean: those words mean that they have not ruled out taking the rebate off ancillaries, they have not ruled out taking the rebate off products with high front-end deductibles, they have not ruled out taking the rebate off exclusion products, they have not ruled out making the rebate being only paid on base premiums and they have not ruled out only allowing the rebate to apply to existing members and not new members. Those things specifically have not been ruled out by the Labor Party. They have refused to rule them out, and we have every right to assert that this is the Labor Party’s agenda: to wreck private health insurance, as they did under the Whitlam government, as they did under the Hawke government and as they will do again if they are ever given the opportunity.

Health: Medical Treatment

Ms MACKLIN (2.53 p.m.)—My question is to the Prime Minister. Prime Minister, given your constant criticism of any proposal for new spending commitments from the surplus, what will you do to address the problem faced by Mr Staer, a Rosanna pensioner, who, when his wife was suffering from a burst eardrum, was refused treatment at the local health clinic because he did not have the up-front fee and the clinic refused his cheque? Why was it necessary for Mr Steer to find an old credit card before his wife got medical treatment? Prime Minister, how long will sick and elderly Australians have to wait before you do something about the growing Americanisation of our health system, where no dollars means no treatment?

Mr HOWARD—As to the particular circumstances of that case, I am not aware of them. I ask the honourable member for Jagajaga to send to my office the particular circumstances and I will make my own inquiries and satisfy myself as to what occurred. I do not think that even in the extremes of political combat in this place at this point of the electoral cycle I am expected to have a detailed knowledge of every exchange between Australian citizens and health centres all around the country, but I will find out. I share any compassion that the member for Jagajaga feels for any Australian citizen who does not get decent, affordable, prompt medical treatment.

Having said that, I will address some remarks to the generalities of the issue that have been raised. The whole basis of the political attack in the honourable member’s question is that in some way the Australian health system is becoming Americanised. With the greatest of respect to the member for Jagajaga, that is not only an absurd exaggeration but it is not justified in any way by the facts. To start with, we have a system in this country called Medicare. That system was introduced by a Labor government and that system has been embraced by this government, and it has in fact been strengthened by this government. It was strengthened through the introduction of something that we still suspect that if you win office you will take away, and that is the 30 per cent private health insurance rebate.

It is very instructive that the most reluctant adherent to the nominal commitment the Labor Party has made to the maintenance of the 30 per cent health rebate if Labor wins office is in fact my interrogator, the member for Jagajaga. If ever there was a reluctant supporter—and she knows it and she grins in acknowledgment—of the 30 per cent private health rebate, it is the good old member for Jagajaga. She is not really very enthusiastic about it. It was put out in the dead of night as Cathy Freeman won the 400 metres. That commitment was put out in Ballarat in the dead of night, at about half past eight one evening while the eyes of the nation were on Cathy Freeman winning the 400 metres. They snuck this out and said, ‘Yes, we are in favour of the 30 per cent private health insurance rebate.’ I have to tell you that I am not convinced. I do not think any of my colleagues are convinced either, and I do not think the Australian public is convinced.

I think that for all the criticism in this debate—

Ms Macklin—What are you going to do?
Mr HOWARD—I have got a lot more to say about the health policies of this government; I am warming to the task, let me say to the member for Jagajaga. We have not only brought in a private health insurance rebate; we have not only provided lifetime health cover, which has dramatically increased to a level of 45 per cent private health insurance; but on top of that, under the new Australian health care agreements we have increased health funding to the Australian states by 28 per cent in real terms over a period of five years. That represents the measure of the additional dollars. The member for Jagajaga asked me about dollars. We have given billions more to the Australian states.

But on top of that we have done something else: we have introduced the greatest long-term guarantee any government can give to this country for the provision of additional public services to the needy, and that is a broad based indirect tax—a goods and services tax. If you are to guarantee services for the needy in the years ahead with an ageing population, you must secure the revenue base. The only side of politics that believes in securing a revenue base in this country is the coalition. Those who would seek to roll back the GST would seek to roll back the capacity of this nation in the years ahead to look after the needy.

It is passing very strange to me that the party that always represents itself as being the party that cares for the needy and is interested in the fate of the underprivileged is the party that, if it won government, would roll back this nation’s capacity to look after the needy via a secure revenue base in this country is the coalition. Those who would seek to roll back the GST would seek to roll back the capacity of this nation in the years ahead to look after the needy.

Education: Funding for Government Schools

Mrs HULL (3.00 p.m.)—My question is addressed to the Minister for Education, Training and Youth Affairs. Would the minister advise the House about assistance provided by the Commonwealth to the states in the form of capital funding for new government schools in my electorate of Riverina and across the nation?

Dr KEMP—I thank the honourable member for Riverina for her question. The government recognises the importance of ensuring that Australian schools have good quality classrooms, school blocks and libraries. This year the Howard government is going to be providing some $222 million to support these kinds of capital improvements in government schools. This compares with $87 million that will be provided to the non-government school sector.

To date this year, the Commonwealth government has spent some $72 million on new and replacement government schools. I make the point that federal funding has been vital to the establishment of these new government schools. This year we have provided, for example, $2.25 million for the construction of the Cranbourne Special School in Victoria, $5½ million for the construction of the Mount Annan High School in New South Wales, $5.4 million for the Mawson Lakes School in South Australia, $8 million for Woodcrest College in Queensland and $10 million for the construction of the Great Lakes College in New South Wales. The member for Riverina will recall that we have provided over half a million dollars for the War Memorial High School in Hay this year for new works at the school.

Many of the new schools and replacement schools have been built in New South Wales. In fact, 18 of the 33 new or replacement schools funded by the federal government have been in New South Wales. No state government has had a worse record in recent years in investing in its public education system than the Carr government in New South Wales. It is the state government that has the principal responsibility, and those calling on the federal government for an even greater effort would do well to focus...
their attention on the Labor Party states whose funding is growing at a significantly lower rate than Commonwealth funding. Indeed, this very point is made in the editorial in today's Courier-Mail on the Queensland Teachers Union campaign. The editorial is headed 'Teachers union fails funding test'. It says:

The Queensland Teachers Union should be made to write out 100 times: State education is the responsibility of the State Government. So, if education funding in Queensland has fallen short of what the QTU thinks appropriate, the protests should be aimed at the bottom end of George Street, not Canberra.

It goes on to say that the fact that the state government has failed to expand its funding for government schools—... in any dramatic fashion says volumes about the Beattie government.

It concludes:

The QTU—Queensland Teachers Union—
would be better advised to throw its weight behind this kind of reform, rather than running political interference for the Australian Labor Party.

And that is precisely what that union campaign is all about. In March this year I had the great pleasure of opening the Camden Haven High School in the electorate of the Minister for Trade. The Commonwealth contribution to the Camden Haven High School was $14 million, and $14 million is more than the total sum that the Commonwealth is seeking to appropriate for establishment grants for new non-government schools over the next four years. That investment in that one school is greater than the establishment grants we are seeking to appropriate for the next four years for schools in the non-government sector. Nothing could show more clearly the utter hypocrisy of the Labor Party and the political campaigns that are currently being run by the education unions in the states.

Mr Lee—Mr Speaker, I rise on a point of order. I ask the minister to table the document from which he extensively quoted during that answer—both the documents.

Mr SPEAKER—Was the minister quoting from confidential material?

Dr KEMP—I would be very happy to table the editorial.

Health: Dental Services

Ms SHORT (3.05 p.m.)—My question is to the Prime Minister. Prime Minister, given your constant criticism of any proposal for new spending commitments from the surplus, what will you do to make sure that Mr Sprogis, a Maroochydore pensioner, who has already had two teeth pulled out, does not lose any more teeth because of the long waits for dental treatment that exist because you abolished the Commonwealth Dental Scheme in 1996? Prime Minister, how long will elderly Australians like Mr Sprogis have to wait before you do something about the long and ever-growing waiting list for dental treatment?

Mr HOWARD—Once again, if the member for Ryan is good enough to send me all the details of that, I will have some further inquiries made. More specifically, in relation to this question, I have something to say about the responsibility for that program. That program was introduced for a set period of time and that time expired. That program made a very significant contribution to a reduction in the waiting list, but it is nonetheless the case that dental care programs of that type have historically been the responsibility of the states.

I would say to the member for Ryan that if she cares for this particular person—and I am not suggesting she does not—she would send the details of his case to the Queensland Premier. I would also remind the member for Ryan, as I take the opportunity of reminding those opposite, that of all the Australian states none is a bigger winner out of the GST than Queensland. In fact, Queensland is better off earlier under the GST. It was not only physical bulk but it was also enthusiasm that enabled the Queensland Premier to beat the New South Wales Premier to grab the fountain pen out of my hand in order to sign the intergovernmental agreement in relation to the GST. Queensland could well be better off under the GST as soon as next year or the year after, and there is no state that is better endowed.
The whole idea of the new revenue sharing arrangements is to ensure that, where there is a responsibility, the state has more resources to fund it. It is a perfect illustration of how, in the years ahead, the GST, which is built on a growing revenue base, is going to enable the states to have a greater capacity to fund the services for which they are constitutionally responsible. The whole idea of the separation of responsibilities in this country is that some things belong to the federal government and some to the states. What has been wrong with Commonwealth-state financial relations until now is that the states have had a constant alibi every time they are unwilling to accept their responsibilities. That alibi is that they have been starved of money by the federal government. That is the case no longer, because under the GST they will have a guaranteed access to a rising revenue source. Whether they are a Beattie Labor state or, indeed, they are a coalition governed state, they will have no excuse in the future for avoiding their constitutional responsibility to the people who elect them.

Rural and Regional Australia: Telecommunications Services

Mr FORREST (3.10 p.m.)—My question is directed to the Minister for the Arts and the Centenary of Federation. Would the minister inform the House of how this government is further improving telecommunications services in regional Australia, particularly in the electorate of Mallee? Is the minister aware of any alternative policy approaches, and what would the impact be if they were ever implemented?

Mr McGAURAN—I thank the honourable member for Mallee for his question. He has been assiduous in winning a generous slice of the government’s more than $1 billion funding for regional, rural and remote areas of Australian for extending and upgrading telecommunications. As a result, his constituents in Mallee have seen a very comprehensive rollout of mobile phones in the north-west of Victoria. Recently, amongst other Networking the Nation successful grants, there has been an announcement of a Networking the Nation project in the township of Rainbow in Hindmarsh shire. As a result, his constituents in Mallee, as with those in so many other coalition rural and regional seats, have been rewarded for the work of their local members. Now, members will be looking to win a slice of the latest government response to the Besley inquiry. There are many features to it: $88 million for improved mobile—

Ms Kernot—Pork-barrelling!

Mr McGAURAN—Pork-barrelling? We hear Cheryl, the seat of—

Mr SPEAKER—The member for Dickson!

Mr McGAURAN—Thank you—the member for Dickson.

Mr SPEAKER—The member for Dickson will be dealt with.

Mr McGAURAN—Every time there is a government initiative backed up by dollars for country areas, whether it be for roads or telecommunications, it is pork-barrelling—we hear it again and again. So you oppose Networking the Nation? That is what it amounts to.

Opposition members interjecting—

Mr McGAURAN—Oh, you agree? You oppose Networking the Nation. I am glad we have got that on the record.

Mr SPEAKER—Minister!

Mr McGAURAN—Let me tell you some of the other things—

Mr McGAURAN—Yes?

Mr SPEAKER—The minister will resume his seat. The minister is well aware of the obligations he has to address his remarks through the chair. He ought also, given that his period in the parliament is exactly the same length as mine, to be well aware of the obligation he has to exercise some courtesy in the way in which he addresses the chair.

Mr McGAURAN—Mr Speaker, I could defend myself, but I really want to move on to the substance of the answer.

Mr SPEAKER—The minister will resume his seat.

Mr McGAURAN—Mr Speaker—

Mr SPEAKER—Minister.
Mr McGAURAN—Mr Speaker, there was a barrage of interjections from that side of the House and I did not hear you calling for my attention until the final point. They were simply conducting a deliberate campaign and, without the benefit of your protection, I did not hear your intervention. That is why I said I could have defended myself, convincingly.

Mr SPEAKER—The minister is well aware, as are all members, of the obligation that exists, no matter where they sit in the chamber, to show courtesy to the chair, no matter who the occupier of the chair may be. I note that there are some members on both sides of the chamber who are persistent interjectors and yet who are also the ones most likely to be indignant when they are interjected on and at the dispatch box. The level of interjection is much too high. The minister has indicated to me that he believes that his reference was in fact to the opposition and not to the chair. If the minister is prepared to apologise to the chair for his earlier insistence on continuing to speak over the chair, I will allow him to continue.

Mr McGAURAN—Mr Speaker, I freely apologise and I thank you for the courtesy and tolerance you have extended to me.

Moving straight on to this question of alternate policies, it is very important that we record what alternate policies are being pursued by the Leader of the Opposition, because as we know he has made Telstra the cornerstone of his noodle nation policy. Without Telstra’s involvement, noodle nation simply collapses. This is what he spruiks as he has been going around with his Telstra campaign.

The transcript of an interview on 20 July in Tweed Heads on radio 97AM was not posted on his web site and was not boxed. What we have found is that he speaks about the dialogue he would engage in with Telstra to achieve Knowledge Nation objectives: roll-out, broadband, untimed local calls and the like. Bear in mind that ‘dialogue’ is code for ‘direction of Telstra’—there is no mistaking that. What we find on page 8 of the transcript is a concession by the Leader of the Opposition that his proposals for noodle nation would cost you billions. We have it in black and white that the Leader of the Opposition says that noodle nation is going to cost billions and noodle nation is based on Telstra. The Leader of the Opposition has plans to direct Telstra. Where is the money coming from? Is it to come from Telstra borrowings? Is it to come from Telstra shareholders? Is it to come from the government budget pushing it into deficit? Is it to come from income tax rates increases? Where is the money coming from by your direction of Telstra? The simple fact is that noodle nation has no credibility because there are no funding allocations or sources identified by the Leader of the Opposition.

Mr O’Keefe—Mr Speaker, I take a point of order under standing order 85. I think bean shoots for brains here talking about noodle nation is guilty of tedious repetition.

Mr Speaker—The member for Burke will resume his seat!

Mr McGAURAN—Mr Max Walsh, in response to the questions raised by the Leader of the Opposition’s noodle nation being based on Telstra and all of the costs that go with it plus the effect on the sharemarket of direction of Telstra, had this to say in the 31 July edition of the Bulletin:

... should a Labor government use its majority holding in Telstra to impose non-commercial policies then we could well find ourselves pitched into a national financial crisis.

So the question for the Leader of the Opposition is: where is the money coming from? Is he going to plunge the country into another financial crisis, as he did when he was minister for finance, and bequeath a $10 billion debt, as he did in his last year in control of the Commonwealth’s finances? Frankly, Australians deserve better from a man who claims to be ready for office.

Universities: Funding

Mr LEE (3.18 p.m.)—My question is addressed to the Prime Minister. Does the Prime Minister recall the minister for education’s leaked cabinet submission? It admitted that:

Universities are currently in a difficult financial position.

...
Higher student staff ratios, less frequent lecture and tutorial contact ... are fuelling a perception of declining quality.

Given the Prime Minister’s constant criticism of any new proposal for new spending commitments from the surplus, how long will Australian students, lecturers, tutors and researchers have to wait before the Prime Minister addresses the serious university problems his own minister identified, or does the Prime Minister now believe that universities are the states’ responsibility too?

Mr HOWARD—I thank the member for Dobell for that question. I do not remember the precise terms, but I get the drift of the question. Can I just remind the member for Dobell that there are more resources going into universities now than ever before. There are more resources going into universities and there are more people attending universities than ever before, so any suggestion that there is some kind of crisis in universities is a complete falsehood. The question asked by the member for Dobell is an important question, because it talks of the future of that percentage of the Australian community who when they leave school go on to university. It is important that we take adequate care of them and that we provide adequately for them.

It is also very important that we also have policies that help the 70 per cent who do not go to university. In that area I am immensely proud that this government has been stunningly successful in the resuscitation of the apprenticeship system that you left in ruins. When we came to office we found the situation with the apprenticeship system was that it had stagnated somewhere between 120,000 and 150,000 for a period of five or six years. In the space of 5½ years we have more than doubled the number of Australians in apprenticeships—from something like 120,000 or 150,000 to something like 305,000.

Mr Lee—Mr Speaker, I rise on a point of order. I am happy to have a debate about VET, but the question was about university students, lecturers, tutors and researchers, not about VET. I ask the Prime Minister to be relevant and come back to the question.

Mr SPEAKER—The member for Dobell has raised a point of order on the matter of relevance. As I noted the question it was about a cabinet submission that had been leaked. From memory it would have been some time ago, as I recall the submission. The cabinet submission referred to universities and it was in that context that I thought any comments about tertiary education were in order.

Mr HOWARD—Mr Speaker, I simply make the point that the government I lead is interested in the educational future of those who go to university. We are also interested in the training future of those who do not go to university. That comprises about 70 per cent of young Australians who leave school, and their opportunities for apprenticeships now have improved dramatically under this government. I know that it is painful for a Labor shadow minister to be told that this government has been twice as successful in providing apprenticeships for the young men and women of this country as was the former Labor administration. We have seen a spectacular increase in the number of young women in apprenticeships, from something like 16 per cent back in 1995 to close to a third now. We have seen a dramatic rise in the number of indigenous people in trainee-ships. We have seen a broadening of the apprenticeship classification. The reason this has happened is that we have taken the control of the apprenticeship system out of the grip of the award system and we have based apprenticeships on the needs of young people and the needs of their employers.

Of all of the achievements of my government that have been important to the working men and women of this country, none is more important than the opportunity we have given to their sons and daughters both to go to university and to go into apprenticeships. To double the number of apprenticeships in 5½ years is a stunning testimony to the commitment of this government to the generality of the people of Australia and something of which I am exceptionally proud.

Australians Working Together: Funding

Mrs MOYLAN (3.23 p.m.)—My question is addressed to the Minister for Employment Services. I refer to the government’s Australians Working Together package that has allocated $1.7 billion over four years to be
spent on getting Australians off welfare and back to work. I ask the minister: how will that money be spent, and is he aware of any alternative plans to redirect funding for this carefully costed program?

Mr BROUGH—I thank the member for Pearce for her question and her interest in the Job Network and the Work for the Dole programs and all of the government’s successful employment services programs. The Australians Working Together—Helping People Move Forward package brings together an expansion of the Work for the Dole program, where we are seeing another 16,500 Work for the Dole participants, an additional 30,000 Job Search Training places and over $111 million put into training credits.

All of these things have been applauded by people as we have moved around Australia. In fact, the applause has come from some pretty unexpected quarters. There have been comments such as this one: ‘This is the country’s major employment service system. Much of it is going very, very well.’ Another comment was: ‘I have had the pleasure of sitting in on job search training and intensive assistance sessions. It has been quite inspiring and I congratulate you on it.’ On indigenous employment, there was this comment: ‘I actually think the government has done quite a good job in this area.’ So where is this praise coming from? It is coming from no-one other than the member for Dickson, the shadow minister. The shadow minister made all of those comments—fulsome praise of the government’s employment services when—

Ms Kernot interjecting—

Mr SPEAKER—The member for Dickson is warned!

Mr BROUGH—Would the member for Dickson like to add another piece of praise there? During the NESA conference on 25 July, she not only made all of those comments but she also went on to say:

If we win government—
‘we’ being the Labor Party—
we won’t expose you to reform fatigue, I promise you. In any case all of the changes that I want to see made have already been implemented or will have been implemented by this government.

That is, the Howard government. So I thank the shadow minister for those comments.

Mr Speaker, you can understand my surprise when on Sunday during Meet the Press the shadow minister started to retract from those points of view and started—

Opposition members interjecting—

Mr BROUGH—She did not, okay.

Mr SPEAKER—The minister will not respond to interjections.

Mr BROUGH—My apologies, Mr Speaker. She was asked this question by one of the panel:

Have you got a rolled-gold guarantee that you’ll get the same money should Labor win government at the end of the year?

Her answer was:

I’m pretty confident about it, yes, I am.

She was then asked a question by the Courier-Mail journalist, Dennis Atkins. He asked her, ‘Well, you intend to pull forward some expenditure, don’t you. So therefore which of these projects are you going to cut?’ ‘Oh, no, no, I’m not going to cut any projects.’

So the Labor Party is not cutting any projects. She has given us fulsome praise of Australians Working Together and the Job Network, but then she says that she wants to introduce some new programs on behalf of the Labor Party, some of which she has costed—’bring forward expenditure,’ she says. This is what she had to say at the NESA conference: ‘One, I’d like an independent monitoring authority. It will only cost a couple of million dollars. We’ve already allowed for it in our budget.’

Mr Costello—You’ve got a budget now!

Mr BROUGH—I am just wondering whether you have shared that with the shadow Treasurer, the shadow finance minister or the Leader of the Opposition, because that budget is not on Kim’s web page about his plan for Australia. More importantly, she went on to say this about mature age workers: ‘We intend to give them immediate access to intensive assistance and make sure they have the funds.’ So I asked my department to cost what it would be for every mature age worker to have immediate access to IA today. It is $104 million in the first
year. Is that costed in your budget as well? Is that on top of the $1.7 billion?

That is not all; there is more. Mr Speaker, when you buy an independent monitoring review and you buy mature age workers access to IA, you also can throw in access to all retrenched workers at a cost of $230 million per year—that is, nearly $1 billion additional funding into one portfolio over four years. Where is the money coming from? I will tell you where the money is coming from. She told us where the money is coming from when she spoke to Meet the Press. She was asked by Vivian Schenker from ABC Radio National:

... you’ve talked about new initiatives like more after-school-care places for kids. But how do you pay for those sorts of new initiatives, particularly if you’re going to roll back the GST?

The shadow minister had an answer. It was: Well, the first thing is, a whole lot of them don’t cost anything.

I can tell you, Mr Speaker, that child care does cost money, that providing IA does cost money and that providing money to retrenched workers is expensive. The question is: are we going to see more of the Beazley bankcard, or are we going to see you with your slimy hand in the pockets of every working family in this country, pulling taxes out of the working man of Australia?

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

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

PERSONAL EXPLANATIONS

Mr BEAZLEY (Brand—Leader of the Opposition) (3.30 p.m.)—Mr Speaker, I wish to make a personal explanation.

Mr SPEAKER—Does the Leader of the Opposition claim to have been misrepresented?

Mr BEAZLEY—I claim to have been misrepresented as usual—and, indeed, all my colleagues have been serially, but not seriously, misrepresented in question time.

Mr SPEAKER—The Leader of the Opposition can only have a personal explanation.

Mr BEAZLEY—The first misrepresentation was the suggestion by the Minister for Health and Aged Care that I intended surreptitiously, upon election to office, to remove the rebate associated with private health. We have no such intention. Indeed, our position is the opposite, as I have repeatedly stated.

Mr SPEAKER—The Leader of the Opposition knows that he has an obligation to indicate what he intends, not what his party intends.

Mr BEAZLEY—That is right.

Honourable members interjecting—

Mr BEAZLEY—I just said that—

Mr SPEAKER—The Leader of the Opposition must be aware of the fact that if he uses the term ‘we’ or ‘us’—

Mr BEAZLEY—’I’, Mr Speaker.

Mr SPEAKER—Thank you.

Mr BEAZLEY—I was accused directly of having that intention.

Mr SPEAKER—And, for that reason, you were granted the opportunity to make a personal explanation.

Mr BEAZLEY—The second piece of misrepresentation was when the Prime Minister said that I had done a deal with the state governments to ensure that they would not participate in the Prime Minister’s completely inadequate scheme for protecting workers’ entitlements; I have done no such thing. The third misrepresentation was from bean sprout brains—

Mr SPEAKER—No.

Mr BEAZLEY—I have forgotten the minister—

Mr SPEAKER—The Leader of the Opposition knows that he is inviting me to have him resume his seat.

Mr BEAZLEY—Then, Mr Speaker, from the Minister representing the Minister for Communications, Information Technology and the Arts. He said that I intended to direct Telstra. I have explicitly ruled out directing
Telstra, unlike them who have explicitly ruled that they are privatising it.

Mr SPEAKER—The Leader of the Opposition cannot enter into any argument.

Ms MACKLIN (Jagajaga) (3.32 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms MACKLIN—I do, Mr Speaker.

Mr SPEAKER—The member for Jagajaga may proceed.

Ms MACKLIN—In question time, the Prime Minister said that I did not support the private health insurance rebate remaining. As he knows full well, I certainly do support the private health insurance rebate remaining for all Australians.

Ms KERNOT (Dickson) (3.32 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms KERNOT—I do, Mr Speaker.

Mr SPEAKER—The member for Dickson may proceed.

Ms KERNOT—I believe that the Minister for Employment Services misrepresented my words—and I would have invited him to table the entire transcript, which I do not have with me. But, on the matter of the cost of child care, he deliberately linked 1,500 out of school care places with my comments that were about—

Mr SPEAKER—The member for Dickson cannot enter into an argument—

Ms KERNOT—negotiating with employers for workplace changes.

Mr SPEAKER—The member for Dickson cannot talk over the chair or enter into an argument about this. She can only indicate where she has been misrepresented.

Miss JACKIE KELLY (Lindsay—Minister for Sport and Tourism) (3.33 p.m.)—Mr Speaker, I wish to make a personal representation.

Mr SPEAKER—Does the minister claim to have been misrepresented?

Miss JACKIE KELLY—Yes, I do.

Mr SPEAKER—The minister may proceed.

Miss JACKIE KELLY—Last night in the adjournment debate, Senator Hutchins popped up to defame me, as he usually does—

Mr SPEAKER—The minister must come to the point at which she has been misrepresented.

Miss JACKIE KELLY—Senator Hutchins claimed that I had arrived late on the scene regarding his prodigy’s plan for mass housing on the north Penrith Army land in my electorate of Lindsay. I have been interested in this issue since 1997—

Mr SPEAKER—The minister must be aware of—

Opposition members interjecting—

Mr SPEAKER—I do not intend to broach any interruptions from those on my left, and I will deal instantly with anyone who further extends that discourtesy. The minister must be aware, as a minister, that she has an obligation to simply indicate where she has personally been misrepresented and indicate why she has been misrepresented, not to enter into any argument.

Miss JACKIE KELLY—I have been misrepresented because my opinion on that has been on the public record. I would like to table media articles dating back to 1999, where my opinion on this Army land and the fact that I have been in constant discussion and correspondence with Defence on this issue are on the public record.

QUESTIONS TO MR SPEAKER

Questions on Notice

Mr MURPHY (3.36 p.m.)—Mr Speaker, you will recall my seeking your assistance on Monday and Tuesday, under standing order 150, to seek answers from the Minister for Health and Aged Care to questions outstanding on the Notice Paper. I would like to say sincerely that I am sorry for my outburst during question time today when I did not accept the minister’s answer, in response to the dorothy dix question from the member for Aston, that the ALP does not answer questions.
Mr SPEAKER—The member for Lowe.

Mr MURPHY—My question to you, Mr Speaker, is that you must have written many questions on my behalf, under standing order 150, and also on behalf of the many members on this side of the chamber. My two questions to you specifically are: has the Minister for Health and Aged Care bothered to reply and given reasons for the delay in answering you? Has he even bothered to show you the courtesy and acknowledge those many letters that you have written on behalf of members on this side of the chamber?

Mr SPEAKER—My response to the member for Lowe is that I have discharged the obligations that the chair has under the standing orders to remind members of standing order 150 in every instance, and there is no need for any further correspondence. The obligation on the minister is to come back to the backbencher concerned, whether a member of the opposition or the government.

PAPERS

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

Motion (by Mr Reith) proposed:

That the House take note of the following paper:

Department of Health and Aged Care—Report on Private Health Insurance Premium Changes Notified in the Quarter Commencing 1 April 2001—Subsection 78(8)-(11) of the National Health Act 1953. (12 June 2001 / 18 June 2001)

Debate (on motion by Mr McMullan) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Employee Entitlements Support Scheme

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 put in place a comprehensive, fully funded and effective employee entitlement protection scheme which guarantees 100 per cent of lost employee entitlements.

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

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

Mr BEAZLEY (Brand—Leader of the Opposition) (3.37 p.m.)—One of the critical issues in the election which will be called in five or six weeks is going to be the sense of security that prevails now amongst Australians who are in our work force— those Australians who in many cases are supporting families; those Australians who, if they happen to be older in the work force, are anticipating and providing for their retirement; and those Australians who, by their payment of taxes, are sustaining the education system of this nation, are sustaining the health system of this nation and are sustaining this nation’s defences. Those patriotic Australians who are concerned about the level of security they now enjoy in the work force and the level of security for entitlements that have been hard-fought for in the current state of legislation in this country and business practice turn to government for a guarantee of their capacity to sustain the enjoyment of a reasonable lifestyle in retirement, the enjoyment of a reasonable opportunity, without fear of substantial financial deprivation, to seek other work if they have to. They are concerned about where the educational opportunity for their children and the feeding of their children will come from should they find themselves out of work.

That is now a central issue in the Australian political debate. It has many manifestations. Some of it relates to the way in which we are handling education, some of it relates to the way this government is Americanising the health care system, and some of it relates to the character of our industrial relations system and key parts of it. In that process, the face that the Australian people turn to government—any government of this country—is the face that expects fair and impartial treatment. It expects that a minister who has responsibility for administering any of those areas that are critical to them will be a
minister who will take a balanced approach to any issue that confronts him, not a minister who is interested in bomb-throwing and not a minister who is interested in exploiting them for feral political purposes. They expect fairness, decency and no abuse.

It must have grated upon those many people in the work force who are concerned about the specific matter related to workers’ entitlements, who are Vietnam veterans or veterans of other wars, to have had a minister stand up in this place—a well-protected minister, a minister whose entitlements will be given him 100 per cent upon his retirement, no matter in what circumstances that retirement takes place, including being fired by the electorate—and describe them as traitors. It was an inflammatory statement that prolonged this dispute; but that, as we know, was the minister’s intention. He has been utterly defeated, but we ought not to take any pleasure in his utter defeat, because all of us in this chamber are responsible for that standard of behaviour and the capacity to understand that in this place the expectation of the community is that all of us here will be on their side and will not seek to persecute them for base political purposes.

The minister, in answers to questions in this place, has invited me to explain why the circumstances now, five years and a bit into his government, as opposed to 13 years of Labor government, require on this matter of workers’ entitlements a different standard of protection. I shall tell him. The first reason why they require a different standard of protection is that, under this government, the casualisation of the work force in Australia, although substantially increasing over the past decade or so, has increased exponentially—the casualisation of the work force and the insecurity that has come with it. The second reason is the character of the industrial relations system: an industrial relations system that has made it easier to sack people; an industrial relations system that has seen the whittling away of entitlements, particularly for those sections of the work force who are not protected routinely by trade unions, which is now the majority of the Australian work force. We have seen a whittling away of their capacity to protect their entitlements and their ability to be defended by award safety nets. All elements of their security which have been critical and which were well protected under the industrial relations system that existed prior to 1996 have been undermined.

But there is a third and even more critical reason why the circumstances now demand a higher level of protection than they demanded six years ago, and that is the capacity that has developed amongst companies in this country to so restructure their arrangements that their employees are hired within a company framework that rarely has the protection of a substantial proportion of the asset base of the company and therefore rarely has the guarantee that if a company goes belly-up there is going to be some chance of protecting them. That change in the structure of our work force was not encouraged by the previous government but actively encouraged by this government. Indeed, it was encouraged to the point where a conspiracy was entered into only a couple of years ago by this government to ensure that a section of the work force which happened to be unionised would be placed in circumstances where they could be stripped of all their entitlements and sacked for one reason only: because they chose to exercise a free choice that the government maintained was available to them under the arrangements of the industrial relations system but which the government sought surreptitiously to subvert.

There is no confidence in the Australian work force that their entitlements are protected. There is no confidence that what are often quite minimal but nevertheless quite essential entitlements, often in the realm of no more than $30,000 or $40,000, are protected by the arrangements that are in place either in the company structure or in the industrial relations system, and they seek that protection. Where they have muscle, they obtain the protection in the way in which no Tristar worker wanted to see it obtained, but nevertheless they had the determination to do so: they enter into industrial disputation.

The minister pretends that he is concerned about the impacts on jobs of these developments. Until, of course, somebody tried it on, they said, ‘Ours is a minimum safety net;
anything further should be negotiated between employers and employees.’ But the moment one section of the work force decides properly to do that under the industrial relations system that is still established, even though they have bowdlerised it, the government seeks to urge one side in a dispute to compromise not one whit. If a group of workers seeks to extend their coverage beyond the very basic safety net to cover all their entitlements, the attitude of this minister is to walk out there and say to the employers, ‘Don’t you dare compromise! Don’t you dare!’

Mr Abbott—Calm down!

Mr BEAZLEY—You ask me to calm down; you worthless hypocrite.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! The Leader of the Opposition will withdraw that.

Mr BEAZLEY—I withdraw. The simple fact of the matter is that this bomb-thrower opposite us has been caught. The most senior political journalist in this country is Laurie Oakes. Let me point out what he has had to say about this minister:

The federal government is playing a very dangerous game. Workplace Relations Minister Tony Abbott in particular appears to be putting politics ahead of the national interest. Abbott’s approach to the dispute at the small car component firm, Tristar, has clearly been aimed at fanning rather than dampening down industrial strife. The strategy is transparent. The government wants to embarrass and demonise the Labor Party over industrial relations in the run up to the election and, to do that effectively, it needs industrial unrest. Industrial harmony for the next few months at least does not suit its political purposes.

The article goes on elsewhere to point out that, because of the changes I have been talking about—although he does not say so in so many words—because of those insecurities growing in the work force, because there is now a perception that the government has one standard for the wealthy in this country and another standard for ordinary Australians, there is not quite the same dog-whistle type response that the Liberals had hoped for and anticipated amongst ordinary Australian workers, and they come out and ask questions.

When an employee stands up and says, ‘Mr Abbott has millions of dollars to be paid out to him upon his retirement and I am paying for that as a taxpayer, and yet he denies me the capacity to cover my minuscule entitlements in comparison to that,’ I do not take any nonsense from him. When Marty Peek points out that after 30 years with the company he has $120,000 coming to him, and the very best that the Abbott scheme could present to him if all the states cooperated, if they all said, ‘This is wonderful, we’re in it,’ the very best he could expect for his payout from the government scheme would be $20,000.

This is a bloke in his late forties. This is a bloke who finds it harder and harder to be employed. This is a bloke who is only a few years away from one of the most embarrassing statistics that Australians confront, which is that we have the lowest male participation rate in the work force of people over the age of 50 of any industrialised country. This $120,000 is his last. If that company goes belly up, that is his last. That is what he has to sustain himself in any comfort at all, to retire any mortgages he might have, should his company go belly up. That is all he has. No wonder he is infuriated by people like the Minister for Employment, Workplace Relations and Small Business. No wonder he finds it disgusting that a person who benefits so much from the taxes he pays is so reluctant to put in place a scheme that protects all his entitlements in the very uncertain circumstances that he now faces.

But the Labor scheme cannot be done, says the Minister for Employment, Workplace Relations and Small Business, because it might affect jobs. He actually put a number on that. He said that if you increase the superannuation guarantee charge by 0.1 per cent—which is our policy—it would cost 50,000 jobs in this country. He might like to know that, if he is re-elected, he will preside over an increase in the superannuation guarantee charge next year of one per cent—not 0.1 per cent but one per cent. So, on his logic, 500,000 Australians are about to lose their jobs.

It is even more interesting. In the time that this government has been in office, it has
increased the superannuation guarantee charge from five per cent to eight per cent. On the logic of this genius who is the minister responsible for industrial relations, this bomb throwing lout who is the minister responsible for industrial relations, 1.5 million jobs have been lost over the last three years by this country as a result of the superannuation guarantee charge.

I will tell you what else has been lost in this country—and this is real as opposed to the surreal in the arguments of the minister responsible for industrial relations—and that is the promise by the Prime Minister that he was going to do something about the big end of town. We all remember when One.Tel collapsed the scheme that was supposed to come rocketing into this place to claw back for employees the result of unjustified bonuses going to company directors presiding over failed companies. Where is that legislation? This was going to be a matter of urgency a couple of months ago, but it seems to have disappeared. Where is the legislation for the minuscule entitlements proposal from this government? This was going to be fully legislated, according to Mr Reith. Where is it? There is no legislation. When we look at the budget papers, we find out that it disappears a couple of years from now, and we all know what Mr Howard has said about future surpluses: they are not going to be spent on things like this.

This government has been surprised by the editorialising on this issue from sources not normally seen as supportive of Labor—and neither should they be; it is up to newspapers who they decide to support. They have seen that 0.1 per cent. They have seen its coverage and they have seen a fully funded, effective scheme that would guarantee all Australian workers 100 per cent of their entitlements. That would mean that the invitation issued by this government to employees to go out there and get what they can for coverage from their employers would not have to be pursued. It would give them that total coverage. It is a scheme that would work, a scheme that would provide security. This issue of security and this question of whether or not you have fair government and government on your side will be issues of great significance in this country over the next three months, and we will run you to ground. (Time expired)

Mr ABBOTT (Warringah—Minister for Employment, Workplace Relations and Small Business) (3.52 p.m.)—One thing I am certainly not going to do in answering the Leader of the Opposition is resort to the level of personal abuse that we heard from him. The Leader of the Opposition has had a reputation in the past for being a fairly decent human being, but I think what the Australian people are seeing now under the pressure of the coming election campaign is a nasty streak. It is a vicious side to the Leader of the Opposition that is a sign of a fundamental weakness of character and the lack of ticker that has long been suspected by people who know him.

I can only assume that the almost hysterical performance by the Leader of the Opposition today was driven by a profound sense of guilt because all the measures that he says are absolutely necessary now are measures that were considered and rejected by the government in which he served as a senior minister for 13 years. He thought of all these things when he was a minister in the cabinet and he rejected them. What he has not done is explain why things that were so wrong then are so right now. To remind the House, let me quote again from the then Minister for Industrial Relations, who said:

The establishment of a wage earner protection fund is opposed. It would impose an unfair burden on the greater proportion of employers who conduct their businesses efficiently. Such a fund may also act as a disincentive to some employers to conduct their businesses on a responsible and proper financial basis.

That is what the then Minister for Industrial Relations thought back in the late 1980s, when no less a person than the Leader of the Opposition himself was minister for employment. His cabinet colleague, the then Attorney-General, said about the sort of fund that the Leader of the Opposition now supports:

It would be a further imposition on existing successful businesses, and it would be better to retain, and develop, where possible, existing employee priority provisions.
That is what Labor thought when it was in government. No satisfactory reason has been advanced by the Leader of the Opposition to justify this complete change of position. He said today that one reason was the casualisation of the work force. Casualisation of the work force has hardly increased since 1996. It was about 25 per cent of the work force then; it is still about 25 per cent of the work force. He said that another reason to justify his backflip is the restructuring their arrangements to avoid paying employee entitlements. Let me remind the Leader of the Opposition that the ability to which he refers is not something that has happened only in the last couple of years. What has happened in the last year is that this government has put in place changes to the companies legislation to ensure that, for the first time, any director who arranges his company’s affairs in such a way as to deny employees their entitlements is guilty of a criminal offence and subject to up to 10 years in jail. So the reasons that the Leader of the Opposition advances to justify his total and utter change of position are absolutely spurious.

I would not for a second deny that, for anyone facing a loss of entitlements, this is a terrible problem. Life is certainly very bleak indeed for anyone in the position of the workers at some of these businesses that have gone broke and that have failed to pay workers their entitlements. Reasonable people can have nothing but sympathy for workers caught in this terrible predicament. But, still, for all our sympathy, for all our concern and for all our compassion, it is important to see this in perspective. In any one year, less than one half of one per cent of businesses go broke and less than one-tenth of one per cent of workers lose their jobs as a result of business failure, and the percentage who actually lose their entitlements would be lower than that.

The opposition want a payroll levy scheme in place in which they will levy 100 per cent of workers and 100 per cent of businesses to fix a problem affecting less than one-tenth of one per cent of workers. So it is the wrong way to fix what is admittedly a serious problem. The Leader of the Opposition’s ‘no frills’ scheme to try to help protect workers’ entitlements is a levy of 0.1 per cent on payroll. This would raise $250 million or thereabouts in any one year. The Leader of the Opposition’s deluxe scheme to protect workers’ entitlements is Manusafe. Even in its first instalment of 1.5 per cent of payroll, even just in the manufacturing industry, Manusafe would raise some $550 million a year. So you have Labor’s no frills scheme that will raise $250 million a year, and you have Labor’s deluxe scheme that will raise $550 million now from just one industry. This problem—and we now know its extent because we have had a scheme in place to deal with it for the last 18 months—is, at worst, a $50 million a year problem. So by all means let us do everything we humanly can to protect employees’ entitlements in ways that do not make a bad situation worse. But let us not run around the country raising $250 million in one case or $550 million, for starters, in another case to solve a $50 million problem. Of course, one of the terrible things about the Manusafe scheme is that all that money is not going necessarily into a secure fund; it is going into a fund totally controlled by the AMWU—the former metalworkers union.

The fundamental problem with Labor’s schemes is that they will not protect entitlements so much as they will cost jobs. A 0.1 per cent levy on payroll would cost at least 5,000 jobs—

Mrs Crosio—You said 50,000 yesterday.

Mr Abbott—Yes, I misread a briefing note the other day. I am sorry about that. Let me correct the record. Manusafe, when fully operational, will raise some 19 per cent of payroll, and that will cost some 10,000 jobs in the motor industry alone. That is the problem with Labor’s schemes. Labor’s schemes will cost jobs.

There are no perfect solutions. Perfect, absolute, 100-per-cent-in-all-circumstances protection of entitlements will have absolutely unsustainable costs. What we should do is put in place a system which, first, does not cost jobs; second, does not provide people with incentives to ramp up their entitlements; and, third, does not amount to a confiscation of a business’s working capital. I
believe that those are precisely the merits of the government’s scheme: it does not cost jobs, it does not provide incentives to ramp up entitlements, and it does not confiscate the working capital of business.

Under the government’s scheme, some $9 million has been paid out over the last 18 months to some 4,500 employees, and, if the Labor states had come on board, some $18 million would have been paid out to those employees. The problem with Labor’s current position is that, to suit the political purposes of the Leader of the Opposition, employees in need are being dudged. That is the tragedy of what the Leader of the Opposition is doing. He is dudging employees in need to suit his own political purposes, because it suits him to try to run a campaign that this government is lacking in compassion.

Not only are the Labor premiers dudging workers, but their minions, their industrial legions, their storm-troopers out there in the economy, are destroying jobs right now with the kind of industrial action which is going on at Tristar. The Tristar strike is not about protecting entitlements; it is about entrenching union power. It is not about protecting existing entitlements; it is about creating new entitlements through the Manusafe scheme. What is supposed to happen under Manusafe is that, from day one, employers are required to put aside funds to cover long service leave, sickness payments and redundancy payments, even though they may never actually crystallise. Why should struggling businesses, particularly small businesses, be expected to put funds aside to cover so-called entitlements that may never actually crystallise? The real reason why members opposite have supported this strike through thick and thin, the real reason why members have supported Manusafe, is that Dougie Cameron is an important figure in the Labor Party; he needs to be supported. Dougie Cameron has bunged on this strike because he has got to justify his militant credentials in the face of a very serious assault to his authority inside the union movement from Craig Johnson. Craig Johnson, the leader of the Victorian branch of the AMWU, is so militant that his idea of holding meaningful discussions with small business is to break down their door with a crowbar. And it is in competition with him that Doug Cameron has now bunged on this strike—which is destroying jobs in the car industry, denying workers their right to work, and is against the long-term best interests of the workers at Tristar.

I was accused on numerous occasions by the Leader of the Opposition today of being a bomb thrower, an anarchist and all sorts of other fairly ugly and nasty things. I am not a sook; I can take it. I am not going to stand up here and demand that the Leader of the Opposition withdraw or apologise, because, to be honest, when the Leader of the Opposition makes those sorts of statements, they reflect much worse on him than they do on me. Let me say this: yes, I did make some very strong statements about this strike last week. It was important that the workers at Tristar and, in particular, the unions driving them on, realised just what sort of impact their action was having on an industry vital for Australia’s future. That was what was important, and I believe that in part as a result of my intervention and the intervention of other ministers, particularly the Prime Minister, people did come to their senses, and that is why I think there are now good prospects for ending this strike as of tomorrow. I believe that that is now the case, and I applaud it. At all times, this government’s objective has been to end this strike against the national interest and to get the 12,000 workers in the car industry who are currently stood down—and the tens of thousands of workers threatened with stand-down—back to work.

The Leader of the Opposition delighted in quoting from Laurie Oakes. Let me quote from today’s Daily Telegraph editorial. It says:

Any union that conducts a campaign which shuts down an industry in support of its own bid to gain control of employer funds cannot purport to represent the best interests of its members.

To demand this money from employers ... is merely another impost.

... ... ... ...

The AMWU should instruct its members to return to work ... While its members defy Industrial Relations Commission orders, they jeopardise the
future of the automotive industry and their own employment.

Politically, while Opposition Leader Kim Beazley remains silent on this issue, it gives Prime Minister John Howard further reason to be more confident over the election outcome.

This is the best government since Menzies, facing the worst opposition since Calwell.

(Time expired)

**Mr DEPUTY SPEAKER (Mr Nehl)**— Before I call the next speaker, I would like to confirm that the minister is definitely not a sook. I advise him that, on the only occasion that the Leader of the Opposition needed to withdraw, the chair obliged him to withdraw.

**Mrs CROSIO (Prospect)** (4.08 p.m.)— Let me say at the outset that the only dudding by any member of the parliament in this debate has been done by the Minister for Employment, Workplace Relations and Small Business, representing the government. Whether the minister wants to agree or not agree, the fact of the matter is that he did come into this House on Monday and say that a contribution of 0.1 per cent of workers’ entitlements under an insurance levy would lose 50,000 jobs. He was given the opportunity on Tuesday to apologise to the House, and he was given the opportunity today to apologise to the House. He did not do so until now in this debate, when he said, ‘Oh, I misread a quote and it was really 5,000 jobs.’ Well, that is not good enough.

I would like to remind the minister as he slinks out—because he does not want to hear what is fact—that the motion before the House is the failure of the government to put in place a comprehensive fully funded and effective employee entitlement protection scheme that guarantees 100 per cent of lost employee entitlements. What did we get? We got a great tirade from the minister over what he should or should not do as far as Tristar is concerned and what has happened with Manusafe.

I rose to speak in this debate today because, as the *Hansard* records will show, it is now something like 18 times since 1998 that I have got up and talked about employee entitlements. In fact, it is recorded in the *Hansard* of 6 April 1998 that I said: Guaranteeing workers’ entitlements in the event of company insolvency is one of the most important reforms yet to be undertaken by an Australian government.

It is a social reform for our time. Workers who lose their entitlements require more than sympathy from this minister and this government. They need more than the administrative arrangements put into place by the Department of Employment, Workplace Relations and Small Business by the previous minister, Mr Reith, which could not be better described than they were in the *Sydney Morning Herald* editorial on 4 August:

In 1999 the Government promised to have a workers’ entitlement protection scheme in place on January 1, 2000. Belatedly and in obvious haste, the then workplace relations minister Mr Reith announced as a stop-gap—

We still have it!

a safety-net scheme. The more comprehensive original scheme proposed by Mr Reith has been contentious from the outset on two crucial points especially. One is who should fund it. The other is the $20,000 cap on payments.

It has been clear from the outset that the scheme put in place by Mr Reith was hasty, ill-conceived and in need of refinement.

This half-baked scheme exempts employers from their share of responsibility in the event that their company or business becomes insolvent. It also provides employees with only part of their accrued entitlements. We on this side of the House believe the protection of workers’ entitlements should cover all employees, and that that cover must be 100 per cent. This is a fundamental right that must be observed by all employers and governments. Australian workers have never felt less secure in their jobs, and the current dispute at Tristar involving those 320 workers has once again put the spotlight on workers’ entitlements.

The current minister for workplace relations—the minister that just gave us that tirade not even five minutes ago—reported on 31 July:

The federal government has paid almost $9 million—and he repeated it here this afternoon—
in lost entitlements to almost 4,500 former employees of about 450 insolvent companies. Minister, that is almost $2,000 per employee. Tell that to the 320 Tristar workers who are fighting to protect $17 million in entitlements. Also, Minister, what do you have to say about the company now offering an insurance bond that would protect 100 per cent of workers’ entitlements? Let me read to the minister from page 2 of my first bill in 1998:

1. The object of this Act is to protect the interests of employees in the event of the insolvency of their employers.
2. The principal means adopted for the achievement of this object are the following:
   a. to establish a scheme of wage protection insurance; and
   b. to require employers to insure their workforces under the scheme; and
   c. to provide for the determination and enforcement of claims under the scheme.

Isn’t that talking about insurance? Yet the minister has now said that what the employer is negotiating with an insurance bond is admirable. Minister, you got up and made a statement about the Tristar workers and you talked about industrial treason. I say to you that this is about industrial reason. Company collapse should not be placed as another burden on the taxpayer. It is time for the employers and the corporate sector to recognise their responsibility and to change the attitude in the boardrooms and the managerial offices with regard to insolvency, the employer-employee relationship and the status of workers of Australia.

The President of the ACTU, Sharan Burrow stated—and I was very pleased to hear it the other night:

Unions believe that taxpayers do not want to pick up the losses of the corporate sector, particularly when those losses can come at the hands of directors who are often paid more than employees for just a few days work a month. How right she was. If a company fails, it is seen by some directors that their responsibility ceases and that they then have no moral obligation to the employees. This is not good enough. The AMWU claimed that more than 900 members have lost $9 million in the last nine months. Where was the outcry from the government or from the members of its backbench about the losses that have been experienced by those particular workers?

When I introduced my bill for the first time in 1998, more than 3,000 workers were owed in excess of $20 million. That was four years ago. The Parliamentary Library’s Current issues: corporate insolvency and workers’ entitlements, which is just out today on email, has stated, as reported from the Age:

It is very hard to quantify the problem accurately. Neither the Australian Bureau of Statistics nor the Australian Securities and Investment Commission monitors employee entitlements (lost), but estimates suggest the losses could be as high as $181 million a year.

The minister says that it is only a $50 million scheme to cover the losses; that is all they lose. The ACTU estimated that 7,000 businesses fail each year and that, in half of those cases, the employees lose entitlements to long service leave, holiday and sick pay and that anything up to 20,000 workers a year are in this situation. Where was the outcry then? Those statistics did not include the recent collapse of HIH or One.Tel. How many more corporate disasters do we need to make this government act? I say again what I said in 1998:

If the government is uneasy about socialising the burdens of insolvency by passing the responsibility of risk on to all members of the corporate community, it has a number of options open to it. One would be to amend my bill to require participation in the scheme only by those employers who did not enter formal arrangements to place their employees’ entitlements in trust. Another would be to amend this bill to require lending institutions to pay for maintaining their privileged position at the top of the creditor preference queue. Australian workers do not want to become a statistic. They do not want to join the 342 workers of National Textiles in Rutherford, the 240 workers in Grafton meatworks, the 270 Cobar copper mine workers, the 150 workers at Woodlawn, the 780 Austral Pacific workers, the 70 workers Braybrook textiles workers, the 180 workers at Electruck in Sydney’s south-west, the 200 Steel Tank and Pipe workers, the 17 workers at Lansvale Creative Catering, the 300 people
who worked for the Melbourne based clothes trader, Supreme 3, or the 680 workers from Exicon, in my electorate, who in 1996 lost $17 million in legal entitlements. Workers left stranded by bankrupt employers end up feeling rejected by society. It can cause loss of property through unpaid mortgages, the break-up of marriages and the breakdown of their families.

Labor believes that a national scheme to protect workers’ entitlements should be just that: it must be a national scheme and it must be part of a comprehensive approach to addressing the protection of employee entitlements. We have a number of actions that we are going to make sure are put into place. The question that we are on about on this side of the House and the question that workers in Australia will continue to ask is: why did the sacked workers at National Textiles get a better hearing than the others I have just mentioned, particularly the workers from Braybrook Manufacturing in Victoria, whose plight was no less compelling? This is not good enough from the Prime Minister, nor is the hypocrisy from his minister or the pretend anger practised by him in front of his mirror before coming into this parliament.

We want Australian workers to be given security. They will not be given that security with this incompetent minister at the helm. They will not be given that security because this government refuses to recognise that thousands of workers are being robbed month in and month out.

In 1998 the minister said that my bill was unworkable. In 1999, it was not viable. In 2000 the government again ignored the bill. It was obvious when I reintroduced in March 2001 that it would take the election of a Beazley Labor government to secure 100 per cent protection for Australian workers. The response by the present Minister for Employment, Workplace Relations and Small Business to the entitlements owed to workers is, as quoted in the Sydney Morning Herald on 23 January 2001, what we expect of him. He said:

What we expect people to do is to take their holidays as they fall due—

and not delay too long in terms of taking any long service leave that’s owing to them.

This minister is saying, ‘Workers, cash out your annual leave and entitlements because this government cannot secure them.’ The minister is saying that the current government’s employee entitlements safety net does not go far enough—it does not cover workers’ entitlements. (Time expired)

Mr BARRESI (Deakin) (4.18 p.m.)—It is a pleasure to speak on this matter of public importance. It is also a pleasure to be able to follow the member for Prospect, someone for whom I have quite a high regard, having spent some time with her overseas and knowing how much she genuinely has a concern for workers’ issues. The member for Prospect would be one of the few on the other side who genuinely has a concern on this issue, having introduced, as she said, her private members bill back in 1998.

I would say to the member for Prospect that the only problem I have is that I wish that her voice was as strong back in 1996 and prior to 1996 as it is today. I wish that you had stood up in the caucus party room prior to 1996 and really pushed the issue and tried to convince the then Prime Minister, Paul Keating, to introduce an employee entitlements scheme. After all, there was no other voice. You must have been on your own, member for Prospect, all of those lonely years while in government, trying to push this issue of employee entitlements. It is a pity that your voice was not heard back in those dim dark days of the Keating government and that an employee entitlements scheme was not introduced.

It has been said over and over again—and it is worth reiterating—that there were 13 years of federal Labor government. They had 13 years in which an employee entitlements scheme—some sort of protective scheme—could have been introduced to protect workers whose entitlements were not paid due to insolvency. I guess no more evidence of this failure is required than the plight of the workers who have discovered since Labor left government that there were no federal laws or schemes that existed to protect their unpaid entitlements due to the insolvency of the employer’s business. They might have thought that there was protection,
thought that there was protection, but there was none.

The Leader of the Opposition stood up here and gave very shallow reasoning as to why he failed to introduce an employee entitlements scheme all those years ago. He said, ‘Things are different now than what they were back then. We’ve got more casualisation of the work force today.’ We heard from the Minister for Employment, Workplace Relations and Small Business today that the casualisation figures have, in fact, hardly changed: they were about 25 per cent then and they are today as well. The Leader of the Opposition went on to say, ‘The industrial relations system has changed and it doesn’t give employees adequate protection these days.’ I was working in the field of human resources management prior to 1996, and there were countless examples of redundancies and businesses going under through insolvencies. Were those employees protected? No, not all.

The ACTU’s own figures show that, over this period of inaction, hundreds of thousands of workers were owed millions of dollars and their entitlements under Labor went begging. Their own figures show that 17,000 workers each year were not paid entitlements on insolvency—this was during the time the Labor Party was in office—and the average amount of money owed to workers who were left with unpaid entitlements on insolvency was approximately $7,000 per person. If this is right—and I have no reason to question this because they are the ACTU’s own figures—then, during Labor’s 13 years in office, 221,000 workers were left unprotected by Labor, losing some $1.25 billion in unpaid entitlements.

The member for Prospect I am sure has a very heartfelt concern for those 221,000 workers. I just wish her voice had been heard loudly back in those days in the caucus room and that she had been able to convince the others.

Mrs Crosio—It was.

Mr BARRESI—It might have been loud, but the member for Prospect was, unfortunately, ineffectual in trying to get legislation up. There were 221,000 workers who would have thought that a Labor government in office would have protected them but who were abandoned during those 13 years by the then government.

The Leader of the Opposition talked about this. The other reason he gave as to why he did not introduce the legislation during the ALP days was that companies are restructuring their operations these days and they are hiving off employees into separate structures. I say to the Leader of the Opposition that none of these reasons are legitimate. There is only one reason why the opposition has latched onto this issue. That is because the unions have told them, ‘This is an issue you should run with in the lead-up to the election. This is an issue on which you can differentiate yourselves from the coalition government. We know as an opposition and as unions that industrial relations is an issue on which the coalition will come out of any comparisons in a far more favourable light than we will, but you can run on this issue of employee entitlements because this shows that we have a heart and the coalition doesn’t.’

This is the first government that actually introduced an employee entitlements scheme. It was not done during those 13 years. Those 221,000 employees were abandoned by the ACTU during those dark 13 years of Labor government. They were abandoned, but not by this government. We came in and on 1 January 2000 the then Minister for Employment and Workplace Relations introduced a scheme for the very first time to protect those workers. We now have a comprehensive employee entitlements scheme. Up to the end of July 2001, it has already paid out a total of almost $9 million to almost 5,000 former employees. Those 221,000 employees during those dark days of Labor got nothing through any form of legislation that the ALP introduced—nothing whatsoever. Yet under this government, 5,000 former employees have received benefits through this scheme from 450 insolvent businesses up to this date.

Let us have a look at Labor’s proposal. First of all, Kim Beazley went on the Neil Mitchell show on 3AW on 31 May and said this:
I will put in place a scheme that guarantees them 100 per cent of entitlements paid by a 0.1 per cent addition to the superannuation guarantee levy that is paid by the companies. The effect of that which is quite small and the effect is quite large in the capacity to affect workers' entitlements. That is pretty good insurance.

This promise to impose a compulsory insurance levy on business, funded by an increased occupational superannuation contribution, is no more than a new Labor payroll tax in another guise. Kim Beazley is trying to introduce a so-called national alternative to our scheme. Victorian businesses already know about levies and schemes which are imposed on employers. Very recently—only this year—we saw the Bracks government increase WorkCover premiums, which has sent quite a lot of businesses into a frenzy and some of them to the wall with dramatic increases in their premiums. Here we have a scheme which the Labor government wants to introduce which once again is based on a premium basis. And what do you have? Because it is a no risk scheme, you will have those employers who are doing quite well and who are quite successful as businesses being penalised by the ALP's scheme. It is a tax on jobs, and for all employers, not just those at risk. This is Labor's new insolvency tax, a compulsory levy or a tax, which even the former adviser to Kim Beazley John Angley said would be:

... another cost on jobs. It also reduces the responsibility of employers' onus to fix their own affairs rather than fall back on the compulsory centralised funds.

The ALP is trying to introduce a scheme which will affect the viability of a lot of businesses. But why they are introducing this of course is because at the moment at Tristar we have a situation where this opposition has given support to a strike action to introduce a scheme which will give unions control of employer funds. This is not about protecting the employees at Tristar. Tristar is a going concern and a successful company. Of course, the unions are trying to do all they can to make sure that it may have to pay out, but at the moment it is a successful company and one which I am sure will continue to be successful. (Time expired)
Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

Bill (on motion by Mr Slipper)—by leave—read a third time.
FINANCE AND ADMINISTRATION
LEGISLATION AMENDMENT
(APPLICATION OF CRIMINAL CODE)
BILL (No. 1) 2001
Main Committee Report
Bill returned from Main Committee with amendments; certified copy of bill and schedule of amendments presented.
Ordered that the bill be taken into consideration forthwith.
Main Committee’s amendment’s—
(1) Clause 1, page 1 (line 7), omit “(No. 1)”.
(2) Page 8 (after line 6), after Schedule 1, insert:
Schedule 1A—Amendment of Electoral Acts

Commonwealth Electoral Act 1918
1 After section 4C
Insert:

4D Application of the Criminal Code
Chapter 2 of the Criminal Code applies to all offences against this Act.
Note: Chapter 2 of the Criminal Code sets out the general principles of criminal responsibility.

2 At the end of subsection 101(4)
Add:
Note: A defendant bears a legal burden in relation to the defence in subsection (4) (see section 13.4 of the Criminal Code).

3 At the end of subsection 101(5A)
Add:
Note: A defendant bears an evidential burden in relation to the defence in subsection (5A) (see subsection 13.3(3) of the Criminal Code).

4 After subsection 101(6)
Insert:

(6AA) An offence against subsection (6) relating to a failure to comply with subsection (1) or (5) is an offence of strict liability.
Note: For strict liability, see section 6.1 of the Criminal Code.

(6AB) An offence against subsection (6) relating to a failure to comply with subsection (4) is an offence of absolute liability.
Note: For absolute liability, see section 6.2 of the Criminal Code.

5 At the end of subsection 101(6A)
Add:
Note: A defendant bears an evidential burden in relation to the defence in subsection (6A) (see subsection 13.3(3) of the Criminal Code).

6 Section 103
Omit “without just excuse”.

7 At the end of section 103
Add:
(2) Subsection (1) does not apply if the officer has a just excuse for the failure.
Note: A defendant bears an evidential burden in relation to the matter in subsection (2) (see subsection 13.3(3) of the Criminal Code).

8 At the end of section 196
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

9 At the end of section 200J
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

10 Subsection 245(8)
Omit “paragraph (15)(a)”, substitute “subsection (15)”.

11 Subsection 245(10)
Omit “paragraph (15)(a)”, substitute “subsection (15)”.

12 Subsection 245(15)
Repeal the subsection, substitute:

(15) An elector is guilty of an offence if the elector fails to vote at an election.

Penalty: $50.
(15A) Strict liability applies to an offence against subsection (15).
Note: For strict liability, see section 6.1 of the Criminal Code.
Subsection (15) does not apply if the elector has a valid and sufficient reason for the failure.

Note: A defendant bears an evidential burden in relation to the matter in subsection (15B) (see subsection 13.3(3) of the Criminal Code).

An elector who makes a statement in response to a penalty notice or to a notice under subsection (9) that is, to his or her knowledge, false or misleading in a material particular is guilty of an offence.

Penalty: $50.

After subsection 315(1)
Insert:

(1A) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

After subsection 315(2)
Insert:

(2A) Strict liability applies to an offence against subsection (2).

Note: For strict liability, see section 6.1 of the Criminal Code.

Subsection 316(5)
Repeal the subsection, substitute:

(5) A person is guilty of an offence if the person refuses to comply with a notice under subsection (2A), (3) or (3A) to the extent that the person is capable of complying with the notice.

Penalty: $1,000.

(5A) A person is guilty of an offence if the person fails to comply with a notice under subsection (2A), (3) or (3A) to the extent that the person is capable of complying with the notice.

Penalty: $1,000.

Strict liability applies to an offence against subsection (5A).

Note: For strict liability, see section 6.1 of the Criminal Code.

Subsection (5) or (5A) does not apply if the person has a reasonable excuse.

Note: A defendant bears an evidential burden in relation to the matter in subsection (5C) (see subsection 13.3(3) of the Criminal Code).

Subsections 325(1) and (2) and 325A(1)
Omit “for the purpose of”, substitute “with the intention of”.

Subsection 326(2)
Omit “in order to influence or affect”, substitute “with the intention of influencing or affecting”.

At the end of subsection 329(5)
Add:

Note: A defendant bears a legal burden in relation to the defence in subsection (5) (see section 13.4 of the Criminal Code).

After subsection 334(2)
Insert:

(2A) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

Subsection 335(1)
Omit “wilfully”.

Paragraph 339(1)(a)
Omit “for the purpose of”, substitute “with the intention of”.

Paragraph 339(1)(b)
Omit “for the purpose of voting”, substitute “with the intention of voting in that other person’s name”.

Paragraph 339(1)(c)
Repeal the paragraph, substitute:

(c) fraudulently do an act that results in the destruction or defacement of any nomination paper or ballot-paper; or

Paragraph 339(1)(h)
Repeal the paragraph, substitute:

(h) do an act that results in the unlawful destruction of, taking of, opening of, or interference with, ballot-boxes or ballot-papers.

Subsection 339(2)
Repeal the subsection, substitute:

(2) A person is guilty of an offence if the person:

(a) does an act; and

(b) the act results in the defacement, mutilation, destruction or removal of
any notice, list or other document affixed by, or by the authority of, any Divisional Returning Officer.

Penalty: $500.

26 At the end of section 341
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

27 At the end of section 343
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

28 Subsection 347(1)
Omit “for the purpose of”, substitute “with the intention of”.

29 Subsection 347(4)
Omit “, without the authority of the chairperson (proof whereof shall lie upon that person)”.

30 At the end of section 347
Add:
(5) Subsection (4) does not apply if the person proves that he or she is authorised by the chairperson to return.
Note: A defendant bears a legal burden in relation to the matter in subsection (5) (see section 13.4 of the Criminal Code).

31 Subsection 350(1)
Repeal the subsection, substitute:
(1) A person is guilty of an offence if the person makes or publishes any false and defamatory statement in relation to the personal character or conduct of a candidate.

Penalty: $1,000 or imprisonment for 6 months, or both.
Note: Part IA of the Crimes Act 1914 contains provisions dealing with penalties.

(1A) Subsection (1) does not apply if the person proves that he or she had a reasonable ground for believing, and did believe, the statement to be true.

Note: A defendant bears a legal burden in relation to the defence in subsection (1A) (see section 13.4 of the Criminal Code).

32 Subsection 351(1)
Omit “, without the written authority of the candidate (proof whereof shall lie upon that person)”.

33 After subsection 351(1)
Insert:
(1A) Subsection (1) does not apply if the person proves that he or she is authorised in writing by the candidate to announce or publish the thing claimed, suggested or advocated.
Note: A defendant bears a legal burden in relation to the matter in subsection (1A) (see section 13.4 of the Criminal Code).

34 At the end of subsection 351(3)
Add:
Note: A defendant bears a legal burden in relation to proof to the contrary under subsection (3) (see section 13.4 of the Criminal Code).

35 At the end of subsection 351(5)
Add:
Note: A defendant bears an evidential burden in relation to evidence to the contrary under subsection (5) (see subsection 13.3(3) of the Criminal Code).

36 Subparagraph 386(a)(ii)
Omit “section 7 of the Crimes Act 1914”, substitute “section 11.1 of the Criminal Code”.

Referendum (Machinery Provisions) Act 1984

37 After section 3B
Insert:
3C Application of the Criminal Code
Chapter 2 of the Criminal Code applies to all offences against this Act.
Note: Chapter 2 of the Criminal Code sets out the general principles of criminal responsibility.

38 Subsection 45(8)
Omit “paragraph (14)(a)”, substitute “subsection (14)”.

39 Subsection 45(10)
Omit “paragraph (14)(a)”, substitute “subsection (14)”.

40 **Subsection 45(14)**
Repeal the subsection, substitute:

(14) An elector is guilty of an offence if the elector fails to vote at a referendum.

Penalty: $50.

(14A) Strict liability applies to an offence against subsection (14).

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

(14B) Subsection (14) does not apply if the elector has a valid and sufficient reason for the failure.

Note: A defendant bears an evidential burden in relation to the matter in subsection (14B) (see subsection 13.3(3) of the *Criminal Code*).

(14C) An elector who makes a statement in response to a penalty notice or to a notice under subsection (9) that is, to his or her knowledge, false or misleading in a material particular is guilty of an offence.

Penalty: $50.

41 **Subsections 55(6) and (7)**
Repeal the subsections.

42 **At the end of section 68**
Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

43 **At the end of section 73H**
Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

44 **Subsections 118(1) and (2) and 118A(1)**
Omit “for the purpose of”, substitute “with the intention of”.

45 **Paragraph 119(2)(a)**
Omit “in order to influence”, substitute “with the intention of influencing”.

46 **Paragraph 119(2)(b)**
Omit “in order to induce”, substitute “with the intention of inducing”.

47 **At the end of subsection 122(5)**
Add:

Note: A defendant bears a legal burden in relation to the defence in subsection (5) (see section 13.4 of the *Criminal Code*).

48 **Subsection 126(1)**
Omit “wilfully”.

49 **Paragraph 130(1)(a)**
Repeal the paragraph, substitute:

(a) impersonate another person with the intention of voting in that other person’s name; or

(aa) impersonate another person with the intention of securing a ballot-paper to which the first-mentioned person is not entitled; or

50 **Paragraph 130(1)(b)**
Repeal the paragraph, substitute:

(b) fraudulently do an act that results in the destruction or defacement of a ballot-paper or other document relating to a referendum; or

51 **Paragraph 130(1)(e)**
Repeal the paragraph.

52 **Paragraph 130(1)(g)**
Repeal the paragraph, substitute:

(g) do an act that results in the unlawful destruction of, taking of, opening of, or interference with, ballot-boxes or ballot-papers.

53 **Paragraph 130(1)(j)**
Repeal the paragraph.

54 **Subsection 130(2)**
Repeal the subsection, substitute:

(2) A person is guilty of an offence if the person:

(a) does an act; and

(b) the act results in the defacement, mutilation, destruction or removal of any notice, list or other document displayed in any place by, or with the authority of, an officer.

Penalty: $500.

55 **At the end of section 132**
† Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

56 Subsection 134(2)

Omit “for the purpose of”, substitute “with the intention of”.

57 At the end of section 136

Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

(3) Schedule 2, page 9 (after line 21), after item 4, insert:

4A Section 17

Omit “, without just cause (proof whereof shall lie upon him)”.

4B At the end of section 17

Add:

(2) Paragraph (1)(a), (b) or (c) does not apply if the person proves that he or she has just cause for the refusal.

Note: A defendant bears a legal burden in relation to the matter in subsection (2) (see section 13.4 of the Criminal Code).

Amendments agreed to.

Bill, as amended, agreed to.

Third Reading

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

COMMITTEES

Public Works Committee

Reference

Mr Slipper (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.32 p.m.)—I move:

That, in accordance with the provisions of the Public Works Committee Act 1969, the following proposed work be referred to the Parliamentary Standing Committee on Public Works for consideration and report: Redevelopment of residential areas at Enoggera, Brisbane.

The Defence Housing Authority proposes a major redevelopment at Enoggera adjoining the Army Barracks in Brisbane. The role of the Defence Housing Authority is to provide suitable housing to meet the operational needs of the Australian Defence Force and the requirements of the Department of Defence. The Defence Housing Authority satisfies Defence accommodation requirements by a mixture of construction off-base with a view to retaining the properties or selling them with a lease attached; construction on-base to accord with Defence operational or policy requirements and/or if such construction is the most cost effective for all concerned; direct purchase with a view to retaining the properties or selling them with a lease attached; and direct leases from the private rental market. All options are being pursued to meet the significant Defence requirement for residences in the Brisbane area. In locations such as Brisbane where there is a high level of Defence demand, constructed housing delivered through bulk procurement contracts is the most effective provisioning option.

Enoggera is a rapid response deployment facility, and housing of Australian Defence Force members close to their units is preferred. The location of the proposed site adjoining the Enoggera Army Barracks satisfies this additional requirement. The site will also offer Defence members and their families a secure suburban environment within six kilometres of the Brisbane central business district with good access to community facilities such as shops, schools, public transport and recreational facilities.

The land for this project has been made available by the demolition of 41 substandard houses which were no longer useable as satisfactory accommodation for Defence. This project involves redeveloping the site by subdividing it to provide a maximum of 69 houses, consisting of 10 single detached houses and 59 double storey and/or highset detached houses. The proposed project will have a positive effect on the local economy during the construction period, with up to 80 persons working directly on the site and many more off site supplying material, plant and equipment. The estimated cost of the proposal is $15.8 million. Subject to parliamentary and Defence Housing Authority board approval, the construction program is planned to commence in April next year with
delivery of completed dwellings planned for December next year. I commend the motion to the House.

Question resolved in the affirmative.

STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL 2001
Second Reading
Debate resumed.

Mr LEE (Dobell) (4.36 p.m.)—You will recall, Mr Deputy Speaker, being a close follower of these debates, that before question time so rudely interrupted our debate on the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 we were talking about the issue of literacy and the fact that the current Minister for Education, Training and Youth Affairs, Dr David Kemp, is a literacy fraud. The reason we state that the minister for education is a literacy fraud is because he has claimed that he has massively increased funding for literacy—

Mr Slipper—True; it’s true.

Mr LEE—The member at the table, the Parliamentary Secretary to the Minister for Finance and Administration—but you can bet he will not be the minister for finance whatever happens at the next election—interjects and demonstrates that he too, as well as the minister for education, makes false claims that this government has massively increased funding for literacy. The truth is that the vast majority of this government’s literacy funding is not new money; it is simply rebadging existing funding for disadvantaged schools, for English as a second language and for students with disabilities. That is the first point. They have not massively increased funding for literacy.

Secondly, the Minister for Education, Training and Youth Affairs claims to have revolutionised literacy testing. The truth is that his main achievement has been to come up with a statistical formula for comparing state tests, tests that have been carried out since as far back as 1987. This may help the Minister for Education, Training and Youth Affairs to play political games and make bogus claims but it will not help children learn to read.

Thirdly, the Minister for Education, Training and Youth Affairs also claims to have improved literacy results. The truth is that in 1997 he used one survey to claim year 3 literacy was 27 per cent and in 2000 he used a different statistical formula to claim that he had reduced it to 14 per cent. You would have to say that, if the Minister for Education, Training and Youth Affairs is this good with apples and oranges, he should have been a greengrocer rather than a minister of the Crown.

Fourthly, the minister tries to persuade us that he cares about literacy. How can this minister claim to care about literacy when it is a higher priority for him to spend $57 million a year on those wealthy category 1 schools like King’s and Geelong Grammar rather than using the same amount of money to carry out urgent capital works in public schools and to improve the quality of teaching in both government and non-government schools by funding 1,000 new teacher scholarships a year to encourage more of our best year 12 students to go into teaching? The scholarships will forgive the HECS debts for students who receive the scholarships, and for up to 10 years will be forgiving about $1,500 per year of HECS payments they would otherwise have to make. This minister would rather spend the money on category 1 schools like King’s and Geelong Grammar than put those resources into funding more professional development for existing teachers to help improve the quality of teaching in both government and non-government schools.

We had a new development here today. While our second reading amendment refers to our concern about the distribution of funding between government and non-government schools, we had the minister execute a backflip in the chamber. The minister has now agreed, after pressure exerted on him by the opposition, to split the higher education funding legislation from the proposed increase in funding for establishment grants for non-government schools. With one backflip having been executed, we have one more backflip to go. Before the government
will obtain opposition support for the extra $14 million needed for the establishment grants, the government must agree to a $30 million balancing increase in funding for public schools.

We have made it clear that we will support the extra funding for establishment grants for non-government schools on the one reasonable condition that the government provides a balancing increase in funding for public schools. We support extra funding for new non-government schools because of the extra costs they face. What we do not understand is why the Howard government does not accept that there are also extra costs associated with the opening of new government schools. We believe that the students of those government schools have a right equal to that of those students who are at the new non-government schools; hence we will continue to press our demands that the government provide that balancing increase.

The minister has stood up at question time three days this week and has listed schools that he believes are being denied funding and has accused the opposition of being responsible for that. There is only one person standing between those schools and those establishment grants, and his name is David Kemp, the federal Minister for Education, Training and Youth Affairs. If the minister today agreed to the extra $30 million for public schools, that legislation could pass by the end of this week. The only reason that we face a crisis at all is that this minister sat on his hands last year when the states grants bill was before the House of Representatives and the Senate. He took no action last year when his department first realised that they had underfunded the establishment grants, and for the first six months of this year he was so ineffectual that he could not persuade his colleagues to allow the legislation to be brought on. So, again, if there is one person responsible for the delay in the funding of the establishment grants for non-government schools around the country, it is the Minister for Education, Training and Youth Affairs.

I make this commitment again: if the government is prepared today to commit to the extra $30 million, the balance in increase for public schools, we could have the legislation funding the establishment grants passed before the end of this week. That is an offer I extend to the minister, but we will not hold our breath waiting for him to take it up because he will use every excuse on any occasion to deny extra funding to public schools. He has an ideological obsession with providing the largest possible increases not to needy government and non-government schools but to that very small number of wealthy category 1 schools that already have tremendous resources, and in many cases they have students getting very good outcomes. We believe that there are many ways we can spend that same $105 million in a better way to make a real difference in areas like literacy, numeracy and helping more kids finish year 12. It is for those reasons that I moved our second reading amendment.

Mr DEPUTY SPEAKER (Mr Jenkins)—Is the motion seconded?

Mr Swan—I second the amendment and reserve my right to speak at a later time.

Mr HARDGRAVE (Moreton) (4.43 p.m.)—Mr Deputy Speaker, as you would know, one of the happiest duties that we can undertake as members in this place is to host constituents from our own electorate, especially students from local schools that come to visit. I would like to begin my contribution today by acknowledging the presence in this building of the grade 7 students from Upper Mount Gravatt State School, a very good public school in my electorate. It is one of the 100 state schools around Australia that have a teacher—this case, Linda Pegnell—immersed in a very fine education program initiated by the parliament so that the students know about the Centenary of Federation. The school have embellished their knowledge of the centenary of our great country by a lot of different actions this year.

It was my honour yesterday to participate with the school captains from Upper Mount Gravatt State School in a symbolic wreath laying at the Tomb of the Unknown Soldier at the Australian War Memorial. The initiative by the War Memorial to involve younger Australians in a greater understanding of the sense of commemoration and sacrifice that all Australians should have of those who served this country in time of war is a very
fine initiative. Those students, who are in this building today, have gained a deal of understanding and knowledge about parliamentary processes. The work of the Parliamentary Education Office is one of the costs associated with running this place. I do not consider it a perk of my office as a member of parliament. Rather, I consider it to be one of the most effective and practical things which parliamentary expenditure delivers upon and that it is good for all Australians to understand a lot more about how parliaments work.

It is also important to note that those same year 7 students have been exposed to several benchmark tests as a result of the deliberate policy agenda of this government in the area of literacy and numeracy. Those benchmark tests and the area of literacy and numeracy are at the centre of the matter before us for debate today, the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001. This is a government which believes in trying to fund results. This is a government which believes very strongly in trusting professionals, teachers who nurture students and encourage them not only to be taught but also to catch information through their experiences in the classroom and, indeed, on wonderful field trips such as the one which the students of Upper Mount Gravatt State School have undertaken this week to Canberra and tomorrow on to Sydney before returning safely to their parents.

It is important to note that those same year 7 students have been exposed to several benchmark tests as a result of the deliberate policy agenda of this government in the area of literacy and numeracy. Those benchmark tests and the area of literacy and numeracy are at the centre of the matter before us for debate today, the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001. This is a government which believes in trying to fund results. This is a government which believes very strongly in trusting professionals, teachers who nurture students and encourage them not only to be taught but also to catch information through their experiences in the classroom and, indeed, on wonderful field trips such as the one which the students of Upper Mount Gravatt State School have undertaken this week to Canberra and tomorrow on to Sydney before returning safely to their parents.

It is important to support teachers, as this government has been doing, and those who are committed to the education of our young people. That is why this government has embarked upon the deliberate strategy of increasing funding to record levels for government and non-government schools. In my own state, funding this year is $416 million. Next year, Commonwealth funding into state schools in Queensland is going to be $440 million—42 per cent more than the Australian Labor Party thought was worthy of investing in Queensland state school students when they were last in office. These are important figures.

It is important to know that not only is Commonwealth funding going to be 52 per cent higher next year than it was under Labor but, at the same time, the government is funding, through this legislation, national literacy and numeracy plans to provide guidance and testing of standards achieved, and encouragement to students, not just in a way that simply says that the best students are the ones highlighted but in mapping the work of teachers who are picking up kids who do not have basic skills in literacy and numeracy—the skills they need to advance to further study and to make a real contribution to the community.

This plan also highlights those who have, in their own way, done their personal best—as Kieren Perkins has had to concede to Grant Hackett. Just as we see people in the sporting field doing their PBs, we are looking at encouraging personal bests out of students, no matter what their socioeconomic background, no matter what their teaching circumstance, no matter where they have learned. This government has a plan for literacy and numeracy that is delivering results, not just for students but also for their teachers.

As announced in the budget, we have also embarked upon a $27.4 million Australian books for Australian schools program, to encourage students to read, to make more books available to Australian schools—government and non-government. We have also embarked upon a deliberate strategy, a $3.7 million quality teacher program which is meant to assist teachers who are dedicated to classroom work to grow in this particularly important purpose that they set themselves. I am always amused to see state governments taking credit—as the Queensland government has in its most recent budget for the Quality Teaching Program—and restating initiatives funded by the Commonwealth. We are also embarking upon new centres of excellence for mathematics, science and technology, tools for students to make a contribution now and into the future.

I was amused and distressed by the downright deceit of the state government in
Queensland over a new centre for excellence in a school just outside my electorate boundary at Ironside State School. Queensland’s Premier Beattie and the current state member for Indooroopilly, Mr Lee, were present. The federal member for Ryan may have been there too. A great deal of excitement and publicity were generated about a new centre for excellence at the school, funded in the main by Commonwealth moneys. There was no mention that the funding was mainly Commonwealth moneys.

This government understands that a key social justice issue in this country is providing core skills in literacy and numeracy for all Australian students. We are investing not just in students in classrooms but also in teachers who nurture those students. When you consider that this government is looking at what is going to be needed today and tomorrow, funding appropriately by investing hundreds of millions of dollars in schooling—$440 million next year, much more money than the Australian Labor Party invested—it makes you wonder why those opposite and those who want to choose to apologise for the Queensland Teachers Union executive. The Courier-Mail today has highlighted that the Teachers Union has failed the funding test, that its complaints about inadequate funding of schools in the state arena in Queensland should not be sheeted home to us here in Canberra. It said:

The Queensland Teachers Union should be made to write out 100 times: State education is the responsibility of the State Government. We have pro-ALP, politically motivated union officials who are enhancing their careers outside the classroom and who are more about trying to prove their case for a future preselection into this parliament or another parliament for the Labor Party than about dealing honestly with the real and very important and substantial issue of funding for state schools in my state of Queensland. The Queensland press publication the Courier-Mail said today:

Theoretically, state governments should be able to increase funding for education. That is a damning indictment from the editorial writer at the Courier-Mail—who is no doubt getting an earful from Peter Beattie’s hundreds of media minders today. That the state government has chosen not to increase funding in any dramatic fashion says vol-
umes about the Beattie government. It also says volumes about the Beattie government that schools in my own electorate that have white ants in their building structure are being told by their local state member that it will be a 10-year maintenance program. If the Wellers Hill State School buildings are still standing in 10 years time, the current state Labor member for the area, Gary Fenton, perhaps will be able to say that some maintenance work has been done in 10 years. That is without even looking at the way the GST will be a growth tax, giving more and more money to the state government of Queensland—at least $50 billion from now. With $50 billion from now, maybe Wellers Hill State School will not have to put up with things like the guttering and soffits on the administration block falling off because of poor maintenance standards in the Queensland education system.

Why don’t we hear from the Queensland Teachers Union about things like that? Why aren’t we hearing from the Queensland Teachers Union about the failure of the Beattie government, in particular who replaced their now minister for education, Anna Bligh someone who was I think a lot more preoccupied with a whole bunch of other problems last year and who, instead of concentrating on education, was worrying about other things? Why aren’t we hearing from the Queensland Teachers Union about why the Beattie government cannot increase funding into education services in Queensland to match, just dollar for dollar, the increases from the Commonwealth?

We are the minor contributor to state school funding. Some 92 per cent of state government funds goes to state schools; eight per cent goes to non-government schools. About 92 per cent goes from the state government to state schools, and the Commonwealth tops up the rest. Why isn’t the Queensland Teachers Union embarking upon a legitimate campaign expressing its anger—as the Courier-Mail has suggested today—at the bottom end of George Street, at Parliament House, Brisbane, instead of running this silly, sleazy campaign peddling absolute downright lies about the Commonwealth’s funding commitment to state schools. Why? I suspect it is the 4½ per cent buy-off that it negotiated with Premier Beattie last year. There is no doubt in my mind that teachers deserved the sort of pay rise they got—and more. The union bosses compromised at 4½ per cent.

The fact that teachers had to go into strike action to try to force the Beattie government to act to properly remunerate them in itself underscores the lack of commitment to classroom based education funding in Queensland. It is classroom based education that education should be all about. I know because I have spoken directly with Minister Kemp about this matter. I and all of us on this side are about that teacher-student relationship, about funding and resourcing that equation above everything else. What the Queensland government have proved by their action is that they are into renovating district offices, buying new cars for the car fleet of people who go around and check, and boosting the size of the bureaucracy at central office, but denying teachers in the classroom the opportunity to have, firstly, the right number of kids in the classroom and, secondly, the right sort of resources in the classroom.

When you add into the equation something like a child who has any sort of learning difficulty, the Labor Party’s lack of understanding of education funding priorities in Queensland means that that child becomes ostracised by its schoolmates and their parents. Why? Because that child takes up more time of the teacher. Parents of the other children tend to have a feeling of disregard about the fact that they are not getting a similar amount of time allocated for their children. Teachers need further assistance for those with things like attention deficit disorder and other well-understood disabilities and handicaps. Teachers need further resources in that regard. Do we hear anything from the Queensland Teachers Union demanding action from the Queensland government about that? No. All we see is this smokescreen at the expense of 100 per cent of the union members, of which about half will vote La-
bor and about half will not vote Labor at the next federal election, but the half that will not vote Labor has no say in what the union leadership does with the whole of its money.

All we hear from the union leadership in Queensland is that it is Canberra’s fault. Every time you hear the Queensland Teachers Union talk about these matters, they are taking the pressure off where it should really be applied. They are preventing real progress on real issues in the classroom: funding and resourcing and giving support to teachers who deserve it, funding and supporting and giving resources to children who deserve it. At the same time, they are trying to create some sort of ‘classless warfare’, as I call it—not class warfare but classless warfare—suggesting that any parent who chooses to send their child to a non-government school is in fact some sort of rich or elitist approach about them, whereas in fact all we are saying is that a lot of parents who send their children to poor parish schools, like those in my electorate, and to similar sorts of non-government schools are in fact subsidising the total cost of education in Australia directly.

The analogy is clear. It is the same as private health insurance. Those who take out private health insurance—and some 42 per cent of Australians do; 50 per cent of people in my electorate do—are of course meeting the costs of their own health care and freeing up the opportunities for those who cannot meet their costs to use the public system—in other words, taking the pressure off the public system. The analogy is true for the non-government school sector. Those who agree to fund the difference between what the Commonwealth and the state provide to non-government schools in the form of funding, those who agree to meet that cost between that and the actual cost of education for their child, are in fact subsidising directly the total education cost in this nation.

The Labor Party’s plan for education is unfunded, as are all of their promises and diatribe, and is sponsored and written by a union—the Australian Education Union, the Queensland Teachers Union or the New South Wales Teachers Federation. You name it, they are there. Their plan is simply to win the federal election, but they have no plan to run the country afterwards. It is an astonishingly poorly constructed debate built on a campaign of outright lies. Those opposite should be disassociating themselves from organisations like the Queensland Teachers Union. Those opposite—and I see the member for Lilley at the table; the numbers man in Queensland—have the opportunity to put pressure on the Queensland government to act and to look after schools in my electorate and to stop this campaign built on absolute lies that is actually preventing proper funding going to schools in need.

Mr SAWFORD (Port Adelaide) (5.03 p.m.)—The member for Moreton cannot even use his own government’s figures. If you analyse the only real analysis of government expenditure on education in this country, use your own figures. In 1996 we spent 2.2 per cent of GDP; we now spend 1.6 per cent—that is a 20 per cent cut, member for Moreton.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 that would improve schooling outcomes is a laudable aim. However, my recent experience with this important issue tells me that this matter is being addressed in good schools by good principals and good teachers in spite of the federal government actions, rather than because of them. Good public policy in education ought to be based on the best available quantitative and qualitative data. It ought to be based on comparative data between all the educational sectors. It ought to be based on the balance of longitudinal and current research, but current policy is not.

Education policy in this country is based on historical tradition and the protection of vested interests—now, increasingly, the protection of privileged elites. There is no educational rationale of any substance whatsoever. Some may ask, ‘What about the 1998 Adelaide declaration, the National Goals in Schooling?’ I will come to that little non-policy a little later. The best longitudinal study in education that I have ever come across in the English speaking world was conducted by the Inner London Education Authority in the late 1970s and early 1980s.
It was published in the *Times Educational Supplement* in April 1986. Its most important finding was that the most significant determinant of future success or failure was the schooling received by children between the ages of seven and 11. Schooling was far more important than gender, race, nationality, religion or socioeconomic background. Successful schooling is based on the reality of good principals, good teachers and a good educational program.

Why have no longitudinal studies of significance being commissioned in Australia during this government’s term? Why have no comparative studies of educational funding—public, private, primary, secondary, TAFE or tertiary—been commissioned by this government in Australia? The truth is that the federal government has shown no substantive leadership whatsoever in improving schooling outcomes. The minister makes much of his so-called efforts in literacy and numeracy—and so did the member for Moreton—except he is wrong. In fact, he recently sent out a pamphlet to parents on literacy and numeracy. The first sentence read:

"Literacy and numeracy are the most important foundation skills our children need during their education."

You would not argue with the sense or the sentiment of that statement. However, the reality of funding those laudable aims tells a very different story. On a comparative basis, primary schools are the least funded of any educational sector. How anyone could reconcile that reality with the propaganda espoused by the federal education minister I do not know. Take the second sentence of his letter to parents:

"These skills (that is, literacy and numeracy) are vital to ensure our young citizens are able to fully participate in Australian society once they leave school.

You could not disagree with that sentiment, and I particularly agree with his third sentence, which reads:

"... that places a major responsibility on people in Government, on teachers and on us as parents to see that our children learn these skills as well."

The government’s response in its relationship with the states still allows primary schools to be funded on the most minimal of expenditure. The leadership comes from the federal government. The minister cannot have it one way but not the other. If he is a dinkum about this legislation ‘improving schooling outcomes’, he needs to get the rationale, the educational program and the funding right.

There have been three major policy rationales released under the stewardship of this minister worthy of thorough examination, for without an appropriate rationale, appropriate educational programs and therefore improved schooling outcomes, the very point of this legislation cannot be achieved. Take, for example, the introduction in 1997 of the gender equity framework. Was it based on any quantitative research, any empirical research? The answer is no, and that fact has been confirmed by every education department in Australia. Here is a major policy introduced in this country and it is based on no quantitative research whatsoever. What is going on? Why was it introduced? Was it to improve schooling outcomes? How could it be, when half of the education debate was considered politically incorrect?

I will give the House numerous examples. It includes and supports qualitative—that is, subjective—research, but ignores quantitative—that is, objective—research. It includes a strategy of disaggregating information, but rejects the findings of aggregation of information. It embraces the nurture arguments, but rejects the nature arguments—that is, the biological differences between how differently boys and girls learn. It embraces the nurture arguments, but rejects competition. It embraces collaboration of learning, but rejects competition. It embraces groupings, but rejects individualism. It promotes continuous assessment, but scorns examination systems. It favours top-down policy development rather than from the grassroots up. It stifles the freedom of public comment by principals and insists on bureaucratic announcements from the top. It insist on uniformity and conformity, but discourages diversity. In essence, it is half a rationale. There is no balance. There is no recognition that all the aspects I have mentioned have positive and negative attributes. There is nothing wrong
with teaching kids to be collaborative and to team play, but there is a negative aspect to that because when you do that you can reduce everything to the lowest common denominator. Not everything about competition is negative. If you were going to publish league tables about schools, I would not support that. But there are aspects of competition that are healthy and positive. So, with only half a rationale, how can anyone really get improved learning outcomes?

Another rationale released during the tenure of this minister was the Adelaide declaration I mentioned previously—the national goals of schooling. And what a convoluted load of nonsense that has turned out to be. In any education rationale there needs to be at least a trinity of human experience present: a clearly defined set of ideas, purposes or philosophies—it does not matter what you call them—followed by a coherent set of procedures or processes reconciled with a set of outcomes. That is exactly what the national goals of schooling is not. Talk about a confused set of statements. It deserves a little more than the WPB, the waste paper bin—and most schools I have visited, public or private, agree.

The third rationale, so far off base, during the stewardship of this minister are the minister’s claims in regard to literacy and numeracy. This States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2001 is timely, but not for what the government thinks. It is debated a couple of weeks after a national campaign for primary schools, called ‘Hands up for primary schools’, was launched by Australian government school principals. This is the fourth major campaign in the last 23 years in my home state of South Australia. Twenty-three years is a long time to improve schooling outcomes in the foundation years. The reasons for this are many and varied. Yet to find the most productive way forward with this legislation and to make it work along with what we know needs to be done in all our primary schools, public or private, a few salient points from the past ought to be considered.

During the mid-1970s, the Karmel report on education was published. In an otherwise excellent report there were two major failings. One was the failure to recognise the resource implications and needs of primary schools. The second was the introduction of the concept that all public secondary schools should be comprehensive high schools. I will deal first with the second aspect—public secondary education. Having a uniform public secondary education system was perceived, and is perceived by many parents today, as a significant weakness in the public system. Diversity, once the province and strength of the state system—with academic high schools, vocational technical schools, boys schools, girls schools, comprehensive secondary schools, selective highs, selective technicals and so on—became more the province of the private system.

The other failure of the Karmel report was its lack of acknowledgment of the resource needs in primary schools. In 1978, the then South Australian Primary Principals Association responded to that failure by launching a resources campaign called ‘Primary means first’. The response from the educational community was unedifying, to say the least. The education department in South Australia said it was divisive, the Education Union agreed and was not interested, and the Secondary Principals Association, TAFEs and universities refused to comment. The campaign failed. As a minor player in that campaign, I remember being quite shocked at the negativity and the white-anting by the various sectors of the education community. They obviously did not share the reality that every child who entered a primary school would become a high school student at some time and possibly a TAFE or university student.

In the early 1980s I convened the second campaign, which was called ‘Into the nineties’, for the Adelaide area principals association. Every primary school staff and school council bar one in South Australia supported the campaign. It should have been an attractive campaign for the state government, as it was revenue neutral over five years because of falling secondary school enrolments. The campaign aimed to place in each primary school one additional teacher for each 100 enrolments or part thereof. Al-
though unwilling at first, the teachers union came on side. In fact, three prominent secondary principals supported that campaign. The education department could not fault the research, it was politically saleable and there was no increase in the overall education budget, but the South Australian education department’s response was essentially negative. It decided to divide and rule. It agreed to set up a primary review. The majority of conservative principals thought that a fair thing. The review in fact was very good, but nothing happened—momentum, energy and belief were just lost, dissipated.

I hope that the current campaign by Australian government principals to improve schooling outcomes are in fact successful not only for public schools but also for private schools. At the federal level the Prime Minister and the education minister reward the most privileged schools in Australia by up to $2,000 per student, while at the same time increasing public school funding by $4 a student. Then they have the hide to defend that as equity and freedom of choice. By contrast, Labor has firmly nailed its flag to the mast of fairness for public and private education.

After the 1990 federal election I was elected as chair of the Labor caucus education and employment committee. We convinced the then Labor government to set up an inquiry into literacy in Australian schools. The subsequent House of Representatives Standing Committee report, *The literacy challenge*, clearly showed that there were literacy failure rates of up to 30 per cent. State education departments around the country denied the problem. Teacher unions took the view that it was an attack on teachers instead of what it really was: an identification of the unmatched resource needs and the need for appropriate research on which to base education policy. Several university commentators wrote in the media that there were higher priorities, and they cast doubts on the accuracy of the report. It took a few years, but thank goodness there are good principals, good schools and good educational programs in this country who are concerned about kids’ schooling outcomes.

In this current parliament I am the deputy chair of the House of Representatives Standing Committee on Employment, Education and Workplace Relations. Last year I convinced committee members that an investigation was warranted into the funding of education in this country—public, private, primary, secondary. It has never ever been done in this country, and it should be done. Education in Australia is funded on the basis of historical tradition and vested interests. It has always been so. It is wrong. It is not based on a sound educational rationale, nor on acceptable research, as it should be. The minister refused to agree to that inquiry. He would be protecting vested interests, wouldn’t he?

The current primary school campaign on improving schooling outcomes has had a small win. Last Monday week the minister announced that the Commonwealth will invest $350,000—a piddling amount of money—into a study of the resourcing needs of primary schools. That was just catch-up politics. The Labor states had already agreed to a thorough response to the report. There are problems in our schools that want solutions to improve schooling outcomes, but the minister should note what happens in successful schools. Through the work of the current standing committee on education I have had the opportunity, as have other committee members, of visiting good schools in each state. We have not been to the Northern Territory or ACT schools yet, but that will come later.

All of the good schools were different. However, there were some very strong factors: good principals, good teachers, good educational programs, an active and structured approach, regular measurement of attainment; they were well organised and attractively laid out; and they had an absence of orthodoxies promoted by this federal government, education bureaucrats, some union ideologues and at least half of academia. All of those good schools implemented their successful literacy and numeracy programs, which this minister has the gall to come in here and claim credit for, at a considerable cost to themselves.
The poorer schools had to abandon other desirable parts of the curriculum and enrichment programs because of a lack of staff. An affluent school in Sydney—in fact it was a public school in Roseville—raised $100,000 each year to pay for the staffing and the necessary additional resources to implement successful literacy and numeracy programs. It took four years to do it. It had nothing to do with the minister’s claims about literacy and numeracy. There are similar situations in Tasmania and in South Australia, all in what is sometimes derogatively called broadacre public housing.

Primary school education and improving schooling outcomes are in trouble because of a lack of funding. Public education has never had money tossed at it from this government or governments of this persuasion. In South Australia the percentage of the state budget that used to be spent on education has fallen from 30 per cent to 24 per cent, a cut of 20 per cent. That is the reality. It is the same at the federal level. The percentage of GDP spent on education has fallen from 2.2 per cent of GDP in 1996 to 1.6 per cent now. That is a 20 per cent cut. That is the only way to measure state and federal expenditure on education—not the lies and the nonsense that is said in this particular chamber by government members.

Parents watch the toleration of inadequate schooling, they watch priorities and they watch consistency. When they do not find it, they walk the walk. Parents are not silly. They know the circumstances in other areas of life, such as the failures of state banks and pyramid building societies, HIH, OneTel, Impulse, Compass, Franklins, Harris Scarfe—and the list goes on. They know what happens when you undercapitalise, when you offer discount prices that result in poor services because management took millions in money, services or in kind for themselves or because they paid the staff a mere pittance.

Australia cannot afford education on the cheap. Everyone ought to be afraid for public education and low fee private education with this particular federal government. There are too many people like this minister who are just out of touch with everyday Australians.

There are too many educational bureaucrats heading up state education departments who have no courage, shallow intellects and little skill. There are too many union apparatchiks who push the orthodoxies and who are out of touch with what happens in good schools. There are too many academics, too many people in the profession itself, who are weakening the public consensus to fund public education.

Our democracy was based on public education, and our democracy is threatened when public education is threatened. Political will is driven by market forces, but it needs to be balanced by social good. The task for governments is to get the balance right. If the minister is serious about improving schooling outcomes, there is no better or more obvious place to start than in our primary schools, public and private—we need a fair go for all of them—but this minister has neither the smarts nor the courage to carry that out. (Time expired)

Mr SECKER (Barker) (5.24 p.m.)—I find it very interesting that today of all days I received an email from Denis Fitzgerald, the Federal President of the Australian Education Union. He complained that:

The extra funding in the Education and Innovation Bill is to go exclusively to non-government schools to assist with further establishment grants. No money whatsoever is to be allocated to public school education. The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 is about providing funding for non-government schools; it has nothing to do with providing funding for public school education. The state governments are in fact responsible for public school education, not the federal government. Despite this, the Howard government has increased spending on government schools by 26 per cent since we were elected compared to less than two per cent increases by the state government.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 is about providing funding for non-government schools; it has nothing to do with providing funding for public school education. The state governments are in fact responsible for public school education, not the federal government. Despite this, the Howard government has increased spending on government schools by 26 per cent since it came into government. That is an average of five per cent every year since we were elected compared to less than two per cent increases by the state government.

I am also indebted to the member for Eden-Monaro who has provided some very good information about the actual funding for schools. He produced a pamphlet to provide information for his constituents, and the
heading of one article from that pamphlet was ‘The facts on school funding’. It says, quite rightly:
The 70% of students in government schools get 78% of the public funding for schooling.
So 70 per cent get 78 per cent of the money.
It continued:
Government schools in Australia—
when you take into account the fact that we have a combination of state and federal government funding—
receive around $13.4 billion each year from taxpayers for the 2 million students they enrol.
And the one million students in non-government schools get around $3.7 billion—so $13.4 billion for government schools and $3.7 billion for non-government schools. To put it into greater context using the per capita funding comparison, students at government schools received $8,172 per head, students at the neediest non-government schools received $5,721 per student, and students at the wealthiest non-government schools—that group that the opposition likes to have a bit of fun with—received a mere $1,120 per head. So it is $8,100 per head for the government schools, $5,700 for the neediest non-government schools and only $1,120 for non-government schools.

The member for Eden-Monaro produced a very good graph. He is a very good member. He showed that Commonwealth schools expenditure by this federal government has risen from 0.65 per cent of GDP to 0.75 per cent of GDP since we have been in government. He demonstrated the fact that, since the Howard government was elected—and, of course, this relates to the New South Wales government—funding for New South Wales government schools has increased by $175.2 million, and for the year 2001 it stands at a record $703.6 million. That just goes to show that the campaign by the Australian Education Union and those opposite is completely false. Our funding for schools, whether they be government or non-government, has increased.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 is part of the Howard government’s ongoing commitment to improving the education standards of young Australians. In 1996 the government declared its intention to improve the literacy skills of young people was a central education policy—and what a good one that has been. Since our election in 1996, we have displayed nothing but absolute commitment to improving literacy and numeracy for all students so that they may not be disadvantaged in later life. Our children—yours, mine and that person’s on the street—are the future of our nation, and it is vital that the education they receive in their formative years is of a good standard. Should those opposite choose to put that petty party politics ahead of the youth of Australia and not support this bill, they will be denying schools, students, parents and the country as a whole an effective and adequate schooling system. I am sure that, when it comes down to it, no-one wants to disadvantage a child. The Minister for Education, Training and Youth Affairs, Dr Kemp, said to the House in his second reading speech that:

Literacy and numeracy for all is the key social justice issue in education today.

I wholeheartedly agree with that statement. But the question arises: what exactly does that mean? My interpretation of what that means is the following. It means that each and every student has every right to expect that the education they receive will stand them in good stead for the future so that they can reach the standard that they choose, not the standard that chooses them. It means that they will have the basic skills at an appropriate level to achieve the goals they set for themselves. It means that they have every right to expect that, where there are learning difficulties, these will be recognised and acknowledged by caring and considerate staff who will make every attempt to identify the exact level of the problem. It also means that they have every right to expect that committed people will be on hand to provide them with assistance to help them overcome these difficulties and improve their numeracy and literacy standard. That is exactly why this amendment bill has been drafted. It has been drafted to make sure that the necessary changes are made to ensure that each and every student has every opportunity to re-
ceive an adequate education, with check mechanisms in place and assistance provided when required. Why does the Education Union oppose these goals we have set and achieved as a government? It makes you wonder.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 will amend the current act, the States Grants (Primary and Secondary Education Assistance) Act 2000. It will provide additional funding, as set out in the 2001-02 budget for literacy and numeracy programs for the years 2001-02 and 2002-03. The bill will do this to keep in line with the acknowledgment by Commonwealth, state and territory education ministers that, in spite of considerable debate over alleged levels of literacy, literacy standards needed to be improved. This realisation came during 1997, when the ministers endorsed the literacy and numeracy plan in March 1997. I well remember the argy-bargy that went on in South Australia when we tried to bring these literacy and numeracy skills to our children: we were opposed every inch of the way by the Labor Party, every inch of the way by the Democrats and every inch of the way by the Australian Education Union.

At the same time it was also found, and has been accompanied by continuing evidence, that there are strong links between literacy skills, socioeconomic disadvantage and future life outcomes—and notable were the links between literacy levels and employment outcomes: how they got a job and what sort of job they ended up with. We, the government, want our children and our children’s children to feel confident with their numeracy and literacy skills so that, in their future, they can decide where and how to use them. The children we are trying to help now, whose education we are trying to improve now, are the very same children who in years to come will be sitting in this chamber—long after you and I are gone, Mr Deputy Speaker—and debating issues to decide the future of this country. They are our future leaders; they deserve every right to the best education we can provide them with. That is why the Commonwealth government is committed, through the targeted assistance programs for schools under the current act, to the delivering of its literacy program and improving the literacy standards of our country.

The minister also quoted in his speech figures showing that, in the 1997 national school English survey, some 27 per cent of year 3 students had failed to meet a minimum acceptable standard of literacy. Compare that with the fact that, in March 2000, nationally comparable data was released on year 3 students’ reading abilities, which showed that in 1999 the percentage of year 3 students not achieving the minimum standard had fallen to around 14 per cent. The rate had fallen from 27 per cent to 14 per cent, which is an amazing outcome in anyone’s language, and it is something that we are very proud of. This is not only great news but also a definite indication that the government’s commitment has made a difference, and it is a huge difference—halving the rate of those not achieving the minimum standard. Even as we speak, the commitment to this program continues. Today in thousands of schools years 3 and 5 students sat their basic skills test, the result of which will help to identify numeracy and literacy problems.

Grants for literacy and numeracy programs are provided through the Strategic Assistance for Improving Student Outcomes program and the Grants for National Literacy and Numeracy Strategies and Projects Program. The grants are designed to assist educators with a continual improvement of our education system. This bill will provide a further $33.3 million to be allocated over the period 2001-02 and 2002-03 to continue strategic assistance in schools and to support literacy and numeracy research. Commencing in January 2002, the bulk of the funding—that is, about $23.9 million—will be provided as grants to education authorities, through the Strategic Assistance for Improving Student Outcomes program.

Unfortunately, in my short time in this chamber I have noticed that those opposite talk about airy-fairy ideas without really thinking about the outcomes—and the outcomes are the most important thing, whether it is education, taxation or any of the areas
that we deal with. This program is designed
to provide assistance to school education
authorities to improve the literacy and nu-
meracy outcomes of educationally disad-
vantaged. The remaining funding, totalling
$9.4 million, will be provided under the
Grants for National Literacy and Numeracy
Strategies and Projects Program to support
strategic national research and development
initiatives. That is a further $9.4 million to
assist with a program that is designed so that
all students are assessed by their teachers as
early as possible in their first years of
schooling, allowing for early intervention for
those students identified as having difficul-
ties. Even more importantly, this program
also provides for professional development
for teachers.

Item 1 of the States Grants (Primary and
Secondary Education Assistance) Amend-
ment Bill 2001 substitutes an increased
funding level of $290,788 for strategic as-
sistance for improving student outcomes for
2002, with item 2 substituting the same in-
creased amount for 2003. Items 3 and 4 also
substitute increased funding for national lit-
eracy and numeracy strategies and projects
for the same period. I cannot see how any-
one—absolutely anyone—could not support
a bill that implements those things. Increases
in funding for numeracy and literacy plans
can mean only one thing: better numeracy
and literacy testing and, in turn, increased
numeral literacy skills. We care about the future of
our younger generations, we care about the
future of our country and we care about the
future of our country’s education system.

This bill is proof of that. I do not believe that
any person who sits in this chamber could
possibly want it otherwise. I urge all mem-
bers opposite to put the welfare of the youth
of our country first and vote for these
amendments that will serve only to improve
our education system.

I am very pleased to be associated with
this bill. Education in all areas, whether in
the government system or the non-
government system, deserves our utmost
care and consideration. I commend this bill
to the House and look forward to the day
when we can provide the funds to those who
desperately need them.

Dr MARTIN (Cunningham) (5.41 p.m.)—
I too enter this debate on this important leg-
islation, the States Grants (Primary and Sec-
ondary Education Assistance) Amendment
Bill (No. 2) 2001, primarily because of my
concern about education in this nation. My
concern, of course, goes to whether there is
an appropriate recognition within the present
government of the role that education plays
in the future of Australia. My concern also
goes to whether what we are debating spe-
cifically in respect of literacy and numeracy
and the funding that is purported to be made
available through the passage of this legisla-
tion is significantly going to make a differ-
ence, or whether again it is a little bit of win-
dow-dressing from the minister and the gov-
ernment, who continue to claim support for
education, but we have to look behind that
claim to see where that support lies. As my
friend and colleague the shadow minister for
education, the member for Dobell, indicated
when moving the amendment, we have
genuine concerns about education funding,
the direction of funding and the philosophy
behind that funding. Also, we believe that in
espousing an alternative vision or plan for education in this nation under what we have termed Knowledge Nation, some real alternatives are being offered by our side of politics compared with what the government continues to support.

The honourable member for Barker talked about literacy and numeracy and raising skill levels and standards within our public and private secondary education systems. He is right: absolutely no-one in this place should quibble about that. It is a long time since I was in a classroom as a teacher, but I well remember the days back in the early 1970s in the public school system in New South Wales. Even at that time, in dealing with kids coming into years 7 and 8, I was concerned about issues associated with literacy and numeracy, so this is not a new debate. It is about where government concern should be translated into government action by the provision of appropriate resources so that identified needs can be addressed.

The needs I am talking about here that need to be addressed are the ways in which our teachers are provided with resources to enable our young people in the school system to deal adequately with the numeracy and literacy requirements that are placed on them. I will use my kids as an example. Because of their personalities, they have different levels of literacy and numeracy skills. One of my kids was brilliant at numeracy skills when he was in primary school, but when he got to high school they disappeared. They disappeared for all sorts of reasons. You could ask him for statistics about the Illawarra Steelers—when we had a football team—and he would know those backwards. Now I understand why he probably no longer remembers them, it is because we do not have a football team.

Mr Hockey interjecting—

Dr MARTIN—The Minister for Financial Services and Regulation also understands why that is the case.

However, if you asked him about the importance of those numeracy skills at which he excelled in primary school, and where they would have taken him in high school and into his current working life, he would reflect back and wish that he had continued his in-depth study during his high school years to gain a greater appreciation of those skills.

On the other hand, one of my kids is extremely studious when it comes to reading. As she was going through school, whether in primary or secondary school, she was focused on reading. She would read all the time. She has excelled in her university career because she developed a love for reading and for translating the knowledge that she gained into results that will set her up in the working environment in which she commenced this week.

No-one, from personal experience of their own children, from constituents or from visiting government and non-government sector schools in their electorates, could fail to support any opportunities to improve literacy and numeracy skill levels among the young people of Australia. However, we have to be careful and look behind the figures. The legislation talks in terms of a figure of $33.3 million as additional funding for literacy and numeracy programs for the years 2001-02 to 2002-03. As commendable as that is, it is not a very long time horizon. When I look at government education policy, I am disappointed because I do not see a horizon out there that is matched by some of the rhetoric from the Minister for Education, Training and Youth Affairs about his commitment to education. Indeed, the amendment moved by my colleague the shadow minister for education states at point (3) that the $145 million provided by this government to wealthy category 1 schools so that they can extend walkways, rifle ranges, tennis courts and all the rest of it could have been far better spent on improving literacy and numeracy standards within the schools so that an additional element from that $145 million, which is going in a direction which the opposition believes is unfair, would assist in lifting those skills even further.

When I researched this legislation, I noted that there is an element, which I mentioned earlier, that needs addressing, and that is the ability of teachers to continue to train and to reskill as they go through the school system.
In one of the many policies that we have already announced in education, the Labor Party has announced opportunities for reskilling of teachers in the system.

During the last six months or so, I have been travelling extensively around my electorate. I have been visiting government and non-government schools to talk to teachers, parents and citizens’ associations and the students about what they want to see from a national government when it comes to education. When you get to the issue of the funding balance, obviously when you refer to it in the government school sector, they are looking for what they perceive as a slippage and bias in favour of the wealthy non-government school sector to be redressed so that funding can be directed back to the government school sector. The Labor Party is committed to doing just that. Through some policy announcements, as I have said, we have referred to taking back the $145 million from the wealthy category 1 schools and to saving on government advertising of $20 million a month, which will enable us to put in place some of the changes that are fundamentally necessary to improve educational opportunities for our school children.

As I have travelled around and as I have spoken to those people, I have made them aware that Labor’s policy will provide those opportunities within the classroom. The policy that we have announced as part of the Knowledge Nation proposals will enable teachers to improve their skill levels. When I visited many of those schools, people constantly told me that the schools get a global budget allocation from the Department of Education—and in this regard I am talking about the New South Wales system, which you know well, Mr Deputy Speaker. The global budget in the school system for each public school is there to meet all contingencies. If there is a break-in on a weekend and windows have to be replaced, that comes from that fund. If there is an opportunity for teachers to go on in-service courses and retraining and reskilling days, the funds come from the school’s global budget.

Regrettably, the global funding that schools have these days does not go nearly far enough in meeting the needs of the students in the school or the needs of the teachers and their opportunities for reskilling. If we want to take teachers out of primary schools for a couple of days and send them on a course where they are going to learn new and improved teaching techniques for literacy and numeracy skills, that will be a cost on a school’s budget. That cost will be to hire people on a casual basis to come in for a couple of days to cover the people who are training. The cost will also include any training costs associated with the teacher from that school.

Those issues need to be identified, and they have been identified by the Labor Party. That is why we have said that we intend to provide opportunities for people in the school system to get that training and to be reskilled so that the benefits that they get are passed on to the students under their care. That must surely be a laudable aim of anyone with a concern about education.

We have also said, obviously, that we support the legislation’s aims to raise the literacy and numeracy standards and, again, we will look at ways in which we may be able to improve that. We will establish a learning gateway to improve the use of the Internet in classrooms and to provide students with after-hours online assistance from teachers. In this day and age, the use of modern media to promote learning opportunities is something that we have to investigate. We have to look at ways in which we can extend that. If we have modern teaching techniques for people in tertiary education and online learning in university education being promoted—in the same way that Labor is promoting a university online—and being carried out in many universities and TAFE colleges around Australia today, why can’t the same principle also apply within our primary and secondary schools? Indeed, those schools that have the financial resources to do that are looking at how to do it.

But this choice should not simply be applied to the wealthy schools. It should be a right that exists within all schools in Australia on the basis of need. As a consequence, I would be looking at ways in which we could support the extension of opportunities, through Learning Gateway—the program
that Labor has announced—to provide teaching enhancement for our younger folk in schools to improve literacy and numeracy. Labor have also indicated that we will introduce education priority zones in disadvantaged areas. Mr Deputy Speaker Causley, I am sure you would be able to point to areas within your electorate on the North Coast of New South Wales, just as I can in the Illawarra, where for a variety of reasons there are disadvantaged schools. Those reasons often go to the background of many of the kids at those schools, such as non-English-speaking backgrounds or high instances of one-parent families. I know my friend the member for Werriwa has spoken to me about this on a number of occasions in respect of his own electorate.

These are the sorts of issues that I think any government needs to look at. Labor have said that we would introduce education priority zones in those disadvantaged areas and that we would resource them to give those schools a leg-up and, most importantly, give the students within those schools some opportunities that perhaps they are not enjoying at the moment. We have also said that—and again it goes back to the teaching element—in order to attract and retain the brightest and the best of our teachers, those people who go through universities, we would be in a position to offer scholarships to retrain existing teachers so that they have expertise in those subjects. We have also announced the opportunity for HECS forgiveness for people in the sciences areas who are willing to stay in the public school system.

I think these are tangible ways in which governments can look at opportunities to retain people who are committed in a teaching sense to people in school systems and at the same time provide training opportunities so that the children in whose care these people are get the benefits from it. As I said, I taught in the public school system back in the early 1970s. I admit freely that if I went back into the school system now I would probably struggle with the new teaching techniques—not so much the content of what I would be expected to teach but the teaching techniques—because the way in which we do things today is different. I have only to look at the way my kids have gone through school, and I have only one child left at school at present. I know and can see the way that things have changed; there are a lot more interactive learning opportunities. As legislators and people who are in a de facto sense educators, we have to look at how we can assist that process.

I would like to think that all of us in this place, if we could ever put aside some of our own political biases as to whether non-government versus government schools deserve the lion’s share of funding, could actually tackle those sorts of issues. I think there are people on the government side who believe this is the case. Regrettably, one of them is not the minister, but I would like to think that even he at some stage in the future might see the error of his ways and support what Labor have been promoting.

So I do think this is a great opportunity for people to reflect on educational attainment, on educational achievement and on what we want to see from the Australian education system for our children now and into the future. It is a great opportunity for us to reflect on the numeracy and literacy skills that we want to see our young people achieve through the school system. Importantly, it is also an opportunity for us all to reflect on the ways in which we as legislators, as people who control through budgets the resource base that is there, and should be there, into the future to provide those opportunities. As somebody who has always believed that education opens up so many opportunities for people, and in this day and age where statistics indicate that we are all going to change jobs four times during our working life and that we will require reskilling each time we change jobs—lifelong learning is something that has become an expectation of most people; it is not just something that is a little out of the blue; it does not matter what you do—we have to look at ways in which we can facilitate that.

As I indicated the legislation goes part of the way to facilitate that. It provides some additional funding for the 2001-02 and 2002-03 years to assist in that process. It follows on some issues that have been identified by the government and the need for that fund-
ing. But as my friend the honourable member for Dobell, the shadow minister for education, has remarked on a number of occasions, we have to be careful not to be sucked in by dodgy numbers. We have to be careful to ensure that literacy and numeracy standards, when you are comparing like with like, really give a true and accurate reflection of the schooling system today and, indeed, where the changes have been adopted. I note that the *Bills Digest* on this particular legislation, No. 170 2000-01—provided by the Information and Research Services of the Department of the Parliamentary Library—when comparing the years 1996 to, perhaps, April 2000, talks about the way in which the results of the National School English Survey conducted in 1996 have been held up by this minister as an example of why, with his support and his government’s policies and programs, there has been a change and improvement in those standards.

I noted in the footnote of this particular document—and, given its independence, I see no reason why it should not be considered to be fair and reasonable—that the results of the survey conducted in 1997 by DEETYA and the Australian Council for Education Research, and the apparent improvements that were indicated between 1996 and 2000, were debatable and that the government taking credit for improvements was debatable because the two reports from the same survey produced significantly different results. I think it is important that we understand that these results are out there, and, if there have been two reports on similar issues that have thrown up different results, the minister and government should not simply grab onto the one that seems to give credence to the policy they have been espousing and forget the other. I suppose it is a bit like whether you believe the Newspoll or the Morgan poll.

I think that fair, reasonable, accurate statistics have to be gathered and measures made. There is no point in mucking around and playing the political nonsense that the minister does with this. What we should be doing is ensuring that the resources are there to improve literacy and numeracy standards of children in the public and non-government school sectors. We should be ensuring that those resources get to the people most in need. Labor, under the Knowledge Nation banner that we have been discussing for some time, have announced a number of policies that deal with these issues. I simply invite people to go to the Labor Party’s website and look at them all in detail. We believe that they will bring some genuine support to people in their quest for improvements in literacy and numeracy standards and in education generally and, as a consequence, would support our approach to this legislation.

**Mr Cameron Thompson** (Blair) (6.01 p.m.)—In speaking in the debate on the *States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001*, I would like to refer briefly to some of the comments made by the previous speaker, the member for Cunningham. The fact that we are able to debate the worthiness or otherwise of these measures does reflect credit on the government for pursuing them and for insisting that they be put in place. Without measures being made by the government, as we are so determined to do, we would not be able to assess one set of figures versus another and we would not be able to track whether there is an improvement in literacy and numeracy in our community, and so our debate would not be enriched in the way it is now and will be in the future. For that, I give credit to the minister. I think that, across Australia, not only education ministers but also parents are giving credit to the government for its pursuit of this issue.

Members opposite have continually referred to these disadvantaged school zones that they are so keen to advocate. I am very interested to know who would pick these zones and draw the boundaries, because it strikes me as being another potential whitewashing exercise from the members opposite. The previous speaker said that the member for Werriwa was apparently in need of his electorate being in one of these disadvantaged school zones. Maybe Mr Latham is not as popular with the ALP leadership as some other members and so he does not fall within their boundaries. I would like to see on what basis those sorts of boundaries
would be drawn, because the history of the Labor Party in matters like this—particularly when you look at the infamous category system of allocating resources to non-government schools—is that they have been rorted shamelessly by the ALP government of the time. The fact that it in no way represents the means of those institutions anymore is proof that we had a system that was rorted, used and abused to various political ends. If you gave the Labor Party responsibility for setting up disadvantaged school zones, I think you would wind up with something that would be as eminently rortable, in an ALP sense, as the boundaries of electorates. To wrap all of that up, I think people should look to the comment in the Daily Telegraph that Kim Beazley’s vision of a knowledge nation has a nice ring to it but it smacks of being the work of a political dunderhead. I think that is probably a good assessment.

I want to talk about something that is very germane to this whole debate. The Australian Bureau of Statistics has reported a 16 per cent unemployment rate for people with poor literacy skills, compared with four per cent for those with very high literacy levels. That is, I think, at the core of all of this. Poor literacy blights you for your entire life. That is what it is all about. We want schools to address these basic questions so that there are not students who find themselves falling behind, who find themselves locked in a set of shackles that do not allow them to learn past even the most basic questions of schooling. If people get locked into illiteracy, they lose their self-esteem. As students going through the system, they find themselves falling further and further behind, and there is plenty of evidence that that leads to problems such as turning to crime and drugs and basically getting into a vicious spiral that takes them right to the depths in terms of their own self-esteem. I give credit to those who eventually, later in life, make the effort to get in touch with adult literacy programs and other programs and do have the guts to finally confront those demons and overcome them. We should not be requiring people to do that at a later time in life; we need to address it very early on in life. So the measures that the minister has been pursuing do deserve credit. One of the opposition members earlier was talking about the Hands up for Primary Schools program. Unlike many other programs that are being run by, for example, the Queensland Teachers Union, the Hands up for Primary Schools program is an interesting campaign that is being advocated by primary schools—government and non-government. To that program I say, ‘Hear, hear!’ because those primary schools do have to get it right. They have an important role, and we have to value the part they play in our community.

Let us look at what has been achieved in recent times under the national benchmark program. In the 1999 National Report on Schooling in Australia, 82.4 per cent of Queensland students in year 3 achieved the benchmark. In the indigenous area, 66.7 per cent of indigenous Queenslanders achieved the year 3 benchmark. I am greatly comforted by that figure and how it compares with other states. If I were a school principal, I would be very pleased to see how my school equated with that figure—whether roughly the same proportion of students in my class were measuring up to that. We know that, because we have been running these courses. Teachers know how well they have performed against the national average. Parents also should know about how well their child has performed against the national benchmarks.

From the studies of literacy and numeracy standards in Queensland, we know that almost 22 per cent of our year 5 students did not meet the national benchmarks last year. This provides us with a target. It should provide a huge incentive to Queensland’s education minister, Anna Bligh. You would expect her to come straight back with an explanation and a plan of action, but I am disappointed to say that Ms Bligh is not prepared to pass on that information to parents in Queensland. I think parents deserve to know why. She refuses point-blank to pass on the details of whether a child is one of the 22 per cent that did not measure up. It is very important that parents get that information so they can support their child to get back within the scope of the system.
The Queensland education minister, Ms Bligh, is bowing to pressure from the Queensland Teachers Union. In campaigning again and again against the application of these kinds of literacy and numeracy tests, the union is going back to that old kind of union dogma that says, ‘Any kind of testing is bad. We—the Teachers Union of Queensland, the Australian Education Union, the New South Wales Teachers Federation—oppose it. We do not want testing. We do not want parents to know how the children in our care are progressing.’ This kind of independent, nationally standardised testing is essential. I am not the only one that thinks that. Members opposite claim that, yet there is a campaign by teachers’ unions, supported by the education minister in Queensland, to throttle off that information—to turn the information away from parents, thereby denying them the benefits that they and their children can get from it.

This is a dim dark echo from 1996, when Labor was in government and hid the results of studies that showed high illiteracy rates at that time. In 1996 a study found that 27 per cent of year 3 students did not meet the year 3 reading standard, and 29 per cent of year 5 students did not meet the year 5 reading standard. The study found that 28 per cent of year 3 students did not meet the year 3 writing standard and 33 per cent of year 5 students did not meet the year 5 writing standard. The study also found that eight per cent of year 5 students were below the year 3 writing standard. I would say that those students—the eight per cent—are in nowhere land; they are heading for those kinds of difficulties that I spoke about earlier. Without the capacity to read or write, you do not have the capacity to access any meaningful education beyond your school years. Yet here they are: they have progressed from year 3 to year 5 but are still unable to meet the year 3 standard. We are applying a pretty heavy penalty to expect them to sit in schools for years when they have not reached the year 3 standard. Something needs to be done to address that, which is why these tests are so very important.

The states, however, have picked up their game. An article in the Australian on 11 December 2000 said that almost one-third of Victorian year 7 students had the reading skills of year 5 students. Seven per cent read at year 2 level according to research by a leaked Bracks government memo to schools—seven per cent of year 7 students are unable to read at a year 2 level. We are placing a terrible burden on those students by not responding to the issue. It is obviously up to the Bracks government to do something about it, but if that test had not been done, they would not know that that was the position. The various teachers unions’ opposition to this kind of thing is heinous. You cannot deny people the right to access education. That is what the unions are doing by denying this basic information to parents.

Independent research conducted by the Victorian Labor government confirms that one-third of year 7 students do not have mastery of literacy. Under pressure from the Australian Education Union, the Bracks government—this is according to the article—only backs sample testing of year 7 students. So the union Taliban are at it again. Testing is wrong, according to the teachers’ unions, because you might find out how well you are performing. I am not the only one who is concerned about this. It has spread to various states. In New South Wales the feeling is broad too. An article in the Daily Telegraph, headed ‘Union has a lot to learn’, reminds me very much of the editorial from the Courier-Mail that my friend the member for Moreton read earlier. This column in the Daily Telegraph on Friday 17 March 2000 said:

The Teachers Federation is losing support all over NSW. That is an interesting way to start. This is not your normal columnist; this is in fact the member for Werriwa writing this column. He says:

My office in Campbelltown has been flooded with messages from parents who want an end to the obstructionism and ideological recklessness of this union. I am sure other Labor MPs have had the same experience. They just do not say it as much. He goes on:

Opposition education spokesman Michael Lee summed it up recently when he asked, how could
He said that very quietly. You do not see much criticism of teachers unions from the opposition education spokesman, particularly when those teachers unions are acting as hired lackeys all over Australia to promote the ALP in the lead-up to the federal election. The member for Werriwa went on in his column:

Without these tests it is harder for the education system to identify students who fall behind in their literacy and numeracy. It is harder to put in place the reading recovery classes, intensive tuition and summer schools required to bring these students up to scratch.

Hear, hear! He continues:

A school without tests is like a hospital without beds or a train without tracks. It has no hope of fulfilling the potential of its students. If only some in the teachers union would listen to what the member for Werriwa has to say—in fact, if only members opposite would listen more to what the member for Werriwa has to say on those particular issues.

This bill that we are dealing with today sets aside $33.3 million from the 2001-02 budget—at 2000 prices—for the period 2001-02 to 2002-03 to improve the learning outcomes of educationally disadvantaged students. This funding will start in January 2002 with $29.3 million in grants to education authorities under the Strategic Assistance for Improving Student Outcomes program. It also provides $9.4 million under the Grants for National Literacy and Numeracy Strategies and Projects Program. This program improves the educational outcomes of disadvantaged students and also provides for the public reporting of outcomes. One of the important processes associated with this bill is to fund the agreed goal of all Australian education ministers; that is, ‘that all students should have attained the skills of numeracy and English literacy such that every student should be numerate, able to read, write, spell and communicate at an appropriate level.’

The National Literacy and Numeracy Plan is something we should all be supportive of. All ministers for education agreed to it, and it applies to these benchmarks that we are discussing in years 3, 5 and 7.

I have said a lot about what the unions have to say, but I want to quote them directly. An article in the West Australian of 7 August 2000 had the headline ‘Tests unfair, say teachers’. I think the only people they think the tests are unfair for is them in some way or another. The article says:

The State School Teachers’ Union claims the tests are unfair, too stressful for students, politically motivated and a waste of time and money.

Teachers’ union vice-president Mike Keely said some union members would boycott the tests, which meant schools would have to find relief teachers.

That is a very supportive thing to do when we are talking about literacy and numeracy! At the other end of the scale, Audrey Jackson, the WA executive director of the Association of Independent Schools, said:

There is no doubt that the test results are very useful and more schools have come to recognise their usefulness.

I would now like to quote from someone who is probably one of the leading authorities on school education in Australia—the CEO of the South Australian education department, Geoff Spring. In the past he has been the head of education departments in the Northern Territory and Victoria, and he has probably seen a wider and more diverse range of education facilities in Australia than anyone else in a similar position. Geoff Spring said:

Parents and government departments recognise the value of the tests—and added—they were not implemented to replace normal teacher testing and reporting methods. Five years ago, 20 per cent of parents exempted their children from the tests—now it is just over 2 per cent. The tests are a snapshot in time of what students can do, and they are designed to give schools, teachers, districts and parents extra information to ensure students experiencing difficulties are identified and supported. The information can then be used to improve education.

When I look at this kind of positive outcome and I see the kinds of comments that are being made by the Queensland Teachers Un-
ion, with their mobile billboards and paid radio announcements criticising the federal government quite fallaciously, I get pretty cranky.

So when the Queensland Teachers Union came to town with their billboards the other day, I made up my own billboard, which read ‘Government schools have 69% of the students and 78% of the money’. I put that billboard on the back of my truck and I drove out to meet the Queensland Teachers Union. If the Queensland Teachers Union or the New South Wales Teachers Federation ever appear in Werriwa with a similar message, I would urge the member for Werriwa, given his comments in his article, to make up a billboard and go out and do the same thing, because it is completely fallacious and wrong of these unions to continue to run this totally illogical, dogma driven campaign. It is a campaign that is totally unjust to the students and parents. It is about promoting their work conditions ahead of the achievements and educational needs of their students. It is quite inappropriate, and I would urge all members to have something to say pretty directly to the teachers union.

In my discussions with the Queensland Teachers Union—while I was having a toe to toe with Julie-Ann McCullough from the union—Julie-Ann McCullough denied that the Australian Education Union was campaigning to take all funding away from private, Catholic, independent and community schools. That is incorrect. It is on the record with the Senate inquiry submission from the Australian Education Union. I am disappointed that, in voting down legislation designed to provide establishment grant funding for new Catholic parish schools and other independent schools, the Labor Party now seems determined to follow suit and take funding away from those categories of schools. It is quite inappropriate. These students work very hard and have parents who are prepared to pay an additional sum of money to support their child’s aspirations and future. (Time expired)

Dr THEOPHANOUS (Calwell) (6.22 p.m.)—I am happy to be speaking on this important bill, the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2001, and to make some comments about primary and secondary education in this country. Let me begin by saying, however, that I am increasingly distressed at the way in which education issues have become a political football to an extraordinary degree as we move towards the federal election. All sorts of claims have been made in relation to education which are half-baked and which do not tell the whole story.

Obviously, all members in this House would share the concern of ensuring that we reach the highest standards of education, that the overwhelming proportion of our young people are able to stay at school as long as possible and that we are able to achieve a standard which allows us to have both the cultural and the economic development of our people into the future. Having said that, we have a situation at the moment where the complexities involved in education policy are being simplified and thrown out in such a way that it is very difficult to differentiate between successful policy and political rhetoric.

One of the problems of course has been the Australian Constitution and the fact that education issues and education resourcing are divided between the responsibilities of the states and the responsibility of the federal government. That in itself, leaving aside the competition between the major political parties, has created a situation in which it is possible to buck pass between the states and the federal government on what is actually happening in education and who is responsible for what outcomes.

Having said that, I think that it is very difficult in these circumstances to try to throw all the blame for non-achievement in the area of education either entirely on the states or entirely on the federal government. But someone has to accept responsibility, and in this context I believe that the way forward is for us to try and look at what have been positive outcomes, what is not working and what other goals need to be pursued in this area of primary and secondary education.

Let me begin with the question of ensuring that we have adequate levels of literacy and numeracy. Again, I do not think that
there would be anyone in this chamber who would disagree that this is an important goal. Of course it is an important goal, but in order to achieve that goal we have some differences in what is the best way to go forward. The federal minister has introduced a system which seeks to ensure that every child is tested in terms of their achievements in literacy and numeracy. In principle, I do not see any problem with this. I do not see any problem with trying to determine for each child what their achievement has been and in trying to improve the level of achievement of a child in this area.

There are, however, some pitfalls in this approach. I say this not to discourage the general principle but to simply point to certain pitfalls, because I support the general principle. I support the idea of trying to assess each child in terms of their achievement in literacy and numeracy. But I warn against this: we should not think that the total knowledge or ability of a child can be summed up merely in the area of their achievement in literacy and numeracy. Knowledge is a broader concept. It involves more than just a question of ability in literacy, especially literacy in the English language alone. Imagine the following situations: children who arrive here with their parents as migrants or who in the first years of their lives are taught at home in a language other than English. In those situations, the children may actually be quite educated and quite knowledgeable but their knowledge of English may not be the same as that of other children beginning in or progressing through the school system. Such children should not be disadvantaged merely because their knowledge of English language literacy is not sufficiently high.

What I am suggesting in just this example alone is that education and learning are not just a question of literacy. That is not moving away from the importance of literacy but it is to say that in assessing children with respect to literacy we should also keep in mind the need to assess what other capacities they have achieved in the general area of education.

Rather than having this false debate between those who see education as broader than literacy and numeracy and those who see education as primarily literacy and numeracy and having people get up in this parliament and saying, ‘You do not want to test children,’ and ‘You do want to test children,’ why don’t we actually try and reach an agreed approach through a sensible discussion? I am not sure whether the minister has actually ever tried this. He said that the goals have been accepted by ministers for education from around the country, but it is obvious that many educators agree with the point that I am making: that it is not just a question of literacy and numeracy. As I said, that is not to say that we should move away from literacy and numeracy but it is to say that we should include other ideas about learning and what constitutes learning in our assessment of children.

That is important not only in terms of assessment but also in terms of goals. Let me go back to the case that I mentioned before: children who are taught in a language other than English at home or who have come here as migrant children with significant learning of another language. If we reverse the situation and we have an overemphasis on English language learning to the point that we discourage children learning any other language, then we are going to reach a situation in which second language learning in Australia is endangered, and that is actually happening at the moment. The trend at the moment in Australia is away from children learning a language other than English. This trend is quite alarming because we are finding that even children of people of non-English speaking backgrounds are actually not being taught sufficiently in the language of their parents.

So what 20 years ago constituted a rich resource for Australia—namely, the knowledge of second languages and especially the knowledge of second languages of people from ethnic backgrounds—is disappearing. Academic studies have shown that in fact second language learning is being reduced in our schools and, indeed, in our universities. In the last five years more than 100 positions in universities teaching languages other than English have disappeared. Many of those are not only languages of our community or
groups but also important languages in the Asian region and in other areas of the world where we need language resources in order to have trade and economic relations. So this is not just a cultural issue; it is also an economic issue.

The knowledge of languages other than English should be encouraged at our schools. In Europe and in Asia knowledge of second and third languages is something which is encouraged—in fact, it is very much a part of the curriculum; in Australia it is disappearing from the curriculum in schools. The minister believes in targets in literacy and numeracy. I agree with targets, but I also think we should start targeting some other important matters. One of these is second language learning, especially using the resources that we have in children whose parents speak a second language, and that would assist them at home.

You might say that the government does do something along these lines. After all, we do have the so-called Saturday afternoon or Saturday morning schools and the so-called evening schools where children from ethnic backgrounds go and learn a small amount about their language and heritage. The government does fund some of those so-called schools; they are not actually fully-fledged schools but additional community type schools. The amount of funding for those schools has actually slowed down dramatically, and especially for the more newly arrived communities there is insufficient funding, given the demand.

However, many of the ethnic community leaders that I have spoken to on this issue are concerned that these languages should be taught in the ordinary day schools themselves, especially in those areas which have high concentrations of students from those ethnic communities. I believe that we should actually encourage language learning in this way. However, what is happening in terms of those people who run the substance of educational achievement in this country can be illustrated by what has happened in Victoria. In Victoria, at the VCE level, for those who do certain languages, such as Turkish or Croatian, the number of points that they gain for doing those languages has been reduced, rather than increased, from 250 point to 100 points. This means, in real terms, that the students from these different backgrounds who desire to study the language of their heritage, and thereby contribute to the cultural resources of Australia in the future, are not encouraged to do so because the points given at the VCE level are insufficient. I do not know who was responsible for this decision in Victoria, but in the case of the communities that I have mentioned and for any other communities affected, the decision should be reversed. I intend to write to the Victorian minister for education on this matter.

The federal minister himself has some responsibility in this whole area of language learning. He has not been sufficiently active. There has not been sufficient encouragement for schools, especially those schools where there are high concentrations of children from particular ethnic backgrounds, to teach those languages. There has not been sufficient support for the Saturday afternoon or Saturday morning schools, so that they can actually teach languages and cultural traditions in those schools. As a result, although we have an official policy of multiculturalism, accompanied by the idea that we should encourage multilingualism, the opposite is happening in this country.

The minister needs to do more in this area. Let us have more targets than simply English language literacy and numeracy. Let us have some other targets, such as second language learning, which, as I mentioned, is one of the most important issues in schools throughout the European and Asian continents.

One of the important things with respect to ensuring that literacy and numeracy is tested is what happens after that. The minister talks about resources to improve literacy and numeracy, and we welcome those resources. But one of the objective facts, unfortunately, is that in the last three years, in a number of electorates in Australia where there are lower income families, we have seen a reduction in the number of students finishing year 12. In the years from 1986 to 1996, we saw an increase in the number of students finishing year 12, and in my electorate it was a spectacular increase. But I
regret to say that in the last three years that has been reversed. There is now a smaller number of students finishing year 12 than there was before. We need to find out the cause, and we need to encourage students to continue at school to year 12 or, if they do not want to finish year 12 at high school, to have an equivalent of year 12 in alternative education. Children should not be dropping out of school in years 10 and 11; they should be continuing to year 12, because if they cannot gain that level of education their chances in our society will be substantially reduced and they will simply continue in a cycle of poverty. So it is very important that we try and identify why this new trend of children dropping out of school is occurring and how we may be able to reverse that trend.

It may be, as some have suggested—I think the minister has mentioned this in some of his answers to questions—that not every child is orientated towards a so-called academic curriculum. Fine; I accept that. But we do not need to have an academic curriculum to keep children at school to year 12. We can encourage children into streams of education which are more practical and more orientated towards their vocational interests. In my electorate this is an important issue. There are many children who are more orientated towards trades, computer skills and various occupations in service industries of various kinds, rather than simply towards academic studies.

One way through this is to encourage companies, including public companies, to take on these students in year 11 and 12 for work experience type projects for part of the week and give them some credits at school for the work that they do. In my electorate, the Ericsson company has adopted that approach, and so has Visy Industries. I congratulate them for adopting that approach of trying to ensure that kids stay at school until year 12 by giving them some alternative ways of moving forward in education. (Time expired)

Ms JULIE BISHOP (Curtin) (6.42 p.m.)—Two months ago this House had the opportunity to debate and ultimately pass one of the most important legislative programs of the 39th Parliament. That was the Innovation and Education Legislation Amendment Bill 2001. That bill provided for the realisation of the education and innovation initiatives announced by the government in January this year in the Backing Australia’s Ability statement. Incorporated within that bill was a number of measures to address the special education needs of non-state government schools. Although the House passed the bill as a whole, those senators in the other place have, on their whim, fragmented that legislation. As a result, the schools funding provision of the bill will now be attached to this legislation, the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001, by government amendment to ensure that the schools receive the funding due to them.

These particular measures include a minor increase in Commonwealth funding so as to ensure that non-state schools, schools that lie outside the responsibility and administration of our state governments, are not disadvantaged in the years 2001 to 2004 by the new arrangements for special education funding on a per capita basis that flowed from the States Grants (Primary and Secondary Education Assistance) Act. This increase represents only a commitment to maintain funding for students with disabilities at eligible independent and Catholic schools at the 2000 per capita rate in real terms and on the basis of the number of the disabled students as at the year 2000. This measure will involve an additional $190,000 annually in 2001 through to 2004.

Another measure relates to strategic assistance and corrects a minor error resulting from changes made to the time structure of funding payments. The broader Strategic Assistance for Improving Student Outcomes program, to which these matters refer, is estimated to involve funding by the Commonwealth to Australian schools of $210 million this year. Over 67 per cent of that total funding goes to state government schools, including approximately 82 per cent of all strategic assistance funding.

These are important measures but it is obvious that they do not represent the great bulk of funding and direction provided by
the Commonwealth to schools. So why the angst and hostility of the opposition? Why the cut and paste job mounted in the other place to the innovation bill? The answer is, unfortunately, ideology. The Labor Party in opposition cannot abide non-state schools. They cannot abide the provision of public moneys to independent or Catholic education, the choice of a number of tax paying parents.

Such intransigence might be comprehensible—while contemptible, I would say—within our state parliaments, for state governments have long played favourites, perhaps understandably, to state schools. They build them; they run them; they staff them; they hire; they fire; they set the courses. But such contempt for non-government education in the House of Representatives of the Commonwealth parliament is plainly absurd. Was it not one of the great triumphs in social policy of the Menzies government, comparable to its university program, that the vexing and anxious question of state aid was finally laid to rest? The Commonwealth stepped in to ensure that tax paying parents who for religious reasons or otherwise were not able to see a cent of their taxes go towards their own children’s education in Catholic and independent schools were not barred from government assistance? Where is the bipartisanship that for three decades recognised the respective roles of the Commonwealth and the states in school funding, with the Commonwealth having principal responsibility for the non-government sector and the states principal responsibility for the government sector?

Perversely, it could well be that it is the very extension of Commonwealth assistance to government education during the term of this government that appears to have provoked the campaign of misinformation and subterfuge mounted by the opposition and the education unions. The contribution made by the Commonwealth to state schools through specific purpose programs has grown by 43 per cent between 1996 and 2002, including six per cent between 2000-01 and 2001-02—$669 million more in a six-year period in which government school enrolments increased by only 1.4 per cent.

The 2001 federal budget reveals that over $8.73 billion will be spent on state schools by the Commonwealth over the next four years. The specific purpose programs include: firstly, $143.5 million over four years to strengthen state government schools through the return of the funding collected under the enrolment benchmark adjustment by developing students’ scientific, mathematical and technological skills, developing schools based innovation, and building supporting learning environments; secondly, $46.7 million over four years to assist 70,000 young people per year moving from school to further education or training or work by maintaining the Jobs Pathways Program at its current high level. This brings the total allocation for the program to more than $95 million over four years. Thirdly, $34.1 million will be spent over five years to support online curriculum development to give Australian schools access to world-class curriculum materials. Fourthly, an extra $9.7 million has been allocated over four years to the Enterprise and Career Education Foundation for extra work placement coordinators working in remote parts of Central Australia and Northern Australia to enable young people to gain workplace skills while still at school. This funding is in addition to the almost $100 million over four years announced when the Enterprise and Career Education Foundation was launched in March 2001. There is also $3.6 million to pilot 30 career and transition advisers to help young people moving from school to work during 2002, and this is an initiative which is part of the government’s response to the Youth Pathways Action Plan Taskforce.

In short, under the Howard government all schools funding is higher. In every budget from 1996—in 1997, 1998, 1999, 2000 and 2001—funding for schooling has increased. Federal funding to public schools continues to rise faster than state government support of public schools despite the more secure financial basis of state revenues since the introduction of the GST. Such funding is higher, both in absolute terms and as an expression of GDP, than it was under the previous government. And for those who have suggested, laughably, that taxpayers’ subsidies run towards private education, it is
worth reflecting that in 1998-99 government school students received an average recurrent subsidy from all levels of government of $5,950 each compared with $3,760 for non-government students. There is a $2.2 billion difference between the funding of state schools and that of independent and Catholic schools every year.

We need to recognise that both private and public education have places in Australia, that there are public schools that cater to students from all socioeconomic and educational backgrounds and that there are private schools that cater to students from all socioeconomic and educational backgrounds. By virtue of history the Commonwealth and the states have assumed different responsibilities for each of those sectors. We need to cut through the prejudice and the self-interest that obscure this issue and recognise the reality of how both state schools and private schools are funded today. We need to acknowledge that there are no black hats and white hats in relation to the issue, and that condemnation of the federal government for spending more on schools, including more on public schools, is absurd at best and distasteful at worst.

We also need to recognise that the fundamental building blocks of education are literacy and numeracy. The original provisions of the bill before the House—that is, the provisions other than the government amendments—commit to law the 2001-02 budget funding of $33.3 million in year 2000 prices over the next two years for projects intended to improve the learning outcomes, especially in literacy and numeracy, of educationally disadvantaged students. Commencing in January 2002, $23.9 million of funding will be granted to government and non-government education authorities through this strategic assistance program. The remaining allocation of $9.4 million will be channelled through the Grants for National Literacy and Numeracy Strategies and Projects Program that supports strategic national research and development initiatives in these fields.

The forward estimates demonstrate that in 2003-04 and 2004-05 an additional $99.5 million will be committed to improving literacy and numeracy. This is but the tip of the iceberg with regard to the Commonwealth’s promotion of improving literacy and numeracy standards for young Australians. Beginning with the election commitment of the coalition in 1996 and the National Literacy and Numeracy Plan agreed to by state and federal governments in 1997, we have witnessed great steps being taken to address the fundamental social justice and educational issues in our schools. All students are now assessed for their particular literacy and numeracy learning needs in the initial years of schooling. Early remedial action is taken where necessary, and all students in years 3, 5 and 7 across Australia are assessed against agreed national standards. National reporting of student achievement in relation to those standards is now required, and professional teacher development is an integral part of the plan.

If there is a note of concern about these steps, it is that they may have come too late for many Australian children and now young adults. We still do not know precisely how debilitating to our nation’s future were the low educational achievement standards of the 1980s and the early 1990s, by the end of which 30 per cent of school students were unable to meet minimum acceptable literacy and numeracy standards. However, the current results are promising. In 1997 some 27 per cent of year 3 students were still unable to meet the national standards for literacy, but comparable data released in March 2000 indicated that this percentage of year 3 students had been halved in just two years.

So these improvements bode well for our future and demonstrate that, with determined leadership and policy development on the part of ministers such as the Minister for Education, Training and Youth Affairs, we can conquer illiteracy and innumeracy, most certainly the vanguard of ignorance. I commend the bill to the House.

Ms ROXON (Gellibrand) (6.55 p.m.)—It has been interesting to listen to the previous speakers in this debate on literacy and numeracy and the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001. I think some of the general public might be forgiven for thinking that
each side of the House was talking about entirely different issues. It seems to me that we are all in furious agreement that literacy and numeracy are incredibly important to everyone in the community, not just our current students. Many working adults and others have difficulties with literacy and numeracy and we provide very little support, even though it can cause great problems for people in their working lives. It is often very difficult for people who recognise that they need some support and further training to find that through the myriad government schemes that are offered to encourage people to improve themselves in their working lives. In fact, if they are between jobs, this is a common problem. It is very difficult for many people.

What has surprised me when listening to some of the speakers on the other side of the House is the adamant nature of their argument that Commonwealth funding needs to play an important role in both public and private education. Again, it sounds as though the speakers on that side of the House do not listen to what we are saying on this side of the House. No-one here is arguing that we should not provide funding to the private system where there is some need. I notice that the previous speaker, the member for Curtin, said that this government must be commended for providing more funding to all schools and that that should be a great thing and we should all be pleased about that. Although that sounds like an easy thing to say, I actually would have liked the member to explain to me whether absolutely every school in this country needs extra funding. I would have thought there are some that do not. I do not think that means all private schools do not. There are in fact a lot of needy non-government schools, and I believe that they are entitled to support in a way that is commensurate with their need.

It does surprise me that the member opposite thinks every single school is entitled to more funding. It does not seem to matter if they are schools where enormous amounts of money are raised through the fees that can be charged, through fundraising or through assets that are already held. Frankly, I would be happier if we could stand up and say that the government could be commended for identifying which schools need the money and which ones do not and for making sure that those that do not need the extra money do not get it and those that do need it get what they need. We really do not seem to be able to progress beyond that, and it concerns me greatly. The misrepresentation also concerns me greatly.

I have a number—although not a large number—of non-government schools in my electorate, including small, Catholic parish primary schools, a local Christian primary school, two Catholic high schools and one independent high school. My electorate is not one with very high socioeconomic indicators. They are not sandstone schools, they have not been there for 150 years and they do not have enormous grounds and great wealth. One of the independent schools is certainly establishing itself in a way that perhaps is moving into a different market. But it concerns me that the previous speaker said that all private schools cater to people in all socioeconomic groups. It is just not true. It beggars belief that a person from every type of socioeconomic group can potentially afford to go to a school that costs $10,000 a year for one student.

I think the member for Curtin needs to acknowledge that some schools cater to different socioeconomic groups—and that is well and good—but it does not mean that they should get the same attention as the schools that need to cater for a great range of need within the community with people from enormously different backgrounds. I think some of the great challenges many of the public schools—and actually also the independent schools—in my electorate face in the literacy areas in particular are because they do deal with such an enormous range of people from an enormous range of backgrounds: socioeconomic, racial, non-English speaking, mixed religions. It presents a whole lot of different challenges, which means that the support that those schools need to make sure that their students can meet national benchmarks is greater; they do need more support than some other schools. I do not think it is right to come in here and be proud that a government might say, 'All
schools are equal, and it’s great if we give more money to everyone,’ if it actually means that we are misallocating funds by not targeting the most needy areas.

In speaking on this bill, again people seem to be in agreement that it is valuable for us to be able to measure standards of literacy. I know that in the past there have been arguments over how we do that accurately and how we ensure that there is proper support for teaching staff, et cetera, to do this—and that is where I am most concerned. The measuring is not something that greatly worries me; what worries me is what you do once you have actually measured. How do you then take action which makes sure that, where you have identified difficulties, it will not happen again in the future and that you will be able to provide the necessary support?

I have some terrible examples in my electorate, after recently holding a forum for all the principals of local schools, primary, secondary, public and non-government. About 45 principals attended, which was an enormous number of people. They attended because they are very concerned about the Commonwealth role in education in Victoria. These principals are all sufficiently across the funding arrangements to be able to separate out what is state funded, what is federally funded, what things we can have an impact on and what things the state government can have an impact on. Obviously there is quite a mix. But they were very concerned and were prepared to come and spend a morning of their time—and they are very busy people, with those in primary schools having teaching as well as administrative loads. They gave me examples of their concerns. One was that, when they complied with these measuring standards for literacy and numeracy and identified that a particular school had difficulties, they then were not given any necessary support to enable them to ensure that those students could complete the rest of their schooling having had some intensive assistance. There were all sorts of examples in that, if the children were identified in the lower levels, intensive assistance was provided; but, if they were identified as having literacy difficulties in the senior levels, there was actually no support. So basically, once they had fallen through that early threshold, there was no way that these students were able to be given any different or extra assistance, unless the school could provide its own programs in some other way. Many of the schools were trying to do that by trying to pinch funding from other areas, saying, ‘We won’t have a PE teacher; we actually need another literacy teacher, but they’re going to have to do PE as well.’

It is really not acceptable in that context that schools are suffering at this very basic level from not being able to provide sufficient teaching staff or resources, sometimes for young adults and older children whose future is going to be forever affected by not having received the extra support that they may have needed at the time they were at primary and secondary school. It seems to me that the amount of money that is being spent by this government on all sorts of other things just shows that the priorities are all wrong. Individual lives are going to be affected forever. It will not matter what government is in power in the future if those students or children or young adults never really have an opportunity to pick up what they might have missed at some early stage of their education—and that worries me greatly.

I think it is clear—there seems to have been plenty of research done on this issue—that low literacy results are linked to future employment problems. Plenty of things link socioeconomic disadvantage with literacy problems and with employment problems. This is of great concern to me and my electorate because we still have very high unemployment rates generally across the community, but particularly in the youth area, and at the same time we are still struggling with some of our results in VCE certificates being lower than those in other areas. We have achieved fantastic results in some subjects, particularly maths and science. We have students who come from some of our biggest public schools who are at the top of the state in those subjects—and they are the ones who are coming to tell us that they still have problems in these literacy areas. So there is
something that we are not doing right in this area.

It seems to me that the $33 million the government is putting into this—with most of that going into research—is really just a drop in the ocean and that it is not going to deal with the sorts of problems that have been identified time and time again. Those problems are not going to be solved by us saying, ‘Oh, we should give all schools more money.’ These programs really do need to be targeted, and they do need to use the results that have come from testing. If we are going to measure and find out where literacy problems are high or which particular students have these difficulties, then let us put the resources into those areas. There is nothing in this bill that seems to properly provide for that.

I have stood up in the House before and said that it really is quite heartbreaking to go to some schools and listen to the stories of individual students and families and teachers. One teacher told me that he could not believe the results that followed—I am not sure that I will get these years exactly right—a year 7 literacy test. The results of the literacy test of the year 7 students in that class ranged from some students having a literacy capacity at the level of year 12—which I guess is not so surprising—to some having a literacy capacity at the level of year 2. The teacher who raised this with me said, ‘We actually get no extra support in our class for my dealing with this range of people. There is no way for me to be able to separate out those particular students who need extra assistance. We do not get funding through any other indicator to allow us to do that.’

Another school gave me an example when talking to me about its global budget. It is a non-selective public girls school with a very high incidence of students of non-English-speaking background. A lot of girls from refugee families with many different racial and religious needs attend that school. It is not surprising in that context that you would have a range of different educational levels.

Five per cent of that school’s global budget—that is, state and federal provision—is allocated to the particular needs that come from the make-up of that school. There is an awareness that a number of families receive educational maintenance allowance. There is a recognition that it is an area of low socioeconomic indicators and that a lot of families are struggling even to get their kids to have a school uniform and take lunch, let alone anything else; but only five per cent of the school’s budget has any recognition of that. Nine per cent is allocated because there are a lot of students of non-English-speaking background, but the nine per cent is what they receive once you get over the hurdle of a particular percentage coming from a non-English-speaking background. It does not go up if you have 95 per cent of students of non-English-speaking background; it might be the same if you had 20 per cent and 95 per cent. They are in a ridiculous situation.

There are other examples. Schools say, ‘It’s great; we have an allocation to have bilingual support teachers, and we have some fantastic bilingual teachers, but we do not have a system in which they can move quickly enough for the changing demographic. We have a fantastic Cantonese-speaking teacher, but we need people who can speak Amharic, because our new community is Ethiopian, Eritrean and Somaliian, and a Cantonese speaker is not a great lot of help.’ If we are to have national literacy benchmarks and standards, those are the sorts of issues that must in some way be factored in. It would not be a problem for a number of these schools if it were recognised that some of their students cannot meet these literacy levels; they would be comfortable enough with that, even though there is some sort of stigma attached to the results, if they knew that it would mean that they would get support to fix the problem. Instead, it is measured and used to say that the schools, students or families are inadequate in certain ways, which I find offensive when relatively small amounts of money can make an enormous difference in schools like that. Millions and millions of dollars are being spent on government advertising of programs, the benefits of which people will receive regardless of whether the government advertise them, $20 million a month is spent on advertising, and large amounts of money go into convincing people how they should vote. We are all politicians and we are interested in
how people vote, but I am much more interested in that money having a long-term impact for some students in my electorate in terms of the sorts of lives that they will be able to lead in future.

We have a large number of students and young women who live independently, sometimes with young children—sometimes they are the eldest sibling—who are expected to be the breadwinner for the family and to try to get through their secondary education. We do nothing to try to provide the extra support that might be necessary. I would love to see this government put some money into those sorts of things. I hope and believe that our education priority zone concept, if Labor is elected at the next federal election, can really deal with some of those issues. It is not just about teaching staff and it is not just about how we identify where areas of need are; it is about being creative. I would like to see things as simple as homework groups so that people who live independently, who look after their siblings, who have nowhere quiet, clean and warm to study, can stay after school and use the school’s facilities. They cannot do that if we do not provide the school with enough resources to properly supervise it.

Those issues would really make a difference to the literacy outcomes in my electorate. I believe that it is a very seriously missed opportunity for the government to put in such a small amount of money—and then they add insult to injury when they parade it around as though they are doing something great to deal with the problem when in reality they are doing very little. Their priorities are wrong if they are going to spend millions of dollars on advertising the abolition of FID, which they have already announced that they will abolish. That might be something that people are pleased to hear, but, whether or not the advertising achieves anything, it is millions of dollars which, if spent elsewhere, could affect young people’s lives and improve their literacy and employment outcomes in future, and we have missed that opportunity.

I believe very strongly that Labor’s policies will try to put back some fairness in the system. They will not unnecessarily penalise non-government schools, but they will look at where the areas of need are. If these measures can be used to identify need, that is great. We then need to take the action on those indicators that will help to improve on the results where we have identified problems and will give people a chance in life to make the best they can for their future.

**Mrs ELSON (Forde) (7.12 p.m.)**—It gives me great pleasure to speak on this States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001—a bill that reflects our government’s strong commitment to education. Like everything else that the Howard government does, our commitment to education is reflected in our very practical commonsense approach. We do not rely on a confusing cadastre or a grab bag of unfunded promises such as those that we all know form the basis of the Labor Party’s so-called Knowledge Nation. We do not look down our noses at the practical skills and knowledge that thousands of Australians are gaining through our vocational education sector, particularly in new apprenticeships. It reflects how out of touch Labor really is that there is not one mention of apprenticeships in the Knowledge Nation report that apparently is the basis of its policy. It shows just how far removed Labor is from the day-to-day reality of the Australian work force and the Australian education system. It gives us an insight into how Labor could possibly let literacy and numeracy levels fall to the extent that almost one in three 14-year-olds, having completed nine years of schooling under the Labor government, were unable to read and write. That is astounding and it has rightly shocked and upset many Australian parents.

That is perhaps not so surprising, though, when we look at Labor’s approach to education even today. It is not surprising to see how Labor could let such vital practical skills slip away in the pursuit of a trendier curriculum—or was it because it figured that those kids were never going to get to university anyway, so they did not really matter? In contrast, we are not content to let our children slip through the cracks in that way. One of the first things we did upon gaining office was to set in place national standards and to
fund specific programs to target literacy and numeracy.

We recognised, as everyone with a commonsense approach would recognise, that education must be built on a foundation of the basics—literacy and numeracy skills. We understood that students who do not necessarily want to go on to study at university still require decent numeracy and literacy skills to enhance their job prospects and to enjoy a better quality of life. We know that those who go on to further education, be it an apprenticeship, TAFE or university, require a very solid foundation if they are to succeed and achieve to their full potential. It is pretty simple stuff.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill 2001 takes our commitment to numeracy and literacy even further. It provides an extra $33 million over the next two financial years for targeted grants to improve the learning outcomes of disadvantaged students, particularly in the key areas of literacy and numeracy. This bill signals the implementation of the national literacy and numeracy plan agreed to by Commonwealth, state and territory ministers for education. It is part of a national goal, which is ‘That all students should have attained the skills of numeracy and literacy to such an extent that every student should be numerate, able to read, write, spell and communicate at an appropriate level’. Even that simple goal is one that Labor now appears to be backtracking on.

As the Minister for Education, Training and Youth Affairs appropriately put it, Labor wants to roll back literacy. That can be the only reason behind the state Labor education ministers’ decision last month to reject our proposal that they should report to every parent on their child’s performance against the national literacy benchmark. As the minister said, the Labor states’ intentions now are quite clear: they want to renego on the commitment to teach every child to read and write properly; they do not want to report results to parents; and they want to roll back the measurements and accountability standards that the Commonwealth has insisted upon.

Our position is very clear. Our national literacy and numeracy strategy requires that every child in years 3, 5 and 7 is tested against a national, agreed benchmark standard; that states report results publicly to parents; and that state education ministers sign a legal agreement with the Commonwealth that they will ensure that every child learns to read, write and understand the basic skills. Labor will not commit themselves to this national literacy and numeracy strategy, as simple and as commonsense as it clearly is. They will not stand up to the state ministers and demand accountability, and they will not stand up for the parents’ right to know that their child is achieving.

You do not have to look much further than the unions to understand why that is. The Australian Education Union opposes testing against the national literacy and numeracy benchmarks and it is clear that, once again, Labor is tied hand and foot to the union bosses. It astounds me that the teachers unions are so opposed to our efforts to raise literacy and numeracy standards. They ought to be the ones to champion this cause. They are supposed to represent our very hard working teachers, and I know that the vast majority of our teachers are very passionate about literacy and numeracy and are very adamant that these basic skills are the foundation of a good education.

By and large, our teachers are remarkable people who are doing a great job. I have nothing but praise for the wonderful role most teachers play in helping to shape our young Australians. They believe in what they are doing and they make a real, lasting contribution to our society through their dedication and commitment. It is a great pity that their union leaders, and the actions of the teachers unions, do not reflect the same commitment and dedication.

In Queensland we have seen recently the most misleading and deceptive public campaign by the Queensland Teachers Union. You can only assume that this campaign is solely politically motivated, because it certainly does not reflect the facts on school funding. The fact is that Commonwealth funding on government schools is around $3.7 billion a year. Direct Commonwealth
funding alone for Queensland schools in 2002 will be $440 million, a massive increase of 52 per cent over Labor’s last year in office. In our last budget, the Howard government increased total expenditure on Queensland government schools by five per cent over the previous year, whereas the state Labor government’s last budget increased government school funding by just 4.1 per cent, and most of that was taken up with a pay rise for schoolteachers.

Now we have to ask: why is the teachers union not running a campaign against the Beattie government? The Howard government’s record on funding for government schools is significantly better than theirs. In fact, items in the last Queensland budget, such as the $2.7 million quality teacher program, are actually paid for fully by the Commonwealth. However, the Queensland Teachers Union conveniently ignores these facts.

I do not see the Queensland Teachers Union following the Queensland state minister for education around with a mobile billboard calling for more money and decrying the government’s record. The only reason for that is that the Queensland government is a Labor government and the union and Labor are beholden to each other. Furthermore, it is clear that the QTU campaign against the Howard government is purely politically motivated. It has nothing to do with the truth, and everything to do with the fact that we are a coalition government. It has nothing to do with delivering quality education outcomes, and it has nothing to do with equality and fairness.

What is worse, the QTU is using the old class warfare line and is trying to create divisions by saying that wealthy private schools are getting public school dollars. Once again, this is completely untrue. Under our new funding model, non-government schools serving the most needy communities are funded to a level of 70 per cent of what it costs to educate a student in government schools. By comparison, schools serving the most wealthy communities will, by the year 2004, receive only 13.7 per cent of the cost of educating a student in government schools. Government schools in Australia currently enrol about 69 per cent of total students and they receive 78 per cent of public funding for schools—not 30 per cent, as the QTU claims. So either the teachers union leaders need to go back to school to learn how to do their sums again, or they should admit that their campaign is not factually based. It is all about gaining a few votes for their Labor mates so that they can have more power under the Labor government. It is not about students or outcomes; it is all about union power bases.

This bill, however, is all about outcomes. The funding this bill provides—some $33 million over the next two years—is targeted at helping disadvantaged communities. It is about getting help where it is needed most and making sure that kids who face a number of hurdles can get over the first crucial hurdle of being able to read and write. As I said at the outset, it astounds me that Labor still will not commit to the national literacy and numeracy strategy. It saddens me, but does not surprise me, that the teachers unions are not championing this strategy. They seem to have a real problem working out what they really stand for.

We saw in Queensland just how screwed up union priorities can get, when union funds were used to defend a former teacher and Labor state member, Bill D’Arcy, who was convicted of sexually assaulting his students. I know that this angered and upset many parents in my electorate. They expressed the view to me that the teachers union should surely be about protecting the interests of students and the reputation of the education sector as a whole, not those of a paedophile. The union should be working with the government to look at ways in which we can further deliver numeracy and literacy skills and working to fulfil the aims of the national strategy.

They should be calling on Labor to commit to the continuation of the national literacy and numeracy strategy, not for any reason other than the fact that it is working and that the runs are already appearing on the board. The 1999 year 3 reading results show that 87 per cent of students achieved the agreed minimum national standard. That is up from 73 per cent in 1996 and effectively
represents a halving of the illiteracy rate for year 3 students. The data for year 5 students showed a similar trend, with the percentage of year 5 students not reaching the benchmark minimum standards falling from 29 per cent down to just 14 per cent. This is very encouraging but, of course, there is much more to be done. That is why this bill further increases our commitment to the national literacy and numeracy strategy.

Like everything else this government does, the bill recognises that assistance should be targeted to those who most need it. We recognise that those students in disadvantaged communities are facing greater challenges. For example, we have ensured additional funding with an emphasis on indigenous communities, where rates of illiteracy remain unacceptably high. The 1999 results show that about 34 per cent of year 3 and 41 per cent of year 5 indigenous students are below the agreed minimum standards for reading. We are putting in place the national indigenous literacy and numeracy strategy as an urgent priority to help overcome the disadvantages that indigenous children face. During 2001-04, more than $1.6 billion of Commonwealth funding will be spent on programs to improve educational opportunities for indigenous Australians. Once again, we are providing real, practical help where it is needed most, where it can really make a difference and with the aim of addressing the basics. The great measure of our success will be in 10 years time when we should no longer be having this debate if literacy and numeracy standards can be raised to such an extent that it is taken for granted that every Australian child should have these skills.

One thing is for certain: the Howard government will not allow something so basic and so crucial to just fall by the wayside under Labor.

We have fought to put in place the national literacy and numeracy strategy and we are 100 per cent committed to doing so. I want to congratulate the Minister for Education, Training and Youth Affairs for his ongoing personal commitment to literacy and numeracy. I was very fortunate to have the minister come to my electorate just last week to meet with representatives from our local P&Cs and schools for a roundtable discussion. As other members know, I have always believed in giving my constituents the opportunity to meet first-hand with many ministers, and I am very pleased to say that there has been no shortage of Howard government ministers willing to come to Forde to speak directly with my constituents. This reflects our government’s commitment not to become Canberra-centric, to get out into the local communities and to keep in touch with what really is happening out there rather than relying solely on the advice of departmental advisers.

Our ministers, led by the example, of course, of our Prime Minister, have always been extremely hands-on. That is one of our great strengths and one of the great contrasts to the previous Labor government. I know that local parents and school principals appreciated the opportunity to talk to Minister Kemp last week. It was a challenge and there was a full and frank exchange, with the opportunity to discuss the many positive things happening within the education sector—things we never hear about in the national media or from the unions.

I do not want to take too much more of the time of the House today, but I do want to reiterate my very strong personal support for the national literacy and numeracy strategy and this government’s commitment to it. I am a practical person and I believe in the basics. I have raised eight children, some of whom have gone to university, some of whom have studied TAFE courses, some of whom have completed trade apprenticeships and some of whom have gone straight into the work force. So I have had personal experience across the board with the different types of educational opportunities that exist and how different options suit different children. You cannot be prescriptive and say that every child must complete grade 12, and you cannot say that someone is educated only if they go on to study at university. But there are common measures that all children require, regardless of what future path they take—that is, basic reading, writing, spelling and maths. I know that is not trendy nor fashionable, and that is probably why Labor and the unions never talk about it. But it is an
essential and crucial foundation of our educational system—at least, it is under the Howard government.

I am very pleased to support this bill, and I know it is just one small part of record spending on practical programs to deliver better literacy and numeracy standards. We spend a lot of time in this House debating different issues, but I think we would all agree that, when it comes down to it, the main reason we are all here is to create a better future for our young Australians. I believe our national literacy and numeracy strategy does exactly that in the most practical and commonsense way. In the end the standards we set are not there to be arbitrary; they are not there so that we can put a tick in a column and say that we achieved such and such as a result. Our national literacy and numeracy standards are there to ensure that we equip our children with practical skills, and they really will make a difference to the quality of their life. This is about people; it is not about benchmark figures in dollars, for all that that matters. This bill is part of a very practical approach. I commend the bill to the House.

Debate (on motion by Dr Lawrence) adjourned.

COMMITTEES

National Capital and External Territories Committee

Extension of Time

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

That the time for the presentation of the report of the Joint Standing Committee on the National Capital and External Territories on the sale of the Christmas Island resort be extended to 27 September 2001.

WORKPLACE RELATIONS AMENDMENT (TERMINATION OF EMPLOYMENT) BILL 2000

Consideration of Senate Message

Message received from the Senate returning the bill and acquainting the House that the Senate has agreed to the bill with the amendments indicated by the annexed schedule.

Ordered that consideration of the message be made an order of the day for the next sitting.

ADJOURNMENT

Motion (by Mr Tuckey) proposed:

That the House do now adjourn.

Aged Care Facilities

Ms GERICK (Canning) (7.30 p.m.)—Tonight I am speaking to those people in the community who have a relative or friend in an aged care facility. That person may suffer from incontinence and may need assistance in changing their clothing or pads. Would you prefer that family member or friend to be taken out of bed in the middle of the night, taken to the bathroom, changed, and then taken back to their room? Or would you prefer that they were changed in their room, where the temperature is the same, and allowed to go back to sleep without too much interruption? I am sure that everyone would think that the latter option is best, where the person is changed comfortably in their room and they are able to go back to sleep. I am sure that you would be amazed to know that, if an aged care facility chooses to do that, it changes the number of points allotted to a particular resident when working out the subsidy that the facility will receive for that resident. It can cause a drop in funding. The care to the resident is exactly the same, it takes the same amount of time for the staff member, and exactly the same type of documentation needs to be filled out. The only difference seems to be which room the care takes place in.

This is just one example I was given when, during the parliamentary recess, I visited a number of aged care facilities in my electorate. In another example, the auditors took the provider to task on the paperwork connected with a resident who needs continual prompting to deal with daily activities of life such as showering and dressing. The documentation proved that the care was needed; it noted that the prompting was required due to those behavioural problems—because she had severe anxiety and panic attacks. The auditors agreed that the anxieties and behavioural problems were well documented, and they were satisfied that the
care and documentation were sufficient. However, they said that, because the prompts were not substantiated as being due to the behaviour issues, the behaviour element of the claim was not accepted. The result was a loss of points, which resulted in a net loss of $8,000 for that aged care facility. It was made retrospectively and taken out of the next subsidy payment. That aged care facility then had a real issue with the amount of money taken off them at that period of time. All providers, carers and families agree that there must be a system in place to ensure that our seniors get the best care possible when they need it.

The other issue that must be addressed is being sure that people have access to care close to where their families and friends are. This is an issue particularly in outer metropolitan and rural areas, such as in my electorate of Canning. A number of people in Canning have been forced to accept a place for a family member in a facility that is a significant distance away. The decision to put a family member in an aged care facility is a difficult and traumatic one. How much worse is it if you have to put them somewhere where you cannot visit them regularly? It places an extra trauma on that family.

Recently, a very special person in Kelmscott became ill. He had a stroke and, after a period of time in a respite centre, the only permanent place that could be found for him was in Rockingham—some 50 kilometres from Kelmscott. He had spent years making a solid contribution to our Kelmscott community. The distance means that it is difficult for his family to visit, and there is no direct public transport link between Kelmscott and Rockingham. A person wishing to visit would have to go into the city, which is a 40-minute trip on the train, and then take a bus to Rockingham. If you are an aged person hoping to visit one of your old mates, that becomes an impossible task. It also becomes an all-day task. So it is something that we need to review.

The other issue that was raised with me by one of the smaller facilities in my electorate is the huge burden placed on them by the requirements of accreditation and also the ongoing paperwork that is required. I spoke to some of the board members of the facility, and there was a general belief that paperwork was valued much higher than caring for our seniors. It cost that facility $200,000 to get ready for accreditation. It is only for three years, and there are ongoing costs. They needed to employ a consultant, an administrator and an assistant supervisor. The volunteers and staff all said that they were not really sure that it was worth the hassle, and the volunteers in particular are questioning the value of their work. (Time expired)

Regional Airlines: New South Wales Services

Mr St CLAIR (New England) (7.35 p.m.)—I wish to continue with some comments I made the other night with regard to the importance of regional airline services in New South Wales, particularly coming out of some of the changes that have been happening. I covered a number of points the other night concerning my membership of the New South Wales air transport summit working group, and I would like to continue in the minutes that are available.

Regional airline services are important in my electorate of New England, where there are two major ports—Tamworth and Armidale—which are certainly very well serviced by various players. More particularly, they are important because of the smaller services that go into Inverell and Glen Innes, and they are of absolute importance to me and to other people in New England in providing access direct to Sydney through a properly serviced air route. One of the issues that came up during the submission that I made to the working group was that of communities supporting local businesses by buying locally—and there are a lot of ‘buy local’ programs. The local chambers of commerce, development organisations, business enterprise centres and councils all support this concept.

Communities must support those local airline operators that work out of their communities. I draw a parallel to the XPT rail service that halts going north from Sydney to Armidale. People should support and use that service where possible. Airline services are no different. As I mentioned the other day,
the load factors of some of these airlines are down as low as 30 per cent.

There is another issue that I wish to clarify tonight. Comments were made by the New South Wales transport minister in regard to his $50,000. His statement was heralded as a great thing, but I said that the $50,000 subsidy was not per airline— it was not for each route; it was not even for each airport— but was just a $50,000 subsidy to the system. While that is a step in the right direction, comments continue to be made publicly that aviation fuel excise is a major problem. This government has reduced excise on avgas in the vicinity of 16c a litre. That significant change of 16c a litre has delivered $16 million to regional airlines that use avgas. This government has removed a $16 million burden in excise. The price is 15.67c a litre lower in this term of the Howard government.

I raised the issue of location-specific pricing and en route charges. Small regional airline operators that do not fly through the smaller routes of Albury, Tamworth and Coffs Harbour are gaining a benefit from location-specific pricing. They pay lower air traffic control charges at Sydney airport than they would if charges at regional airports were not cross-subsidised. These things need to be on the public record. The charges collected by Airservices from regional operators in New South Wales, whether tower or en route, are around $3 million per annum. Of this amount, just over $2½ million is paid by the major regional operators, all of which have an association with one or other of the domestic airlines. *(Time expired)*

**Telstra: Privatisation**

Ms O’BYRNE (Bass) (7.40 p.m.)—I would like to take this opportunity to speak about Kim Beazley’s, the Labor Party’s and my personal pledge to keep Telstra in majority public ownership. Recently Martin Ferguson, the shadow minister for regional development, infrastructure, transport, regional services and population, and I signed a pledge in Launceston to publicly guarantee that a Labor government will not allow any further sale of Telstra. The support for this pledge in my electorate has been very pleasing. We know that it has the support of the considerable majority of Australians and Telstra shareholders.

Australians know that a fully privatised Telstra will mean a cut in services; Australians know that a fully privatised Telstra will mean a focus on profits rather than customers; Australians know that a fully privatised Telstra will mean lost jobs; and Australians know that a fully privatised Telstra will focus its efforts in the large mainland capitals of Melbourne, Sydney and Brisbane. What Australians want to hear—and they have heard it from the Labor Party—is a guarantee that they can believe, a guarantee that says, ‘We will keep Telstra in majority public hands.’ That is the only way they can know that Telstra services and jobs are safe. While maintaining and improving services and maintaining jobs, Telstra in majority public ownership is able to act as a conduit for increasing our infrastructure—a nation building role. Even Senator Alston, the Minister for Communications, Information Technology and the Arts, has recognised what an important role Telstra must play in building our nation’s infrastructure. On the ABC’s *Media Report* on 15 March this year, Senator Alston said:

The Government certainly sees telcos as having a crucial role to play in nation building.

Another reason the Labor Party is making this public pledge is that it does not make economic sense to sell off Telstra. The sale of the first half of Telstra has resulted in the Australian taxpayer being $475 million worse off. This is because over the last three years the cost of selling Telstra and the amount of dividend lost to the government has been more than the interest the government has saved from public debt interest; in other words, Howard has cost taxpayers more than $3.3 billion to save less than $2.9 billion. Make sense of that if you will! No family can run a household budget with that sort of reasoning, and I do not believe that the federal government can do so in a sustainable manner either. Surely Australia would be better off to rely on an ongoing
dividend stream from Telstra rather than this short-term, short-sighted approach.

In Tasmania, people are sick and tired of waiting days and, in some cases, weeks to have their phones connected or repaired. A shameful example of this happened in Scottsdale, a town in my electorate. I have been informed of a situation where some cables were chewed through by rats. This situation was identified by the Telstra technician and was still on the list to be repaired nearly a year later. It is not just routine maintenance that has suffered since the partial privatisation of Telstra. Identified safety risks are also receiving unacceptable treatment. At one nursing home in Bass, a Telstra technician identified an unsafe pit cover. I think we could all safely agree that a nursing home is not a place where safety risks should be allowed to go unattended. Those elderly nursing home residents waited for months for that dangerous pit cover to be made safe. This is completely unacceptable. We cannot tolerate the risk that further privatisation will lead to more of this second-best treatment for the people of Bass. Since 1996, more than 400 Telstra jobs have been lost in Tasmania. A recent Telstra memo revealed plans to slash even more jobs in rural and regional areas.

The Prime Minister says that he will not sell off Telstra until services are adequate. What on earth does that mean? I am sure that the Prime Minister has adequate services to his home. Does that mean that all services are then deemed to be adequate? The Prime Minister wants to sell the rest of Telstra. It is in black and white in the budget but, once again, the government is trying to pull the wool over the eyes of the people of Australia. The government plans to fully privatise Telstra in the 2003-04 financial year. Its commitment to services is yet another attempt to deceive Australians. It is not a commitment to services but a commitment to deception, and it is a rash attempt at political expediency.

The Howard government is committed only to the dollars it will receive from the sell-off. It is not committed to dollars that will benefit Australia in the long term through a continuing dividend return but to dollars for short-sighted attempts at political expediency. I believe that the community sees through these supposed commitments and the core and non-core promises of this government. I believe that people are seeking the kind of leadership and honest commitment provided by the Labor Party and Kim Beazley through being up-front and clear about the intentions of a future Beazley government. Like so many things in Australian politics and public policy, this is a debate to which everyone is welcome to participate in, particularly coalition members and candidates from around the country. I look forward to any attempts that may be made to convince the Australian community that there is a correct reason to sell off the family silver. It is disappointing, but hardly unexpected, that only the Australian Labor Party is committed to a Telstra that serves and is owned by all Australians.

**Telstra: Privatisation**

**Hawkesbury-Nepean Catchment Management Trust**

Mr BARTLETT (Macquarie) (7.45 p.m.)—Before addressing the matter that I wanted to comment on tonight, I believe I must make some comments in response to those of the previous speaker, the member for Bass. No-one in this country takes seriously this publicity stunt of the Leader of the Opposition wandering around the country with this great pledge that he will not sell Telstra. Remember the sale of the final 50 per cent of the Commonwealth Bank. The Labor Party put out a prospectus committing themselves to retaining public ownership of the remaining 50 per cent of the Commonwealth Bank, and what did they do straight after the next election? In spite of their commitment in that prospectus, they sold off the Commonwealth Bank. They sold off Qantas. They sold off the Commonwealth Serum Laboratories. They sold off everything that was not nailed down. No-one takes seriously this phoney pledge of Mr Beazley and the Labor Party that they will not sell Telstra.

The big difference is that, when the Labor Party in government sold everything they could, they spent the money; with any privatisations that this government has under-
taken, the money has been used to retire government debt, thereby reducing the burden on taxpayers’ money to service the interest payments on that debt. That is the big difference. Any asset sales by this government mean a reduction of debt; any asset sales by the other side mean further spending, further waste, further profligacy and then some extra borrowing and rising debt on top of that. Labor’s pledge is a publicity stunt and the Australian public knows it.

I will now turn to the topic that I really wanted to address tonight. In my 90-second statement on Monday, I made a few remarks about the state government’s pitiful termination of the Hawkesbury-Nepean Catchment Management Trust. Since then I have met with members of the newly formed Hawkesbury-Nepean Catchment Foundation—some 50 members committed to the welfare of the Hawkesbury-Nepean river system, committed to the local environment and committed to trying to fill that appalling void created by the state government’s decision to axe the trust.

The Hawkesbury-Nepean Catchment Management Trust played a critical role in environmental programs right across the catchment system of Sydney’s most important river system. It was involved in initiating public awareness and education campaigns. It was involved in coordinating the work of government and non-government agencies right throughout the catchment, trying to get a concerted, coordinated approach to address catchment issues. It was involved in fundraising from councils, the federal government, the state government and the corporate sector to try to get funding to address key local environmental projects. For instance, it had managed to attract some $3 million worth of funding for programs. These programs were evaluated, coordinated, developed and recommended by the trust but funded by the federal government.

Many local groups benefited from Natural Heritage Trust money channelled through the recommendation of the Hawkesbury-Nepean Catchment Management Trust. Such groups included: Bronte Landcare; Noureen Landcare; Men of the Trees; Mitchell Park Landcare; Else Mitchell Landcare; Hawkesbury Earthcare; Glossodia Park Bushcare; Currency Creek Landcare; Hawkesbury City Council; Henry Dobleday Research Association; Gloucester Reach Environment Group; Wilberforce Community Nursing; Cornwallis-Wilberforce Riverbank; Australian Plant Society, Hawkesbury; Blue Mountains Conservation Society; National Parks and Wildlife Service; Blue Mountains Bushcare Network; Blue Mountains Wildplant Rescue; Nursery Association of Australia; Hawkesbury-Nepean Catchment Management Trust; IntiLife—Wentworth Falls; Yarramundi Lagoon Landcare; Richmond Riparian Landcare; University of Western Sydney; Colo Park Stabilisation Group; and Bonnie Doon Catchment Group. These are all local bush care, Landcare and environment groups, many with manpower voluntarily provided by members of the community, committed to the local environment, who give up their time. Those programs were funded by federal government money through the Natural Heritage Trust but coordinated by the Hawkesbury-Nepean Catchment Management Trust.

The state government, with its appalling decision to axe the Hawkesbury-Nepean Catchment Management Trust, has made it very difficult for these ongoing programs to be funded. One of the basic tenets of the Natural Heritage Trust was the agreement between the state and federal governments that local community organisations would be involved in coordinating that funding. The termination of the Hawkesbury-Nepean Catchment Management Trust makes it much harder for environment groups in the Hawkesbury to attract federal government funding. I urge the state government to reverse this appalling decision. (Time expired)

Greenway Electorate: Commercial Nominees Australia

Mr MOSSFIELD (Greenway) (7.50 p.m.)—I rise to speak about the collapse of Commercial Nominees Australia and the impact that is having on one of my constituents in Greenway. Commercial Nominees Australia was the trustee of approximately 500 small superannuation funds, among them the ECMT, or Enhanced Cash Management Trust. In March 2000, APRA, the
Australian Prudential Regulation Authority, began investigations into Commercial Nominees because it was feared that several of the superannuation funds for which they were the trustee were facing substantial losses.

On 7 November 2000, the board of Commercial Nominees froze all withdrawals from the ECMT. This date is important because it has a direct bearing on my constituent’s case. Finally, on 10 May this year, Commercial Nominees was placed into liquidation. APRA obviously move with lightning speed when people’s savings are at risk—it took them only 14 months to take this action! Since that time, there have been numerous requests to this government for action. But, to date, the minister responsible, the member for North Sydney, appears to be acting with the same lightning speed as APRA, because he has done nothing yet.

We often hear of corporate collapses and we know that people suffer, but it often does not really register unless we can put a human face to the tragedy. So, to read into the record of Hansard excerpts from a letter to Minister Hockey from one of my constituents, Mrs Heather Emerson of Blacktown. This letter follows on from correspondence I have also sent regarding this matter. The letter read:

Dear Mr Hockey,

I am writing to you in desperation and begging for your help. I am Les Emerson’s wife. He has written to you previously re the loss of all his superannuation in the amount of $149,000 through Commercial Nominees Australia. Put yourself in our place. We have absolutely nothing left. This is affecting our health and our marriage. The stress is totally unbelievable. Can you imagine what it is like? We trust no-one now. We can’t even afford repairs to our van, should the need arise, which we need to transport our totally dependent, severely disabled (cerebral palsy) son. He cannot do a thing for himself!

We believe fraud was involved in the loss of our money and possibly others too! APRA is involved and we believe they didn’t carry out their duties properly re this company. The super was put into an ECMT with Commercial Nominees in cash only—not stocks or shares but cash—only to find out it was all gone, withdrawn without our knowledge or permission. I repeat: we applied to withdraw from Commercial Nominees on 3 October 2000 after being told by Mr Frank Briggs the money was there. The funds were frozen on 7 November 2000 but our money was withdrawn on 1 October 2000.

These dates are very important. They asked to withdraw the funds on 3 October, over a month before the funds were frozen on 7 November, only to find out that somebody beat them to it. Their money disappeared on 1 October. I will continue with Mrs Emerson’s letter:

No-one, not the acting trustees Oakbreeze or Ferrier and Hodgson, can tell us who, what, where or how this happened. There has been very little communication from these companies.

There is a great deal more in this letter but I will go to the final few sentences, where she states:

The cold hard fact is if something happened to either of us we can’t afford to pay medical bills or pay for a funeral. We can’t afford to bury each other! Lovely, isn’t it? Please do not think I am being dramatic. This is cold reality! I cannot impress on you enough how much your assistance is needed. Please do something about section 229.

And it is signed:

Regards and hope, Heather Emerson.

The reference to section 229 is very important. It refers to the Superannuation Industry (Supervision) Act and gives the minister the power to compensate members who have lost money as a result of theft or fraud. Asking to withdraw funds on 3 October only to find that somebody else had done it on the 1st appears to me to involve either one or the other. The Emersons are in a desperate situation. All their money has disappeared and they have a severely disabled son who needs constant care. Nobody can tell them how their money disappeared. (Time expired)

Borthwick, Mr William, AM
Australian Broadcasting Corporation: Ballarat

Mr RONALDSON (Ballarat) (7.55 p.m.)—It is with some sadness that I rise tonight to pay tribute to William Borthwick, AM, better known as Bill Borthwick, former deputy premier of the state of Victoria. Bill died, unfortunately, on 1 August, following
heart surgery. I am indebted to the Ballarat Courier for the clips that I have today to give me some of the information about the state funeral which was held yesterday.

Bill was 76. His sons David, Mark and Andrew were there; also his wife, Muffie, who I might say is very well known to my parents. Muffie lives down on the coast near my parents. Bill Borthwick is one of those very special Australians. I think that in the 1930s it was suggested that he apply for a scholarship to Ballarat Grammar. He decided he would try that and he rode barefoot on horseback early every morning for extra tuition. He then sat with several hundred other students to compete for a scholarship, which he received, and this young man, shortly after turning 16, joined the Royal Australian Air Force.

I am sure honourable members will be fascinated to know that in 1967, when Bill Borthwick was elected to cabinet, he made his mark on not just Victorian politics and Australian politics but also international politics, because he was the first one to introduce environment protection legislation. It was the first time in Australia in any state or national parliament. Indeed, the only other country in the world that had introduced environment protection legislation in 1967 was, I gather, Sweden. This was an extraordinary contribution from a great Victorian and a very humble man.

There is sometimes a sense of obligation for leaders to attend state funerals. I was taken with the comments of the state Premier, Steve Bracks, and state opposition leader, Dr Denis Napthine, who made it quite clear that they were there out of respect for Bill Borthwick and not because it was a state funeral. This man, who retired from politics many years ago, has left a very significant mark on the next generation of state parliamentarians of whatever political persuasion. Victorian Governor John Landy was there and Bruce Ruxton was there. The Anglican Bishop of Ballarat, David Silk, gave the homily yesterday, and it was a very large funeral.

I was looking at the pictures in the Ballarat Courier today and saw the young men and women—the future leaders of this country—lining the road leading out of the chapel outside the school grounds. To see them celebrating the life of Bill Borthwick as the cortege went past was very important because ultimately those young people will look at the deeds of people such as Bill Borthwick and I think their confidence and belief in the political system would be very much restored having heard the comments that were made about Bill Borthwick yesterday.

To Muffie and the boys, my very deep condolences. This very good man was taken far too early but he had a very fulfilling life with a wife that I know he was totally committed to and a family that he was committed to. I think we are all trying to achieve in this place a mark and make a positive contribution. There will be very few of us who will leave this place, or indeed any state parliament around the country, having left the same mark that the late Bill Borthwick has left.

As honourable members will be aware, in this year’s federal budget we increased funding to the ABC, and it is with a great deal of joy that I saw an announcement this morning that there will be a new ABC regional service and regional radio station coming out of Ballarat. This is a great decision and one that I very warmly welcome.

Mr SPEAKER—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Price—to move:

That this House:

(1) welcomes the announcement by the Minister for Immigration and Multicultural Affairs of the long awaited pilot program of housing women and children asylum seekers outside of the Woomera Immigration Detention Centre;

(2) notes that the Human Rights Subcommittee was very concerned at the impact of detention on families particularly women and children, and the improvement in the condition and treatment of families is a priority for that Committee; and
(3) expresses concern at the reported condition of 6 year old Shayan Saeed in Villawood IDC who has spent 17 months in detention and now does not eat, does not speak nor respond to human contact and assumes the foetal position when frightened and is apparently regularly re-hydrated at hospital.

Mr Baird—to move:
That this House:
(1) commends the Australian Government on its moves to establish a whale sanctuary at the most recent meeting of the International Whaling Commission in London;
(2) records its regret that the motion was defeated after failing to receive the required 75 per cent backing from member states; and
(3) calls on those states who abstained or voted against the motion to review their positions in order to allow this important initiative to proceed.

Mr Abbott—to present a bill for an act to amend the Workplace Relations Act 1996, and for related purposes.

Mr McGauran—to present a bill for an act to amend the Trade Practices Act 1974, and for related purposes.

Mr Slipper—to present a bill for an act to amend the Commonwealth Electoral Act 1918, and for related purposes.
Mr DEPUTY SPEAKER (Mr Nehl) took the chair at 9.51 a.m.

STATEMENTS BY MEMBERS

Hocking, Mr Perce

Whitten, Mr George

Mr SAWFORD (Port Adelaide) (9.51 a.m.)—I would like to acknowledge the passing of two great Labor stalwarts in the electorate of Port Adelaide. Both were born in Broken Hill and both, through different circumstances, found themselves to be important people in the history of Port Adelaide.

Perce Hocking, a long-term resident of Seaton, died recently at the grand old age of 104. He was very proud of the fact that he lived in three different centuries. He was born in Broken Hill and his first job was in the mines. However, he came to Adelaide and spent most of his working life in the South Australian Railways—30 years at Monarto South and the remainder at Osborne in the Port Adelaide electorate—until retiring at the age of 65 years in 1962. He once said he owed his longevity to the million units of penicillin he received in 1949 after contracting tetanus. After his retirement he became a weekly volunteer at Port Adelaide Meals on Wheels and, in 1987, was awarded a Senior Citizen of the Year award for community service. He was a life member of the ALP and, with 79 years membership, had possibly the longest ever membership of the ALP in South Australia.

George Whitten was also born in Broken Hill. He spent some teenage years on Mildura fruit blocks before coming to Adelaide. He served his apprenticeship as a boilermaker at the Islington railway workshops and became shop steward, vice-president and federal conference delegate of his union—the Boilermakers and Blacksmiths Society, now the AMWU. He was fiercely loyal to his friends, to his family and to his fellow workers. He joined the ALP in 1949 and maintained continuous membership until his death. He was appointed as a full-time temporary organiser of the ALP state office in 1971 and then, in 1973, he was overwhelmingly elected to the permanent position of organiser, working with the then state secretary, the late Mick Young. In 1974, when Mick Young entered federal parliament as the member for Port Adelaide, George Whitten replaced Mick as state secretary. A year later, in 1975, he became the state member for Price and remained the member for Price for 10½ years until his retirement in 1985. He was proud to be a trade unionist, he was proud to be a member of the Labor Party and he was proud to be a member of the Don Dunstan government.

Loyalty and honesty were George’s strongest traits and I was proud to be his friend. The death of his lovely wife, Rhoda, only 18 days before his own death hurt him greatly. They were a wonderful couple and they both will sorely be missed in Port Adelaide. George Whitten was 79. He was very proud of and dearly loved his children—his daughter, Myrle, and his sons Stephen, Graeme and John—his son-in-law and daughters-in-law, his 14 grandchildren and his great-grandson, Jack. Vale Perce Hocking and vale George and Rhoda Whitten. (Time expired)

Cairns Youth Mentoring Program

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Science and Resources) (9.54 a.m.)—I would like to share with you in this place some wonderful work that is being done to strengthen my community through assistance and guidance to the young people in my electorate. The Cairns Youth Mentoring Program matches volunteer mentors with young people who are experiencing problems in school or at home. The program came into existence as a pilot program last year and had outstanding success in the first 12 months. Initially the program was looked at and it was decided not to proceed with it. I have to say that through the commitment of one of my officers, Yolonde Edwards—who actually re-
I want to use this as a program; I want to pursue it’—and through the vision of Senator Jocelyn Newman, we actually got the program up and running.

The program has been absolutely outstanding. It is now giving young people direct access to role models who will be there to support them, offer advice as they look towards their future goals and assist them in achieving their goals. A great example of this is a young lad who was having problems both at home and at school. He came from a single-parent family. Through the mentor program, his life was totally turned around. When this young fellow met his mentor once a week, they chose an activity that they would do together. The young man has attributed the change in his behaviour at school, his improvement in his school work and his general outlook on life to the skills he learned working with his mentor and the friendship that he now has with this gentleman.

Feedback on the program to the program director, Jeanette Harvey, has indicated that parents, teachers and, importantly, the young people of Cairns are finding the program extremely positive. Without the focus of people like the Cairns Youth Mentoring Program Director, Jeanette Harvey; Lifeline’s Youth Support Coordinator, Margaret Vale; Cairns Centacare Director, Helen Biro, and others, this program certainly would not have got past first base. I was pleased that Senator Vanstone and Minister Anthony recently—after I approached them—re-funded the program for another 12 months. I see this as a very positive working model that will, I am sure, be able to be adopted into many other communities. Due to the success rate they are having with these young people, I think the program should be commended.

Heidelberg Football Club

Ms MACKLIN (Jagajaga) (9.57 a.m.)—I want to congratulate the Heidelberg Football Club this morning. The club has just celebrated its 125th season. That is a pretty extraordinary achievement, given that we have only just celebrated our 100th year as a nation. Our local football club is otherwise known as the Tigers. Mr Deputy Speaker Nehl, although you are not a Victorian, you would know that there is another very famous football club called the Tigers with the same colours: yellow and black. But Heidelberg became the Tigers way back in 1885. It is wonderful that we have seen this extraordinary club achieve remarkable success. They have had 22 senior grade premierships and countless appearances during the finals. I was very pleased to be able to join them recently down at the club to celebrate their enormous success.

I imagine many Australians now know about the Heidelberg Football Club because we have a very famous Tiger from that club: Blair McDonough. He was, of course, the runner-up in the Big Brother program. Many of you may have met Blair through the Big Brother program. I have to say he certainly was the most popular person down at the celebrations a few weeks ago. He wore his Heidelberg uniform every Saturday that he was in the house on the Big Brother program.

I want to congratulate those who are currently giving so much to the club: Dave Batchelor, the president, and Matt Sheahan, the club historian. That is the case with all clubs around Australia, but for those of us in Heidelberg most of all we congratulate those who do so much work for local sport. We know what it means to be able to have these outstanding people who support our children, whether it is through training, through the mothers running the stalls and kiosks or through the dads around the field looking after the kids on Saturdays and during training times. To all of those people who do so much for local sport and particularly to everybody at the Heidelberg Football Club, congratulations for 125 years. I am sure that they will be going on to many more successful seasons as the years go by.
Ms GAMBARO (Petrie) (9.59 a.m.)—In the very short time that I have available to me, I would like to support the federal government’s initiative that has assisted many community groups in my electorate of Petrie.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! In accordance with standing order 275A, the time for members statements has concluded.

FINANCIAL SECTOR (COLLECTION OF DATA) BILL 2001

Cognate bill:

FINANCIAL SECTOR (COLLECTION OF DATA—CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2001

Second Reading

Debate resumed from 5 April, on motion by Mr Hockey:

That the bill be now read a second time.

Mr KELVIN THOMSON (Wills) (10.00 a.m.)—The Financial Sector (Collection of Data) Bill 2001 transfers the administration of the Financial Corporations Act 1974 from the Reserve Bank to the Australian Prudential Regulation Authority. Various other acts, including the Banking Act 1959, the Insurance Act 1973, the Life Insurance Act 1995 and the Superannuation Supervision Act 1993 are amended to harmonise the collection of financial sector data. Essentially, what this bill is about is harmonising the collection of financial sector data. Currently, the Reserve Bank, the Australian Bureau of Statistics and the Australian Prudential Regulation Authority all have powers to collect data from financial institutions. That information is used by APRA for its prudential responsibilities, it is used by the Reserve Bank of Australia in setting monetary policy and it is used by the Australian Bureau of Statistics for a variety of other functions. This bill seeks to make APRA the primary collector of information from the financial sector. It seeks to harmonise and increase the flexibility of the data collection and publishing regimes, and provides that APRA will be the central repository for the collection of financial data. The intention of this harmonisation of data collection, as you might imagine, is to eliminate duplication of data collection by those three different bodies. According to the explanatory memorandum, the existing data collection framework is fragmented, cumbersome and in some areas outdated. In some cases the data collected is inadequate or no longer relevant to the performance of APRA’s functions.

The bill provides for the registration of corporations that are not approved deposit institutions but which provide financial services. Corporations whose principal business is the borrowing and provision of finance, where the provision of finance is over 50 per cent of the business or where the provision of finance amounts to over $25 million, will be registerable corporations which will be required to supply APRA with data. This clause effectively removes a hole in APRA’s existing powers in that, while they could approve an application for a banking licence from a conglomerate, they could not seek information from the institution to prudentially monitor its activities. The bill requires that APRA keep a register of such entities and that it make that register publicly available. The bill will give APRA the power to determine reporting standards for, and require provision of, certain documents from financial sector institutions. The determination of reporting standards will be a disallowable instrument.

The bill proposes additional powers for APRA: it may, in writing, exempt a financial sector entity or a class or kind of financial sector entity from the requirement to comply with reporting standards. While the bill proposes that the reporting standards that APRA determines are disallowable instruments, the power to exempt is not a disallowable instrument. This would mean that APRA could exempt entities from reporting standards without any reference to the parliament. That seems inconsistent to us, and Labor is proposing to amend the bill to make this kind of exemption a disallowable instrument. It is my understanding that the government is prepared to support such an amendment.
The bill requires that APRA must try to minimise, as far as practicable, the burden that would be imposed on financial sector entities in complying with the requirements of the standards. I make the observation here that APRA’s role is to ensure, as far as it possibly can, that the financial system is safe and secure. In the wake of the collapse of HIH, that is a point that scarcely need reinforcing. In doing this, it should use whatever resources it needs and should be demanding from financial institutions whatever data it needs. The proposal therefore to minimise the burden of the data collection activities may be seen to be in conflict with the prime role of ensuring that our financial system is safe and secure and that our savings are safe and secure. Given that, Labor believes that section 13(5)(b) is unnecessary, and will therefore be moving an amendment to delete it.

The recent collapse of HIH has raised questions about the competency of APRA and, in particular, the appropriateness of APRA’s light touch regulatory regime. We have a situation here where the government is endorsing that light touch regulatory system by requiring that APRA must try to minimise, as far as practicable, the burden that would be imposed on financial sector entities in complying with the requirements of the standards. You have to ask the question: where would the line be drawn on this matter of reducing and minimising the compliance burden in providing information? Labor suggests that it is not appropriate for the government to be continuing what it describes as the ‘light touch regulatory model’. That light touch regulatory model is already costing taxpayers, over the next 10 years, some $640 million as we bail out the victims of the collapse of HIH. The estimated cost of that HIH assistance package is $640 million. We do not need more of this light touch regulation. We need to ensure that our financial institutions are safe and that our savings are safe—whether they be in banks, superannuation funds or insurance policies. As many of my colleagues will be aware from the case studies involving victims of the HIH collapse, many people believed they had insurance coverage and it turned out that that insurance coverage was not available because of the collapse of HIH. That effectively was enough to destroy their life savings or to send their business broke. It had calamitous impacts on those families and on those businesses. Given that, we do have a concern about the appropriateness of the light touch regulatory regime and propose to move amendments in committee which would, on the one hand make the exemption from the requirement to comply with those reporting standards a disallowable instrument and, on the other hand, make sure that it is clear that APRA’s prime role is to ensure that our financial system is safe.

In relation to that matter, I observe that the chief executive of APRA said last week to the Investment and Financial Services Association conference in Brisbane that APRA had done everything that it possibly could in relation to the issue of HIH and that its role would be vindicated by the royal commission when the royal commission ultimately comes to do its work. I am sure that you are aware that it is Labor’s view that the royal commission ought to have been going already and we are disappointed that it will not start until September. It does seem to me that APRA has changed its position from its acknowledgment earlier in the year that it could have done more and that it does bear some responsibility for the HIH collapse. I was surprised to read Mr Thompson’s remarks suggesting now that APRA is apparently no longer responsible for the HIH collapse. It is certainly a matter that the royal commission will be investigating, and the sooner that royal commission is brought on and does its very important work in restoring public confidence in general insurance, the better.

The other matter I would note in conclusion is that recently the Minister for Financial Services and Regulation, Mr Hockey, addressed a conference in Cairns. Those who were promoting that conference said that the minister is endeavouring to establish a situation where financial sector regulation and things of that nature would be freed up from Senate scrutiny. It struck me as an extraordinary position for the Minister for Financial Services and Regulation to be taking. I do not know whether it was part of his prospective bid to be deputy leader of the Liberal Party but the Senate plays an important role in the Australian political firmament.
As far as I can understand, there is no likelihood of the Constitution being changed in a way that would enable House of Representatives ministers to avoid Senate scrutiny. It is my own view that Senate scrutiny is an important matter in ensuring that not only the financial services minister but also other ministers are held properly accountable for the administration of their portfolios. It has been doing some important and valuable work. Indeed, the Senate Select Committee on Superannuation and Financial Services has been conducting hearings into the collapse of HIH and the collapse of Commercial Nominees and doing other important work to ensure that prudential supervision—the monitoring and the regulation—is in place to try to assure Australians that their savings and investments are as safe as they can reasonably be. That is enough for now but, if the government wishes to discuss any of these matters further in the committee stage, I would be happy to pursue these matters further.

Mr DEPUTY SPEAKER (Mr Nehl)—The member for Wills did indicate that he had an amendment. It would suit the convenience of the committee if he could move it.

Amendment (by Mr Kelvin Thomson) proposed:

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) APRA’s failure to establish adequate reporting standards for bodies in the financial sector; and

(2) its overall regulatory failure and its mishandling of a response to the collapse of the HIH Insurance Group”.

Mr DEPUTY SPEAKER—Is the amendment seconded?

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

Mr DEPUTY SPEAKER—The question now is that the words proposed to be omitted stand part of the question.

Mr CADMAN (Mitchell) (10.13 a.m.)—The Financial Sector (Collection of Data) Bill 2001 is a bill that seeks to draw together the framework for the collection of data necessary for the regulation of a number of industries. The industries covered by this legislation are banks, credit unions and building societies—that is, the deposit-taking institutions, insurance companies, superannuation funds and friendly societies. APRA, which is the prudential regulator, supervises 11,000 institutions including 300 deposit takers, 40 life insurers, 160 general insurers, approximately 50 friendly societies and directly or indirectly about 10,000 superannuation funds. This process is necessary to prevent duplication of collection of data. The other two main sources that government requires data from are the Reserve Bank and the Australian Bureau of Statistics. Therefore, we have three organisations collecting similar data. This provision allows for the streamlining and the cutting of red tape and for a reduction in paperwork, but it also allows for there to be adequate collection of data.

The review on methods for collection of APRA data was conducted in 1999—some three years ago. We seem to be moving quite slowly in this area. This legislation notes the presence of disparate collection systems from predecessor agencies, mainly the Insurance Superannuation Commission and other agencies, and that the data is in various stages of disrepair. That is probably too slick a response to explain shortcomings in the organisation—it is easier to blame the data than to blame the people. I am not aware that the Insurance Superannuation Commission has ever had any trouble with failures of the HIH type. So part of the problem is the change in organisations and the restructuring and additional responsibilities that APRA has been asked to take on. The structure of the legislation which launched APRA is also inclined towards a corporations base rather than an insurance base. Therefore, APRA is not generally as well equipped to deal with insurance matters as was its predecessor. Part of that inadequacy, I believe, has resulted in the failure of HIH. APRA needs to come clean and acknowledge its shortcomings—not blaming data, not blaming antiquated systems—and look fairly and squarely at whether their own management processes were adequate to deal with these industries or whether they were coasting a bit.
APRA has made a statement that it will work closely with the Reserve Bank and the Australian Bureau of Statistics to improve and, where possible, rationalise the content of authorised deposit-taking institution returns. I do not know whether APRA, as the newest body in the field, is the one best equipped to make those assessments, but I understand that it is APRA who will harmonise and to whom the information will be channelled. I would like to see APRA publicly demonstrate its competence by laying out its management plan in the collection of data, acknowledging that it is not going for an overkill. A lot of this will relate to the affairs of individuals as well as to the management processes being adopted by the bodies that it is supervising. Therefore, some care is needed on privacy factors that there is not just a wish to overkill—to seek to gather too much information—to demonstrate that APRA is assiduously on the job. Results are the things that count, not how much data you collect or whether you can blame that data as being out of date.

I have some concern about APRA’s skill in being able to bring together the data. I would like to see management systems and the processes—both for the retention of privacy and also in the expedient setting up of efficient data management systems—publicly stated. Management of data is a skilled process and the public of Australia will need to be assured, during the royal commission and other things that are afoot, that APRA is a competent body to manage the data that it will be collecting. I note that the Chief Executive Officer of APRA, Mr Graeme Thompson—I do not think he is related to the spokesman for the opposition—said before the Senate Economics Legislation Committee:

I have said publicly that, with the benefit of hindsight, APRA could have been more aggressive with HIH and dug more into its financial condition once we had identified concerns with its operations in the middle of 2000.

Again, the excuse is used of flawed and out-of-date material. That might be an easy excuse. I look forward to the way in which APRA is going to pull itself into gear and give the Australian people confidence that it is adequate to perform the task it has ahead of it.

The main provisions of the bill deal with the bodies which may be registered for the collection of data. These are companies which fall within the Commonwealth’s corporations power. Their sole or principal business activity in Australia is to borrow money and provide finance. Debts due to the corporation from the provision of finance exceed 50 per cent, or such percentage as prescribed, of the value of all the assets of the corporation, or the corporation provides finance in association with the retail sale of goods and the value of debts due to the corporation from that provision of finance exceeds $25 million or the amount prescribed.

The bill outlines the standards that will be adopted by APRA. APRA must consult with the entities concerned and try to minimise the impact on the entities concerned. The opposition has proposed an amendment which would change that provision. I think that would be somewhat foolish. This is a new organisation which is gung-ho to prove that it can handle the responsibilities it has been given. It intends to collect as much data as it possibly can. If this is done without consulting the entities concerned, if data matching techniques are used and great banks of data are shifted from one organisation to the government’s purview, this offers the prospect of some overenthusiasm by an inexperienced organisation, compared to experienced agencies such as the Reserve Bank and the Bureau of Statistics, and the prospect of some abuse by government agencies.

I have no problem with the provision. It is a sensible one. The collection of data should be done properly, in consultation with the bodies concerned—and, I would hope, in a way that matches the requirements of the Reserve Bank and the Australian Bureau of Statistics. Clause 13 indicates that differing standards may be determined for different classes of financial sector entities. That is also a very sensible provision because the difference between banks and insurance companies is substantial, and that needs to be acknowledged in the way in which the data is collected.
There is no statistical data on how much time this consolidation of information will take. I suggest that APRA needs to focus on the service it is providing. In financial services, Australia’s competitive edge can be just as easily affected by regulatory requirements and legislative provisions which are too onerous, just as it can be affected by other factors. I say to APRA and to those who supervise financial services that we must retain, and maintain, the absolute control and certainty that Australia has been able to demonstrate over many years. At the same time we must be able to do so in an efficient and competitive manner. If our processes here are sure ones, but slow and inefficient, that will not allow us to develop as a world-class provider of financial services. We should be not only sure and safe but also efficient. A concentration on excellence is something that I would like to see APRA publicly expressing.

Mr MURPHY (Lowe) (10.24 a.m.)—I rise this morning to address the Financial Sector (Collection of Data) Bill 2001. The purpose of this legislation is to provide APRA with the power to determine the information which must be provided by certain corporations and to place an obligation on those corporations to provide that information. APRA was created in 1999 as an amalgam of the Insurance and Superannuation Commission, the banking supervision unit of the Reserve Bank, and the Australian financial institutions commissions of the states and territories, which supervise building societies, credit unions and financial institutions then incorporated in state and territory legislation. The finance sector has been both the subject and the source of much change in the last two decades. It is perhaps the most internationalised of our industry sectors and has been undergoing huge structural adjustment, which has attracted much community, media and political scrutiny.

The closure of bank branches, not just in rural areas and provincial towns but in the suburbs of metropolitan cities, has caused much angst amongst banking customers and communities. I am very pleased that, in my own electorate of Lowe, where some 13 branches have closed in the period I have been the member, there is a very active group led by Marlene Donnan, the President of the Homebush Main Street Committee, to get the first community bank up and running in Homebush in Sydney and another over in the Haberfield area. Councillor Emma Brooks-Maher from Ashfield Council is leading a very spirited campaign to get community banks up and running. Quite plainly, the community are outraged at the campaign by the banks to make profits at all costs, with no interest in the very customers who have provided the huge profits over the years. The banks are only interested in rewarding their shareholders. I look forward to the day when my electorate has a number of community banks to take on the big bastards.

From an initial reaction of arrogance and disdain, banks have had to acknowledge customer and community concerns and interests. The Australian Labor Party and the Finance Sector Union have also led the way in championing the charter of community service for the banking sector—a position ignored by the coalition. After making submissions in 1996 to the Wallis inquiry, in which the banks stridently refuted any notion that they had a community service obligation, it is heartening to see that all the hard work done by the community, the union and the ALP in campaigning and lobbying has recently seen not only a reversal of that position by the banks through their group, the Australian Bankers Association, but also a positive adoption of a community service obligation.

Mr DEPUTY SPEAKER (Mr Nehl)—Order! I am loath to interrupt the honourable member for Lowe, but he is aware, of course, that the bills which we are debating cognately are the Financial Sector (Collection of Data) Bill 2001 and the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001, and there is an obligation under standing orders for members speaking to speak to the content of the bills. As yet I have not heard you say one word about the content of the bills, and I would commend you to observe the standing orders and to speak about the bills.

Mr MURPHY—Thank you, Mr Deputy Speaker. While there is some way to go to repair the damage done by the ruthlessness of bank restructuring in the 1990s, it can at least be said
that the community and customers have the banks’ attention. Hopefully, banks will adopt a
more balanced approach in the future, with a swing back to reincluding the interests of the
community and customers, together with those of the shareholders. Like banking, insurance
has been regarded by Australians as one of the essential features of the landscape, but here,
too, great changes have been wrought during the 1990s—changes that have seen insurance
companies seem to become more the instruments of their executive officers and leading in-
vestors than of their policyholders.

Insurance companies are now huge multinationals and seem to have left their policyholders
behind—except for their premiums, of course. Insurance companies have also graduated since
the mid-1980s into superannuation providers and master fund managers. No longer can we
speak of the old-fashioned insurance agent with the personal touch with the policyholder.
These huge combined companies are now engaged in the receipt and investment of the re-
tirement funds and dreams of millions of Australians. Yet all these great and significant
changes in the finance sector over the last two decades seem to have passed the regulators by
in the night. That is the only conclusion this parliament and the people of Australia are left
with.

Banks and insurance companies no longer represent the Victorian era gentlemen’s club
with the interests of old. They are now huge investment corporations which have the retire-
ment futures of millions of Australians in their hands. These institutions can no longer be al-
lowed to regulate themselves. The public and national interest now demands and dictates that
the public be able to exercise scrutiny and accountability of their activities and decisions.

And yet again, the regulator charged with exercising that scrutiny and demanding that ac-
countability seems not only unwilling but unable to do so. Worse, if the conduct of APRA
during the unfolding nightmare of the HIH failure is anything to go by, APRA, according to
the public statements of its CEO, Mr Graeme Thompson, actually withholds its hand in such
situations because to take up its charge actually risks aggravating the situation. This is an im-
possible attitude to hold because it means that when the regulator is needed most—that is,
when it is needed to intervene with preventative and remedial measures to assist the financial
corporation to remain in business and to discharge its responsibilities to its customers, policy-
holders and investors—the regulator, APRA, disarms itself and retreats to the bleachers to
simply observe the calamity unfold to its conclusion, in collapse and disaster. A regulator with
such a morbid sense of observation, rather than being proactive, cannot deserve the confi-
dence of the community.

Mr Graeme Thompson, in comments reported in the Australian Financial Review on Fri-
day, 3 August 2001, castigates the wiseacre experts who have criticised APRA over the HIH
collapse and blames the flawed regulatory regime he inherited. Mr Thompson was part of that
flawed regulatory regime for many years whilst he was at the Reserve Bank prior to his as-
suming the position of CEO of APRA in 1999, and never a word has been publicly reported of
his concerns and doubts about this flawed regime of regulation.

APRA has a responsibility to the Australian people to ensure that the financial institutions
in its charge are accountable for their conduct, both good and bad, and to see to any remedial
and preventative intervention required to assist financial institutions in the ways and means by
which they conduct their businesses. At the forefront of APRA’s daily work should be—must be—
the face of Australian people whose financial welfare is now in the hands of unelected
fund managers.

The HIH collapse demonstrates clearly and presently that these fund managers need a
wake-up call with regard to their responsibilities to the people of Australia and not just to the
board of directors, and the instrument which should provide that wake-up call, that reality
check, should be APRA. Its very passivity and its attempts to justify that passivity condemn
APRA in the public mind. This legislation is intended to bring some rationality to the central-
ising of information and financial sector reportage. The destination at first instance for that data will now be APRA.

That there will now be a single destination for that data is a good thing. The wisdom of APRA being that single destination remains to be seen. APRA is very much a regulator whose usefulness will sorely be tested in the forthcoming inquiries. I hope for the sake of the Australian people that APRA, and particularly its uncontrite CEO, see some light on the road to Damascus of these public inquiries.

Finally, I commend the remarks of my colleague the member for Wills and support the amendment to delete section 13(5)(b) as I believe it should be no burden to establish and operate on a reportage regime which has as its first and last test the public interest of the Australian people and their financial welfare.

Ms GAMBARO (Petrie) (10.33 a.m.)—I am very pleased that the honourable member for Lowe did choose to speak about the Financial Sector (Collection of Data) Bill 2001 and the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001 in the very last few seconds of his speech because I would like to draw the House’s attention back to the reason we are here today. We are here to speak about two bills which give effect to the harmonisation and streamlining of the collection of statistical information across the financial sector in Australia.

The Financial Sector (Collection of Data) Bill is the main bill which transfers the administration of the Financial Corporations Act 1974 from the Reserve Bank of Australia to the Australian Prudential Regulation Authority. Overall, the proposed regulatory measures are designed to streamline and simplify the current data collection methods and systems. The bill aims to modernise and increase the relevance of data collections, therefore ensuring that APRA collects the data it requires for the purposes of its prudential functions, and the data that APRA collects must also continue to facilitate the formulation by the RBA of monetary policy.

The bill covers the following broad areas: it has powers for APRA to determine reporting standards, it requires the provision of certain documents and it also requires the application of the Commonwealth Criminal Code to certain offences. The Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001 gives effect to the main bill. The provisions contain no new policy and simply ensure that the government’s policy, as outlined in the main bill, is implemented in Commonwealth legislation.

I want to touch on the Australian Prudential Regulation Authority and some of its powers and particularly its responsibilities, which include licensing of financial institutions and making sure that the standards on prudential matters in relation to Australian deposit-taking institutions, superannuation funds and insurance companies are adhered to. It should also be noted—and previous speakers have covered a number of areas that APRA is and is not responsible for—that APRA is not responsible for pricing competition in financial markets, for standards of disclosure about products and services, for how banks and others handle customer complaints and disputes or for fees, charges and interest margins.

APRA is funded by levies paid by the regulated financial institutions and it is accountable through an independent board. To ensure that there is a close relationship between the Reserve Bank of Australia, the Australian Securities Investment Commission and APRA, the RBA has two representatives and the Australian Securities Investment Commission has one representative on the APRA board.

APRA has had a supervisory role, particularly with regard to banks, insurance companies and superannuation funds, for just over two years, and with regard to credit unions and building societies for just over 12 months. It is a single prudential supervisor of financial institutions in Australia, and it has brought together the prudential supervision regulations and responsibilities of some 11 different agencies. That was a flow-on from the Wallis committee
recommendations, which recommended the establishment of regulatory entities to ensure the prudential regulation of the financial system. A number of recommendations were made to ensure that there was a reduction in supervisory costs for regulated industries through administrative economies. It was also established to develop a harmonised approach. These bills deal with the harmonisation of the collection of data, but there has been a harmonisation approach already with the reduction of similar risks and activities where they occur in the financial system. APRA was also set up to provide a flexible approach to dealing with structural change in the financial system and to ensure that there was a more effective supervision of financial conglomerates.

APRA does have a very large role that it is responsible for and in its administration of its economies it has an operating cost. It has dropped somewhat from $56 million in the 1997 budget to $51 million in the 2000-01 financial year. This has really been occurring at a time when financial institutions have grown in complexity and have increased in size by roughly 35 per cent. So some great advances have been made in the harmonisation of prudential regulation and there has been an increase in the harmonisation of rules and guidelines.

I see this bill as a continuation in APRA’s role, particularly to harmonise a single look and to provide standard guidelines. There are different approaches with those standards. Also it is reconciling flexibility and harmonisation. There is further work to do, and I am sure that this particular bill that we are speaking to today will ensure that that harmonisation will occur. The harmonisation will occur particularly with existing data collection. It is important to note that a previous speaker, the member for Wills, spoke about the framework being fragmented and out of date and also that this simplified approach should occur. Also, changes have been made to such legislation and regulation of APRA’s data collection and publishing powers. Finally, the current situation also means that the overlap that used to occur—particularly with APRA, the Reserve Bank of Australia and the Bureau of Statistics collecting their own data—will occur no longer. That data collection process will be simplified by almost two-thirds.

APRA itself is funded through financial sector levies, its main source of operating revenue. The legislation has many advantages, and I feel that it will provide financial institutions with the ability not to spend so much time collecting data similar to that used by the previous agencies. APRA will be that central collection point now. The legislation will also harmonise public disclosure and the requirements of provider institutions, and will make it simpler for the financial institutions to comply with the financial data collection of ABS and the RBA. Industry will also be able to examine much better industry data collected by APRA and selectively use that as a basis for comparison with other institutions and sectors.

The transitional costs will be very modest, and I believe the overall effects will be much enhanced and the process will be greatly simplified. For example, in the changes, the authorised deposit-taking institutions are expected to have a reduction of some 30 per cent in the reporting burdens of the past. That will be very welcome. Australian deposit-taking institutions are entities which include banks, building societies, credit unions and friendly societies. During the year we have heard ADI terms mentioned quite a lot. In the banking sector, profits have grown incredibly high and there continues to be an asset growth of about 11 per cent. Banks are much more active in managing their capital, and building societies and credit unions have also experienced average growth rates of about five per cent over the past year or so. Consolidation means a significant increase in these sectors, and also the number of institutions continuing to grow is something that we should look at. Credit unions in Australia hold some $21.5 billion in assets, as compared with $759 billion for all other ADIs. This may be contrasted with other countries: for example, in the United States in 1999, the credit union share of total assets is some 5.8 per cent.

This bill will ensure that ADIs will have a reduction in their reporting burdens. It will also increase the ability of APRA to perform its supervisory roles. The previous speaker spoke about the supervisory roles, particularly in relation to HIH and what has occurred in the lead-
up to the royal commission. A lot of what he said today, though, I feel should not be a topic of
discussion on today’s bill but is really a matter for the royal commission which the Howard
government has, appropriately, set up. Those issues would be more appropriately raised in
that forum, rather than today in speaking about the simplification of the collection of data.

Finally, I wish to speak about some of the amendments that have been advocated. When the
Minister for Finance and Administration, during the autumn sittings, spoke about these bills
in his second reading speech, he stated that the government should listen to a lot of the issues
that were raised by the industry. I too advocate that. The approach that has been taken with
these amendments is essential to ensure that we have a new collection procedure that takes
effect pretty soon, and I advocate that as well. The start date that the minister spoke about was
1 July, and a lot of consultation has occurred. The government has made some minor amend-
ments, and has been very consistent in ensuring that there has been a lot of harmonisation and
streamlining across the sector.

The amendments to clause 14 remove the application of the obligation on the principal ex-
ecutive officer from superannuation entities. It is important to note that the provision requires
the principal executive officer to be responsible for lodging key documents with APRA, and
industry has noted that there are types of superannuation structures which would potentially
make it confusing and difficult to identify the principal executive officer in those entities. So
it would be pretty impractical to impose this particular type of obligation on the superannua-
tion sector.

There have been some other amendments to the Financial Sector (Collection of Data—
Consequential and Transitional Provisions) Bill 2001, focusing largely on amendments to the
Superannuation Industry Act. These will apply to all superannuation entities, other than self-
managed superannuation funds. The self-managed superannuation funds will remain under
the supervision of the Australian Taxation Office.

The previous speaker spoke about the amendments. I believe that the government and the
Parliamentary Secretary to the Minister for Finance and Administration will continue to sup-
port an appropriate balance in ensuring that adequate information is available to the regulator.
But there also has to be a really good balance so that it does not become too burdensome to
competitively work in the industry, and to ensure that competitive process occurs and that the
main focus is what is being concentrated on and not the reporting procedures that are overly
burdensome. The passage of the bipartisan reforms will, I believe, improve the efficiency of
the sector. It will take away the situation of having three different agencies collecting data. I
believe that is a very good thing and I have no hesitation in lending my support to the bill to-
day.

Mr HAWKER (Wannon) (10.45 a.m.)—I want to speak briefly on the financial sector leg-
islation. I was looking through the amendments that are being moved by the opposition and it
struck me as rather curious that they should be doing this. The first point to make about them
is that they do not actually relate to the bill per se. They are just a straight little political joust,
a bit of a stunt, trying to bring something in which is not related to the bill. Secondly, I do not
think that they stand up to much scrutiny.

Let us look at the first one—APRA’s failure to establish adequate reporting standards for
bodies in the financial sector. I would have thought that APRA has demonstrated so far that it
is working hard not only to do that but in fact to improve them. Notwithstanding that, though,
the Audit Office has had a look at APRA and — as has already been mentioned — the House
economics committee is doing an in-depth study on that Audit Office report. We will be
looking closely at a number of factors that have been raised. So again it shows that the oppo-
sition are not really interested in looking at how to improve these things. They are really only
trying to bring something in which is not related to the bill. And I do not think that they improve their credibility
when they start to do these little stunts.
On the second part of the amendments—as has been pointed out already—there is a royal commission under way and I think it is quite premature for them to make statements or to imply in these amendments that there is some government failure. I do not think there would be a royal commission under way unless there was a lot still to be established. The opposition ought to be condemned for putting up these rather puny little amendments, which are merely political point scoring and therefore deserve the condemnation that they will get, no doubt, when the parliamentary secretary sums up.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.47 a.m.)—I would like to thank the honourable members for Mitchell, Petrie, Wannon, Wills and Lowe for contributing to this very important debate in relation to a very important matter of concern to the Australian people. These two bills do give effect to the harmonisation and streamlining of the collection of statistical information across the financial sector in Australia. The Financial Sector (Collection of Data) Bill 2001 transfers the administration of the Financial Corporations Act 1974 from the Reserve Bank of Australia to the Australian Prudential Regulation Authority.

Overall, the proposed regulatory measures are designed to streamline and simplify the current data collection methods and systems. The bill aims to modernise and increase the relevance of data collections, thereby ensuring that APRA collects the data it requires for the purposes of its prudential functions and that the data APRA collects will also continue to facilitate the formulation of monetary policy by the Reserve Bank of Australia. The bill covers a number of broad areas, including powers for APRA to determine reporting standards and require the provision of certain documents and the application of the Criminal Code of the Commonwealth to certain offences. The Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001 gives effect to the main bill. The provisions contain no new policy and simply ensure that the policy of the government as outlined in the main bill is implemented in Commonwealth legislation.

The member for Wannon, in referring to the second reading amendment and how shallow it is, talked about the attitude of the Australian Labor Party. I respond by saying this is not a matter with which people ought to play politics. This is not a matter with which the ALP ought to score political points because quite frankly the government, during the period we have been in office, have been outstanding managers in this area. We are always prepared to finetune, we are always prepared to look at situations. Honourable members on both sides will be well aware of the fact that we have set up a royal commission into these matters. This was mentioned by the honourable member for Wannon. It would be better just to leave these matters to the royal commission. We want a full investigation. We believe people ought to be protected. The obvious way to check to see whether procedures are adequate, to check the way forward, is to have this royal commission and to let people who have complaints, recommendations or ideas come forward and talk to that royal commission. There will be ample opportunity for evidence to be given. The government will consider the report of that royal commission when it ultimately is handed down.

The honourable member for Wills will not be disappointed to know that we reject the second reading amendment moved by him in this place. The government seeks support of the bill from the chamber.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr KELVIN THOMSON (Wills) (10.52 a.m.)—by leave—I move:

(1) Clause 13, page 13 (lines 25 to 27), omit paragraph (5)(b).

(2) Clause 16, page 15 (after line 21) at the end of the clause, add:
An instrument under subsection (1) is a disallowable instrument for the purposes of section 46A of the Acts Interpretation Act 1901.

I could not help but notice that in the contributions of the Parliamentary Secretary to the Minister for Finance and Administration and the members for Petrie and Wannon they suggested we should not play politics with the issue of the HIH collapse. What an extraordinary view of politics and the role of politicians. You can imagine if a Labor government were in office and we had the largest corporate collapse in Australian history—$4 billion and a $640 million taxpayer funded bailout over the course of the next 10 years—the nature of parliamentary debate surrounding that. We would not get any of this ‘don’t mention the war’ stuff that we just had. As for the idea that all these matters ought to be left to the royal commission, the royal commission is a device to enhance accountability; it is not a device to avoid accountability. Those members ought to understand that fact. They ought to understand that that is exactly what the parliament is here for: to raise these issues and to make sure that there is public debate around matters of public concern. There are few matters of greater public concern this year than the collapse of HIH. The fact that a royal commission needs to be set up—the fact that you had to be dragged kicking and screaming to set up a royal commission—shows a lack of public confidence in the existing accountability arrangements concerning these matters. We have quite an audience here. I welcome them.

Mr Slipper—They are not here to be welcomed.

Mr KELVIN THOMSON—I understand why they are here, Parliamentary Secretary. They are in fact minders. The number of minders indicates the need to make sure that the parliamentary secretary does not slip up. This is the largest number of minders I have seen in my time here in the Main Committee, and that is a comment on the parliamentary secretary’s capacity.

The member for Mitchell had some interesting things to say about my proposed amendments when I discussed them in general debate. I thought that a number of the comments made by the member for Mitchell concerning APRA were comments that I would agree with, and I thought he had some interesting things to say in that regard. However, I am pleased to say that, given that he expressed some reservations about my amendments, the government has, in fact, found my arguments more convincing than those of the member for Mitchell and, as I understand it, proposes to support the amendments that I have put forward. Given that and given that I outlined the case for my amendments in the general debate, I do not want to say anything further about that or to delay the committee any further in relation to these matters, but simply indicate that it is our position that these amendments should be supported.

Mr HAWKER (Wannon) (10.55 a.m.)—I have been provoked by the member for Wills. I really think that it is very easy to say that it is a question of politics and to have a bit of 20/20 hindsight. I would suggest that if you want to go down that path then we could find a little bit more 20/20 hindsight. One of the problems that APRA has found, and I have no doubt that the royal commission will have something to say about this as well, is that when it comes to regulating insurance—and we want to talk about the HIH problem—APRA has been operating under some very old legislation. I am sure the member for Wills would be aware of this, but he might not like to admit it.

The fact is that the legislation probably is more than 25 years old and we have seen the situation where both the Hawke and Keating governments had many opportunities to amend that legislation, to modernise it and to assist the regulators, both the ISC and now APRA, to have the opportunity to better regulate insurance. Had it been amended, it is possible that the HIH problem could have been dealt with much earlier and maybe with less pain not only to the shareholders and maybe the policyholders but to taxpayers as well. So when we talk about accountability maybe we had better just chuck in something about the accountability of the Australian Labor Party on this too, because they had all those years of the Hawke and Keating governments and they did nothing. Before you come in here washing your hands of the matter...
and saying, ‘Well, we have got to tell the government what to do,’ you had better have a look at your own record.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.57 a.m.)—I would just like to reassure the honourable member for Wills that many of the advisers behind me are not here for this particular bill. He ought to come clean and be honest and say he has bulked out the numbers with a staff member from Senator Conroy’s office as well. I do not know whether it indicates that that staff member is regretting that he is standing as part of the opposition team and very much supports the principle that the government is espousing in this particular matter as in so many others. If that is the case, we certainly welcome your latter day road to Damascus experience and the enlightenment which we now belatedly see.

The government does support an appropriate balance between providing adequate information to the regulator and imposing unsustainable burdens on the private sector. There have been discussions with the opposition and, for the sake of passage of these essentially bipartisan reforms which will improve the efficiency of the financial sector by removing repetition of reporting to up to three different regulators, the government is prepared to accept the amendments moved by the opposition. I present the revised supplementary explanatory memorandum.

Amendments agreed to.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.58 a.m.)—by leave—I move:

(1) Clause 2, page 2 (lines 4 to 9), omit subclauses (2) to (4), substitute:

(2) Parts 2, 3 and 4 commence on a day to be fixed by Proclamation.

(3) If Parts 2, 3 and 4 do not commence under subsection (2) within the period of 12 months beginning on the day on which this Act receives the Royal Assent, those Parts commence on the first day after the end of that period.

(2) Heading to clause 14, page 14 (line 19), after “financial sector entity”, insert “(other than a superannuation entity)”.

(3) Clause 14, page 14 (line 22), after “financial sector entity”, insert “(other than a superannuation entity)”.

(4) Clause 31, page 26 (after line 10), after the definition of share, insert:

superannuation entity has the same meaning as in the Superannuation Industry (Supervision) Act 1993.

In the second reading speech on these bills during the last autumn sittings, the Minister for Financial Services and Regulation stated that the government would listen carefully to issues raised by industry on the content of the legislation and would move any appropriate amendments that it agreed were necessary. This approach was essential to ensure the earliest possible commencement of this new collection procedure. Start date will be amended from 1 July 2001 to a date set by proclamation.

That consultation process has occurred and the government now moves minor amendments to the Financial Sector (Collection of Data) Bill 2001 consistent with the objective of the government of harmonising and streamlining the collection of statistical information across the financial sector.

Specifically, the amendments to clause 14 remove the application of the principal executive officer obligation to superannuation entities. This provision required a principal executive officer to be responsible for lodging key documents with APRA. Industry noted that particular types of superannuation fund structures could make it potentially confusing and difficult to identify the principal executive officer in these entities. Therefore, it would be impractical to impose this obligation on the superannuation sector. I understand that these amendments are supported by the opposition.
Mr KELVIN THOMSON (Wills) (11.00 a.m.)—The parliamentary secretary is correct, we do support these amendments. The member for Wannon has indicated his interest in defending the government’s record on general insurance issues. General insurance legislation is now before the House, and that provides a better framework in which to do that. Given that we did not have a $4 billion insurer collapse on our watch, I look forward to the debate with the member for Wannon when that legislation is debated in the House.

Amendments agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

FINANCIAL SECTOR (COLLECTION OF DATA—CONSEQUENTIAL AND TRANSITIONAL PROVISIONS) BILL 2001

Second Reading

Consideration resumed from 5 April, on motion by Mr Hockey:

That the bill be now read a second time.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.02 a.m.)—by leave—I present the supplementary explanatory memorandum to the bill and move:

(1) Clause 2, page 2 (lines 1 to 4), omit subclauses (2) and (3), substitute:

(2) Schedules 1 to 3 commence on the same day as Parts 2 to 4 of the Financial Sector (Collection of Data) Act 2001.

(2) Schedule 2, page 18 (after line 5), after item 92, insert:

92A Subsection 182(4)

After “regulations”, insert “, and of the Financial Sector (Collection of Data) Act 2001,”.

(3) Schedule 2, items 95 and 96, page 19 (lines 4 to 9), omit the items.

(4) Schedule 2, item 123, page 22 (lines 9 to 11), omit the item.

(5) Schedule 2, page 23 (after line 3), after item 130, insert:

130A After paragraph 111(1)(a)

Insert:

(aa) if the entity is not a self managed superannuation fund—so keep its accounts as to enable the preparation of reporting documents referred to in section 13 of the Financial Sector (Collection of Data) Act 2001; and

(6) Schedule 2, item 131, page 23 (lines 4 to 8), omit the item, substitute:

131 At the beginning of paragraph 111(1)(b)

Insert “if the entity is a self managed superannuation fund—”.

(7) Schedule 2, page 23 (after line 8), after item 131, insert:

131A Subparagraph 111(1)(b)(ii)

Omit “36”, substitute “36A”.

(8) Schedule 2, item 132, page 23 (lines 9 and 10), omit the item, substitute:

132 Subsection 112(1)

After “superannuation entity”, insert “that is a self managed superannuation fund”.

(9) Schedule 2, page 23 (after line 10), before item 133, insert:

132A Before paragraph 113(3)(a)
Insert:

(aa) must, if it is approved for a superannuation entity that is not a self managed superannuation fund, either:

(i) relate solely to the audit of financial statements given to APRA under the Financial Sector (Collection of Data) Act 2001 and prepared in respect of a year of income; or

(ii) relate not only to the audit of those statements, but also to the audit of such other accounts and statements, prepared in respect of a year of income, as are identified in the form; and

(10) Schedule 2, item 133, page 23 (lines 11 to 15), omit the item substitute:

133 Paragraph 113(3)(a)

After "must", insert “; if it is approved for a superannuation entity that is a self managed superannuation fund—".

(11) Schedule 2, item 140, page 24 (lines 4 to 7), omit the item.

(12) Schedule 2, page 24 (after line 13), after item 142, insert:

142A Subsection 252G(2) (note)

Omit “section 36”, substitute “the Financial Sector (Collection of Data) Act 2001”.

(13) Schedule 2, item 146, page 24 (lines 27 and 28), omit the item, substitute:

146 At the end of section 347A

Add:

(13) In this section:

Regulator means the Commissioner of Taxation.

(14) Schedule 2, page 24 (before line 29), before item 147, insert:

146A At the end of section 348

Add:

(4) In this section:

Regulator means the Commissioner of Taxation.

The amendments to the Financial Sector (Collection of Data—Consequential and Transitional Provisions) Bill 2001 largely focus on amendments to the Superannuation Industry (Supervision) Act 1993. The purpose of these amendments is to clarify that the Financial Sector (Collection of Data) Act 2001 will apply to all superannuation entities other than self-managed superannuation funds. The self-managed funds will remain under the supervision of the Australian Taxation Office. Similarly to the last brace of amendments, I gather that these amendments are supported by the opposition.

Mr KELVIN THOMSON (Wills) (11.04 a.m.)—The opposition does agree to the amendments.

Amendments agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

FINANCE AND ADMINISTRATION LEGISLATION AMENDMENT (APPLICATION OF CRIMINAL CODE) BILL (NO. 1) 2001

Second Reading

Debate resumed from 4 April, on motion by Mr Slipper:

That the bill be now read a second time.

Mr TANNER (Melbourne) (11.04 a.m.)—The opposition support this legislation. It is part of a broader process of rationalising our criminal law in certain areas in the federal arena, and I do not wish to add anything further. We commend the bill.
Mr CADMAN (Mitchell) (11.05 a.m.)—I am delighted with the response from the opposition with regard to these matters. I compliment the opposition for having such an enlightened attitude. It is a pity that they did not boil down all of their support for the government to speeches of such brevity. I will just run through some of the provisions of this briefy. The Finance and Administration Legislation Amendment (Application of Criminal Code) Bill (No. 1) 2001 deals with the schedules and details of the Commonwealth Electoral Act 1918, the changes that are required to the Referendum (Machinery Provisions) Act 1984 and the Public Accounts and Audit Committee Act 1951 to bring into a cohesive form the application of the criminal code to a range of government acts.

This is an ongoing process. Gradually, across the board in Commonwealth acts, the provisions for penalties and the application of the criminal code are being harmonised, and a more comprehensive and understandable approach to misdemeanours and legal burdens of proof against people who offend under Commonwealth law is being taken. For instance, regarding the application of the criminal code under the Commonwealth Electoral Act, the only thing that is done is to insert a note stating that the defendant bears the legal burden of proof in relation to the defence of these provisions. This means that basically nothing changes, but there is a note indicating uniformity. The evidential burden of proof on the defendant, compulsory enrolment, the transfer of enrolment and the transfer of publication of matter regarding candidates are all covered by the legislation before the House. The defence of just excuse is included in a separate subsection. There is a penalty for an officer neglecting to enrol claimants. The state of an offence is one of strict liability. The opening of postal ballot papers and the opening of pre-poll voting envelopes are the sorts of matters dealt with under the legislation. The badges or emblems in polling booths, the failure to transmit claims, the restructuring of the offence of failure to vote at an election and compulsory voting provisions are all covered by this legislation.

Having dealt with the criminal code in one of our parliamentary committees, I am delighted that this measure is so widely supported. It does unify the process. It retains integrity and puts pressure in the right place so that defendants must produce proof. The clarity which the changes in the Criminal Code provide across the board of government administration needs the support of the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.08 a.m.)—in reply—I have been asked by the Parliamentary Liaison Officer to make a more substantial contribution than I had planned to on the Finance and Administration Legislation Amendment (Application of Criminal Code) Bill (No. 1) 2001, owing to the business of the Main Committee. The speech which I had made was my usual brief contribution.

Mr Cadman—Talk about the rorts in Queensland.

Mr SLIPPER—There are plenty of rorts in Queensland, but I do want to stick broadly to the matters contained in the bill. The ALP ought to be ashamed of the rorts which we have seen in that state. It is regrettable, because it is important we have integrity in the electoral system and the federal—

Mr Sercombe—Do you want it to go back to the main House?

Mr SLIPPER—No. I am just saying that the federal government are very keen to make sure we have integrity. This bill, as the member for Maribyrnong would be well aware, relates to amendments to offence provisions in the various legislation under the Finance and Administration portfolio to ensure compliance and consistency with the Criminal Code.

This type of legislation is being enacted across a wide range of portfolios as the Criminal Code becomes part of the law of Australia. It is very important that portfolios comply with the Criminal Code, which evolved following a very long consultative process. The bill that is before the chamber amends the existing offence provisions under the various acts to ensure that they operate in the same manner when the Criminal Code applies from 15 December this year.
This is particularly important in relation to offences that currently operate as offences of strict liability.

Honourable members would be well aware that the bill also amends Commonwealth superannuation acts to impose the lighter evidential burden of proof on a defendant in relation to a particular offence and expressly states time limits to satisfy requirements under offence provisions in the act. A lot of people say, ‘We’ve got this legislation going through the parliament across a range of portfolios.’ Then they ask the question, ‘Do these amendments impose any new criminal offences under any of the clauses contained in the bills?’ I want to assure the Australian community that the proposed amendments will not impose any new criminal offences under any of the clauses contained in the bill.

The bill will also update maximum penalties in the superannuation acts to be appropriate and consistent with the Crimes Act 1914. In relation to the Commonwealth Electoral Act 1918 and the Referendum (Machinery Provisions) Act 1984, the bill will repeal specific offences that are now covered by the general offence provisions of the Criminal Code, replace words and phrases in certain offences which are inconsistent with the language employed by the Criminal Code, and restructure certain offence provisions to ensure that their operation remains unchanged after the application of the Criminal Code on 15 December this year. The amendments will result in a consequential change to the penalty level of four offences currently contained in the referendum act. These changes are explained in the supplementary explanatory memorandum to the bill, which I intend to table.

The government is very keen that there ought to be integrity of the electoral system. Over the period that we have been in office we have made a very substantial number of changes towards achieving a position, as far as the federal electoral roll is concerned, so that, when the people of Australia cast their vote on polling day, the result, as declared, represents the collective will of the Australian people. There has been much discussion in the community about a sense of alienation from the political process—how some people feel disempowered. When we have a situation where electoral rorts in some parts of the country have been highlighted, that tends to magnify concerns in the community about integrity of the electoral system. We have on a number of occasions sought to bring about increased integrity measures, which have been opposed, regrettably, by members of the Australian Labor Party.

I find it difficult to understand why the Australian Labor Party does not always support the integrity measures because, in a liberal democracy—and we are very privileged to live in Australia, which is the sixth oldest democracy in the world, with freedom, stability and a way of life that are the envy of people throughout the globe—every player in the political system, indeed every independent, has a vested interest in ensuring that we preserve and enhance our democratic system. We, of course, are prepared to stand up and be counted. I would like to call on the Australian Labor Party to do likewise.

I believe very strongly that, before people are put on the electoral roll, they should prove that they exist. You need 100 credit points to open a Commonwealth Bank account. Surely being put on the Commonwealth electoral roll is at least as important as opening a bank account. Unfortunately, today people are able to fill in any number of enrolment cards, post them to the Australian Electoral Commission in the envelopes provided and, subject to a few checks and balances, usually those people—or nom de plumes in some cases—are automatically put on the electoral roll. Therefore, as far as our electoral roll is concerned, that means that we currently have an honour system. I urge the community, the parliament, the government and the opposition to move to a situation where people are required to prove that they exist, that they are real people, before they are put on the electoral roll. Once they have been put on the electoral roll, I would like to see people provide identification before they are given a ballot paper.

It all comes back to the key element in which all of us have a vested interest—that is, ensuring the integrity of the electoral system. We only have to turn on our television sets at night
to appreciate that people in many other parts of the world do not have the democratic freedoms and traditions that we have in Australia. All of us have to be constantly alert to ensure that whenever we can improve the integrity of the electoral roll we move decisively in that direction.

With respect to the Criminal Code, there has been a debate as to whether we ought to have a model criminal code and why on earth do we not continue as we have in the 100 years of federation through to the year 2001, the centenary of Australia’s Federation. Certainly, the criminal law has served the interests of the Commonwealth and the Australian people, but it is always important to look to see how, when and where we are able to make improvements. Even if a system of criminal law has worked relatively well for a period of 100 years, as members of parliament elected to represent the Australian people it is important for us to look forward to see whether we can improve on a system which has operated very successfully in Australia. That is one of the reasons why this government—I suspect it was a bipartisan move—has moved towards supporting the principle of this Criminal Code. Much of the legislation we have seen in recent times in the chamber has related to harmonising matters to ensure compliance and consistency with the Criminal Code.

As I said at the commencement of my contribution, the Finance and Administration Legislation Amendment (Application of Criminal Code) Bill (No. 1) 2001 makes certain amendments to offence provisions in the various legislation under the Finance and Administration portfolio to ensure compliance and consistency with the Criminal Code. I am pleased that in this matter we have received the support of the honourable members opposite—and indeed that the opposition will be putting aside the negativity which we see so often with respect to so many bills—for this very important reform which is being proposed by the government.

The codification of criminal offences will represent a very significant improvement to the existing Commonwealth criminal law. It will provide greater consistency and clarity of legislative provisions relating to criminal offences in Australia. The parliamentary liaison officer has asked me to extend this debate for a period of 10 minutes. I have now done so. I thank those who have contributed to this debate. I urge the chamber to support the passage of this very important legislation.

Question resolved in the affirmative.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (11.19 a.m.)—by leave—Mr Deputy Speaker, I present the supplementary explanatory memorandum to the bill and move government amendments Nos 1 to 3:

(1) Clause 1, page 1 (line 7), omit “(No. 1)”.

(2) Page 8 (after line 6), after Schedule 1, insert:

Schedule 1A—Amendment of Electoral Acts

Commonwealth Electoral Act 1918

1 After section 4C

Insert:

4D Application of the Criminal Code

Chapter 2 of the Criminal Code applies to all offences against this Act.

Note: Chapter 2 of the Criminal Code sets out the general principles of criminal responsibility.

2 At the end of subsection 101(4)
Add:

Note: A defendant bears a legal burden in relation to the defence in subsection (4) (see section 13.4 of the Criminal Code).

3 At the end of subsection 101(5A)

Add:

Note: A defendant bears an evidential burden in relation to the defence in subsection (5A) (see subsection 13.3(3) of the Criminal Code).

4 After subsection 101(6)

Insert:

(6AA) An offence against subsection (6) relating to a failure to comply with subsection (1) or (5) is an offence of strict liability.

Note: For strict liability, see section 6.1 of the Criminal Code.

(6AB) An offence against subsection (6) relating to a failure to comply with subsection (4) is an offence of absolute liability.

Note: For absolute liability, see section 6.2 of the Criminal Code.

5 At the end of subsection 101(6A)

Add:

Note: A defendant bears an evidential burden in relation to the defence in subsection (6A) (see subsection 13.3(3) of the Criminal Code).

6 Section 103

Omit “without just excuse”.

7 At the end of section 103

Add:

(2) Subsection (1) does not apply if the officer has a just excuse for the failure.

Note: A defendant bears an evidential burden in relation to the matter in subsection (2) (see subsection 13.3(3) of the Criminal Code).

8 At the end of section 196

Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

9 At the end of section 200J

Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

10 Subsection 245(8)

Omit “paragraph (15)(a)”, substitute “subsection (15)”.

11 Subsection 245(10)

Omit “paragraph (15)(a)”, substitute “subsection (15)”.

12 Subsection 245(15)

Repeal the subsection, substitute:

(15) An elector is guilty of an offence if the elector fails to vote at an election.

Penalty: $50.

(15A) Strict liability applies to an offence against subsection (15).

Note: For strict liability, see section 6.1 of the Criminal Code.

(15B) Subsection (15) does not apply if the elector has a valid and sufficient reason for the failure.
Note: A defendant bears an evidential burden in relation to the matter in subsection (15B) (see subsection 13.3(3) of the Criminal Code).

(15C) An elector who makes a statement in response to a penalty notice or to a notice under subsection (9) that is, to his or her knowledge, false or misleading in a material particular is guilty of an offence.

Penalty: $50.

13 After subsection 315(1)

Insert:

(1A) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

14 After subsection 315(2)

Insert:

(2A) Strict liability applies to an offence against subsection (2).

Note: For strict liability, see section 6.1 of the Criminal Code.

15 Subsection 316(5)

Repeal the subsection, substitute:

(5) A person is guilty of an offence if the person refuses to comply with a notice under subsection (2A), (3) or (3A) to the extent that the person is capable of complying with the notice.

Penalty: $1,000.

(5A) A person is guilty of an offence if the person fails to comply with a notice under subsection (2A), (3) or (3A) to the extent that the person is capable of complying with the notice.

Penalty: $1,000.

(5B) Strict liability applies to an offence against subsection (5A).

Note: For strict liability, see section 6.1 of the Criminal Code.

(5C) Subsection (5) or (5A) does not apply if the person has a reasonable excuse.

Note: A defendant bears an evidential burden in relation to the matter in subsection (5C) (see subsection 13.3(3) of the Criminal Code).

16 Subsections 325(1) and (2) and 325A(1)

Omit “for the purpose of”, substitute “with the intention of”.

17 Subsection 326(2)

Omit “in order to influence or affect”, substitute “with the intention of influencing or affecting”.

18 At the end of subsection 329(5)

Add:

Note: A defendant bears a legal burden in relation to the defence in subsection (5) (see section 13.4 of the Criminal Code).

19 After subsection 334(2)

Insert:

(2A) Strict liability applies to an offence against subsection (1).

Note: For strict liability, see section 6.1 of the Criminal Code.

20 Subsection 335(1)

Omit “wilfully”.

21 Paragraph 339(1)(a)

Omit “for the purpose of”, substitute “with the intention of”.
22 Paragraph 339(1)(b)
Omit “for the purpose of voting”, substitute “with the intention of voting in that other person’s name”.

23 Paragraph 339(1)(e)
Repeal the paragraph, substitute:
(c) fraudulently do an act that results in the destruction or defacement of any nomination paper or ballot-paper; or

24 Paragraph 339(1)(h)
Repeal the paragraph, substitute:
(h) do an act that results in the unlawful destruction of, taking of, opening of, or interference with, ballot-boxes or ballot-papers.

25 Subsection 339(2)
Repeal the subsection, substitute:
(2) A person is guilty of an offence if the person:
(a) does an act; and
(b) the act results in the defacement, mutilation, destruction or removal of any notice, list or other document affixed by, or by the authority of, any Divisional Returning Officer.

Penalty: $500.

26 At the end of section 341
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

27 At the end of section 343
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

28 Subsection 347(1)
Omit “for the purpose of”, substitute “with the intention of”.

29 Subsection 347(4)
Omit “, without the authority of the chairperson (proof whereof shall lie upon that person)”.

30 At the end of section 347
Add:
(5) Subsection (4) does not apply if the person proves that he or she is authorised by the chairperson to return.
Note: A defendant bears a legal burden in relation to the matter in subsection (5) (see section 13.4 of the Criminal Code).

31 Subsection 350(1)
Repeal the subsection, substitute:
(1) A person is guilty of an offence if the person makes or publishes any false and defamatory statement in relation to the personal character or conduct of a candidate.

Penalty: $1,000 or imprisonment for 6 months, or both.
Note: Part I A of the Crimes Act 1914 contains provisions dealing with penalties.

(1A) Subsection (1) does not apply if the person proves that he or she had a reasonable ground for believing, and did believe, the statement to be true.
32 Subsection 351(1)

Omit “, without the written authority of the candidate (proof whereof shall lie upon that person)”.  

33 After subsection 351(1)

Insert:

(1A) Subsection (1) does not apply if the person proves that he or she is authorised in writing by the candidate to announce or publish the thing claimed, suggested or advocated.  

Note: A defendant bears a legal burden in relation to the matter in subsection (1A) (see section 13.4 of the Criminal Code).  

34 At the end of subsection 351(3)

Add:

Note: A defendant bears a legal burden in relation to proof to the contrary under subsection (3) (see section 13.4 of the Criminal Code).  

35 At the end of subsection 351(5)

Add:

Note: A defendant bears an evidential burden in relation to evidence to the contrary under subsection (5) (see subsection 13.3(3) of the Criminal Code).  

36 Subparagraph 386(a)(ii)

Omit “section 7 of the Crimes Act 1914”, substitute “section 11.1 of the Criminal Code”.  

37 After section 3B

Insert:

3C Application of the Criminal Code

Chapter 2 of the Criminal Code applies to all offences against this Act.  

Note: Chapter 2 of the Criminal Code sets out the general principles of criminal responsibility.  

38 Subsection 45(8)

Omit “paragraph (14)(a)”, substitute “subsection (14)”.  

39 Subsection 45(10)

Omit “paragraph (14)(a)”, substitute “subsection (14)”.  

40 Subsection 45(14)

Repeal the subsection, substitute:

(14) An elector is guilty of an offence if the elector fails to vote at a referendum.  

Penalty: $50.  

(14A) Strict liability applies to an offence against subsection (14).  

Note: For strict liability, see section 6.1 of the Criminal Code.  

(14B) Subsection (14) does not apply if the elector has a valid and sufficient reason for the failure.  

Note: A defendant bears an evidential burden in relation to the matter in subsection (14B) (see subsection 13.3(3) of the Criminal Code).  

(14C) An elector who makes a statement in response to a penalty notice or to a notice under subsection (9) that is, to his or her knowledge, false or misleading in a material particular is guilty of an offence.  

Penalty: $50.  

41 Subsections 55(6) and (7)
Repeal the subsections.

**42 At the end of section 68**

Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

**43 At the end of section 73H**

Add:

(2) Strict liability applies to an offence against subsection (1).

Note: For *strict liability*, see section 6.1 of the *Criminal Code*.

**44 Subsections 118(1) and (2) and 118A(1)**

Omit “for the purpose of”, substitute “with the intention of”.

**45 Paragraph 119(2)(a)**

Omit “in order to influence”, substitute “with the intention of influencing”.

**46 Paragraph 119(2)(b)**

Omit “in order to induce”, substitute “with the intention of inducing”.

**47 At the end of subsection 122(5)**

Add:

Note: A defendant bears a legal burden in relation to the defence in subsection (5) (see section 13.4 of the *Criminal Code*).

**48 Subsection 126(1)**

Omit “wilfully”.

**49 Paragraph 130(1)(a)**

Repeal the paragraph, substitute:

(a) impersonate another person with the intention of voting in that other person’s name; or

(aa) impersonate another person with the intention of securing a ballot-paper to which the first-mentioned person is not entitled; or

**50 Paragraph 130(1)(b)**

Repeal the paragraph, substitute:

(b) fraudulently do an act that results in the destruction or defacement of a ballot-paper or other document relating to a referendum; or

**51 Paragraph 130(1)(e)**

Repeal the paragraph.

**52 Paragraph 130(1)(g)**

Repeal the paragraph, substitute:

(g) do an act that results in the unlawful destruction of, taking of, opening of, or interference with, ballot-boxes or ballot-papers.

**53 Paragraph 130(1)(j)**

Repeal the paragraph.

**54 Subsection 130(2)**

Repeal the subsection, substitute:

(2) A person is guilty of an offence if the person:

(a) does an act; and

(b) the act results in the defacement, mutilation, destruction or removal of any notice, list or other document displayed in any place by, or with the authority of, an officer.

Penalty: $500.
At the end of section 132
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

Subsection 134(2)
Omit “for the purpose of”, substitute “with the intention of”.

At the end of section 136
Add:
(2) Strict liability applies to an offence against subsection (1).
Note: For strict liability, see section 6.1 of the Criminal Code.

Schedule 2, page 9 (after line 21), after item 4, insert:

4A Section 17
Omit “, without just cause (proof whereof shall lie upon him)”.

4B At the end of section 17
Add:
(2) Paragraph (1)(a), (b) or (c) does not apply if the person proves that he or she has just cause for the refusal.
Note: A defendant bears a legal burden in relation to the matter in subsection (2) (see section 13.4 of the Criminal Code).

I understand that these amendments are supported by members of the Australian Labor Party. The government amendments to the bill include changes to the Commonwealth Electoral Act 1918 and the Referendum (Machinery Provisions) Act 1984 and a minor amendment to the Public Accounts and Audit Committee Act 1951 to reflect the application of chapter 2 of the Criminal Code to offence provisions.

These amendments will repeal from the Referendum Act two offences of knowingly providing false or misleading information in relation to voting at a referendum. The two mirror offences contained in the Electoral Act were repealed last year by the Criminal Code (Theft, Fraud, Bribery and Related Offences) Act 2000. Therefore, the repeal of these two offences from the referendum act is necessary to ensure that the offences contained in the Referendum Act remain consistent with the same offences contained in the Electoral Act.

The government amendments to the bill will also restructure several offence provisions in both the Electoral Act and the Referendum Act to ensure that the structure of these offences is consistent with the Criminal Code; enact amendments to the Electoral Act and the referendum act to ensure that the language of these acts is consistent with the language used in the Criminal Code; amend the Electoral Act and the Referendum Act to ensure that provisions that impose a legal burden of proof or an evidential burden of proof on a defendant state that specifically; and amend the Electoral Act to replace a reference to section 7 of the Crimes Act 1914, with a reference to the appropriate section in the Criminal Code.

The government amendments will also contain an amendment to section 17 of the Public Accounts and Audit Committee Act 1951. This provision currently contains both an offence and a defence against that offence. The amendment will separate the defence from the offence so as to avoid the mistaken interpretation that the defence is part of the offence. Further, the legal burden of proof on the defendant is retained, notwithstanding that the preferred policy of the criminal code is for an evidential burden of proof because of the seriousness of the offence.

The amendment will place the section on the same footing as section 15 of the PAAC Act and sections 28 and 30 of the Public Works Committee Act 1969. These three sections contain broadly similar offences to section 17 of the PAAC Act but contain a different defence.
Amendments to these three sections were included in the original bill. I commend the amendments to the chamber.

Amendments agreed to.

Bill, as amended, agreed to.

Ordered that the bill be reported to the House with amendments.

INTERNATIONAL MARITIME CONVENTIONS LEGISLATION AMENDMENT BILL 2001

Second Reading

Debate resumed from 4 April, on motion by Mr McGauran:

That the bill be now read a second time.

Mr MARTIN FERGUSON (Batman) (11.24 a.m.)—I rise to speak on the International Maritime Conventions Legislation Amendment Bill 2001 and in doing so foreshadow that I will move a second reading amendment. As those who have taken an interest in the bill will understand, it seeks to amend six acts of parliament related to Australia’s compliance with international conventions. I clearly indicate that the opposition will support the bill. I understand that the government has circulated amendments to the bill, and I can advise that the opposition supports these amendments.

With that background I will now seek briefly to address the details of the bill and then go to some of the broader matters encompassed in my second reading amendment which go to the importance of shipping to Australia’s future. As one who has studied the bill understands, the various pieces of legislation are largely facilitative and technical in nature. I will deal firstly with the amendments to the limitation of liability under the Maritime Claims Act 1989. The 1976 liability convention, which deals with the liability for maritime claims, allows a shipowner or salvor to set limits for the amount of damages they can be required to pay for damage caused by the ship, the shipowner or the salvor or their employee or agent. The limits are set out in the convention. These limits were amended by the protocol of 1976, which goes to the convention on limitation of liabilities, which was about increasing liability limits and seeking to provide a simpler method for future increases of liability limits. So it is all about facilitating easy government action on these fronts. Schedule 1 of the bill will amend this act to implement the 1976 liability protocol. Clearly, the opposition supports the intent of the government on this front.

I turn to the amendments to the Protection of the Sea (Powers of Intervention) Act 1978—referred to, I suppose, in a shorthand way, as the intervention act. This act gives the Australian Maritime Safety Authority important powers to take measures to protect the sea from pollution by oil and other substances discharged from ships. I think it is fair to say that, in terms of the development of our community in more recent times, there is an expectation by the Australian community and the international community that we actually do more on this front. This is reflected in the intent of the government’s legislation today.

Section 9 of that act relates to the taking of measures under the 1973 protocol, which goes to the issue of intervention on the high seas in cases of pollution by substances other than oil. An annex to this protocol lists the polluting substances other than oil that pollution prevention measures can be taken in relation to. Schedule 2 of the bill amends the intervention act to implement the list of these substances as approved by the Marine Environment Protection Committee of the International Maritime Organisation in July 1996. Again, I think we all understand the need to continue to update our legislative intent in order to cover all possible spills and difficulties with respect to the operation of shipping in Australia’s waters.

I turn to the amendments to the Protection of the Sea (Prevention of Pollution from Ships) Act 1983, described in shorthand as the pollution prevention act. Schedule 3 of the bill amends the pollution prevention act, which implements the International Convention for the
Prevention of Pollution by Ships, better known as MARPOL. These amendments include a range of changes. For example, firstly, they remove the requirement to include the text of conventions in schedules to the act, which can be laborious and difficult in a legislative sense as things change internationally. Secondly, they implement amendments to 73/78 of MARPOL on categorisation of liquids, pollution by packaged substances and disposal of garbage. Thirdly, they introduce changes to incident reporting arrangements. Fourthly—and importantly, I might say—they provide for Australian Federal Police officers to be inspectors under the act to avoid the need for separate paperwork and approval at the time of incidents, which is all about enabling Australia to do a better job with respect to trying to prevent these incidents rather than just acting after the event. This will ensure that we can put people in place at short notice to undertake the requirements with respect to inspectorial powers. Fifthly, and finally, the changes will enable Australian Maritime Safety Authority officers to require the discharge of waste from a ship to a reception facility.

The bill also makes a range of amendments in relation to penalties and offences under the Pollution Prevention Act. These include, firstly, providing that any person, other than the shipowner or master, who is responsible for unlawful discharge is guilty of an offence; secondly, requiring the owner of a ship to report an oil pollution where a master has not done so; thirdly, ensuring the owner or master of the ship is guilty of an offence if the pollution damage resulted from their negligence; and, fourthly and finally, providing that the same penalty applies to discharge of harmful substances in all parts of the act. Obviously, the whole intent of the bill is action to ensure that we tighten up with respect to whoever is responsible for the discharge of the substances into our seas. It is also to make sure that, where they are clearly negligent, we have sufficient power and penalties in place to try and guarantee that people are more than ever responsible for their own negligence and acts, in some instances, of wilful environmental damage.

I note that the government has moved amendments to the bill that go to this section. These amendments, interestingly, are in response to a decision in the New South Wales Court of Criminal Appeal. That decision opens an interpretation that allows a shipowner or master to escape responsibility for damage from discharges into the sea. Without going into the technicality, the act currently allows relief if this discharge was a consequence of damage to the ship. The New South Wales case, importantly, extended the interpretation of a similar term to say damage could cover ‘wear and tear’ on a ship. It is therefore possible that a shipowner or master could avoid responsibility for discharges from their ill-kept or ill-maintained vessel. That is very much an international problem with respect to some of the foreign flag vessels that move around the international community.

That is why, from an opposition’s point of view, we have always had a problem about the wilful negligence of the current government with respect to opening up more and more Australian shipping lines to the use of continuous and single voyage permits to some of these ships that could do damage to the Australian environment, yet alone continue to take away jobs from Australians. As a result of this New South Wales decision, they have to face up to their requirement to engage in good management practices with respect to the vessels that they are responsible for. This is clearly counter to the intent of the act. Therefore, the opposition supports these amendments to head off that type of interpretation.

I continue with the amendments to the Submarine Cables and Pipelines Protection Act 1963. Schedule 4 of this bill amends the cables and pipelines act to reflect the terminology of the United Nations Convention on the Law of the Sea rather than the superseded 1958 Convention on the High Seas. The amendments provide that the act applies in the exclusive economic zone and the high seas as defined in the United Nations Convention on the Law of the Sea rather than the high seas as defined in the previous convention. In some cases the protocols being facilitated by this bill have not taken effect because they require sufficient international signatories. The commencement date of the bill will provide for this. It is also about
making sure that other countries in addition to Australia face up to their responsibility to sign onto the intent of this international law. It is against that background that the opposition stands in support of the bill and the amendments as proposed by the government.

While the opposition does not see the changes embodied in the amendments in the bill as contentious, we do see as very serious the direction the Australian government has taken us on the coastal shipping front since its election in 1996. We agree that the changes in the bill are necessary to implement international conventions that are important to maritime and shipping safety regulation, and I must say that at least on this occasion the government is prepared to face up to its international responsibilities. Time and time again, on most international issues, the Australian community has been confronted with a government that has contempt and disregard for international developments with respect to many aspects which affect the direction of the Australian community and its international responsibilities. Examples are the government’s attitude to the ILO and United Nations processes in general and, in more recent times, the difficulties we have in relation to the complex issue of Kyoto and our responsibilities on the greenhouse front.

On this occasion the government has accepted its international responsibilities, but it is time that this government accepted that we are part of an international community. We should face up to our responsibilities, not only on the question of shipping but also on a range of complex issues. That is what is expected of a decent country that is prepared to shoulder its responsibilities to actually lead in very complex and difficult international matters.

I am pleased to say again in this chamber that the opposition is totally committed to the safety and efficiency of the shipping industry. Other speakers on our side of the chamber will also make comment on these matters. We regard the shipping industry as vital to the future of Australia, which has been and always will be a trading nation. For Australia, globalisation is a fact of life. For Australia to be an active participant in the international community, we must make sure that we have adequate Australian shipping in place to guarantee that we compete on an equal footing, and also to guarantee that in circumstances such as those of East Timor we have in place not only a decent defence force but also a shipping service which enables us to support our defence forces in case of need.

That is what the debate today is about—not just our international responsibilities in shipping but also our responsibilities, as a nation, to both the Australian people and the international community, including people in our region. We believe that Australia has a key role to play on the international scene, firstly to ensure that world shipping is safe. That is our responsibility as a trading nation and a nation that expects to be respected in the international community. It is our responsibility as a nation that has always wanted to box above its weight. We should not be content with boxing above our weight, so to speak, in the swimming pool, on the netball court or on the cricket or rugby field. We should also do so when it comes to our responsibilities to guarantee that world shipping is safe, because protection of our environment is just as important to Australia, in an international sense, as winning the Ashes on the cricket field in England.

Our problem is that we have a responsibility that is currently being neglected by the Prime Minister, who in essence believes that our international responsibilities start and finish at Lord’s or at the Sydney football stadium, when it comes to cricket and rugby. When it comes to our responsibilities as a decent nation on issues such as leading in respect of defence or shipping, we are, frankly, a second-class nation. At the moment, that is how we are seen beyond Australian shores by many international organisations.

I would argue therefore that the bill before the House today is not only about ensuring that our shipping is safe, it is also about Australia making a contribution in an international sense to our local environment, the international environment and the interests of Australia and all nation states.
Australia has an intrinsic vested interest in this objective, because of our geographic isolation and the fact that we are an island nation, totally reliant on shipping and aviation services to access other markets. The sustainability of that access is dependent on how we develop and grow the quality of transport links like shipping. It is not a second order issue; it is a first order issue that requires further attention by the Commonwealth parliament. I would remind the House that the opposition is the sole party with a commitment to sustainable safe and efficient shipping in terms of Australia’s exporters and importers. I say that because, in spite of all the lip service from the Minister for Transport and Regional Services about his policies for exporters, he is committed only to the lowest cost denominator, not to a sustainable industry. As we have witnessed in many sectors, the lowest cost service is not usually the best. Too often we see safety standards eroded or undermined merely to get costs down. The House should understand that reducing standards actually increases costs in the medium to long term. Time and time again this has been proven with respect to this current government’s policies. This is clearly the case with the actions of the current minister and his policies for the Australian shipping industry. Rather than making frequent calls trying to intimidate journalists in his own electorate or in rural Australia—as occurred, for example, in Dubbo in the last week with respect to the Dubbo Liberal and his attempt to intimidate and interfere with the media—the minister should face up to his responsibilities to actually spend a little bit of time worrying about his responsibilities on the transport front and shipping industry policy in Australia.

The shipping policy of the Howard government has clearly been one of taking risks with the quality of shipping, Australia’s environment, Australia’s defence and Australian industry in the narrow pursuit of the bottom line, without regard to Australia’s national interests. It is important to remember that the coastal shipping trade is part of the domestic transport task, in the same manner as trucking, rail and domestic and international aviation services. The government have said that they have no interest in Australian companies being suppliers of shipping services. I am pleased to say that the opposition does have an interest in Australian companies being suppliers of shipping services. Unlike the current government, we do not merely see Australia purely as a buyer of shipping services. We should play in the international scene as a supplier, not just a buyer, of shipping services.

The House should consider that policy in the context of any other Australian domestic transport mode. The Navigation Act of 1912 regulates the ships and conditions for operating on the coast, to ensure quality and equality with other workers and operators in the interstate transport industry. Single and continuous voyage permits were intended to be used as a temporary licensing mechanism. They were designed correctly to help shippers move product when a licensed ship was unavailable, by providing a temporary permit to a foreign ship. When operating under such a permit, a foreign ship—and the House should not forget this—does not have to meet the normal licensing requirements that we expect as a nation; for example, the operators are not required to meet the same crew requirements or apply Australian conditions.

The truth is and the facts show—and it is reflected in the Hansard of this week with respect to a question that I placed on notice and the government’s response to it—that more than ever the current government is using these provisions to bypass the usual labour market tests for visas with respect to work in this industry. The evidence of the government’s misuse of these permits goes to provisions clearly aimed at increasing the use of foreign ships and cheaper guest crews at the expense of jobs for Australians.

In answer to my question on notice No. 2556, the minister has confirmed the increasing use of temporary licensing on foreign ships to move our coastal cargo. In 1995-96 the then Labor government issued 421 single voyage permits to carry a total of 3.2 million tonnes of coastal cargo. In the financial year 1999-2000, the minister approved 629 single voyage permits to carry 7.3 million tonnes of coastal cargo. In the same year, he issued 73 continuous voyage permits, carrying about 0.7 million tonnes. The Labor government did not issue one conti-
ous voyage permit. We actually care about Australian coastal shipping and, more importantly, we actually care about jobs for Australians. And that is what it is about—it is about jobs for Australians, not the support of foreign shipping companies, as is the current policy of the Howard-Anderson regime.

In the year 1999-2000, the minister also shifted a total of eight million tonnes of domestic freight tasked from Australian industry to foreign ships and guest labour—cheaper guest labour at the expense of Australian jobs. But, more importantly, the years I have referred to are not an aberration. In this year up to the end of the March quarter, the minister had already issued more continuous voyage permits than last year—74 compared to a total of 73 for all of 1999-2000. Single voyage permits issued up to the end of March quarter already number 476, with the same tonnage rounded at 7.3 million in both years.

Therefore, it is important to understand that there is a major industry grievance, and it is about this misuse of interstate coastal transport to the detriment of Australia as a trading nation. But it is also interesting to now discover, following consultation with others in the freight industry in Australia, that the damage to Australian jobs and the damage to the private sector in Australia is not just limited to maritime and shipping industries. It is now extending beyond the maritime and shipping industry because this government has no regard for our freight objectives and the issue of logistics when it comes to transport of freight in Australia.

I refer, for example, to the company Specialised Container Transport, a major transport company in Australia employing substantial numbers of Australians and investing in the training of Australians for the future. In a recent briefing, that company provided me with analysis that shows that millions of tonnes of freight have now been taken out of the rail industry and given to foreign shipping operators—not given to companies operated by Australian workers in coastal shipping, but taken out of the freight industry in Australia and given to crews of foreign shipping companies. That shows absolute contempt for the Australian freight industry and absolute contempt for Australian companies in the private sector prepared to invest in the future of this country and employ Australians. It is a government that deserves condemnation; it is a government consumed with destroying the Australian shipping industry; it is a government that has now got in place a policy which is taking freight off Australian companies and putting it on foreign vessels which pay no profit to Australia and which have no regard for our environment or for Australia as a nation, especially Australia’s regions, which depend on a decent transport industry.

The minister has also never, ever released the industry-government working party report into the competitiveness of the Australian shipping industry. He sits there in his oval office, moving paper from one side of the desk to the other to avoid any responsibility, whilst getting on the phone trying to threaten and intimidate journalists in regional Australia who actually tell the truth about his performance and the performance of the Howard government. That report ought to be released now because it needs to be debated in the lead-up to the election. The reason it has not been released is that it did not say, and the government knows this, that cabotage should be abolished. The *Australian Financial Review* reported in 1999 that analysis by Access Economics in the hidden report shows that government policy eliminating cabotage without genuine reform would carry significant economic costs to the Australian economy. That is what is happening.

The Australian Shipowners Association submission to the current Senate hearing on a different bill also provides an interesting statistic. In 1998-99 vessels operating under single and continuous voyage permits carried 15.1 per cent of the total Australian interstate and intrastate transport industry freight task. In simple terms, that means that the operators moving 15.1 per cent of Australia’s domestic freight do not have to pay Australian award conditions. In the majority of cases these operators are also receiving direct subsidies from the nation of origin—so much for international competition and a level playing field—to undermine jobs, wages and conditions in Australia. The Howard-Anderson government is responsible for de-
stroys jobs and destroying decent working conditions in Australia. How can Australia be expected to compete with that? It is rubbish. Everyone knows about it and we know who is responsible for it: the people on the other side of the House, who hate Australian workers and want to destroy their wages, conditions and jobs.

The time has come for the Australian community to actually have the report I have referred to about cabotage out there for discussion in the lead-up to the election. It is a key issue in relation to jobs in Australia—that is what it is about—and to fair wages and conditions of employment. If we do not, the impact will be as has been foreshadowed to the minister in the report that is buried on his desk. He is removing cabotage by stealth without appropriate reform or policy direction and the expected economic damage is now being inflicted on the Australian community. The Australian public and shipping industry are paying the cost.

I have actually raised some very serious issues today. They go to detail of the evidence and impact of the risks taken by this government with their policy of hanging the Australian shipping industry out to dry. My colleagues will continue to raise these matters in important debates because they are entitled to make a contribution to the debate, which is not just about whether or not we should be able to move freight in and beyond Australia but is also about our responsibility to the Australian community. It is about our responsibility to protect the Australian coastal environment. It is about our responsibility to make sure that we have a coastal shipping service in place that enables us to face up to our responsibilities as they arise from time to time on the defence front, such as our involvement in East Timor. It was the head of the military, Major General Cosgrove, who actually complimented the Australian coastal shipping service on their contribution to East Timor.

I would also say in conclusion that it is about whether or not you want a trained, highly qualified shipping work force in Australia receiving fair and reasonable wages and conditions of employment. I suppose in essence it is about your national and international responsibilities. On that note, Mr Deputy Speaker, 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 condemns the Government for its neglect of the Australian shipping industry, leaving the Australian economy, environment and community exposed to the risk of marine accidents, port pollution and infiltration via ports and the sea of deadly diseases like foot and mouth disease.

It is clearly about telling the Australian community about the neglect of Australian shipping, the risk it poses to marine accidents, port pollution and infiltration by ports, and the sea of deadly diseases like foot-and-mouth disease. (Time expired)

Mr HOLLIS (Throsby)—I second the amendment and reserve my right to speak.

Ms GAMBARO (Petrie) (11.54 a.m.)—While I agree with most of what the member for Batman earlier spoke about, particularly on pollution with regard to the International Maritime Conventions Legislation Amendment Bill 2001, which we are here to speak about today, I found the second half of his speech more of a tirade than anything else. I found it quite extraordinary. Our export sector is booming. To say that jobs are being lost is absolute nonsense. I want to quote some figures from the Port of Brisbane Authority. Roughly between 2,300 and 2,400 ships visit the Brisbane port on a yearly basis. Last financial year, the cargo volume reached 23.1 billion tonnes. This is an interesting figure: the number of containers processed—

Opposition members interjecting—

Ms GAMBARO—You do not like to hear the good news, do you? The number of containers processed during the year was 453,329—

Mr Martin Ferguson interjecting—

Mr DEPUTY SPEAKER (Mr Mossfield)—Order! The member for Petrie will be heard in silence.
Ms GAMBARO—Thank you very much, Mr Deputy Speaker. That is a growth rate of 4.8 per cent. The government have done more to help the exporters of this country than any other government. Our exports are surging ahead. As result of the new tax reform system, we have shaved some $3 billion off the cost to exporters. Clearly, that was not making us competitive in the world. I do agree with the previous speaker on a number of factors: he said that trade was very important, that globalisation was really important, that we have to be world standard and that we have to compete in the marketplace. But I totally disagree with some of things he spoke about. We have provided an environment that has been more competitive for Australian exporters. Today we are here to talk about shipping, but from my own experience in the exporting area it is something that the Australian government has supported totally and wholeheartedly to make sure that things are much more competitive.

The previous speaker is very short on rhetoric. In fact, if the previous government was so concerned about pollution, why are we here today talking about some of these acts, including the Protection of the Sea (Prevention of Pollution from Ships) Act 1983, the Limitation of Liability for Maritime Claims Act 1989 and the Protection of the Sea (Powers of Intervention) Act 1981? The government have done much more than any previous government when it comes to this whole area of pollution. That is what we are here to talk about. We are here to talk about the International Maritime Conventions Legislation Amendment Bill 2001. It will be amended in four unrelated areas: the Limitation of Liability for Maritime Claims Act 1989, the Protection of the Sea (Powers of Intervention) Act 1981, the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 and the Submarine Cables and Pipeline Protection Act 1963.

The government amendments to the bill propose some further amendments to the pollution prevention act. In a number of sections of that act, the master or shipowner is strictly liable if there is a discharge from a ship into the sea—for example, oil, sewage or garbage—but a defence is available if the discharge was as a consequence of damage to the ship. The previous member spoke about this not going far enough, but there are cases where there are accidents that are by no means the fault of the particular captain of the ship. One has to look at them case by case. It is the intention of the international maritime community that this defence should be available only where the damage is as a result of an accident and at no other time. The previous member also spoke about the New South Wales Court of Criminal Appeal, particularly in Morrison v. Peacock and Roslyndale Shipping Co. Pty Ltd. That held the interpretation of damage in a New South Wales act similar to the pollution prevention act, which includes fair wear and tear.

The government amendments to the bill also intend to limit the interpretation of damage to the original intent—as I have mentioned, as a result of an accident—and make it clear that damage does not include deterioration from a failure to maintain the ship or equipment. It is the shipping company’s and the captain’s responsibility to ensure that ships are maintained adequately and that the defects that develop from the normal operation of the ship or equipment are managed. I want to add that the amendments to the act will implement a 1996 protocol which amends the 1976 Convention on Limitation of Liability for Maritime Claims to increase liability limits to take into account inflation. Also, where a shipowner or salvor can limit the total amount of damages they are required to pay for damage caused by a ship, the shipowner must act in accordance with the limit set out in the 1976 convention. This refers to liability, and it reduces with the increase in the size of the ship.

The amendments to the Limitation of Liability Maritime Claims Act will not take effect until Australia becomes party to the 1996 protocol. The protocol has to be ratified internationally. As of 28 February, only four countries were party to this protocol. Amendments to the intervention act will revise the list of chemicals on which the Australian Maritime Safety Authority may take intervention action. The revision to the list of chemicals is in accordance with the resolution of the Maritime and Marine Environment Protection Committee of the
International Maritime Organisation. Intervention can occur if there is a grave danger of pollution occurring from a chemical that has or is likely to escape from a ship. Intervention action may range from part of a cargo being moved to another part of the ship to, in very extreme cases, sinking of the ship.

It is also important to note that marine pests are often introduced into Australian waters by ships discharging ballast water. To minimise the potential risks from uncontrolled or unmanaged ballast water discharges, the government and other stakeholders have developed the Australian Ballast Water Management Strategy. While the strategy nominates the Australian Quarantine Inspection Service as the lead government agency, the Cross-Modal and Maritime Transport Division participates in the strategy with Australia’s Ballast Water Management Advisory Council. The council has been established to advise all relevant agencies on the development of safe, practical, cost-effective and environmentally acceptable water management measures. The Department of Agriculture, Fisheries and Forestry will also implement rules to manage ballast water to prevent the introduction of exotic pests into Australian marine environments. The new rules will be effective from mid-2001 and will keep Australia at the forefront of marine biosecurity. It is very important that we protect our waters.

These measures form part of the International Convention for the Protection of Pollution from Ships. The convention includes measures which require Australian ships of 400 gross tonnes and over and which are certified to carry 15 or more persons to have a shipboard waste management plan and to carry and maintain a garbage record book. The convention requires all ships of 12 tonnes or more to display placards to inform passengers and crew about restrictions that apply to the disposal of garbage from ships, and it gives marine surveyors the power to require a ship to discharge waste into a reception facility. There are also a number of amendments which require offence and penalty provisions relating to the discharge of waste from a ship. There are amendments to the Cables and Pipeline Act which include a reference to the exclusive economic zone. They reflect the wording of the United Nations Convention on the Law of the Sea rather than the superseded 1958 Convention on the High Seas.

I also want to talk very generally about the amendments to the Protection of the Sea (Prevention of Pollution from Ships) Act 1983. The member for Batman covered many of these. I reiterate that a number of amendments will be made. They will remove the requirement to include the text of convention schedules in the pollution prevention act. They will lead to the categorisation of liquid substances and the prevention of pollution by packaged substances. A number of amendments have been put forward relating to the disposal of garbage. There will be changes to incident reporting requirements. The Australian Federal Police will have a larger role to play as inspectors under the act. There will also be a power to require the discharge of waste from a ship into a reception facility. There will be scope for penalties of imprisonment to be prescribed in the regulations and there will be adjustment in terms of penalties that will be imposed in regulations. This government has taken tougher measures than has any other government to ensure that owners of ships report oil pollution incidences. They provide that the owner or the master of a ship is guilty of an offence if pollution damage resulted from their negligent act. There is also a provision that provides the same penalty in the case of the discharge of harmful substances.

I have no hesitation today in supporting the International Maritime Conventions Legislation Amendment Bill 2001. This legislation will result in a much better environment for shipping in this country. I am very concerned about pollution of the seas. Representing an electorate that has some 35 kilometres of coastline, I am very conscious of the need for us to sustain our environmental liability, to ensure that Australian shipping lines and international shipping companies which come to our country act with integrity, and to ensure that our seas, marine life and all the wonderful things we have in this country, particularly our pristine waters, are maintained to the highest possible standards. I commend the bill to the House.
Mr HOLLIS (Throsby) (12.06 p.m.)—I am pleased to be speaking once more on legislation dealing with shipping. I know that you, Mr Deputy Speaker Mossfield, will be very interested in what I have to say. As was noted in the minister’s second reading speech, the International Maritime Conventions Legislation Amendment Bill 2001 will amend four acts and consequential amendments to two other acts. Taken by themselves, each of the amendments contained in this bill is relatively minor, but taken as a package they represent an important updating of the four acts. The member for Petrie, who unfortunately has left, misunderstood what the member for Batman said about workers—that is, that there are very few Australian jobs in Australian shipping. I do not want to get into an argument about who has done what and who has done the most about shipping, but it was under a Labor government that the record breaking Ships of shame report was produced. That report put pollution and shipping on the international agenda. Also, the member for Petrie said that it was this government that was introducing a lot of these amendments. A lot of these amendments or issues are consequential to the international movement, such as schedule 1—which deals with the increase in rates—and also schedule 3. So do not get too carried away about who has done what. As the shadow minister has outlined, we on this side are not opposing this legislation. We see it as a continuation of improvements of the maritime conventions, bringing them into line with modern-day practices. The shadow minister has moved an amendment to the bill which I fully support.

The government does have a case to answer, because for six years it has neglected the shipping industry, preferring instead to attack the Maritime Union of Australia and leaving our coasts, ports and environment exposed to pollution and deadly imported diseases. As an island nation, shipping is of vital importance to us. We should be leading the world in ensuring better standards for shipping, both nationally and internationally. Schedule 1 will provide a simple method for future increases in liability limits. It is all very well putting huge liability costs on shipowners but they must always be able to obtain insurance coverage. I recall when we were doing the first Ships of shame report that we were very concerned about the possibility of lack of insurance. No one wants accidents, but they do happen and there must be a reasonable level of compensation available.

Hopefully, with Australia being a party to the 1996 protocol, it will add another country to the list so that after 90 days at least the required 10 countries can become party to it. Today I think only four have signed up. We often hear about oil pollution at sea, but many would argue that damage from a chemical spill would be even more dangerous. Just think of some of the dangerous chemicals being conveyed around our coastline, like sulphuric acid, petrol and caustic soda. At least when you see birds covered with oil—and dreadful as that is—or the coastline polluted in black, you know an oil spill has occurred and remedial action can be taken. Chemicals are often the invisible pollutants. Their long-term effects can be more damaging than an oil spill.

In many respects schedule 3 is the most important. It updates MARPOL. For too long, ships—both large and small—have used the seas as dumping grounds for garbage. In fact, the passage of a luxury liner was too often marked by a string of garbage trailing the ship. This is no longer acceptable. This is especially important in more remote parts of the world, as in the case of the increasing number of ships in the waters around Antarctica. That is why the protocol on environment protection to the Antarctic Treaty is so important. But it is not always the large ships that in the past have been responsible for dumping garbage. I welcome the requirement that Australian ships of 400 tonnes or more and certified to carry 15 people or more will be required to have a ship board waste management plan and to carry and maintain a garbage record book. These provisions are designed to complement existing provisions restricting the disposal of garbage from a ship and are intended to ensure that our seas are not polluted by ship garbage. In addition, every ship of 12 metres or more in length will be required to display notices to inform passengers and crew of restrictions that apply to the disposal of garbage from the ship.
Just as today it is totally unacceptable for rubbish to be thrown from the window of a car—something not so uncommon a couple of years ago—so must the community understand that it is equally unacceptable behaviour to drop garbage, however defined, from a ship large or small. I am pleased that the bill will give maritime surveyors from AMSA the power, indeed the duty, to direct a ship to a suitable discharge facility. If, when conducting shipping inspections, they believe that the amount of waste on board at the time of the inspection, such as oily waste or garbage, means a ship would have to discharge some of that waste at sea, they can now require the waste to be discharged from the ship at a suitable discharge facility. Such a facility exists at my own port, the port of Kembla. Indeed, it is pumped into tankers and then disposed of at a Wollongong treatment centre. Wollongong is one of the 50 ports with such facilities around Australia.

The prevention of the discharge of pollution, especially oily waste, has been long championed by the MUA which, for many years, has run a campaign—showing our beautiful beaches and the beautiful people who often use the beaches covered in black oil—called ‘Safer ships, cleaner seas’. To highlight this aspect, a surf carnival near Geraldton in Western Australia was sponsored by the MUA when there was a conference there recently. This campaign, ‘Safer ships, cleaner seas’, started after an incident involving the Greek registered tanker *Kirki*, which broke up in moderate seas off the coast of Western Australia—indeed, the whole front of the bow fell away—in 1991, spilling all of its 50,000 tonnes of light crude oil on crayfish waters and Western Australia’s northern beaches. Luckily, in many respects, it was light crude, not heavy. As with so many aspects of the maritime industry, it has been the MUA that has been at the forefront of new standards—new standards for seafarers, who must work on rust buckets and ships of shame, and new standards for shipping and the environment.

I have said many times that in Australia we must be extra vigilant as so many of these ships carrying dangerous chemicals or other substances pass through our most important tourist attraction, the Great Barrier Reef. The reef covered with sludge oil would not be the renowned tourist attraction it is today. It has been the campaign by the MUA that has ensured the survival of the reef in its pristine state for the benefit of all Australians and international visitors. Of course, all the requirements of this legislation depend on the quality of shipping using Australian shipping lanes. It is true that many of the real ships of shame no longer use our coastline but they are still there using international lanes. We will not tolerate ships of shame in Australian waters.

AMSA has been vigilant on ship conditions in recent years. But our former colleague Peter Morris, the chairman of the International Commission on Shipping’s inquiry into ship safety, *Ships, Slaves and Competition*, said recently when he released the findings of his report that, although the condition of ships has improved, in many cases the conditions of seafarers have got worse. As a member of the board of missions to the seamen of Port Kembla, I know this from personal experience. It not only occurs in ports like Port Kembla; recently there was the case of a cruise liner in Britain, where the conditions were so bad that the crew went on strike. Although everything might have been fine for the passengers, who were paying large amounts of money to enjoy all the facilities, the facilities for the crew and the conditions in which they had to exist were absolutely deplorable. Too often, on the ships that I see, the conditions and food are deplorable. The practice of multi-crewing is used to control the crews. Do the crew members dare to make any complaints? Occasionally they contact the International Transport Federation. Sometimes they will contact the local chaplain at the mission or even the MUA. Too often, crew members are too scared, too frightened and too intimidated to complain. It is a method of control to have mixed crews comprising different nationalities, often speaking different languages. To top it off, on the bridge the remainder of the crew comprise another nationality.

The waters off the Australian coast or some other remote ocean of the world often become the grave of crew members who have the courage to complain about their treatment and con-
ditions, and that of others. If a seafarer in Port Kembla or Sydney makes a complaint and the next port of call is Brisbane, Mackay or some other remote port, often that seafarer will not arrive at the destination. No-one questions the disappearance or records it. It happens far more often than we would like to believe. That is why I believe this government was wrong not to accept the recommendation of the then Standing Committee on Communications, Transport and Microeconomic Reform, now known as the Standing Committee on Communications, Transport and the Arts. The committee, with a majority of government members, recommended that—and I quote:

The Commonwealth provide interim financial assistance on an annual basis for approved seafarers’ welfare organisations; and

Investigate the establishment and annual funding of a National Seafarers’ Welfare Network and report the findings to Parliament by June 1999.

Of course, this government would not accept that recommendation. They do not accept that seafarers’ welfare organisations should operate or receive assistance in a way that is different from other welfare organisations. But these organisations are different and they have to operate differently because of their values. The government said:

The Commonwealth does not believe it would be appropriate to investigate the establishment and funding of a National Seafarers Welfare Network.

There you have it: a government that squandersons millions on advertising to promote its own policies and spends thousands on cheap political witch-hunts of former Labor figures and a government that will give its mates contracts worth millions but will not spend a few thousand to make life more bearable, even livable, for seafarers.

I have already given the shadow minister notice that, when Labor gains power at the next election, even if I am not a member of parliament, I will vigorously pursue this issue with him, or with whoever the new minister might be. This is not an expensive proposal but it is one that does have immense benefits for Australia. It will make life bearable for the often lonely, forgotten seafarers from Third World countries. It is no exaggeration to say that it could perhaps be the difference between life and death.

I have seen over the years much legislation introduced concerning shipping—more covering shipping than the welfare of seafarers. Shipping in our waters in the main has improved. This legislation will help to protect the environment. It is time that we looked at more legislation to improve the lives of those who go down to the sea in ships. As the shadow minister said, it is important for Australia, as an island nation, to have a good, adequate shipping industry. It has been one of my great regrets during my time in this parliament that, under both sides of politics, we have witnessed the decline in Australian flag shipping. That is a matter of great regret and it is a matter that Australia will eventually pay a price for.

I am pleased that we have seen many of the rust buckets if not totally removed from the world’s shipping lanes then at least removed from the shipping lanes around Australia. What I would hope to see though is the conditions for those who work on ships improved. I want to see the welfare of seafarers at such centres as the mission at Port Kembla and missions throughout Australia improved. I think there is a responsibility for governments to make a contribution to this and it would not be at a great cost. Our coastline is too precious to us to allow some of these rust buckets that trundle around the coast to continue to do so. I hope that this legislation will go some small way towards improving that and, with the amendment moved by the shadow minister, I welcome these bills before the House.

Mr WAKELIN (Grey) (12.21 p.m.)—I will speak briefly on the government amendments to the International Maritime Conventions Legislation Amendment Bill 2001. I reiterate the member for Petrie’s surprise and express a little bit of sadness at the member for Batman’s rather erratic second half of the speech. I think we can all agree around the environmental issues and that sort of thing, but I have to reject the attack on the government.
To come back to the purpose of the amendments to the Limitation of Liability for Maritime Claims Act 1989, the Protection of the Sea (Powers of Intervention) Act 1981 and the Protection of the Sea (Prevention of Pollution from Ships) Act 1983—the pollution prevention act—it is worth noting that, in the New South Wales Court of Criminal Appeal, between two parties the interpretation of damage in the New South Wales act was similar to the pollution prevention act and included fair wear and tear. These government amendments intend to limit the interpretation of damage to the original intent—that is, damage as a result of an accident—making it clear that damage does not include deterioration, failure to maintain the ship or equipment, or defects that develop during normal operation of the ship or equipment. That seems pretty commonsense and everyone I am sure would welcome that.

To address the issues as discussed by the member for Batman and the member for Throsby, the Australian economy is very strong. It is said to be I think in as strong a growth mode as anywhere in the Western world and it is based on exports. We all agree about the importance of exports to our economic wellbeing, and exports travel mainly—certainly our bulk commodities—within our shipping fleet.

Mr Hollis—That is why we should have an Australian fleet.

Mr WAKELIN—We need an internationally competitive shipping industry. We can go back to the history. I have been around long enough now, member for Throsby, to remember the ANL debacle. There is nothing stopping investors investing in an Australian shipping industry, other than the fact that they do not believe they can make it work—and there are a whole range of reasons for that. So we are reliant on a competitive international industry. There is no impediment that I know of to people putting up their money and investing in a shipping industry other than that they do not think they can be viable and they have certain responsibilities under the Companies Act not to raise money and then go broke.

Australia is left relying on an internationally competitive shipping fleet. We are well served throughout the world by a number of these companies, and that is what our Australian economy and our Australian exports very much rely on. As far as the cabotage regime goes, I understand it is exactly the same cabotage regime that was in place under the previous Labor government. So let us put that on the table as well.

Australia’s performance on the waterfront has improved significantly, and that is very much welcomed by every Australian. We now have a more competitive waterfront which allows the international shipping industry to think much better of us than they did in the past. The member for Batman talked about Australia being the laughing-stock or being not well regarded. I have been around long enough to remember when Australia was the laughing-stock in terms of some of its industrial practices—ships were kept tied up or they were not able to be tied up. We were the laughing-stock of the world.

Mr Hollis—Yes—dogs and balaclavas.

Mr WAKELIN—I could say a bit about violence on the waterfront. There has been a bit of history there, member for Throsby, but I would not want to indulge in that unduly because it takes two to tango. I will not be unduly distracted by that. I welcome the comment from the member for Batman that globalisation is a fact of life. If a country like Australia is to be in the business of globalisation, it will rely on exports and it will have to have efficient shipping. That is what this is all about, as well as the obvious improvements in environmental standards that are very much needed in this modern world.

Going back to international respect for Australia, the member for Batman regularly mentioned East Timor in his contribution. Going into East Timor in the way that we did has probably added to Australia’s reputation more than any other act in modern history. It was high risk; we were committed to righting a wrong. That is very important. I could indulge myself and remind others of the history of this debate over the last 20 years. Australia is respected partly because of its role in East Timor—the member for Throsby has left. The Ships
of shame report has been much quoted. I have a high personal regard for the former minister Peter Morris and for the work that he did and his continuing commitment in this area.

To rebut the issue of disease coming into this country, I remind the Main Committee that the last budget committed something like $600 million over four years to AQIS. That is an unprecedented effort by the federal government to make sure that we are better protected from disease coming into this country and threatening the export industry and any other issue of that nature in this country.

To conclude, I welcome the legislation. It tidies up certain things that needed to be done as history moved on. I mentioned earlier the New South Wales Court of Criminal Appeal, where it was quite clear that the interpretation of damage, which could be from fair wear and tear, was totally unacceptable. I did not mention the Submarine Cables and Pipelines Protection Act 1963. There are some issues there that are dealt with in the amendment.

In terms of the future for Australia, its exports and its work force—and I would like to think that includes all of us and does not depend on some narrow definition of whether you are in a union or not; I would like to think of the Australian work force as including everybody who is usefully employed, whether they be self-employed, an employer or an employee—we will continue to rely on an efficient international shipping industry. I welcome the further development of an Australian shipping fleet, if that is at all possible. I am not optimistic about that, but if there is any way it can be done viably, economically and in the best interests of Australia I would be delighted to see it happen. I simply welcome these amendments to the bill and wish them a speedy passage.

Ms O’BYRNE (Bass) (12.31 p.m.)—I am very pleased to be able to speak about the International Maritime Conventions Legislation Amendment Bill 2001. The bill before us seeks to allow the implementation of the 1996 protocol to amend the Convention on Limitation of Liability for Maritime Claims, amending the Admiralty Act 1988 and the Navigation Act 1912. This bill amends the Protection of the Sea (Powers of Intervention) Act 1981, which looks at defining the substances other than oil listing, and amends the Protection of the Sea (Prevention of Pollution from Ships) Act 1983 to implement amendments to MARPOL, change certain administrative provisions and revise offences and penalty provisions.

The changes are largely facilitative and technical in nature. As the Main Committee is aware, we are supporting this bill as it is necessary to implement international conventions, and we will be supporting the amendments moved by the government in relation to the New South Wales decision regarding responsibility of shipowners and masters. To this I commend the amendment by the honourable member for Batman, who seeks to substitute the following words:

... whilst not declining to give the bill a second reading, the House condemns the Government for its neglect of the Australian shipping industry, leaving the Australian economy, environment and community exposed to the risk of marine accidents, port pollution and infiltration via ports and the sea of deadly diseases like foot and mouth disease.

The government’s lack of commitment to this industry is well documented. A failure to respond to reviews it has commissioned, a failure to recognise the real concerns regarding Australian owned ships, crew safety and employment, export dollars or environmental protection is there for all to see. The responses to both the 1997 and 1999 reports commissioned by the former minister, Mr Sharp, and the current minister, Mr Anderson, are yet to appear. Mr Anderson will not even release the most recent report for public consideration. The reason is quite obvious: that report highlights the importance of the Australian shipping industry to this country and to the economy. I note the previous speaker believes that he is committed to this. I only wish that the minister shared his position. The report also provides the government with a plan that would allow for investment in shipping to grow. That would lead to a safer fleet, more Australian based investment and, most importantly, more Australian jobs.
The impact of Mr Anderson’s failure as the minister for maritime transport is becoming increasingly obvious. The Australian Shipowners Association has identified:

The Australian shipping industry has contracted as a result of a lack of policy direction necessary to encourage investment in high-value capital equipment and to encourage the recruitment and training of young Australians to pursue careers in the seagoing sector of the Australian shipping industry.

Since 1989 the number of Australian owned ships has almost halved. It is down to about 49 in the year 2000. Where that leaves our merchant support for Defence Force capabilities is frankly anybody’s guess. Since 1995-96, the average net annual disinvestment in Australian shipping has been $4 million compared with a net annual average investment of $292.8 million between 1989-90 and 1994-95. As I said, the responsibility for the reduction in investment in this important industry can be laid squarely at Mr Anderson’s feet. It is the Leader of the National Party, the Deputy Prime Minister, the minister for transport who I assume—with the support of the rest of his cabinet colleagues—has created a climate of uncertainty for potential investors in shipping. We are now all paying the price.

There is growing community concern regarding the protection of our coastline. Coming from Tasmania, I have a specific interest in the damage that can be caused on our coastline for many reasons. We need to protect the incredible pristine coastline that we have because we have seen first-hand the damage of an oil spill in the Tamar River with the Iron Baron.

Some time ago I spoke to some people in the shipping industry about their real concerns that the government does not understand how much danger our coast is in from the real threat caused by substandard ships working our coast. In that conversation we tried to highlight and identify a way to make the government understand these concerns. The suggestion was made, ‘Why not draw a picture of a dodgy, second-registered ship sitting on the Barrier Reef? Maybe then people will understand.’ That would be a nice graphic depiction—one that we hope never happens. But not two weeks later the Bunga Teratai Satu ran aground on the Great Barrier Reef and we were faced with a very real risk of a chemical spill in a world heritage listed area. Sections of the reef had to be blasted away to free the vessel and the ship’s anti-fouling paint—which contained tributyl-tin—had, due to the grounding, damaged coral that it is believed may take five years to return. That situation should not have occurred. It is even more distressing to think that we had been chatting about it as a possible illustration.

Roger Timms, General Manager Maritime Safety and Environment Strategy at AMSA, gave an excellent synopsis of the loss of the oil tanker Erica in his address to the National Shipping Industry Conference in March this year. I will summarise his synopsis for the House:

The 19,666 gross tonnage motor tanker Erica was built in Japan in 1975. Erica was registered under the Maltese flag and classed with Registro Navale Italiano.

The ship completed loading some 30,800 tonnes of fuel oil at Dunkirk in France on Wednesday 8 December and sailed for Livorno in Italy that same evening. The weather conditions deteriorated and by Saturday Erica was experiencing rough seas.

Earlier that afternoon the Master observed progressive listing to starboard and in an attempt to correct this ordered the deballasting of number 4 starboard segregated ballast tank.

Cracks and buckling in the deck plating were also noticed. The Master decided not to continue the voyage and set course for a possible port of refuge.

At around midnight Erica again developed a starboard list.

By a quarter to four on Sunday morning oil in large quantities was observed escaping into the sea.

Around five o’clock the side shell plating was seen to have torn away.

The general alarm was sounded and evacuation began.

The ship broke in two approximately 45 nautical miles off the French coast, spilling a substantial part of her cargo into the sea and causing extensive pollution.
The resulting pollution necessitated clean up on 400 kilometres of coastline, closed beaches, halted salt production, and resulted in fishing bans.

Mr Timms went on to point out that the Erica had been renamed 10 times, had been classed with four different classification societies, had had a variety of owners and managers during her working life and had changed flag four times.

Let me give you another example. Earlier this year a ship owned by Fourth Nordcap Shipping, under a Liberian flag and called the Direct Falcon was in Australia. Concern arose when it was suggested that this was the same Direct Falcon which, four weeks earlier, had been detained by AMSA due to communication problems and defective dampers in the engine room. On its earlier visit the ship was owned by Maritime Falcon Incorporated, was managed by Australia New Zealand Direct Line and was sailing under a Bahamas flag.

In preparing for this speech I cast my eye over the AMSA web site and looked at the detention list. It made for interesting but certainly frightening reading when I looked at the serious deficiencies: defective fire pumps; defective fire dampers; inability to transmit or demonstrate MF, HF, RT or DSC; inoperable fuel oil quick closing valves; leaking fuel tanks; problems with lifeboats; defective oily water separators; deck plating wasted; cargo holds wasted; and masters incapacitated and unable to assume command.

Mr Deputy Speaker Nehl, you know, because I have mentioned it many times, that I live in Launceston. That means that I live in the community that houses the Australian Maritime College, one of the world’s premier seafaring training institutions. Many people who work on our coast either train or live in my electorate. I rang a friend who has been working on the coast for many years and said, ‘Just how serious is it that a deck officer was unable to successfully conduct an online MF/HD DSC test?’ He said, ‘Not that serious at all if you don’t think the ability to push a button for three seconds is important; a button that will result in certain safety aspects.’ I cannot believe we let these people navigate our coast. We train incredibly talented and committed seafarers in Australia, and yet we allow people who cannot even operate basic equipment on a deck to work around our coasts. There is no denying that there has been a huge increase in foreign vessels on our coast. According to the Australian Shipowners Association, cargo carried in vessels issued with single voyage permits and continuing voyage permits increased by 0.7 million tonnes or 10.1 per cent to eight million tonnes in 1999-2000, a growth of 507.5 per cent compared with the standard in 1991-92.

On 7 March this year, in a speech to the industry, the Deputy Prime Minister said, ‘The issue of safe shipping must remain a priority,’ and, ‘Australia is an island dependent upon shipping, but this simple fact explains why this country puts such a premium on safe shipping.’ They are nice words, but unfortunately they are not backed up by a commitment to a higher quality Australian shipping industry.

We have to start paying attention to what is happening around our coasts and the risks that these ‘ships of shame’ create. We are detaining and inspecting ships, but is that actually enough? The Sydney Morning Herald claimed that almost 300 ships were detained in Australian ports over an 18-month period. In that article, Mr Paddy Crumlin of the Maritime Union of Australia said that, with the authority’s limited resources, they can get aboard only a small number of ships and that the ships that they are managing to detain are only a fraction of those coming in and out of the country. It is clear that far more than an inspection regime is needed.

The operation of substandard ships on the Australian coast is putting at risk not only our environment but also the very lives of seafarers. Members are all aware of the damning evidence found in the Ships of shame report in 1992, but what is more disturbing is that things have really not improved that much since then. In his speech to the APEC symposium earlier this year, Peter Morris reported that the International Commission on Shipping inquiry found that the conditions of seafarers had worsened. The commission report was called Ships, slaves and competition. The inquiry found that tens of thousands of seafarers from developing nations are exploited, abused and ill-treated. In his speech, Peter Morris said that, for many
thousands of today’s international seafarers, life at sea is modern slavery and their workplace is a slave ship.

The last point that I wish to make in this debate is in relation to the very real danger posed to our nation by the risk of infiltration of disease. We have seen the devastating effect of foot-and-mouth disease in the United Kingdom. Without an effective border control regime, this country will be exposed to such risks. Part of that regime must be the control of foreign shipping on the Australian coast. This bill is very important, but it also highlights the government’s inaction in securing a viable Australian shipping industry. It highlights the lack of concern for the welfare of both our seafarers and those who increasingly work our coast on foreign vessels, and it walks away from providing real protection for our coastlines.

Mr DANBY (Melbourne Ports) (12.42 p.m.)—In supporting the amendment moved by the member for Batman, I want to focus on some aspects of shipping, the government’s undermining of the cost of Australian shippers and their ability to operate successfully against some of the people that the member for Bass quite rightly identified, and particularly on this very short-sighted single voyage permit process, which has increased, as the member for Bass said, by 507 per cent since 1992.

One of the things that has surprised me about this debate is the role of the Deputy Prime Minister—the Minister for Transport and Regional Services and the Leader of the National Party—who I would have thought had the interests of agricultural exporters and the strategic interests of this country at heart. When I talk about the strategic interests, my mind goes back to one particular aspect of this that has only recently been brought to my attention in reading the history of Australian merchant shipping. I urge other members of parliament to do this too—to look at the number of merchant ships sunk by the Japanese, and indeed by German submarines, during the Second World War on the Australian coast. The record of Australian merchant shipping is a long and honourable one and, as the member for Bass said, we have some of the most highly trained seamen in the world. It is a tradition, a profession, a vocation and an industry that we should be doing everything to preserve. In fact, this government is doing the exact opposite.

The increase in single voyage permits allows, as I have outlined previously in other speeches, these foreign flag-of-convenience ships—many of which are ‘ships of shame’, as the member for Bass described them—to come into Australia. It particularly arises from the failure of the minister for transport and Deputy Prime Minister, and indeed this government, to address the effect on Australian importers and exporters of the costs of stevedoring. That is an issue that goes back—and this is the principal focus of my remarks—to the very large maritime dispute that this government orchestrated.

Before I turn to that issue, I do want to draw to your attention some overall figures on the cost of shipping, particularly our reliance on overseas owned shipping. Our reliance on overseas owned shipping lines to shift almost all of our imports and exports produced a yearly net freight bill of $A4.9 billion, overwhelmingly reflecting our shipping costs. This is well in advance of wool exports for the year of $3.9 billion. I think this country—and I am surprised members of the National Party are not more agitated about it—deludes itself by thinking it is simply a good thing that the country has a low value dollar because this helps agricultural exports. It actually costs the country an enormous amount of money for high value imports, capital goods and foreign shipping services that we are increasingly relying on with these single voyage permitted overseas shippers.

The genesis of the maritime dispute a year and a half ago was the government’s view that the previous government had inadequately pursued micro-economic reform, that the docks were a major economic problem, that Australia had to force major changes in those areas and that the benefits would then be passed on to importers, exporters and shippers. Any rational analysis of what has happened since the waterfront dispute shows that this is very far from the case. Unfortunately, the government’s ‘amen corner’ in the media, the so-called ‘dry’ eco-
When the decision was made to cause the maritime dispute, Lang Corporation’s share price stood at $1.60. The benefit of waterfront reform was to be passed on by Lang and P&O to Australian shippers to importers and exporters. Indeed, I asked the Deputy Prime Minister, prior to his visit to London where he was going to meet Lord Stirling of P&O, that he pass on to Lord Stirling the government’s concern that these shipping costs had, in fact, not been lowered, and that stevedoring charges remained as high as ever. It seems to me, and to any person who has evaluated what has happened since, that the only people to have benefited from so-called waterfront reform are the Lang Corporation, whose share price has now increased to about $11. The last time I looked I think it was about $10.85. It has been up as high as $13.50.

No-one is concerned about the fact that an individual company is prospering, but the Australian taxpayers, through this parliament, have paid for a massive number of redundancies as a result of this dispute on the Australian wharves. In Melbourne, I know, the number of people who operate the docks in my electorate has been halved. There were probably more than 1,200 full-time people; there are something over 600 now. The crane rate lift—about which the Deputy Prime Minister in one of his performances just before the winter break was exultant, saying that this increase in productivity was a wonderful government achievement—is now about 25 container boxes per hour, which is about the international benchmark that Australia wanted to get to. We have half the workforce, we have the box rate at the level that it is and we have Patrick’s and P&O’s redundancies paid for by the Australian taxpayer—hundreds of millions of dollars.

What is the benefit for the Australian people? None. There have been no decreases in stevedoring charges. This is something that should particularly concern the National Party, particularly concern agricultural exporters and particularly concern people in business. I get approached all the time by people in business who are importers or exporters and who complain about the fact that this government has been totally inadequate in representing their interests and in seeing that the so-called benefits of micro-economic reform trickle down to them.

The government gets up and makes a great deal, as the Deputy Prime Minister did, about productivity benefits to Australia. It is true that there have been massive productivity gains on the Australian waterfront. This is largely due to some of the very fine people who work there, who are as skilled as some of our shippers in their industry. But, unfortunately, the benefit has gone to Patrick’s and P&O’s bottom line. Again, no-one is against the success of individual companies, but when we paid for all of these redundancies, when this government caused this massive industrial disruption, we expected that these benefits would be passed to the Australian people. They simply have not been.

Lang Corporation, in its last six-monthly profit report, showed that its operating profit after tax increased 25 per cent to $29 million, earnings per share increased 19 per cent to 18.5c and the company had over $300 million cash on hand. It is the responsibility of this government, of the Minister for Transport and Regional Services, the Deputy Prime Minister, to say to Mr Corrigan and to P&O that the benefits of waterfront reform should be passed on to the Australian people.

It is a completely inadequate performance by the member for Gwydir to say that productivity has increased on Australian water fronts, and that we have faster, more regular turnarounds. There are the bigger ships that are turning around faster. The shipping lines tell us that because the terminals turning around the ships faster have to pay more to the stevedores they therefore pass these costs on to the exporters. Mr Donges, the President of the National Farmers Federation, is one of those in the federation who were foolish enough to be right behind the massive dispute two years ago but who now are having second thoughts. The federation engineered that dispute with the help of the government’s hatred of the union movement—under the then minister, the member for Flinders, who is retiring—but Mr Donges now
says of the waterfront reform which the National Farmers Federation had totally backed and
had hoped would benefit farmers:

We believe the level of productivity (on the waterfront) will enable more farmers to compete on an even
keel for lucrative international markets. But—

and these words are very significant—

we have to ensure that the savings from increased productivity flow on to farmers and other port users
as soon as possible.

In other words, they are not flowing on to farmers or exporters at all at the moment. The gov-
ernment needs to send the Deputy Prime Minister and transport minister back to do a remedial
economics course. There is no point in having a productivity benefit, paid for partially by the
Australian taxpayer through redundancies, if we do not have it passed on to the Australian
people via exporters, importers and shippers.

Members of this government can ring any exporter or importer, anyone from the peak ship-
pers association, from shipping lines, and they will tell you that this minister’s claims about
commercial-in-confidence—that they cannot reveal these dread secrets to the Deputy Prime
Minister, the Minister for Transport and Regional Services, about how much it costs to ship a
container from here to Seoul or Tokyo or any other port and back—are absolute nonsense. We
know that these costs have not decreased but, in fact, have increased in some states and in
some cases.

For the benefit of the Australian shipping industry, we need this government to say, as I am
sure the next Beazley government will say to the stevedoring firms, ‘You’ve had the benefit of
redundancies. You’ve had the benefit of higher productivity. Now lower your rates and pass
on the benefits of micro-economic reform to the Australian people and let the Australian
shipping industry prosper.’

Main Committee adjourned at 12.55 p.m.
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WEDNESDAY, 16 AUGUST

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