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

WORKPLACE RELATIONS AMENDMENT (FAIR DISMISSAL) BILL 2002 [No. 2]

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

Second Reading
Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.31 a.m.)—I move:

That this bill be now read a second time.

This bill amends the Workplace Relations Act 1996 to prevent the unfair dismissal provisions from applying to small businesses with fewer than 20 employees.

If passed it will improve the employment prospects of people, particularly unemployed people, seeking jobs in the small business sector. It will protect small businesses from the costs and administrative burden of unfair dismissal claims in the federal system.

The bill will require the Australian Industrial Relations Commission to order that an unfair dismissal application is not valid if it involves a small business employer. This provision will only apply to the new employees of a small business, not to existing ones.

However, it will not exempt small businesses from the unlawful termination provisions of the act, which, amongst other things, prohibit employees from being dismissed for discriminatory reasons such as their age, gender or religion.

Members will be very familiar with the content and intent of this bill. It is the same bill that was laid aside on 28 June 2002 after members of this House rejected Senate amendments that would have destroyed the employment creating potential of the bill.

The government is reintroducing this bill to honour a commitment it has made to the people of Australia to free up the large number of small business jobs that are being lost because of the unfair dismissal laws.

Australian Bureau of Statistics labour force figures show that more than one million jobs have now been created since the government came to office in March 1996. The government has produced an environment which fosters sustained jobs growth through sound economic policies, good fiscal management, and workplace relations reforms to help small business.

These businesses account for 96 per cent of all businesses and our workplace relations system must be responsive to the needs of Australia’s hardworking small business men and women.

The unfair dismissal laws currently place a disproportionate burden on small businesses. Attending a commission hearing alone can require a small business owner to close for the day. The time and cost of defending a claim can be substantial.

In giving evidence before the Senate committee inquiring into this bill, the restaurant and catering industry indicated that it costs, on average, $3,600 and around 63 hours of management time to defend an unfair dismissal claim.

Many small business owners are not confident that they know how to comply with the dismissal laws. For instance, a recent survey by CPA Australia found that 27 per cent of small business owners thought they were unable to dismiss an employee even if the employee was stealing from them, and 30 per cent of small business owners thought that employers always lost unfair dismissal cases. These small business concerns will persist unless the law is changed.

Research has found that many small businesses are reacting to the complexity and cost of unfair dismissal laws by not taking on additional employees. The Senate committee inquiring into this bill looked at the many surveys and projects on the impact of the unfair dismissal laws and concluded that the
arguments in favour of exempting small business were compelling.

For almost a decade federal unfair dismissal laws have created a serious obstacle to employment growth in Australia. A report by the Centre for Independent Studies indicates that, if only five per cent of small businesses employed just one extra person, 50,000 jobs would be created. The report concluded that ‘employment in small business would rise significantly in the absence of the unfair dismissal laws’.

In reintroducing this bill, the government is continuing its commitment to address the needs and circumstances of the small business sector and to create jobs. This sector has tremendous growth potential and is vital to the Australian economy.

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

Debate (on motion by Mr McClelland) adjourned.

WORKPLACE RELATIONS AMENDMENT (PROHIBITION OF COMPULSORY UNION FEES) BILL 2002

Consideration of Senate Message

Consideration resumed from 16 September.

Senate’s amendments—

(1) Schedule 1, item 9, page 5 (lines 2 to 14), omit section 298SA, substitute:

298SA Permissible bargaining fees

(1) An organisation may charge a permissible bargaining fee:

(a) in connection with an agreement certified under section 170LJ or Division 3 where:

(i) the agreement’s beneficiaries include those who have not made a contribution to the costs of reaching the agreement by means of paying a union membership fee; and

(ii) this permissible bargaining fee is explained in clear language, and in writing, to all employees in advance of the vote on the agreement; and

(iii) details of the permissible bargaining fee, and the services for which it is payable, are set out in the agreement; and

(iv) all employees affected by the agreement are advised, prior to bargaining commencing, whether it is proposed to include a permissible bargaining services fee in the agreement, and that they may make submissions to the AIRC under subparagraph (vii) in relation to this fee; and

(v) in addition to the requirement in subsection 170LT(5), a valid majority of persons employed at the time, whose employment would be subject to the agreement, have genuinely agreed to the provision; and

(vi) the agreement provides for the method and timing of the fee to be paid; and

(vii) the AIRC is satisfied that the fee is fair and reasonable; and

(viii) the agreement provides that new employees pay the fee only for the pro rata period of the agreement from the time that their employment commences; or

(b) in connection with an agreement certified under section 170LK where:

(i) the employee has agreed to pay for the provision of bargaining services in respect of the certified agreement; and

(ii) the employee has agreed to the total amount to be paid and this total amount covers all the bargaining services that may be provided in relation to the employee in respect of the certified agreement; and

(iii) the agreement was entered into before the bargaining services were provided.

(2) An organisation of employers may charge a bargaining services fee in connection with an agreement certified
under section 170LJ or 170LK or Division 3 where:

(a) the employer has agreed to pay for the provision of bargaining services in respect of the certified agreement; and

(b) the employer has agreed to the total amount to be paid and this total amount covers all the bargaining services that may be provided in relation to the employer in respect of the certified agreement; and

(c) the agreement was entered into before the bargaining services were provided.

(2) Schedule 1, item 10, page 6 (lines 1 to 6), omit Division 5A, substitute:

Division 5A—False or misleading representations about bargaining services fees etc.

298SC False or misleading representations about bargaining services fees etc.

A person must not make a false or misleading representation about:

(a) another person’s liability to pay a bargaining services fee; or

(b) another person’s obligation to enter into an agreement to pay a bargaining services fee; or

(c) another person’s obligation to join an industrial association.

(3) Schedule 1, item 11, page 6 (lines 7 to 11), omit the item.

(4) Schedule 1, item 12, page 6 (line 12) to page 7 (line 4), omit the item.

(5) Schedule 1, item 14, page 8 (lines 7 to 11), omit the item.

(6) Schedule 1, item 15, page 8 (lines 12 to 19), omit the item.

Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.36 a.m.)—I move:

That the amendments be disagreed to.

This matter has been well and truly debated in this House. I think the positions of the government and the opposition are fairly clear and I do not believe there is any need to further debate this matter.
Mr ABBOTT (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (9.47 a.m.)—I move:

That the bill be laid aside.

Question agreed to.

COMMITTEES

Public Accounts and Audit Committee

Report

Mr CHARLES (La Trobe) (9.48 a.m.)—On behalf of the Joint Committee of Public Accounts and Audit, I present the following report, entitled Report 391—Review of independent auditing by registered company auditors.

Ordered that the report be printed.

Mr CHARLES—by leave—I thank the House. In the last two years, there has been a significant number of high-profile corporate failures in Australia. While business is an inherently risky activity, the sudden failure of seemingly healthy companies came as a shock. These sorts of failures can impact on the community in many ways, most significantly through the personal and financial losses incurred by shareholders, creditors and employees. Of course, the responsibility for corporate failure lies ultimately with the company’s management and directors. Nevertheless, the committee considers investors should be able to retain a reasonable expectation that the statutory audit function will identify and highlight when a company may be in difficulty. In a broader sense, these failures also pointed to inadequacies in the corporate regulatory regime and the inadequate nature of corporate governance exercised by some in the business community.

It has been said that, when Arthur Andersen signed off on an audit, he put his reputation, credibility and standing in the community on the line. Arthur Andersen has passed on and, sadly, for at least some in the profes-
sion, so have his ideals. Auditors carry a significant public trust and responsibility that must be at the forefront of their decisions and actions. There has been a change in the profession over time from an emphasis on professional ethics to a more business oriented focus. This focus on commercial imperatives has, for some it seems, taken precedence in recent years at the expense of good ethical practice. The same can be said for the business community, where we have witnessed a decline in ethical practices and an abrogation of responsibilities and obligations to the broader community.

In this light, an associated aim of the committee’s recommendations is to promote enhanced ethical professional culture in the accounting and auditing profession and in the business community. Directors of publicly listed companies have clear responsibilities and obligations which must be met. Directors also need to have the appropriate skills, experience and support mechanisms to effectively analyse and verify information in order to be able to ask the right questions and make well-considered decisions. The committee has previously inquired into these issues in the context of government business enterprises and maintains that the principles of that inquiry and the subsequent recommendations are generally applicable to the private sector. However, in the course of this inquiry the committee did not receive enough evidence in this area to enable it to make a major statement at this time.

It is important to recognise that Australia’s situation is not the same as that in the United States, and we have not witnessed the same level of excesses that are being revealed in the US. The committee is not convinced that an overly prescriptive reaction is warranted or appropriate, rather there needs to be an appropriate mix of principle and prescription. It is impossible to demand infallibility or implement a zero risk policy. Given the inherent risk of business and the need for risk to drive entrepreneurial activity, a risk management rather than a risk aversion approach is appropriate, and increased accountability should be demanded of the corporate sector and audit profession. The committee’s findings are based on a number of observations of both the audit and accounting profession and the business community, which shaped the ensuing framework of recommendations. Our findings are also influenced by our longstanding involvement in corporate governance and the audit framework governing accountability in the public sector.

Current audit practice may be limited to an attestation that financial statements have been prepared in accordance with accounting standards. In forming the opinion, the auditor does not necessarily explore broader issues that may impact on the ongoing viability of a company, such as the adequacy of corporate governance practices, risk management and internal control processes. In turn, because a company’s governance practices, risk management and internal control processes are not regularly and rigorously tested, their continuing veracity and importance to the ongoing viability of the company may be ignored.

Oversight of both audit firms and listed companies is deficient. There is very little transparency regarding the independence and, to a lesser extent, competence of the firms carrying out audits. In regard to listed entities, there is a lack of, and incentives for, compliance with accounting standards. The recent spate of corporate earnings restatements demonstrate that, regardless of any changes in audit structure or functions, only concerted action to police management activities will address these problems.

There are also concerns regarding the lack of informative and timely information being made available to the market and a low level of public confidence, shared by some academics, in the veracity of the information produced by adhering to the accounting standards framework. Broader reporting to incorporate governance practices, risk management and internal control issues may require an appropriate framework against which these broader issues may be audited. This will force companies to pay due atten-
tion to their corporate governance principles and practices. In addition, it will provide more information to shareholders and other stakeholders.

Changes to the current unlimited liability environment are required to protect auditors if they are to comment on a broader range of issues. Increased surveillance of compliance with accounting standards is required to ensure aggressive accounting practices are not used to mislead shareholders, even though such practices may be in accordance with current black-letter requirements. Better disclosure is required to improve the ability of the users of financial reports, and the market in general, to understand the companies that they invest in and, in particular, the risks associated with those investments.

Our proposed solutions are designed to address these issues and compel companies and auditors to enhance their management of corporate governance and audit independence. Rather than advocating prescriptive, regulatory and mandating arbitrary limits or benchmarks, the central element of our proposed reforms is to provide a framework enabling a broadening of the scope of the audit function to include, for example, corporate governance, risk management, internal control issues and other performance type issues. To support this new framework and the process of management improvement, and to promote more transparency, we also propose an enhanced oversight role for the existing regulator, the Australian Securities and Investments Commission.

The key findings and recommendations of this report include amending the Corporations Act 2001 to require the chief executive and the chief financial officers of a company to sign a statutory declaration that the company’s financial reports comply with the Corporations Act 2001 and are materially truthful and complete; require all publicly listed companies to have an audit committee of independent members; require audit firms to report annually to ASIC on independence issues; clarify the relationship between the need for financial statements to comply with accounting standards and—I emphasise ‘and’—provide a true and fair view; and include a general statement on audit independence. In addition, we recommend that the Financial Reporting Council develop a set of corporate governance standards, which would be given legislative backing in the Corporations Act 2001; the Australian Stock Exchange listing rules be amended to require additional reporting by companies; ASIC explore the cost and benefits of introducing performance audits in the private sector and, in conjunction with the ASX, evaluate the costs and benefits of requiring pronouncements and other disclosures, under the continuous disclosure listing rule, to be subject to a credible degree of assurance; and, finally, a framework for protected or whistle-blower disclosure be established in the Corporations Act 2001, including clear accountability mechanisms over the administration and management of disclosure.

Central to this report is the need for directors and auditors to certify that accounts both comply with accounting standards and represent a true and fair representation of a company’s affairs. There was much confusion in the evidence provided to the committee on this very important issue. The committee’s recommendation in this regard would clarify the Corporations Act and ensure that accounts comply with Australian accounting standards and represent a true and fair view of a company’s financial affairs. In addition, the committee was particularly attracted to the idea of independence boards within audit/accounting firms as proposed by Professor Keith Houghton. One of the big four has proceeded with implementation of Professor Houghton’s proposal, one is seriously considering implementation and one believes it achieves the same outcomes in a slightly different manner.

It is significant that this is the first time—and I emphasise this—the JCPAA has undertaken an inquiry into private sector issues. Nevertheless, the JCPAA has a long history of actively seeking to strengthen the role and independence of the Commonwealth auditor
as an essential agent of government accountability to the parliament and ensuring good corporate governance in the public sector. This inquiry has been an opportunity for the committee to bring its expertise in audit and corporate governance matters to bear on the issue of audit independence generally. It is the committee’s intention to maintain a watching brief on these important national issues. In conclusion, on behalf of the JCPAA I would like to thank the secretariat staff—Dr Margot Kerley, Adam Cunningham, Bill Bonney and Maria Pappas—for their hard work and commitment, and all those who have contributed to this most important inquiry.

Ms PLIBERSEK (Sydney) (10.00 a.m.)—by leave—I also want to make a few comments on the Review of independent auditing by registered company auditors report, which the Joint Committee of Public Accounts and Audit has tabled today. It was indeed a departure for our committee to move into the private sector in the way that we did, but we took this novel step because we had witnessed some very significant corporate collapses, both in Australia and overseas. We were prompted to ask the question: how do we have such monumental corporate collapses, involving many hundreds of millions of dollars, when we have auditors whose responsibility it is to examine the books of these companies?

We wanted to identify where the weaknesses were in the regime in order to protect not only the shareholders of those companies but also the workers of those companies, many of whom have lost their jobs due to these massive corporate collapses. We examined a number of problematic areas in the provision of auditing services. One that the chairman was very interested in but did not have a chance to cover in his comments was the possible conflict between auditors providing auditing services and other business services. This was an area that we took some very interesting evidence on. I would refer people to the report if they are interested in that issue. As the chairman said, we were keen to enhance the professional behaviour of auditors, based on strong ethical principles. We hope that that might lead to better corporate governance all round. We did consider for a time the benefits of a more legalistic regime such as that which exists in the United States, but the extra legislation that the United States has in this area did not prevent the corporate collapses of companies such as Enron.

We were very grateful to all of the witnesses who provided evidence to the committee, some of whom appeared before us in person and many of whom made written submissions to the committee. I would also like to thank the committee secretariat staff for their excellent work.

Mr CHARLES (La Trobe) (10.03 a.m.)—by leave—I move:

That the House take note of the report.

I seek leave to continue my remarks later.

Leave granted; debate adjourned.
ons of mass destruction, ballistic missiles with a range of over 150 kilometres and related production facilities and equipment. It also provided for the establishment of a system of ongoing monitoring and verification of Iraq’s compliance with the ban on these weapons and missiles.

Back in April 1991, that resolution was passed in the wake of Operation Desert Storm. It was one of the outcomes of that military operation. That military operation, in turn, was the outcome of Iraq’s invasion of Kuwait. Iraq announced that it accepted resolution 687 back in April 1991. One might stop at this point and also observe that Iraq has announced that it accepts the resumption of inspection, but it may well be instructive to look at the history of Iraq’s compliance with that resolution and the history of Iraq’s cooperation with inspection in the wake of the April 1991 declaration to get some idea of the sincerity of its acceptance of inspection.

Almost from the outset, in 1991, Iraq took the opportunity to delay, Iraq took the opportunity to confuse and Iraq took the opportunity to frustrate the work of those inspectors. I am indebted to the chronological report of the UNSCOM inspection operation from 1991, which sets out in quite some detail the way in which Iraq did what it could to frustrate those inspections. For example, as early as June 1991, inspectors tried to intercept Iraqi vehicles carrying nuclear related equipment. Iraqi personnel fired warning shots into the air to prevent the inspectors from approaching the vehicles. The equipment was later seized and destroyed under international supervision.

And so it continued right through 1991 until 1998. As late as 1998, a technical evaluation meeting dealing with all aspects of Iraq’s biological weapons program concluded unanimously that its declaration was incomplete and inadequate—that is, that Iraq was still obfuscating, that it was refusing to cooperate, that notwithstanding the fact that it had originally accepted inspection, it was not making good in any meaningful sense with the efforts of the international inspectors. Shortly after that in 1998, on 31 October, Iraq announced that it would cease all forms of interaction with UNSCOM and its chairman and halt all of UNSCOM’s activities inside Iraq, including monitoring. So it was a very unhappy experience during that period of seven years. The one thing that certainly came out of that seven-year period was that Iraq did have chemical and biological capability, that it had been actively seeking a nuclear capability and that, notwithstanding its statement that it would comply with inspections, it did not in any meaningful sense ever desire to bring about an ending of those programs.

I mention that to illustrate that Iraq again declaring that it will allow inspectors is certainly not the end of the matter. The end of the matter is not the allowing of inspections. The end of the matter will be the ceasing of the program of biological and chemical weapons manufacture, the ceasing of the program to acquire a nuclear capability, compliance with the requirements to cease a capacity of ballistic missiles with a range of over 150 kilometres and the ending of any attempt to recreate that capacity subsequently.

It may be said that Iraq is not the only country with chemical and biological weapons, but certainly we can say that it is the only country in modern times with the willingness to use them, as has been shown by Iraq’s use of those weapons against enemies and against its own people. What makes Iraq unique in this respect is that its leadership has no restraint, either by law or political opposition, and apparently no restraint according to the morality of its actions. It has a capacity and is prepared to use it.

Since the inspections were ended unilaterally by Iraq, further attempts have been made by the United Nations to put inspections on a new basis and support them with serious economic sanctions. Notwithstanding those serious economic sanctions, Iraq has still refused to comply. Those serious economic sanctions are no doubt causing a great deal
of economic hardship in Iraq. Why would a country deprive itself of the economic opportunities that it could get from the lifting of those sanctions? Why would it deprive itself of the standard of living that it could earn from unlimited exports just because it refuses to cooperate with inspections? Why would Iraq go through all of the hardship of keeping inspectors out, including economic sanctions, if it were not for the fact that Iraq really does propose to continue with its programs and to develop them? It has been said by some in the course of this debate that what is needed is new evidence. I would say that the evidence is clear, not only by the refusal to allow the inspections but by the refusal to allow inspections followed up by the sanctions and the willingness to incur those sanctions, and the experience of the period right up until 1998 and what we know of the designs of the leadership of Iraq.

I do not think there is any doubt whatsoever. I do not believe that new evidence is required. I think the evidence is clear and is understood by all those people who have genuinely considered it. Then it is said that it is necessary for those proponents who wish to see the ending of these programs to show that there is some new connection between the events of September 11 and the weapons program in Iraq. The case is not that Iraq is connected with the Al-Qaeda group; the case is simply that with the events of September 11 we have seen a capacity for civil aircraft, in the hands of terrorists, to wreak great destruction. How much more capacity do weapons of mass destruction, in the hands of terrorists or in the hands of outlaw regimes, have to cause destruction and terror among the civilised world? That is why I believe the world community—the whole of the civilised world—has an interest in the ending of that program and an interest in ensuring that the program is not resumed.

Australia has an interest in a civilised world order. Australia has an interest in the dismantling of weapons which in the hands of terrorists or in the hands of an outlaw regime could threaten the international order. Australia has a very direct interest in the dismantling of weapons of mass destruction. We welcome the statement by Iraq that it will cooperate with weapons inspection, but this is not a new statement. The important thing is not what Iraq says but what it does. The important thing is not the process but the end. The end is the ending of those weapons of mass destruction in the hands of an outlaw regime which is prepared to use them.

It is too early to say what Australia’s part in the ending of those programs will be. It depends on developments in the United Nations. It depends on the response of the world community. It depends on whether or not Australia is asked to make a contribution and it depends, of course, on Australia following its national interest. I would not rule out the fact that Australia’s national interest lies very much in cooperating with international efforts supporting the ending of this program, which I believe represents a very direct threat to the civilised international order. (Time expired)

Mrs IRWIN (Fowler) (10.14 a.m.)—We have been waiting to hear from the Prime Minister on this important issue, but it looks like he has taken early retirement. He must be out getting fitted for his bowls creams or taking golf lessons or maybe he is looking over brochures for retirement villages. So we see the Treasurer coming off the bench and into the game to make his contribution for him. Mr Deputy Speaker, 57 years ago the world was emerging from the devastation of World War II. The nations of the world were counting the cost of the most terrible war in history. They looked for an alternative to war, and the United Nations was born. That generation of leaders had seen at first hand the devastation of war. They had witnessed the destruction of their cities. They had seen their civilian populations decimated and the flower of their nations’ youth sacrificed on the battlefields of that war.

Each year we commemorate the sacrifice of the fallen with the words ‘lest we forget’, but we have forgotten. We have forgotten that there are no winners and losers in war,
only victims. We have forgotten that wars start out as adventures but always finish as tragedies and we have forgotten that for every uniformed soldier killed in action there are at least 10 civilian casualties. The great wars of the 20th century were not fought between armies; they were fought against populations. The front-line troops were not only brave young men but innocent civilians—women, children and old men. They were killed not only in the trenches or on the beaches but in their homes in London, Stalingrad, Dresden and Hiroshima.

With that in mind, the nations of the world came together to form the United Nations, to ensure that in international disputes war was the last resort. But, unfortunately, today’s leaders have a different view of war. You cannot see the horror inflicted on innocent victims through a bombsight at 30,000 feet; you cannot see the devastation caused by a cruise missile launched 600 kilometres from its target, but we will not call any of those things weapons of mass destruction. You see, ‘war’ is now a sexy word again. We have the war on drugs and now we have a war against terrorism. We are told that war is the answer, but history tells us that war is the problem, not the answer.

In this debate, we must begin by recognising that war must be the last resort. Only when every other approach has been exhausted should we consider military action. The first thing we should consider is how any military action against Iraq sits with our obligations as a member of the United Nations. We must begin by acknowledging that the United Nations charter forbids the use of force by one nation against another. This is the most basic principle of the United Nations. The only exception to this principle is the right of nations to self-defence. To take action against Iraq, the United Nations must prove that it is acting in the defence of other nations. This would require not only definite proof that Iraq possessed weapons which posed a direct threat to another nation but also conclusive proof that it intended to use those weapons. That level of proof should be nothing less than a smoking gun. But if we look at the possibility of action on the basis that Iraq has not complied with the resolution of the United Nations, we do not have cause to attack Iraq. We should remember that resolution 1284, which established the weapons inspection regime, does not permit the use of force to implement that regime. Only the United Nations Security Council can authorise the use of force. As International Court of Justice Judge Dame Rosalyn Higgins has written:

There is no entitlement in the hands of individual members of the United Nations to enforce prior Security Council resolutions by the use of force. It is clear that unilateral action to enforce the weapons inspection regime would be a breach of the United Nations charter.

Given the undertaking of the Iraqi government to readmit weapons inspectors, we must hope that the world will pause in its tracks and rethink the situation. There will be doubts about the willingness of Iraq to comply fully with inspections, but I doubt whether this will be the end of the matter. The earlier calls by US President George W. Bush for regime change in Iraq have not been retracted, and the threat of action by the United States—with or without the sanction of the United Nations—still exists. This makes Australia’s position less clear. The statement by the Minister for Foreign Affairs yesterday does little to clarify the position and we have yet to hear any firm policy announcement from the Prime Minister.

What we can be certain of is the continuing media campaign to stir up opinion in favour of action against Iraq. It is just too good an opportunity to pass up—a way of cashing in on public opinion, following the events of 11 September last year. We seem intent on revenge for those innocents who were killed then and so we will kill thousands more innocents in retaliation. The death toll of innocents killed since the beginning of the campaign in Afghanistan has already passed the number killed on 11 September, but there will be no memorials for them. They are the children of a lesser God. They are collateral
damage—not human beings, but damage—the collateral damage that is inevitable in any war waged from the cockpit of a bomber five miles above the battlefield. We might accuse Saddam Hussein of attacks against his own people, yet at the same time we are planning attacks against Iraqi civilians. The issue before us in this debate is presented as one of security—that war against Iraq is necessary to guarantee our security from the weapons of mass destruction in the hands of Saddam Hussein and that we will defend ourselves by killing thousands of innocent people. This will no doubt show that we are morally superior to the regime in Iraq.

What has been the record of our actions so far? The United Nations has imposed a range of sanctions against Iraq since the time of the Gulf War. We have heard of the effect of those sanctions on the general population of Iraq and the terrible consequences of starvation and lack of medicines for children in particular. This has always been of concern to me. If it was designed to cause the Iraqi people to rise up against Saddam Hussein then the sanctions have been a failure. At the cost of thousands of innocent young lives, we have imposed sanctions that have had little effect on Saddam Hussein. We can say what we like about his callous indifference to the suffering of his people. But what matters most is that in some way we have contributed to the deaths of those children. This is what worries me so much when I hear the calls to make war against Iraq. If we do not care about the lives of innocent children suffering as a result of sanctions, we will care even less if they are caught up in any military conflict. They will be just another example of collateral damage.

If I sound like a sentimental peace lover, if I sound like a throwback to the sixties, then I am not ashamed to say that I am. What I find hard to take is that it is okay to shed a tear for those who died on 11 September 2001, it is okay to print their names on the front pages of our newspapers, but it is not okay to shed a tear for the thousands of innocent civilians who would die in an attack on Iraq. So where does that leave Australia? The Prime Minister told the parliament on Monday:

The most compelling piece of evidence to me that Iraq has weapons of mass destruction and retains her nuclear aspiration is that Iraq will not let inspectors in.

So, in the light of the statement that Iraq will let inspectors in, where does that leave the compelling evidence? And where does that leave the government’s position on Iraq? We can wait for the orders to come from Washington or we can decide for ourselves. But we must be guided by our commitment to the charter of the United Nations. And before we send our sons and daughters off to war, before we join in actions that may kill or maim tens of thousands of innocent civilians, the people of Australia have the right to a full and proper explanation of why we are going down that path. (Time expired)

Mr WAKELIN (Grey) (10.24 a.m.)—Whenever there are difficult issues before the nation I would hope that we could look at them as much as possible on a united front, with as much bipartisanship as is possible. One death from war is one death too many. But let me come to the issue of Iraq and some of the current topical matters. Having just spent a fortnight in both the US and Europe, I think it is worth trying to compare the Australian approach to the American approach and the European approach. I will start with one simple statistic. Polls are popular things on just about everything political. If you take a poll conducted in the United States around 2 September, you will find it suggested that 59 per cent of Americans believe the US should take military action to remove Hussein, but then you will find that 61 per cent of those who support military action said they believe the US should only attack Iraq if the international community supports the move. In other words, about 36 per cent of people in the US, based on that poll, actually support some kind of military action. That would be in line with the position in Australia, as I understand it.
When I was at the European Parliament on 11 September at the ceremony at 2 p.m. to remember those who lost their lives in the US from the terrorist attacks, I subsequently listened to the contributions from the member parties of the member states of the European Parliament and I was struck by the commonality and uniformity of all speakers in the European Parliament in their support for the US and its predicament. So I believe there is much more unity within the Western democracies than many would have us believe and that there is a greater wariness in the US about military action than perhaps many in Australia would have us believe.

Having made those points, I will simply pose the question to this House, to every Australian and to anyone else who cares to listen: what if we knew—as we do know—about the potential threat from any terrorist or from any weapon of mass destruction in the hands of someone careless enough and stupid enough to use it and we did nothing about it, we simply turned a blind eye? Is that satisfactory? Is that reasonable? Is that what we should do? Surely any thinking person, any responsible person, particularly if we have a responsibility in an open democracy like our own or all the democracies of the Western world, could not turn a blind eye. That is what the activity and the discussion have been about, particularly over recent weeks. There is no decision to take military action against Iraq. There is no decision by Australia to take military action against Iraq. There is a concern about a regime that has a long-term attitude and approach to these matters.

I will go to the matter of terrorism. It is true there is no evidence linking Iraq with the 11 September attacks in the US. There is no hard proof—although there is some suggestion in the last day or two that there may be—of an operational or cooperative relationship between Baghdad and Al-Qaeda. But we do know that Iraq has a long history of state sponsored terrorism. And if anyone wants to hide from that or to deny it, then please inform me where Iraq has denounced terrorism and that it does not have a long history of association with state sponsored terrorism. They are the hard questions which we are required to address. We just cannot turn our back and pretend it is not there and not happening.

Can I also remind the House that we already have Australian forces in the Gulf in the form of the Kanimbla and the Manoora which are enforcing, as best they can, the embargo. That is not without its risks. I acknowledge the Australian personnel who are serving there, endeavouring to carry out, after all, the United Nations request. So we are doing our bit in this area. Our young people are already there.

I will conclude by saying that I visited in the last 12 months Villers-Bretonneux where 44,700 Australians died in World War I. Last week I attended a ceremony at the Menin Gate where the names of two South Australians and one other Australian were read out at 8 p.m. The Last Post has been played there 365 days a year—every day of the year—since 1927. There is much evidence already before us for anyone who wants to look at it of the folly of war. But at the same time we cannot ignore the realities that face us in the Iraqi situation and in the terrorist attacks which occurred 12 months ago and which have been occurring with too much regularity over the past decade.

I say to my constituents and to the people who are inclined at every opportunity to have a free kick at the US: endeavour to understand their position at least as equally as you are endeavouring to understand the Iraqi position. At least show balance in how you address the difficulties of all peoples of this world. To the media of this country I say: you have a responsibility to report accurately. I think they have a responsibility to actually report internationally, to report the fact that the people of the US have as much concern about going to war as Australians do, and that the Europeans are much more concerned about Saddam Hussein than we in this country are led to believe. The European Parliament—and many other countries,
whatever their political divide—are much more concerned about terrorism than the media in Australia would have us believe. I ask the media with their special responsibilities to look broadly and to remember that no one in this place will send anyone to a military situation without due care and maximum consideration.

Finally, I make the comment that the Prime Minister has shown absolutely exemplary leadership. When I look at East Timor, when I look at Afghanistan and when I look at this man’s responsible decisions and the way he has led the country, I am proud to have him as my Prime Minister. I trust that in the days ahead we will all keep a clear head and ensure that all the opportunities there for us in the diplomatic area are utilised and that the situation with Iraq is dealt with appropriately.

Mr BEVIS (Brisbane) (10.34 a.m.)—This is the most important issue to have come before this House since the last election. It affects the lives of many Australians and, if we get this wrong, it has the potential to affect many thousands—perhaps hundreds of thousands—of lives around the world. Yet here we are as a parliament restricted in the time in which we are able to debate the matter. There is a 10-minute restriction on all members now speaking. I think that is unfortunate. The Prime Minister has not spoken at all, and I think that is unfortunate.

Let me put aside at the outset the arguments about whether this is a debate about either patriotism to Australia or an understanding of our relationship with the United States. It is clear from past practice of governments on both sides of this chamber, and from the commitments that have been given by people on both sides of this chamber, that neither of those matters should be in doubt. But, as Simon Crean made clear, our close and strong relationship with the United States does not involve with it an insipid support for anything that the administration of the United States wishes to pursue. Indeed, on this issue it is interesting to look through the media in the United States and read the debate now going on in the US amongst not just its own people, not just the Democrats and the Republicans, but amongst people within George W. Bush’s own administration who do not share the same hawkish view that he and his vice-president have been so quick to enunciate.

Because of the time restrictions I am going to limit myself to a couple of quick points in seeking to respond to some of the matters raised in debate in this chamber and outside it as to why there is a need for military action to be taken against Saddam Hussein. My view is that George Bush Jr’s obsession with the war on Iraq is simply not supported by the facts and the information which are in the public domain. There has been ample opportunity over the last 12 months for information to be put into the public domain, and I include particularly the speech by the US President to the United Nations last week and the speech in this parliament yesterday by the Minister for Foreign Affairs.

Fundamentally, there are four reasons advanced. One reason that is not advanced, of course, is that Iraq was somehow implicated in September 11. As the member on the government side pointed out, there is no evidence of a serious nature that has been put forward to demonstrate that at any length, and I might say that were such information to now materialise 12 months after the event there would have to be serious questions about its authenticity.

There are four reasons advanced. The first is that Saddam Hussein has weapons of mass destruction, and that is without doubt. Yes, he does. The Stockholm International Peace Research Institute is a body I regularly check with for information. It has a 142-page summary—and that is just the extract for the summary—detailing its annual reports since 1991 on the issue of weapons of mass destruction that Saddam Hussein has had at his disposal.

Let us put this into some genuine, objective perspective. There are approximately 33
countries that also have weapons of mass destruction; Saddam Hussein is not unique in this. The Federation of American Scientists identifies 33 states, nine of them with nuclear capability now and another eight that are believed to have nuclear capability or could reasonably acquire it. So there are 17 nuclear states in the world, very few of which have signed the international agreements. Saddam Hussein is probably one of those, but there is a long list that time does not allow me to go through. There are 26 nations that have chemical weapons. A number of them, I am sure, would create just as much concern in the minds of the Australian public were this list to be on the front page of the daily papers rather than the rhetoric that some of the papers are pursuing in relation to Iraq. There are 20 countries, according to the Federation of American Scientists, that have biological weapons. Again, included in that list are a number of countries that are far from being democratic and free, and 16 of the 33 countries have missile delivery capabilities.

As the Canberra Times pointed out just this week:

Australians do not need to be persuaded that Saddam Hussein is an evil despot who kills and oppresses his own people and whose regime is a threat to his neighbours. That is true of the leadership of perhaps a third of the world’s nations...

The first point needs to be put into that perspective. The second point that has been raised is that Saddam has used weapons of mass destruction. That is true. He used them against the Iranians in the seven-year war and he has used them against his own people, the Kurds, and that is despicable. It needs to be recalled though that, when he used weapons of mass destruction against the Iranians in the seven-year war, the Western world sat back and either applauded or acquiesced. We do not actually have the high moral ground on Saddam Hussein’s use of these despicable weapons. We, as a community in the West, did nothing or applauded his use of these despicable weapons only a little more than a decade ago—15 years ago. He has used those weapons of mass destruction; that is a concern but we need to understand our record as a Western community in relation to that.

It has been mentioned that Saddam Hussein has defied UN resolutions. Clearly he has, and there is no reason why he should have. That is not news in 2002. This has been widely understood by everybody in the global community for the last four years. Indeed, it has been understood for most of the time since 1991, but it has certainly been unequivocally the case for the last four years. What has changed in the last 12 months—or the last 12 weeks—as distinct from the last four years or the last 10 years in relation to that?

It also needs to be understood that he is not alone when it comes to acts of aggression that fly in the face of UN decisions. Israel is in defiance of the 1967 resolution 242, which required its withdrawal of armed forces from the territories occupied in the then recent conflict in 1967. India and Pakistan are in violation of UN resolution 98 of 1952. We are talking half a century ago here. They are still in violation of that UN resolution, and there are still deaths and war in the disputed territories between India and Pakistan. There was a UN resolution in 1974 regarding Cyprus, obliging the parties to comply with all provisions and specifically requiring the Turkish armed forces to be removed from Cyprus. The world has pretty much turned a blind eye to those other examples. The level of hypocrisy that we are displaying in this debate is possibly acceptable in one sense but for the fact that we are talking about the lives of many, and we should not be sacrificing the lives of any on the basis of this sort of hypocrisy.

I was interested in a comment made by the American Ambassador to Australia in a speech he gave here in Canberra, reported in the Canberra Times. He said:

I have a test—if you are sending someone’s son to war you have to be prepared to send your own son.
I agree with him and I think that is a pretty fair test that all of us in this chamber should have a bit of a think about. I have got two sons and a daughter who are of military service age. They are not in the military but I can tell you that I would not under any circumstances want to see them involved in a war in Iraq on the evidence before us now. I think that is a test that people around this chamber should apply to themselves.

The President of the United States should apply it to himself. There is no time now, but I commend to people a series of articles in the Washington Post and the Boston Globe during the presidential election campaign, which address George W. Bush’s own military service—or lack thereof—during the Vietnam War. They make for some very interesting reading and I hope to have an opportunity to put some of that on the record at some later stage, because when he had the opportunity to stand up for his country during the Vietnam War, he certainly did all he could to avoid that commitment.

I am also moved by the contribution of American General Anthony Zinni, whose past appointments include commander-in-chief of the US Central Command, which commands forces in the Middle East and Central Asia, from 1997 to 2000. He knows a bit about this region of the world. Because of that experience he has been appointed as a US Middle East envoy by the current President. Only last month in a speech to a group in Florida, he said:

Attacking Iraq now will cause a lot of problems. ... If you ask me my opinion, General Scowcroft, General Powell, General Schwarzkopf, General Zinni, maybe all see this the same way. It might be interesting to wonder why all the generals see it the same way, and all those that never fired a shot in anger and are really hell bent to go to war see it a different way ... The Middle East peace process, in my mind, has to be a higher priority. Winning the war on terrorism has to be a higher priority. More directly, the situation in Afghanistan, Pakistan, Central Asia needs to be resolved, making sure al Qaeda can’t rise again from the ashes ... There is a deep chasm growing between that part of the world and our part of the world.

And it’s strange, about a month after 9/11, they were sympathetic and compassionate toward us ... how did it happen over the last year? And we need to look at that—that is a higher priority.

General Zinni is absolutely right. We should heed his advice, which I would love to quote more extensively, because he is giving advice to the President of the United States as a senior adviser. We should look carefully at the evidence. If the President of the United States or the Prime Minister of Australia want to present the case, they should do so because the case has not been made. If the case is going to be made and lives are going to be lost, that case has to be overwhelming. War is the last resort. It is a failure of international diplomacy. We should not be talking it up; we should be seeking a resolution through all other means. (Time expired)

Mr PYNE (Sturt) (10.44 a.m.)—I wish to pick up on only one point made by the member for Brisbane—although there were many in his speech that I could pick up on—and that is his recitation of the number of countries in the world that have weapons of mass destruction. He pointed out that 33 countries other than Iraq have weapons of mass destruction, 17 have nuclear weapons, 26 have chemical weapons and 20 have biological weapons; that is what we know. To suggest that, therefore, Iraq is of a moral equivalence to the other countries that have weapons of mass destruction is absurd. The truth is that Iraq has used its weapons of mass destruction, 17 have nuclear weapons, 26 have chemical weapons and 20 have biological weapons; that is what we know. To suggest that, therefore, Iraq is of a moral equivalence to the other countries that have weapons of mass destruction is absurd. The truth is that Iraq has used its weapons of mass destruction—biological and chemical—against its own people, the Kurds, against different sects of the Muslims within Iraq, against Israel and against Iran. The fact that other countries have these weapons is not of as great a concern to the world community as it is for a dictator like Saddam Hussein to have weapons of mass destruction with the propensity that he has demonstrated for over 20 years to use them against his people.

I think that is a substantial point in the debate and I am sorry the Labor Party has not recognised it. I do not wish to politicise its position, but it is true that the Labor Party is perilously close to suggesting there is a
moral equivalence between Iraq and other countries with weapons of mass destruction by failing to point out that there is a difference between a weapon of mass destruction in the hands of a Saddam Hussein and such a weapon in the hands of a person in a freedom-loving democratic nation that has not ever before declared war on any other country.

The events of the last 72 hours have created new hope in the fight against terrorism and in the struggle for peace in the Middle East. It is generally encouraging that the Iraqi government has indicated a preparedness to allow unconditional inspections for weapons of mass destruction in its territory. But we would be wise to remain cautiously optimistic as to what level of cooperation we can expect from Saddam Hussein’s regime. Hussein’s change of stance on this issue should not be viewed by the international community as closure of what remains a very serious issue and an ongoing threat to international peace and security. We can be sure that Iraq’s decision to allow unconditional inspections was not made out of any genuine concern for peace but rather was a strategic retreat. But we now have a platform from which the United Nations Security Council, in coordination with UNMOVIC, can implement a decisive program to rid us of any threat of the use of weapons of mass destruction against any nation.

Although it is a positive step forward, I remain sceptical on the issue of unconditional inspections for a number of reasons. Saddam Hussein’s defiance of the international community and his government’s long history of deceptive practice in frustrating previous inspections has led me to this point. When the United Nations Special Commission, UNSCOM, was in operation in Iraq from 1991 to 1998, inspectors were constantly hindered in their efforts to obtain physical, verifiable evidence that Iraq no longer possessed or produced weapons of mass destruction. An Australian, Richard Butler, was head of UNSCOM from 1996 to 1998. In his final report to the UN Security Council, he conceded that the investigative function of UNSCOM could not verify whether all weapons of mass destruction had been destroyed due to the uncooperative Iraqi government. His conclusion was that he could not properly complete the assignment under the circumstances with which he had been presented. More recently, the British International Institute of Strategic Studies dossier of 9 September 2002 stated that Iraq probably has chemical and biological weapons.

Pointedly, the Iraqi government has never provided any verifiable proof that it no longer produces weapons of mass destruction, and reservations exist that this latest decision by Iraq to facilitate access of the United Nations weapons inspectors will just involve more Iraqi hindrances. To date, the United Nations Security Council has bent over backwards in its negotiations with Iraq on the issue of weapons inspections. This is particularly evident through the redesign of UNSCOM to produce the new investigative body known as UNMOVIC, the United Nations Monitoring Verification and Inspection Commission. This new investigative body is composed of fresh staff in relation to those involved with UNSCOM, and the involvement of the United States is severely limited. Iraq has little ground for complaint.

I agree with the foreign minister’s statement yesterday in which he indicated that Iraq must not come up with any new conditions—other than unconditional and unrestrained weapons inspections. Nations like the United States, Britain and Australia have shown great diplomacy and restraint in their dealings with Iraq. If, as it is said, victory belongs to the most persevering, then this decision by Iraq can be seen as a small victory for peaceful nations of the world in the bid to rid Iraq of weapons of mass destruction.

The Iraqi government has demonstrated through its latest decision that it is willing to comply with the United Nations resolutions, but simply allowing inspectors in is not sufficient, and this must be recognised. Inspect-
tors must be unimpeded in their investigations to rid Iraq of weapons of mass destruction and our government must encourage the Iraqi government to allow this. Until this occurs, Iraq still poses an imminent threat to its neighbours and to the global community.

Israel has been the constant target of much of Iraq’s bellicose rhetoric. More than that, Iraq has continued to support terror against the innocent people of the state of Israel in suicide bombings and other forms of terror and has gone so far, as we remember during the Gulf War, as to fire Scud missiles at Israel—which succeeded in arriving in Israel and killing innocent Israeli civilians. If Saddam Hussein fails to comply with yesterday’s undertakings to allow unconditional inspections, then severe penalties must be implemented swiftly. The threat to world peace of Saddam Hussein cannot be left to continually linger. Hussein has given himself the opportunity to comply with UN inspections, and any sign of waning support for these inspections to occur in an unrestrained and unconditional manner must be acted upon immediately and harshly.

The turn of events in the last 36 hours will be seen to return some stability to Australia’s export market in both the Middle East and Iraq. Australia has been a longstanding commercial wheat supplier to Iraq, particularly through intense political difficulties and military action. Despite Iraqi government policy, Australian farmers and exporters have continually supported the people of Iraq, and any threat by Iraq to halve Australia’s allocation under the Oil-for-Food program would be a disappointing outcome for this partnership.

It is important that Saddam Hussein, having taken this decision to allow inspectors back, also works aggressively to build human rights conditions similar to those that we would expect in developed countries. Allowing full unconditional weapons of mass destruction monitoring and verification to check Iraq’s compliance with obligations not to re-arm is a step in the right direction in achieving this, but it is only the beginning. Iraq must act responsibly in returning itself to a state that supports regional and international peace, and must be committed to fully restoring human rights to its own people. What we have today is optimism that Iraq has taken the first step of many in ridding itself of weapons of mass destruction. I would urge us to react cautiously to this news but with hope that today is the beginning of a new era for Iraq, for the fight against terrorism and for regional peace. I support the statement made by the Minister for Foreign Affairs in the House yesterday.

Mr QUICK (Franklin) (10.53 a.m.)—Like others in this place, I welcome the opportunity to speak on the ministerial statement on Iraq. At the outset of my speech, I would like to comment on some of the previous members’ contributions. I do not refer to the honourable member who just preceded me, the member for Sturt. I honestly cannot believe just how bland and lacking in emotion some of these speeches have been. This issue—potential war in the Middle East—surely has the potential to be as divisive for Australian society as our involvement in the Vietnam War, unless we do something sensible. I would like to think that in this debate we should be fair dinkum, speak it as it is, and not merely lapse into political speak and trot out trite statements. As honourable members will know, I have been somewhat outspoken on this issue in the media over the last couple of days. I have done this because I share a belief that what is happening in this country on this issue is inherently wrong. Publicly, I have called the United States President, George W. Bush, a crazy bloke. I consider that the American attitude to the whole issue of Iraq is totally objectionable, and that Australia should not be involved in any war against Iraq.

At the outset, I want to state that I spent some time in Kuwait a few years ago. I experienced first-hand the destruction meted out by the Iraqi regime during the Gulf War in 1990-91. I am certainly not an apologist for Iraq. I understand what Saddam Hussein has done in the past and the potential he has
to wage war in the future. But I think that in this debate we are not being honest with ourselves; we are looking through rose-tinted glasses. As a bit of an amateur historian—and as a consequence of this visit to Kuwait, a visit to the Iraqi-Kuwaiti border and discussions with the United Nations forces up there—I have immersed myself in an in-depth study of the area, reading widely on the historical background to the region and the conflicts that have occurred there over the decades.

Following my statements yesterday, my offices here in Canberra and back in Bridgewater in Tasmania have been inundated with emails and phone calls, all of support for the stand I have taken. These messages have come from people from all walks of life, from all political persuasions and even from overseas. I would like to quote briefly from a couple of them. One says:

I read some of your comments regarding Australia’s involvement in a possible war against Iraq, and wanted to pass on my support. I am pleased to see a Federal Labor MP taking a principled stand on this issue.

Here is another:

I’ve just heard your comments on the midday news and wish to wholeheartedly applaud your public stand against Australian involvement with the US in Iraq. Well done!

And another:

Just heard you on radio national talking sense on the subject of Iraq. The inconsistencies in the argument for an invasion is frustrating and potentially tragic. If the reason for war is connection with Bin Laden, why not invade Saudi Arabia? If it’s the bomb ... why not Pakistan, or Israel?

I even received one from my daughter Sarah, who is in London:

Hi Pa. ‘pre-emptive strike’ on Iraq. Love the language. How about unprovoked attack?

I can tell honourable members that I have been neither an American sycophant nor a blind follower of US foreign policy. I have spent many pleasant times over the years touring the USA. My first visit was in 1966, and my last time there was in 1996. I have a brother and his family living in New Jersey, and numerous American cousins living in California. Having spent quite some time getting to understand the American psyche, it is painfully obvious to me that as a nation the Americans have a complex—the imperial complex. Much has been said and much has been viewed and reviewed on the tragic events of September 11, 2001. We heard Americans ask on that fateful day, ‘Why us?’ But I would ask this: how many Americans, let alone others in Western countries, remember September 11, 1973? What happened as thousands of men and women died in Chile’s US-backed coup against the democratically elected government of Salvador Allende?

In this debate, I would like to bring members’ attention to an article by George Monbiot appearing in the United Kingdom Guardian newspaper on 6 August, 2002. He points out in this article a range of actions by President Bush and the US government that should cause us all concern. For example, the United States government has torn up more international treaties and disregarded more UN conventions than the rest of the world has done in the past 20 years. It has abandoned the biological weapons convention, while experimenting illegally with biological weapons of its own. It wants weapons inspectors in Iraq. Fine, we all do. But the US has refused to grant chemical weapons inspectors full access to its own laboratories, and has destroyed attempts to launch chemical inspections in Iraq.

What has the US government done to the anti-ballistic missile treaty and the test ban treaty? It has permitted CIA hit squads to recommence covert operations of the kind which included, in the past, the assassinations of foreign heads of state. It has sabotaged the small arms treaty, undermined the international criminal court, refused to sign the climate change protocol and last month sought to immobilise the international convention on torture, so that it could keep foreign observers out of its prison camps in Guantanamo Bay. Even its preparedness to go to war with Iraq without a mandate from the UN Security Council is a defiance of in-
intemational law—in my mind, far graver than Saddam Hussein’s non-compliance with UN weapons inspectors.

I agree with the Leader of the Opposition that the option we now see being implemented could have been possible much earlier if the US and Britain, the two countries beating loudest on the war drums, had considered more relevant options at the time. As the Leader of the Opposition said:

This is something that could have been achieved earlier had the UN mechanisms been invoked earlier. Had there been a preparedness to use the international forums to try to bring closure to this issue earlier we could have seen progress made a lot earlier. This is a welcome breakthrough today, let’s build upon it and work towards a peaceful solution.

It is very interesting to see the views espoused on the issue by two world leaders I really admire: Nelson Mandela and the Dalai Lama. In one of the books on the Dalai Lama there is a passage that I would like to quote today. To me it challenges all of us as we contemplate what we are on about here today and where we might head in the future. The book says:

‘Unless there is a new millennium inside, then the new millennium will not change much—same days and nights, same sun and moon. The important thing is transformation, new ways of thinking.’ He dreams of a world in which truth and justice will prevail and peace can become a reality. A demilitarised, democratic world in which human rights are respected: ‘There can be no peace as long as there is grinding poverty, social injustice, inequality; oppression, environmental degradation, and as long as the weak and small continue to be down-trodden by the mighty and powerful.’ A pipe-dream perhaps, but he is convinced that such a world will never come about through violent means, for ‘violence ultimately leads to the betrayal of even the noblest cause.’

Mrs DRAPER (Makin) (11.01 a.m.)—It is appropriate in the heat of the debate about the situation in Iraq and the international efforts against terrorism that we give voice to the concerns expressed by the people of Australia. The world changed on September 11, 2001 and this is reflected by the growing sense of unease about the international situation and Australia’s role in the world.

My constituents are particularly concerned about the talk of Australia being involved in a war with Iraq. They are also concerned about the possibility that a terrorist attack could take place in our own country. Naturally, they demand and expect that their government acts to put the interests of this nation first at all times. Thankfully, we have a Prime Minister who always places the national interest first and foremost. The Prime Minister’s efforts in seeking a peaceful and diplomatic resolution to this issue are understood and appreciated by my constituents.

The images of September 11, 2001 still haunt us. The pain and suffering, the death and destruction—nothing can ever justify the evil actions perpetrated on that day. Let us not forget that Australians died in that attack, alongside people from all over the world. It was an attack not just upon the United States of America but upon the free world generally. It was a blow against everything that we cherish and stand for, everything that makes us proud to be Australians.

The terrorists wanted to strike a blow against our virtues. They despise our freedoms, our liberties, our democracy and our prosperity so they set their sights on symbols of that freedom and prosperity. The twin towers may have been destroyed, but the spirit which built them lives on undaunted. President George Bush and US Defense Secretary Donald Rumsfeld spoke eloquently on behalf of the American people at the rebuilt Pentagon on the first anniversary of the attack. The very moving ceremony at ground zero in New York was, in itself, a solemn act of defiance against the terrorists. We shall not forget those innocents who died and their deaths shall not have been in vain. I share my constituents’ abhorrence of war. As one who has served in the Women’s Royal Australian Navy, I understand the sacrifices that the men and women in our defence forces may be expected to make and I am ever conscious of the need to keep Australia and Australians safe from the evil deeds of terrorists.
The United States of America and its people are one of our greatest allies and friends in the world, but Australia’s foreign policy must be its own. Australia has never shirked its international responsibilities and has always played its part in the defence of freedom and democracy throughout the world. The sacrifices Australians have made, as a people, have often been above and beyond all that could have been expected of us. At the end of World War II, Australia played a major role in the establishment of the United Nations and our commitment to giving peace a chance cannot be challenged. But in those famous words which adorn so many of our national monuments throughout the nation: ‘The price of liberty is eternal vigilance. Lest we forget.’

In assessing the situation in Iraq we must ask ourselves: what is different about this regime compared with the many other dictatorships that, sadly, remain in our world? The answer is that the regime in Iraq is an aggressor. Its intentions were already made clear when it invaded Kuwait more than 10 years ago and, if left unchallenged, it would have made war against its other neighbours.

Once again, Australia played an important role in the liberation of Kuwait and our navy personnel aboard the HMAS Melbourne and the HMAS Arunta continue to operate a successful naval blockade in the Persian Gulf. We do so under the auspices and with the clear authority of the United Nations. Since 1990 the United Nations has passed numerous resolutions calling on Iraq to destroy all its weapons of mass destruction, allow inspection by internationally accredited weapons inspectors, cease giving support to international terrorism, end its repression of its civilian population and stop using force to threaten its neighbours or United Nations operations. To date the Iraqi regime has failed to honour any of these conditions and has ignored the legitimate demands of its people and the civilised world. If Iraq does allow the return of weapons inspectors, they must have no restrictions applied to them in carrying out their work on behalf of the international community and they must be protected. The credibility of the United Nations is at stake on this issue. The Security Council must insist that Iraq comply with all UN resolutions or face the consequences.

US President Bush and Secretary of State, Colin Powell, have shown that they are willing to work with the UN and their allies. The tide of world opinion is beginning to move in their direction as more countries give support to the strong stance they are taking against the Iraqi aggressor. This week, we have already seen reports that both Egypt and Saudi Arabia have given tacit support to military action against Iraq if Iraq fails to comply with the UN resolutions. Saudi Arabia has even said it would be willing to allow allied troops on its soil. This follows the support already being given by Kuwait and Qatar.

I also note the comments of former chief UN weapons inspector Richard Butler in today’s edition of the Advertiser, in which he warns against trusting the words of the Iraqi regime. Commenting on Iraq’s announcement yesterday that it may allow the return of weapons inspectors, Mr Butler says:

... the letter involves a glaring omission.
Why didn’t it pledge that when those inspectors get there, they can inspect without condition?

... ... ...

Return without condition does not mean inspection without condition and that’s the acid test.

... ... ...

The Iraqis are trying to break up the remarkable unanimity the Security Council developed over the past five days, in the same way they always have.

No one should be grateful when the Iraqis say they won’t impose any such conditions. They have been a serial violator of international and human rights law.

... ... ...

Saddam Hussein is addicted to weapons of mass destruction, he’s shown this over almost 20 years. Those are the words of Mr Richard Butler who has, until now, been a critic of the West’s actions in relation to Iraq. The threat to Australia and to the world from the Iraqi
regime comes from its ability to create weapons of mass destruction—in particular, a nuclear bomb. Should this occur, the world will be plunged back into another Cold War. The last one lasted for 70 years and we witnessed the deaths of millions.

The men and women who helped to establish the United Nations were visionaries who saw, within this forum, the ability of peace-loving people to put a stop to aggression. But peace depends upon our willingness, as the inheritors of their vision, to defend the peace. I support the actions of this government and, in particular, the efforts of the Prime Minister and the Minister for Foreign Affairs in seeking a peaceful and diplomatic resolution to the present crisis but one that does not allow Iraq to continue its violation of the United Nations resolutions and its aggression against both its people and the world community. It is not in the interests of this nation, nor of any nation that stands for peace, freedom and democracy, to let aggression go unchecked. It is also not in the interests of the international community of free nations to ever give up hope for peaceful and diplomatic solutions.

Ms GRIERSON (Newcastle) (11.10 a.m.)—I rise to make my personal contribution to the current discussion on the Iraq situation. On my side of the House, the opposition side, I am one of a group of committed members of parliament who, every time they stand in this House, feel a greater responsibility for representing the Australian people than they do for posturing and strutting on the international and political stage—thank goodness. Threats of engaging our defence forces are nothing more than reckless bravado by the government. They are hollow threats that can only inflame a difficult security situation and damage our credibility as a nation—a nation that has always taken a strong position on global and collective responsibility, a nation that has always been regarded by our international allies as one that stuck to the rules and protocols devised by the United Nations in the interest of global unity, and a nation that believed in the positive and peaceful resolution of international conflict wherever possible.

How things have changed! Under this present diminutive government, Rambo rhetoric is seen as a suitable substitute for international diplomacy. Playing lap-dog to the United States of America without thought of the consequences for our nation is supposedly being tough. Minister Downer was talking tough until our wheat farmers’ livelihoods were threatened. Prime Minister Howard was talking tough until the opinion polls showed Australians want some assurances and conditions met before they would commit to any military action—conditions such as United Nations enforcement of Iraqi compliance regarding weapons reduction and eradication. But the Australian people observing the political seesawing by the Prime Minister and his Minister for Foreign Affairs have been left feeling very insecure indeed.

I contrast that with the position of the Labor opposition in this House. In April of this year, we outlined the federal opposition’s policy on Iraq. These policy recommendations established a set of core principles and a process against which the federal opposition would consider any support for US-led military action in Iraq. Those two key principles were that United Nations based diplomacy should be pursued first and that, if that failed, a case for military action would have to rest on evidence of a significant increase in Iraq’s weapons of mass destruction or evidence of Iraq’s complicity in the terrorist attacks of September 11.

In maintaining this consistent and unanimously supported position, we have also demanded full and complete briefings of the Leader of the Opposition and a full debate by the parliament. These have been reasonable requests and very reasonable and reasoned policy positions. I am pleased to be a member of an opposition that has shown such leadership, diplomacy and adherence to principles of global cooperation in the resolution of conflict. It is this steady and cool thinking that is needed when dealing with international and national security. It is this steady
and cool thinking that has been absent from the government’s actions.

In recent developments, Iraq has responded to the United Nations demand that UN weapons inspectors resume their scrutiny of Iraqi weapons production capabilities and removal of weapons of mass destruction. Again, thank goodness. United States President George W. Bush seems to be somewhat moderated by wiser heads and has now addressed the United Nations, indicating a new willingness for UN leadership on the Iraqi issue. Iraq has historically been an aggressor, an oppressor of its people and a deceiver of its international neighbours. There is no guarantee that these weapons inspections will be unfettered, credible or open to full scrutiny, but at least United Nations control of this process will be a beginning of managing the outcomes that may occur and hopefully avoiding military conflict. From these inspections and monitoring, it can be anticipated that evidence will be compiled and assessed. As a result, recommendations will be put to the UN Security Council, and that is the correct place for these deliberations and resolutions.

But what do we stand to lose if these actions are unsuccessful? Perhaps we should revisit some of the statistics of the Gulf War to remind us of the costs. There were 750 Australians in the Gulf War, fortunately with no casualties, according to the Australian War Memorial records. But with 90,000 tonnes of bombs dropped and over half a million troops deployed by both Iraq and the allied forces, no-one can forget the threat to life, the threat to the global environment and the threat to international stability. In the allied forces, 166 troops died, 207 were wounded and 106 were missing or imprisoned. Iraqi casualties were estimated to be between 50,000 and 100,000. It is hoped the Iraqis remember these sobering statistics.

In this country, we have other memories that serve us well in reminding us just how fortunate we are to live in peace. Every week, as members of parliament, we deal with the legacy of war and military action. The veterans of these conflicts are amongst our constituents, and we experience first-hand the hardships many continue to face in their daily lives. For some, their experiences in war strengthen them, but others suffer ongoing health problems and relive each day the trauma of war—trauma that lives on in their hearts, minds and psyches.

I remember a friend talking to children about his experiences in Vietnam. Fortunately for him, his time in that country was mostly routine with no major encounters with the enemy. But he recounted the shock he felt when he returned after a year and saw the change in his mother. The nightly television and media coverage had caused her great suffering and anxiety, and she had aged considerably in that time. The impact on families at home is one well known to our legatees and war widows. A reminder of this that I find confronting is the suicide rate of Vietnam veterans. But more confronting is the data that reveals that, amongst the children of Vietnam veterans, there is an above average rate of suicide. So the horror of war, it seems, can be passed on to new generations.

To most Australians, it is self-evident that we must do all we can to avoid conflict. We must not perpetuate the follies of the past. We do not ever wish to see that suffering continue for our present armed forces. As dedicated as they are and as willing as they are to serve their country in ways they have little say in, we must pursue all peaceful ways of resolving conflict. In this new century, new solutions must be found and new friendships forged.

Many of us here have expressed our disappointment with the actions of the US President, in particular. No single person, perhaps, has talked up war as much as George Bush has. We must not be slaves to propaganda and emotional cant. Courage and greatness are not necessarily best shown by force. Might and power must not override global leadership and diplomacy. It is definitely time for clever and steady minds.
Although we may understand that the leader of the United States feels a particular sense of duty to those killed and affected by the September 11 terrorist attacks, wreaking more grief and suffering throughout the world would not appear to be the way to rise above the anger and hurt experienced by the American people. But it seems that America is determined to pursue a unilateral approach to international affairs. For example, its failure to genuinely participate in the Johannesburg environmental conference, its failure to support the International Criminal Court, its approach to the World Trade Organisation and its failed diplomatic efforts to resolve the Israeli-Palestinian conflict are matters of great concern and regret. Only through genuine global agreements that put collective needs before individual national interests can a better and more secure world be created.

Noting the Australian casualties of September 11, we are reminded that we do live in a global village. Globalisation sees Australians living, travelling and working in many different parts of the world. I wonder how many members of this House currently have family living, working or travelling overseas. I imagine there are many. Because of globalisation, we have a widened responsibility. We can no longer pretend that distance, isolation and American might can protect us. Should we also ascribe to US isolationist and unilateral policies, we put our citizens at risk not just here in Australia but all around the world. We are part of an international community and we must take our responsibilities seriously. Unfortunately, it seems these are lessons the current government fails to learn.

In this debate, it is also important to consider what Australia’s role should be in contributing to international security and peace. Having recently participated in the Australian Defence Force Parliamentary Program, I was able to speak to many of our Defence personnel and learn of their experiences in the Gulf, Afghanistan, East Timor, Papua New Guinea and Bougainville. I came to the conclusion that the greatest contribution we can make to world peace and stability is support for security and stability in our own region—the Pacific and South-East Asian region. This is an area of foreign affairs I think this nation has been neglecting.

We need to ensure we have exemplary joint programs and programs of exchange in education, diplomacy, culture, sport, the arts, trade agreements, aid programs and our treaties. Through these programs, we can foster mutual respect, tolerance and understanding and further strengthen friendships with our near neighbours. We do not need to look far to find internal conflicts in our region that threaten peace and security. The Solomons, Fiji, the Philippines, Bougainville, East Timor and Indonesia all experience some instability and internal conflict. There is much for us to do.

I pay tribute today to the Australian people who have made their voices loudly heard on the Iraq issue. They have clearly told this tough-talking Prime Minister that hollow words and reckless bravado are no substitute for international diplomacy. They have clearly told us here to pursue all diplomatic solutions for the peaceful resolution of this international security threat. (Time expired)

Ms PANOPOULOS (Indi) (11.20 a.m.)—In listening to some Labor speakers, one might draw the conclusion that, in many respects, this debate on Iraq, from Australia’s point of view, is abstract and esoteric. But it is a debate about a potential war between two nation states in conflict. Australia is apparently seen by many Labor members as an innocent party that, by virtue of its alliance with America, may be unwittingly drawn into a conflict in which it has no direct interest or responsibility. There seems to be little appreciation or, at the very least, acknowledgment by some that Australia is part of this global war against terrorism. International terrorism is a real and present danger for Australia and the Australian people.

However moved we may be by the evils of September 11 and the pictures we saw on the television screen—however graphic, however horrible, however real—the harsh
and brutal reality could never begin to be felt by people 10,000 miles away, snug in the misguided notion that this is someone else’s war. To begin to imagine two giant airliners crashing into the Rialto Towers in Melbourne and those buildings vanishing, not into rubble but into dust, is almost inconceivable. To grasp the fact of over 2,000 office workers simply disappearing without a trace in a split second—vaporised, no bodies, no remains—just as if they had never existed is something that is almost beyond the capacity of most people to conceive or comprehend.

Australia is not, and never will be, immune or quarantined from exactly the same level of disaster as long as international terrorism is able to hide, flourish and operate with the support and assistance of sympathetic rogue nation-states who share their views and values. In the same way that the thought of the destruction of the World Trade Towers and the mass murder of thousands of innocent Americans simply going about their lives was inconceivable just over a year ago, the thought of the use of weapons of mass destruction, which could result in the murder of hundreds of people in any city in the Western world, almost defies belief. That, however, is the prospect which has brought on this debate. The hideous nature of weapons of mass destruction has already been desensitised by the manner in which we now tend to refer to them. We have slipped into the habit of referring to them as WMD, which conveys nothing of their horrendous evil. Perhaps international terrorism will always exist in some form. The cruel, murderous and fanatical beliefs of Al-Qaeda and others always find followers. Fanaticism is as old as mankind itself.

The essence of this debate is not about eliminating Saddam Hussein, it is not about regime change and it is not about President Bush completing his father’s unfinished business, as some Labor members would have us believe. It most certainly is not, as the Labor member for Franklin so ineloquently put it:

He just wants to justify getting in there and having a real ding-dong go. And I think we’ve been caught up in this 9/11 hype and I think it’s ridiculous. I think we should stay right out of it.

The member for Fowler continued Labor’s frolic of unreality when she said earlier today that we need nothing less than a smoking gun. This is perhaps the dimmest statement to come out of the Labor Party on this issue so far.

The fundamental nature of this debate is about removing weapons of mass destruction which mean that Al-Qaeda and other international terrorists can inflict horrors on the world on a scale previously unimaginable. In all probability, Al-Qaeda and its network of terrorists could not have executed so effectively the ghastly carnage they did in New York, Washington, the US embassy in Nairobi and the US embassy in Dar es Salaam without the support of the Taliban regime of Afghanistan amongst others. The likelihood of terrorists obtaining weapons of mass destruction is greatly reduced without access to them from a nation-state. The sophistication of their creation militates against terrorists developing them—this is not to say that in some form they cannot be developed without such assistance. There is indisputable evidence that Iraq has in the past developed chemical weapons and there is no doubt that it has in the past and continues to attempt to develop nuclear weapons. As a parliament, we cannot ignore Iraq’s track record and its immediate ability to engage in terrorism.

The September 11 attacks on the US represented a fierce backlash against the modern world. It is against this backdrop that the world finds itself facing serious challenges in confronting the dangers of both terrorist and mass destruction weaponry regimes. Very few media and public comments on this issue have covered the real implications of Iraq stockpiling weapons of mass destruction and being an exporter of terrorism. Until very recently, the debate was couched in language of affirmative or negative responses to a hypothetical question of whether or not Australia should be involved in military action
against Iraq. Unfortunately, much of the present debate has been struck down in rhetoric based on the simple prospect of a yes or no to Australian participation in military action. Rather than requiring a response of yes or no, Australian interests would be better served by questioning why or why not military action might be necessary at some point. This is the fundamental issue in assessing present attitudes towards possible military intervention in Iraq. This requires an assessment of why Iraq has these weapons and capabilities, and what responsibilities we have as part of the international community to deal with this threat.

We should all be concerned at the prospects contained within the report released recently by the UK based International Institute for Strategic Studies, which details Iraq’s situation and its capabilities. It states: The retention of WMD capacities by Iraq is self-evidently the core objective of the regime, for it has sacrificed all other domestic and foreign policy goals to this singular aim. It has retained this single objective, and pursued it in breach of the ceasefire and UN Security Council Resolutions that brought a conditional end to the 1991 Gulf War. Over more than eleven years the Iraqi regime has sought to evade its obligations and undermine support for the sanctions and inspections regime meant to eliminate its WMD capacities ...

Many have said that the delay in allowing UN weapons inspectors is just another tactic to delay the inevitable. I hope that this is not the case, but I fear it to be so. The only reason Iraq has now allowed UN inspectors onto its shores is due to President Bush’s recent address and the support of Saudi Arabia. Had we relied on the UN and its actions, nothing would have happened.

We know that Saddam Hussein has rebuilt the chemical plant at Al Dura that had previously been destroyed by UN inspectors. We know that Hussein may be capable of producing a destructive nuclear or chemical weapon within the short term. We may not know all the facts regarding Iraq’s activities and capabilities, but we know enough. If terrorists and terrorist sponsor nations have unfettered access to weapons of mass destruction, future attacks may involve the deaths of hundreds of thousands of innocent lives. A do-nothing or indifferent approach will not solve the problem of Iraq stockpiling weapons of mass destruction. If a rogue nation sponsoring terrorism is allowed to flourish as is occurring with Iraq, the international community must act to eliminate the harmful effects of such a regime. It is our duty to force members of the international community like Iraq, who pose a threat to us, to comply with the basic requirements of international law. In comparison to the threats we face, we are asking for very little.

Terrorist activity utilising weapons of mass destruction is not a preposterous notion. The September 11 attacks on the US proved this. What if the next target is closer to home, perhaps even on our shores? Is it an unthinkable notion that Australia might be one of the many targets in this campaign? We know that terrorists are stockpiling explosives in South-East Asia, and it was only last week that the Australian embassy in East Timor was closed after intelligence sources warned of a terrorist threat. Recently, we have learned that in the last month 21 people were arrested in Singapore as suspects in a plan to bomb the Australian embassy there. Most of these terrorists had links and were trained in Al-Qaeda camps.

Australia must support sound and effective measures to deliver lasting security arrangements for the sake of our people and the international community. We cannot be held to ransom, we cannot be made to live in fear by fanatical, amoral terrorists. We are faced with a clear choice. If we fail to act, future generations may ask why we did nothing. If we meet our responsibilities and pursue the elimination of both harmful weaponry and the escalation of terrorist attacks, we can be sure of doing the best by the Australian people. We should not contemplate standing by and doing nothing while harmful regimes, such as that in Iraq, flourish. We should stand up for both our own and international security, and protect the democratic
freedoms and the tolerant way of life which we as a country rightfully cherish and enjoy.

Ms GEORGE (Throsby) (11.30 a.m.)—If we have learned anything from the wars of the last century, it is that we should be quite certain that military engagement is contemplated only as the very last resort. The Australian people rightly expect that any decision by their government to commit troops to a conflict—that is, to risk lives and to take lives—must be based on a dispassionate assessment of the evidence at hand. In the past six months, the Iraq debate has divided the Bush administration between those wanting to see immediate military action to effect what they call ’regime change’ and the more moderate voices calling for a multilateral effort based on the authority of the UN Security Council.

Along with the majority of Australians, I was relieved that the voices of moderation prevailed. That is not, however, to underestimate the influence of those who from day one have had the notion of a pre-emptive strike and ’regime change’ at the core of their considerations. Domestically, when caution and moderation were required, regrettably our own foreign minister was on the bandwagon, referring to Labor’s position as one being akin to appeasement and even going so far and stooping so low as to accuse the Leader of the Opposition of ’talking like Saddam Hussein’. Thankfully, even the RSL president was moved to intervene in the public debate, urging that that kind of rhetoric be wound back.

Ultimately, through the pressure of Australian public opinion, this government has come full circle in its policy approach. The Howard government has now been forced to accept the two main elements that Labor had pursued from the beginning: first of all, a full and open parliamentary debate, with the notion of taking the Australian people into the government’s confidence and presenting evidence to justify the strategies that they would want to pursue; secondly, and thankfully, an agreement—albeit at times tentatively expressed—that this government should work through the UN system to enforce Iraqi compliance with their decisions.

Despite yesterday’s recital of the litany of sins of Saddam Hussein and his regime, the Australian people are several steps ahead of government members on that matter. I do not believe the Australian people need to be persuaded that Saddam Hussein leads a repressive and oppressive regime and has undertaken some horrendous actions against his own people. He is guilty of atrocities, but he is not alone in the world. He has stores of chemical and biological weapons and agents, but he is not alone in that either. He has defied UN resolutions but, again, he is not alone in that.

People are increasingly concerned about the double standards that prevail in international politics. That, in itself, is the source of much bitterness and anger in the world today. All reasonable people throughout the world understand and empathise with the American people and their feelings of vulnerability and insecurity post those horrendous events of September 11. But these shocking events do not give the United States the imprimatur to act as the moral arbiter for the whole world. There is no justification for unilateral military action against Iraq, for where does one draw the line? Does the actual possession of weapons of mass destruction justify possible intervention in other countries with such weapons, notably North Korea, India, Pakistan, Israel and China? Obviously not. Iraq itself faces a neighbourhood where several countries are themselves developing nuclear, chemical and biological capabilities. In addition to Israel’s extensive nuclear weapons program, Syria, Iran and Egypt are all suspected of developing weapons of mass destruction programs as well. However, there is no talk of these risks to the stability of the Middle East. In the words of one recent commentator:

You cannot get more lawless than mounting an attack on a country where there has been no provocation and scant evidence of an imminent threat.
That is why Labor has argued that the ends do not justify the means. At all times, we believe that we must act within international law as good international citizens and to do so to enforce and secure Iraq’s compliance. After all, it is within international law that we are demanding that Iraq comply, and the best way to ensure compliance—as we have seen with yesterday’s welcome announcement by Iraq to allow the inspectors back in—is through multilateral action sanctioned by the United Nations.

The UNMOVIC inspectors should be given unconditional and unfettered access to enforce their mandate. One can only pray and hope that a satisfactory and peaceful outcome will prevail. In the meantime, the United States, in my view, needs to respect the decisions of the Security Council and allow the inspectors to get on and do their important work. Regrettably, the continued threats of unilateral military action we heard last night and this morning have not abated. The evidence presented to this parliament and to the Australian people does not justify this option—an option regrettably still being pursued by some within the United States administration.

We have argued that any case for military action would need to be made on the basis of one or other of the following grounds. Firstly, the grounds of evidence of Iraq’s complicity in the terrorist attacks of September 11. It does not help when we hear the hyperbole from some government members, when no such evidence has been presented to the world. UK Foreign Secretary, Jack Straw, said:

I have seen no evidence to link the Iraqi regime with Osama bin Laden, Al-Qaeda or the Taliban.

Secondly, Labor has argued that we would need to have evidence of a significant increase in Iraq’s weapons of mass destruction capability and threat. I accept, as all do, that Iraq retains stockpiles and stores of horrible chemical and biological weapons. It has not been established to date, however, that these capabilities have rapidly increased in the absence of UN inspectors, although I acknowledge that UNMOVIC officials have described the biological weapons program in Iraq as a ‘black hole’ in terms of their knowledge about what the Iraqis might still have in their inventory. The world awaits the results of their investigation, appreciating the toxic and lethal nature of these agents.

Thirdly, I contend that there is no evidence that Iraq has a nuclear weapon or will soon have one, unless Iraq is able to get fissile material on the black market. As recently as January 2002, the International Atomic Energy Agency reported that:

... there were no indications that there remained in Iraq any physical capability for the production of weapon useable nuclear material of any practical significance.

I reiterate that the ALP has always sought a test that has to be there and presented in the terms of new evidence. I think this government failed the Australian people in its presentation yesterday of evidence that has been on the public record since as far back as 1999. There has been no new evidence presented to the parliament or to the people that would lead one down the route of a unilateral pre-emptive attack of a military nature. A new consensus is emerging in the international community that any action against Iraq needs to be undertaken within the context of the United Nations. It is in our national interest to continue to promote an international framework for peace and security in this very troubled world.

Mr ROSS CAMERON (Parramatta—Parliamentary Secretary to the Minister for Family and Community Services) (11.39 a.m.)—I rise today under obligation, firstly, to the enduring principles of natural law and, secondly, to the more recent principles of international law; firstly, to what is right and, secondly, to the natural instinct one feels to join in multilateral cooperation in pursuit of good causes. The hard question before the House arises in the event that Iraq’s recent indication of openness turns out, as it has in the past, to be a stratagem, a mere ruse to buy time, a tactic to erode the international will to act, rather than a genuine commit-
ment to transparency. It would be nice if the weapons inspectors were allowed unfettered access and if their efforts confirmed the contention of the regime that it does not possess and is not seeking to procure biological or chemical weapons or weapons of mass destruction. But what happens if the inspection provides the reverse or if a genuine scrutiny is rendered impossible, as it was in 1998? Decisions will have to be made. The first is whether the will is present within the UN framework to endorse military action against Iraq. In the absence of that will, it seems likely that the United States would be prepared to act in concert with whichever allies and supporters of her cause would join ranks. Should Australia join ranks with the US under those circumstances?

It requires no great effort to marshal the counsel of caution, and I am not blind to the attractions of that counsel. Military force is a blunt instrument, always involving unexpected or unwanted secondary consequences. Killing of human beings to achieve a political purpose, even a good purpose, always involves some sacrifice of moral authority and tends to perpetuate a cycle of violence with the humiliated seeking later revenge. While military technology is now far more precise and predictable in its consequences, there is no war in history that has not involved death and injury to innocent civilians and few things erode our claim to civility more than the death and disfigurement of the innocent.

The prospect of action against Saddam Hussein is probably lending legitimacy to an otherwise bankrupt dictator. The policy of ‘regime change’ assumes that the new regime is superior to the one it replaces. It seems to me at least theoretically possible that a totalitarian military dictatorship might be replaced by a totalitarian religious dictatorship. Some argue that the United States bears responsibility for the creation of Saddam Hussein as a political force by its support for Iraq throughout the 1980s. In the absence of unequivocal support from the OPEC countries, a war on Iraq could see a spike in the world oil price, triggering a global recession that would draw further innocents into the net and do most harm to the world’s poor.

In urging a decision to send Australian troops into harm’s way, we in this cosseted and distant place would expect to enjoy in large measure protection from the hazards to which we are exposing others. This is an unavoidable consequence of the principle of military submission to civilian authority that is a hallmark of democratic government. Australia is not the culturally monolithic place it once was, with 300,000 practitioners of Islam and 300,000 Arabic speakers, many but not all of whom overlap. I note that their counsel in most but not all cases falls between great caution and adamant denunciation of the use of military force against Iraq—sentiments often coupled with positive antipathy towards the role of the United States in the region, particularly in its support for breaches of UN resolutions by Israel. I respect the fact that many of these Australians maintain strong links to the region and their view is based on first-hand life experience, rather than on the ephemeral or mediated impression the rest of us construct as tourists or readers of newspapers.

The current urgency of agitation on Iraq has come largely from the actions of Al-Qaeda in Washington DC and New York one year and one week ago, resulting in a determination by the Bush administration to conduct a global war on terror. There seems, however, to be no real connection between Saddam Hussein and the Al-Qaeda network. Indeed, the two share little in common except hatred for the United States. One is an utterly conventional, fascist military despot; the other an almost mystic order of religious fanatics dreaming of an Islamic global order. Finally, there is the question of evidence and whether some threshold remains to be crossed to prove to the world community the virulence and capacity of Iraq’s alleged intention to menace its neighbours and detractors. These are the elements, among others, of the counsel of caution.

I note that the logic of Osama bin Laden’s attack on the World Trade Centre was that it
would mobilise the downtrodden Islamic world to rise up and join forces in a new global alignment against the West, against the infidel, in support of the Taliban’s version of militant Islam. There is a sense in which the Bush administration’s response is using the same kind of logic in calling upon every nation in the world to nail its flag to the mast and make a decision. As stated in George Bush Jr’s memorable expression to the US Congress on 20 September 2001:

Every nation, in every region, now has a decision to make. Either you are with us, or you are with the terrorists.

But while I accept that the connection between Iraq and organised terror of a multinational kind is at best tenuous, I also accept that the Iraqi regime is as virulent and as dangerous to the world as Al-Qaeda has ever been. As the Treasurer pointed out, if a small group of well-organised, motivated and well-financed individuals can turn civilian aircraft into missiles, what can an organised, integrated police state supported by oil revenues achieve? No doubt much worse. I regard the suggestion that some evidentiary burden of proof has yet to be satisfied as being a deliberate denial of the last decade. I point to a paragraph from Patrick Brogan’s book *World conflicts: a comprehensive guide to strife since 1945*, in which he said:

The two wars that Saddam Hussein started, against Iran in 1980 and against Kuwait in 1990, cost between 750,000 and a million dead, set back Iran’s economy by 20 years, ruined the Palestinians and left Kuwait a blazing wreck. Iraq was devastated by the air war, and then the Shiite south and Kurdistan in the north were overwhelmed by civil war. The first war cost the combatants at least $500 billion, the second war twice as much. In the modern world, only Pol Pot in Cambodia is a comparable war criminal. Saddam will presumably be removed soon, but the devastation he has wrought and the political consequences of the two wars will persist for a generation.

Interestingly, the observation that ‘Saddam will presumably be removed soon’ was written in the book, published by Bloomsbury, in 1992—a decade ago—yet the will has never been present in the interim to remove him.

Where anyone in the global community puts up their hand for a difficult and thankless task which is effectively to lance the boil of a virulent and determined regime with a consistent track record of malevolence and unprovoked violence, I will feel some obligation, as a lover of freedom and democracy, to respond to that call. I note that John Stuart Mill, regarded as the great champion of civil liberties, once observed on this subject:

War is an ugly thing but not the ugliest of things: the decayed and degraded state of moral and patriotic feeling that thinks nothing worthy a war is worse. ... Any man who has nothing he is willing to fight for, no cause greater than his own personal safety, is a miserable creature who will never be free unless made and kept so by better men than himself.

Mr STEPHEN SMITH (Perth) (11.49 a.m.)—It is a sad fact of human history that the use of military might and resorting to armed conflict is, more often than not, both the first and the last resort in the settlement of international disputes. My view is that this parliament, this nation and its people have an obligation to do their best to ensure that the use of military might, military power or armed conflict is the last resort, not the first resort. That is why I am a strong believer in the view that, in matters international, diplomacy should be our first, most effective and most viable tool.

We saw many advances in the last century, particularly in the second half of the last century. In my view, one of those great advances was the use of public international law to settle disputes. We also saw in the second half of the last century the creation and use of the United Nations as the vehicle for the settlement of international disputes in accordance with international law and for the enforcement of those settlements. So it is through consistency with international law, ideally through the United Nations, that I believe international conflict needs to be resolved. I think that is the Australian view and the Australian way. It is certainly in our national interest to proceed on that basis. As a
country of 20 million people it is certainly, in my view, the case.

The development that we have seen in this century, not the last century, has been global international terrorism. In the second half of the last century we saw national terrorism, continental terrorism and state terrorism, but it was only in this century that we saw for the first time global international terrorism. Public international law and United Nations practice will develop to respond to global international terrorism, just as individual nations have been forced to do since September 11. But our response to global international terrorism, in my view, needs to be consistent with international law. If it is not, immediately the terrorists have won something fundamental and important. What we also saw in the second half of the last century was the creation of, the possession of, and, regrettably, the use of weapons of mass destruction.

That is the context in which the parliament and the nation now find themselves so far as Iraq is concerned. Do we subscribe to the view that public international law is our best vehicle for the settlement of international disputes? Do we believe that the United Nations is the best vehicle for the enforcement of those principles? How do we respond in that context to global international terrorism and the existence of weapons of mass destruction?

I of course welcome the return of UN weapons inspectors to Iraq. That is a victory for those, like people on our side, who have been arguing for some time that action through the United Nations is essential. If that action of itself is successful, then we may well see Iraq rid of weapons of mass destruction. But we should not be naive about this. We are dealing with a shocking regime with an appalling record: not just an appalling record of flagrant ignoring of United Nations resolutions but an appalling human rights record. It is a regime that has committed crimes against humanity—against its own people, the Kurds—used chemical weapons in crimes against its own people in the aftermath of the Iran-Iraq war, which lasted for nearly a decade and saw the loss of over one million people.

Nor should we be naive about the United Nations and its record. But we do have an opportunity here to seek to make the United Nations more effective, not less effective; more viable, not less viable. If the mere return of UN weapons inspectors sees Iraq rid of weapons of mass destruction, that of itself will be a success. But I do not think very many people are assuming that will be the case. The issue for our parliament, our nation and our people is: if that is not successful, where do we go? My view is that we go to enforcement action through the United Nations Security Council. That would be consistent with international law and consistent with the view that public international law is best enforced through the multilateral organisation which is the United Nations.

Talking of enforcement actions or procedures authorised or sanctioned by the United Nations Security Council brings us to the most solemn point that a government, a parliament or a nation can consider—namely, the committing of men and women to military action which puts their lives at risk and at stake. Recently the national president of the RSL expressed—I think better than anyone—how the use of military force should be a last resort and certainly put the foreign minister in his place over his less than thoughtful commentary. So the rub here is the committing of Australian lives, Australian men and women, to prospective enforcement action. My view is that if enforcement action was by way of a new resolution passed by the United Nations Security Council in accordance with chapter 7 of the United Nations charter, and if Australia was asked to take part in such a multilateral enforcement action, it would be appropriate for us to respond in a proportionate way. Why is that? It would show the effectiveness of the United Nations and public international law operating, and it would help rid Iraq of weapons of mass destruction.
If it is not the UN, though, and the US decides to act in a pre-emptive way or a unilateral way, what would our attitude be? My attitude is this: public international law and the UN charter make it clear that pre-emptive or unilateral action can be consistent with international law, but there is a very high test which needs to be applied to that and, in my view, we are certainly a long way from it.

Another thing which developed in the second half of the last century was our relationship with the United States. During that time the United States became our closest ally. The generation of my mother and father who live in Western Australia—people who live in Perth and Fremantle and who went through World War II—knows better than most about the importance of that relationship. They know better than most about the threat of the Brisbane line. John Curtin is not a hero in Western Australia because he lived in Cottesloe. He is a hero in Western Australia because, through his forging of the United States alliance, he saved our nation at its moment of greatest peril. So the importance of our alliance with the United States cannot be overstated—and our invoking of the ANZUS Treaty as part of our response to the war on terrorism reflects that. That is not to say we cannot be or should not be a critical ally; that is not to say we should not be critical publicly; that is not to say we should not proffer critical advice privately. It is our national interest, not the United States’ national interest.

We have been critical of President Bush for some of the statements he has made. If Alexander Downer makes a foolish statement it is one thing, but if the leader of the most dominant power in the Western world makes a foolish statement it is another. We were historically very critical of the United States over its involvement in Vietnam. So it is a robust alliance, not a craven one. I think it has been regrettable that the Prime Minister and the foreign minister have flipped and flapped in accordance with statements made by either the President or his officers in the course of the last two or three months, rather than—as we have on our side—developing a firm view and putting that view diligently and consistently, publicly and privately. The Prime Minister and the foreign minister have, in my view, not just let Australia down, they have let our allies down. So there is no case yet for pre-emptive action. There is no case yet for unilateral action. The Leader of the Opposition, Mr Crean, and the shadow foreign minister, Kevin Rudd, detailed that in their contributions yesterday. It is regrettable that the Prime Minister and the foreign minister have not shown the same grasp of national and international interests in their conduct over the last few months.

I note that the member for Calare has moved an amendment to the motion before the House. If that amendment is put, I foreshadow to the House that there will be an alternative amendment, which I will detail to the House now. That proposed amendment is:

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

“noting the Minister’s statement, the House emphasises that as yet the case has not been made as would support a pre-emptive strike on Iraq; and further emphasises the vital importance of the United Nations Security Council and the United Nations Charter under international law for international dispute resolution, including in relation to Iraq”.

I foreshadow that amendment to give the House the opportunity of choosing that rather than Mr Andren’s, if it comes to it. I indicate to the House that I formally foreshadow that amendment on behalf of the opposition.

Mr BALDWIN (Paterson) (11.59 a.m.)—I have to say at the outset that I do not believe there has ever been a debate as important as this one on the situation in Iraq. I am encouraged by the letter to Kofi Annan, Secretary-General of the United Nations, wherein it says:

I am pleased to inform you of the decision of the Government of the Republic of Iraq to allow the return of the United Nations weapons inspectors to Iraq without conditions.
Like many in this House I can remember that day in January 1991—it was probably the 15th—and watching on television the start of the liberation of Kuwait. I personally found it rather disturbing to see a military action of that size, but I did not find it as disturbing as watching the invasion of one country by another country for no justifiable reason. By the same token I put to the House that I cannot support an attack against Iraq purely for the removal of a regime. There has to be determined action through the process of unconditional weapons inspection to determine that there is no threat. We need to define what the risk is.

Many people in my community say to me that they do not believe that we should go into Iraq. The basis for them saying that is not through any love of or support for Saddam Hussein or his regime but because of concern for the innocent victims in that country. I balance that, though, when I think about the effects that may be inflicted by this regime on others. Yesterday the Minister for Foreign Affairs, Alexander Downer, spoke about the ability of the Iraq regime to have chemical nerve agents such as tabun, sarin and VX and about what they will do. My mind went back to seeing on television the Japanese subway attack. I cannot remember the name of the terrorist who released the sarin gas into the subway, but I do remember the bodies being carted out of there. That sarin gas in the subway was not introduced in a missile; it was introduced in a small, easily concealed canister.

Like everyone in this House, particularly those of us who are parents, I fear the fact that these weapons of mass destruction can be inflicted anywhere in the world. As a nation which loves freedom and peace, we need to make sure that we finally draw a line in the sand. The weapons inspectors who previously had access to Iraq were provided with support, but I remember that it was not unconditional. I remember seeing on television the constant conflicts when weapons inspectors were denied access to areas and how they had to argue for access until finally, in 1998, they were allowed no further access to areas they needed to inspect.

What is unconditional access? That will be the major question. Will it be just a trip around a shopping mall or a small industrial estate to show what Saddam thinks may appease those who think it is a factory designed to develop those weapons or will it be truly unfettered and unconditional access? It was interesting to hear in Alexander Downer’s statement yesterday that through the 1990s United Nations inspectors in Iraq supervised or verified the destruction of about 100,000 chemical munitions, 400 tonnes of bulk chemical agents and over 2,600 tonnes of chemicals, known as precursors, which could have been used to make weapons.

I have genuine concerns, as I believe every person in the entire world does. Nobody wants to see war; nobody wants to see death and destruction. But sometimes maintaining peace comes at a price. I believe that the only reason Iraq has issued this letter providing, as it states—and it must be taken at face value at the moment—'unconditional access' is because of the pressures brought to bear by the Bush regime with a threat to maintain peace at whatever cost. I think people need to understand that peace at times does have a cost. What would the world say of us if we stood back, did nothing and allowed the argy-bargy of debate to occur without affirmative action and then saw the release of a weapon of mass destruction? What would the world say of Australia if we sat back and did nothing? Affirmative action maintains peace. Had we not taken affirmative action to support Kuwait, along with our allies then, what would be in that area now? I cannot believe for one moment reports that say that the people of Iraq are satisfied with their regime. I have read about the deaths that have occurred there, in particular of the Kurds, and I find that very disturbing as a human being with a compassionate heart. How can one person and a regime wilfully inflict such punishment on people?

So where does it stop? It stops here and it stops today. UN inspectors have been pro-
vided unconditional access, and we must pursue that and determine that there are no weapons of mass destruction. If they are found, if there is a determined action by the Iraqi government to stop access and to hide the facts, then I think it is incumbent on the free world to take a stand to protect the rest of the nations in the Arab states around that area. In Australia we are fortunate to perhaps live far enough away to be not immediately affected by whatever Iraq decides to dish out, but we must think of the innocent nations around there who want nothing more than to go about their lifestyle, their choice of direction, with the freedoms that they enjoy without hindrance. We, as a part of the United Nations, must stand firmly for that. We must not be deterred by those who do not have the integrity to make sure that freedom is maintained.

I hear rhetoric from the other side about putting conditions up or that we should do this and should not do that. Here is the test. Saddam Hussein has issued a letter to Kofi Annan providing unconditional access. If that access is ever denied, then affirmative action must be taken without delay. Do I support war? No. Do I support freedom and democracy? Absolutely, because they are the lifeblood of any society, and many fine Australians—indeed people throughout the world—have given their lives to maintain freedom and democracy throughout the world.

Ms KING (Ballarat) (12.08 p.m.)—Like all members of the House, I welcome yesterday’s news that Iraq has agreed to permit the return of United Nations weapons inspectors without condition. I acknowledge that this is only the first step along a difficult diplomatic path. Nonetheless, it is a positive first step. The parliament is debating this issue not because the Australian government has taken a lead on encouraging UN involvement but in spite of it. Some months ago, the government gave strident and immediate support for a United States led military strike on Iraq with the stated purpose of regime change. When Labor and representatives of minority parties dissented from this approach, the foreign minister resorted to the lowest form of wedge politics and sought to label us as appeasers. When Labor called on the government to draw on our relationship with the US to get them to take the issue of Iraq’s non-compliance to the United Nations, we were told that we were talking like Saddam Hussein. The government’s tune changed in early September following a telephone call between the President of the United States and the Prime Minister. Suddenly, the language of appeasement disappeared and the Prime Minister and his foreign minister rediscovered the United Nations and its important place in world affairs.

In his statement yesterday the foreign minister welcomed the fact that we are still in a diplomatic phase. We are in a diplomatic phase because governments of other nations were prepared to stand up for their national interests and tell the United States that a first strike was not an option until all other efforts were exhausted. We are in a diplomatic phase because the Australian Labor Party did what leaders of nations and longstanding allies of the United States should do, which is to protect our national interest and question the United States when it is in our national interest to do so. We said Australia must define what its national interest is in relation to this issue, like all others. We cannot rely on the United States to determine Australia’s national interest. It is a matter for Australia to determine our own national interest and to protect it. Sadly the government resorted to empty rhetoric in its championing of the United States’ position on Iraq and allowed our national interest to suffer.

In April this year, Labor endorsed a set of principles we determined ought to underpin Australian support and involvement in military action against Iraq. The two key principles were that UNMOVIC should be given a responsible but finite period within which to enforce its mandate in Iraq; and, in the event of UNMOVIC’s failure, we would still require convincing evidence of Iraq’s complicity in the terrorist attack on September 11 or
evidence of a significant increase in weapons of mass destruction capability and threat before committing to support direct US military action against Iraq.

In August, Labor called for a full parliamentary debate on this issue. Labor called on the Prime Minister to show leadership and bring new evidence into this House to allow the Australian people to make an informed decision. The government has now come full circle on its policy on Iraq and has been forced to accept Labor’s demand for a parliamentary debate and the engagement of the United Nations in enforcing Iraqi compliance with UN resolutions. In the context of Iraq now agreeing to the unconditional return of weapons inspectors, it is with some disappointment I observe the government again parroting the United States argument that Iraq is not genuine in its commitment. This may be the case, but let us determine, as an international community, the criteria we ought to use to assess Iraq’s commitment to compliance.

The government is ambivalent about yesterday’s development. Once again, Labor has established clear principles which ought to guide our path in this matter. We have proposed a two-stage process. The United Nations Security Council must meet quickly to set a reasonable but finite time frame for Iraq to comply with its obligations and allow the weapons inspectors to fulfil their task under Security Council resolutions 687 and 1284. The United Nations will then need to make an assessment based on the reports of the weapons inspectors and set the ground rules for making decisions if further action is required. This is the process the Australian government should be championing within the forums of the United Nations and directly to the United States’ administration.

I want to turn briefly to the argument made by the United States in support of a potential unilateral military strike against Iraq. The United States and other members of the United Nations, including Australia, are bound by articles 41 and 42 of the UN charter. This charter provides that military action cannot be taken on the basis of non-compliance with United Nations Security Council resolutions unless the Security Council itself determines there has been a material breach of its resolution and decides that all non-military means of enforcement have been exhausted. Then it must specifically authorise the use of military force. This is what happened in 1991 in the Gulf War. If the United States were to unilaterally invade Iraq without authorisation from the United Nations Security Council, this would have severe implications for the United Nations security infrastructure. It would allow other member states to argue that they too have the right to take unilateral military force against other member states in violation of the United Nations Security Council resolutions. Other countries currently in violation of these resolutions include Israel, Turkey and Morocco.

The only other circumstance in which a UN member state can use military force is under article 51 of the UN charter. Article 51 provides that military action is permissible for individual or collective self-defence against armed attack or against imminent threat of such attack:

... until the Security Council has taken measures necessary to maintain international peace and security.

The evidentiary bar, if Iraq does not comply with the UN Security Council resolutions and if the Security Council does not take further action in this instance, is much higher than simply noncompliance. That is why Labor has called on the government to make available for public scrutiny the new evidence it possesses. As this issue develops, it is important the government takes the Australian people into its confidence and provides the community—including my constituency—with knowledge of the basis upon which it chooses to act.

It is Labor’s view that a clear and present danger exists only if there is strong evidence linking Iraq to the September 11 attacks or strong evidence of an expansion of Iraqi weapons of mass destruction, posing an im-
medicate threat to our national security. On the first element, to date, there has been no evidence made available that suggests a clear link between Iraq and the horrendous events of September 11. The United States has sought to link Iraq with the September 11 attacks but has not presented sufficient evidence to make the case. On the second element, we can surmise, based on Iraq’s past behaviour, that the regime has sought to redevelop its weapons capacity since the ejection of United Nations weapons inspectors in 1998. It is important that we do not forget that large support for Iraqi weapons capacity has been provided in the past by the United States and other Western nations. The dilemma for the international community is that no-one knows what action, if any, Iraq is taking to rebuild its weapons capacity. That is why the reintroduction of the United Nations weapons inspectors is so important.

There are significant questions remaining about military action against Iraq that, in my view, require answers before Australian involvement in military action is considered. What would those seeking a so-called regime change do to assist nation building in Iraq after Saddam Hussein was removed from power? What would be the implications for regional stability? Questioning United States foreign policy does not represent anti-US sentiment. Australia and the US have a proud history of supporting democracy together. Last Wednesday, Mr Les Kennedy, a member of the Prisoner of War Association in my electorate, reminded me that many Americans died defending this country. We have a strong and proud relationship with the United States. All of us understand the anger and fear that the attacks of September 11 have engendered in the American people. But, as the member for Griffith said in his response to the foreign minister’s statement, being an ally of the US does not mean uncritically following all that they do. On this issue, and on all others, Australia must determine what is in its national interest.

We know from our experience in the Gulf War that it is likely there would be significant numbers of civilian casualties. We know that, of the innocent victims, many would be children. We know from the Gulf War that thousands, perhaps hundreds of thousands, would be displaced from their homes. We know that military action would cause many thousands to seek asylum in other parts of the world. Given the circumstances that we have before us today and given the seriousness of this issue, I cannot support this action at this time. (Time expired)

Mr BARRESI (Deakin) (12.18 p.m.)—I welcome the opportunity to join in this debate on the situation in Iraq, and I welcome the statement of the Minister for Foreign Affairs to the House yesterday. At the outset, can I say how disappointed I am that some on the other side of the chamber have, under the guise of prudence, politicised our nation’s role in this debate rather than elevated it to the level that it deserves.

I want to take the opportunity to comment on a number of issues and, in particular, to address some of the views of many in my electorate who have contacted me. There is, without doubt, an overwhelming concern in the community about any military commitment by Australia at this stage, particularly in the form of a pre-emptive strike. There is also a prevalence of anti-US sentiment. In fact, it reminds me of my university days back in the 1970s, walking around various campuses such as La Trobe University—although I did not go there—and the Australian National University, where I studied, and looking at all the anti-US slogans. It is a pity that some of that anti-US sentiment is coming back because, without doubt, during the last century the US—despite all of its faults—has been a force for good and has acted for the good of democracies around the world. I acknowledge, though, that it is not a matter of simply being in step with everything it does—and, of course, we are not. There are many examples of disagreements that this nation has had with US regimes over the years.

I also want to highlight why Iraq needs to be treated differently from other regimes in
the world. A number of people—including those in the public domain—have asked why there is a focus on Iraq and not on some other regimes. Since September 11, the world has changed. This comment has been made on numerous occasions. There is an increased feeling of insecurity and fragility in the world as we go about our daily work. There were over 3,000 innocent people killed on September 11, people who were simply going about their day’s work early in the morning and attending to their duties at the World Trade Centre or at the Pentagon. Because of that action by terrorists—by the Al-Qaeda network—there was very strong support for action against terrorism and for the war on terror. No doubt, if a case could be made linking September 11 with Iraq, then it would be far easier to bring the Australian public with us on this issue. So far no clear evidence has been found of a link between Saddam Hussein and September 11. There has been a lot of speculation, and there are suspected links between some of the hijackers and Baghdad, but in terms of clear connections there are none. Jack Straw, the Foreign Secretary for Great Britain, has commented to this effect.

Australia cannot, on some issues, claim to be part of a global world and on others retreat and create a Fortress Australia mentality. We often hear members of parliament and the public saying that we are part of the global community so we should be engaging on issues such as Kyoto, perhaps even on finding international solutions for humanitarian and refugee flows. But, come an issue which affects our global security, we say, ‘Hang on, wait a minute, let’s step back here for a period of time and let’s make the case.’ We cannot withdraw when a lack of peace, order and stability in one part of our globe threatens to go beyond its immediate borders. It would be negligent of us as a democracy and as citizens of this world to simply turn a blind eye when that is confronting us.

The foreign minister’s statement yesterday gave us some pointers as to why we should be concerned about such threats and how it could very well go global. The foreign minister’s statement pointed to four key indicators of why we should be concerned with Iraq’s overt military plans. First, he said that sites capable of manufacturing chemical weapons have been constructed on the outskirts of Baghdad. He mentioned that evidence from defectors involved in the manufacturing process indicates that Iraq is re-arming itself and intends to use those weapons. There is evidence that a facility that was frequently used for biological weapons manufacture has been renovated and in fact recommissioned. There is also the evidence that Iraq does possess components and equipment that can provide long-range missiles capable of travelling up to 650 kilometres.

There are those who say that these indicators do not in themselves conclusively prove Iraq’s capabilities and intentions. I accept that proposition; it is inconclusive. Because it is inconclusive, we welcome Iraq’s agreement to allow weapons inspectors to once again enter Iraq. I note the letter from the Iraq foreign affairs minister, Dr Naji Sabri, to Kofi Annan, which says:

The Government of the Republic of Iraq has based its decision concerning the return of inspectors on its desire to complete the implementation of the relevant Security Council resolutions and to remove any doubts that Iraq still possesses weapons of mass destruction. That is fantastic. If they fulfil that then of course the doubts that we have can certainly be laid aside. If they renge on that agreement then we have every cause to once again be concerned. And they have a history. The minister tabled a chronology of Iraq’s weapons of mass destruction, and it is in the evidence that has been submitted in the past. The chronology of main events details what they have been able to do. If you go through the various time lines, you see that things such as chemical weapons, nuclear equipment and biological research activities have all been prevalent. It has happened in the past and of course we have every cause to fear that it will happen again. The pressure is on Iraq to make sure that they fulfil their
obligations and their agreement to allow those United Nations inspectors to follow through.

There is an argument that other nations possess weapons of mass destruction. In fact, there are about 33 other nations that possess either biological, chemical or nuclear weapons. The entire Middle East region is a hotbed of instability. But what distinguishes Iraq from some of the other 33 nations are four key factors. To be a serious threat to global peace, I believe nations need to possess these four factors before we have cause to act: one, they must be in possession of weapons of mass destruction; two, fanaticism fuelled by ideological or religious fundamentalism needs to be present within those countries; three, there needs to be an intention to spread that ideological or religious fanaticism; and, four, there needs to be evident, in those nations, a leadership whose core reason for existence is evil and terrorism. If those four ingredients are present, we have cause for concern.

We have seen regimes in the past that have had some of those ingredients and we have not acted. I must say that our inaction has not always sat well with me. But we cannot sit idly by when those four factors are present. If Iraq has those then we must act. Certainly I am not one that likes the idea of us going to war—far from it. I do not think anybody in this chamber or anybody in any civilised democracy wants to send their sons or daughters to war. It goes against the grain of a civilised society to willingly send one of your children off to war to fight. It is a situation which we abhor but also one in which we would be negligent if we did not act.

Mr ZAHRA (McMillan) (12.28 p.m.)—I rise to speak today in this debate on Iraq. I can recall very clearly the federal election of about 10 months ago, and I remember a lot of the Liberal Party’s campaign. A key feature of it was the footage of John Howard, the Prime Minister, banging his fist down on the lectern in front of him and saying, ‘We will decide who comes into this country.’ There was John Howard asserting that he was in charge, that he was the person who would decide and that he would not be influenced by any outside organisations or any outside pressures; he would decide and Australia would decide.

But when it comes to matters of foreign policy, on all those campaign posters which were out the front of every single polling booth in my electorate—and, I am sure, right across the country—he may as well have put that George W. Bush will decide for us, because when it comes to talking about the international response to Iraq, John Howard, the Prime Minister, has given up having any sovereignty at all in terms of the approach he has articulated. He has not been as bold as he made it out to the Australian people he would be when he was talking about asylum seekers. He has not been as bold when he talks about Australia’s decision on whether or not to be involved in any military action in relation to Iraq. He has not had the same drummed-up confidence, the invented confidence, that he had when talking about asylum seekers in the context of a federal election. In relation to asylum seekers, John Howard was pretty keen to say that we will decide, not anyone overseas. But when it comes to Iraq, it has been a case of George W. Bush deciding for John Howard.

I genuinely think that the Prime Minister has been overwhelmed by the celebrity of the American President. From time to time you hear John Howard in this place or in an interview saying, ‘The President rang me,’ ‘The President did this,’ or, ‘I said this to the President.’ That is the way he is when he talks about his interactions with the United States. I think he is overwhelmed by the celebrity of the American President. I think he is overwhelmed by the size and significance of our American allies. In all of this, we have not seen articulated by the Prime Minister that gutsy, tough independence which has defined Australia as a nation.

We do not care for Saddam Hussein. We do not think he is a good bloke. We do not
think he runs a good government. We do not think he is someone we want to encourage or promote. We do not think that at all; no-one thinks that. But at the same time we need to make the decision for ourselves about how we want to respond to the threat that Iraq might pose to the rest of the world. We want to decide that as Australia citizens. We do not want to have our foreign policy dictated to us by George W. Bush, Tony Blair, the European Union, Vladimir Putin or anyone else; we want to make the decision for ourselves. This has been the Australian way. We have always been proud. We have always been a gutsy, tough nation capable of making the hard decisions for ourselves without direction from anyone else. In all of this debate that spirit has been notably absent.

I think we are all realistic about the threat that Iraq potentially pose to the rest of the world. I think this is why, in general terms, people on both sides of the parliament have been pleased to see that the Iraqis have now made themselves available to inspectors. We welcome that, but it is not all that we need from Iraq. Their bad behaviour in the past and the way they have conducted themselves in relation to weapons inspections mean that the standard is higher for them now. We have to use that history to form our view—and it needs to be our view that we form. We cannot just follow the United States or any other country. We need to make up our own minds, set our own standard and stick to it. That is the difference here. The Australian Labor Party want the Australian government to decide for itself what it is going to do, not be led around by the nose by anyone from overseas. We are a sovereign nation and we are proud of our sovereignty. We have always been proud of our history. We are proud that we have been able to stand with our allies in difficult times of conflict and we are proud of the contributions we have made to those significant conflicts in the past.

Our soldiers have fought bravely and heroically and our courage and integrity are not in question. What is in question is the Australian government’s decision making process: whether they make their decisions for themselves or whether they are told what to do and just follow that blindly because they do not have the courage to stand up for the Australian national interest. I think in all of this there has not been enough regard paid to the implications of what we are talking about.

It is all well and good for the Minister for Foreign Affairs to stand up and make out that he is a big, strong, tough man in talking about our military involvement, trying to present himself as a military strongman. But he does that for his own political ends. He does that to pursue a political end and to try to reinvent himself as someone who is not prissy and ridiculous but who talks tough when it comes to war. When he does that, the Australian government lose sight of exactly what it is that we are talking about: we are talking about Australian men and women going into a theatre of war which will be tough, which will be dangerous and in which there is a great likelihood that many lives will be lost. These are Australian men and women and we should have regard for their lives above every other consideration.

In all of this talk it is very easy to detect the aim of the Prime Minister and the foreign minister in trying to make this issue a political winner. To my mind they do the Australian people an enormous disservice when they set out to use this issue for their political ends. This should never be about who can win the next election based on this issue. This should never be about who can go up 10 points in the polls or who will go backwards 10 points in the polls based on their handling of this issue. It should be about Australia’s national interest. It should be about making the decision for ourselves based on our national interest. It should always have regard for those Australian men and women in the military forces who will have to enact any decision made by this parliament. They will be the ones who have to go into that situation, face a very real danger and potentially lose their lives based on decisions which we make here.
The lesson of the last century is that, when there is conflict, we should look to international institutions like the United Nations to find solutions. Unilateral action does not work. It leads to a descent into barbarism and to a continuation of conflict rather than to the resolution of it. On this side of the House, we think that we need to take seriously the situation in Iraq, that we need to use the United Nations to try and deal with the threat that the situation in Iraq might present to not just ourselves but other nations in the world, that the way in which we should try and deal with this situation is through the United Nations, and that Iraq should make completely available all of their sites so that the United Nations can do its work. We think that that is what should take place.

It has been heartening to see that there have been, in the speeches and contributions made in this debate, a lot of people on both sides of the parliament who have recognised the importance and significance of what Iraq has done. We need to be vigilant. We need to make sure that we follow through on what actions the United Nations needs to take next and that we support the United Nations process as a way of dealing with this important issue. We should not have a situation where the Prime Minister or the Minister for Foreign Affairs seeks to exploit this issue for political gain. The lives of Australian men and women in our military forces are too important for this type of game playing. What we on this side of the House want to see is a serious resolution to this problem using the United Nations process. (Time expired)

Mr JULL (Fadden) (12.38 p.m.)—Following yesterday’s debate on the subject of Iran, I thought it might be wise to go back some 12 years to two special sitting days in January following the announcement by the Hawke Labor government of the committal of Australian troops to the Gulf War, to read that debate and to note the tenor of that debate, which is completely different from what we are getting this time around. I wonder whether or not our future holds our past, because I think it is not without significance—but it seems to have been overlooked by members of the opposition—that we are still very much involved in the whole situation of Iraq.

I wonder whether speakers like the member for McMillian, who just gave his contribution, realise that there are still Australian forces in Kuwait defending that country and that we have two ships high in the Gulf monitoring the illegal exports of oil and other goods from Iraq. Mr Deputy Speaker Hawker, on the ADF exchange you actually served on one of the ships, the HMAS Melbourne, and you would be very aware of how Iraq is trying to defy the international embargo by getting its oil out of the Gulf ports and selling it on a dubious world market. We are still very much involved and, despite what some opposition members might say, we are very much players in this whole situation of the security of the Gulf states.

It was interesting reading some of those debates. I wonder whether we really remember some of the horror that went on in those days of the Iraqi invasion of Kuwait. I wonder whether we do realise and remember just what the Iraqi troops did when they went into Kuwait and wrecked the place. We learned through news reports of how infants had been torn from incubators in hospitals, thrown on the floor and left to die. We heard of the women who had been raped, of refugees who had been shot as they attempted to escape through the desert and of the wholesale torture and pillage in what was a most shocking indictment of the Iraqi regime under Saddam Hussein.

During that debate, it was pointed out that Saddam Hussein probably joined Adolf Hitler and Pol Pot as one of the three greatest and worst dictators that the 20th century had seen. I wonder how much Saddam has improved his administration of Iraq in those days since the Iraqi invasion and his ultimate defeat. When we read news reports of his weekly attendance at torture sessions to watch people having their tongues cut out or being strung up by piano wire, there is no
doubt that we are dealing with an absolute maniac—a man who is a danger to the peace not only of the Middle East but of the world.

One of the great privileges I have had during my time in this House was to serve for three months in 1995 as the parliamentary adviser to the Australian delegation to the General Assembly of the United Nations. I would urge any member who can possibly undertake that task to do it, because it is one of the great privileges that are afforded to us and it gets you into the whole scope of the operation of the United Nations. One of the committees on which I served at the United Nations was dealing with the weapons inspections in Iraq. I remember how the inspectors and the chief inspector at the time came back, giving reports of what had been discovered: mustard gas, sarin and 200 tonnes of VX, biological weapons and supplies of anthrax and gangrene ready to be used in cases of conflict that would be initiated by Iraq.

If we go back into the history of the war with Iran and look at the millions who were killed in that particular war using biological weapons and germ warfare and at what Saddam Hussein did to the Kurds in northern Iraq, we can see that we are dealing with an absolute maniac. But we are not only dealing with a maniac; we are dealing with a liar who, for the last decade, has done absolutely nothing to ensure that the demands of the United Nations would be met. While I too welcome the letter that has gone to the United Nations offering the weapons inspectors entree back into Iraq, one cannot help but be cynical and realise, in the words of Kofi Annan, that this is very much just the beginning, because history shows that, when Saddam Hussein realises he is in for a hiding, he usually gives in. I just hope that, on this occasion, it is more than just trying to divert the very real efforts to rid the Middle East of this scourge and to bring some peace into that part of the world once again.

I think we have to be very careful that we are not again being led on a merry chase by Saddam Hussein and that we are not getting ourselves into a situation where he will delay, delay and delay. On reading this morning’s news reports, I felt some disappointment that there would appear to be a split in the Security Council as to the need for a further resolution to ensure that the demands of the United Nations are met. I hope that the governments of China and Russia, which would seem to be the two that have split off from the rest of the group, would perhaps reconsider so that we can get this weapons inspection going in Iraq with some clout.

The proof will be whether Saddam Hussein is prepared to ensure the speedy re-entrance of weapons inspectors into that country. I think the United Nations faces a real dilemma if access to Iraq is not given speedily and comprehensively, because the reputation of the United Nations is also very much on the line. I think the events of the last week have shown that many nations are now prepared to finally take a stand against Iraq, and I just hope that we are not going to be hampered by any split in the Security Council.

I do not think any one of us knows whether Australia will be involved in sending forces to Iraq. Certainly, no commitment has been given by the government at this stage. Certainly, there has been no request from the United States for us to supply troops. But, as a good citizen of the world, I think Australia has to put on every bit of pressure that it possibly can to ensure that the Iraqis meet the United Nations demand. Rather than condemn, as did the last speaker, I would like to congratulate the Minister for Foreign Affairs for playing such a role in the United Nations in New York just last week. It is not without significance, especially when you hear accusations that we are just lap-dogs of the US, that the Australian Minister for Foreign Affairs actually had a conference with the Iraqi foreign minister. Most countries of the Western world have not been near the Iraqi foreign minister or any other representative of Iraq at the United Nations since the Gulf War. Australia certainly has not. I understand the move may not necessar-
ily have been smiled upon by some of the other major nations of the world, but the Minister for Foreign Affairs thought it was worth while to make Australians’ views known to the foreign minister of Iraq and to try to bring about some commonsense. Congratulations to Mr Downer for that.

I think our stance on this whole situation has been firm and balanced. We are now waiting to see what sort of reaction we get from the Iraqis in terms of their letter, and that will make very fascinating viewing over the next couple of weeks. We hope and pray that, for the first time in his history, Saddam Hussein be honest and give that free and unfettered approach to the UN weapons inspections so that the scourge of his regime may finally be wiped from the face of the Middle East.

Mr COX (Kingston) (12.48 p.m.)—Australians do not take lightly the prospect of going to war and want to understand that any military action is justified and in our national interest. This debate on Iraq is now taking place in a more positive context since the foreign minister of Iraq, Dr Naji Sabri, wrote to the Secretary-General of the United Nations, Kofi Annan, informing him of the decision by the Republic of Iraq to allow the return of the United Nations weapons inspectors to Iraq without conditions. Dr Sabri noted in his letter that this was also a response to appeals from the League of Arab States as well as from other Arab and Islamic countries. Obviously concerns about the various threats posed by weapons of mass destruction in the hands of Saddam Hussein’s regime are not confined to Western powers.

What are those threats? Threat has two components: capability and intent. Iraq has had a variety of chemical and biological weapons capabilities for many years. Some of those capabilities have been weaponised. We also know that the Iraqi regime has made major efforts over many years to acquire a nuclear weapons capability. We know that the current regime has not hesitated to use chemical weapons on a significant scale against the Kurdish population of northern Iraq. We have vivid memories of the missile attacks made on Israel by Iraq during the Gulf War. While those missile attacks were with high explosives, the potential for a chemical, biological or nuclear attack is even more serious.

The invasion of Kuwait demonstrated that Iraq harboured territorial ambitions that were not confined to its previous conflict with Iran. And now, with transnational terrorist threats on an unprecedented scale after the successful attacks on the World Trade Centre and the Pentagon, the world must consider the potential for links between the regime in Iraq and terrorist groups. The possibility that Iraq’s weapons of mass destruction capabilities could be used by terrorist groups against populations anywhere in the world is something that we now have to contemplate.

All of these factors together, I think, make a very clear case that Iraq is a serious threat. This has given new urgency to the need to reinstate the UN weapons inspections process, which ended more than four years ago with the expulsion from Iraq of Richard Butler’s UNSCOM team. Iraq’s decision to readmit UN inspectors is the necessary first step in achieving a diplomatic solution to this problem. Whether Iraq will allow full access to sites, records and officials and will cooperate in the disposal of its weapons of mass destruction remains, on past experience, extremely uncertain, but at least it has created the possibility of a diplomatic solution. Had there not been so much evidence of determination by countries like America, Britain and Australia to deal with this problem—by military force, if necessary—Iraq would not have felt compelled to offer to readmit inspectors.

It is critical that Iraq fully complies with the requirements of the relevant UN resolutions. They are intended to give effect to the undertakings that Iraq made at the end of the Gulf War in exchange for an end to those hostilities. Those requirements were designed to ensure that Iraq could no longer threaten its neighbours with weapons of mass destruction. Ceasing hostilities with the
expulsion of Iraq’s forces from Kuwait was a model of restraint and good judgment by George Bush Snr and Colin Powell. There were probably two expectations at that time: firstly, that an inspection process would be successful in dealing with the WMD issue; and, secondly, that internal pressure within Iraq would result in a change of regime. With the no-fly zone, the sanctions and their support of the UN weapons inspection process, the US maintained the pressure to get those outcomes—that they did not occur is an indication of how repressive the Iraqi regime is.

It is critical that the reinvigorated UN process that Labor has been calling for since April is successful now. It is critical not just to deal with the current issue of weapons of mass destruction but also to maintain the integrity and effectiveness of UN Security Council processes and the rule of international law. If the Security Council cannot deal with this issue, it will be less effective in dealing with other like issues or possibly more dire scenarios. Let us hope that over the next few months we see a successful diplomatic solution to this critical problem. If Iraq does not fully cooperate, the next step is to seek appropriate collective action under the auspices of the United Nations. That was effective with a broad coalition of forces during the Gulf War and, if it is needed, it would be effective today. Certainly, it is a much better method for resolving this problem than any unilateral action. While unilateral action has been contemplated in recent months, thankfully the major powers are now focused on finding a solution through the United Nations and there is no need to further consider the justification for or implications of unilateral action at this stage.

If Iraq does not cooperate with the weapons inspectors and military force under the auspices of the United Nations is required to enforce Security Council resolutions, we should recognise that there would be a real cost. The actions taken in those circumstances would most likely be fiercely resisted. Like every country that might be involved, we must have the implications of putting young Australians in harm’s way at the front of our minds. Any decision to do so should be taken in Australia’s national interest.

Mr LEO McLEAY (Watson) (12.55 p.m.)—It gives me no pleasure to speak today on the matter of Iraq. I am deeply concerned about this drift to war without explanation or reason and, quite frankly, I find it very worrying. I am worried because I am losing confidence in many of the leaders of the international community. I have fears about their ability to make sane decisions based on evidence rather than rhetoric. I feel that Australia is being drawn by external forces along a path that will lead to death and destruction, and the government seems to be doing little to resist.

The inevitability of war is in the air, not the question of its necessity. When the Prime Minister of this country commits Australia to join another nation in a pre-emptive strike against a third country, without even bothering to consult Australians, it is time for all of us to worry about the situation we are in. We expect the leaders of our country to represent us and reflect our views and to show real leadership; we do not expect them to lead us willy-nilly over a precipice or to commit us to a fight, when the vast majority of us do not even know why we should be involved. The opinion polls and emails that members are receiving show that the country is very concerned about this drift to war. In contrast to the Prime Minister’s position, the position taken by the Leader of the Opposition is correctly cautious. As he said yesterday:

The ends do not justify the means. At all times we must act within international law to secure Iraq’s compliance. After all, it is with international law that we are demanding that Iraq comply, and the best way to ensure compliance—as we have seen today with the welcome announcement by Iraq to allow the weapons inspectors back in—is through multilateral, not unilateral, actions sanctioned by the United Nations.

The opposition’s pressure has ensured that, now at least, we are having some sort of debate, albeit a debate that the Prime Minister
will not join in, only because it has become obvious to the Prime Minister that very few are as enthusiastic as he is about committing Australia to war. In fact, the majority of Australians are not at all happy about being led down the path to war, particularly when it looks as though we are slavishly hanging on the coat-tails of another nation, desperate to win its approval by agreeing with its policy of aggression towards Iraq.

Iraq is not the only country in the world that has weapons of mass destruction and it is not the only country that has failed to comply with UN resolutions. I am in favour of supporting the United Nations, but there has to be full and consistent support of the United Nations. If Iraq is to be forced to comply with UN resolutions, by threat of war at the very least and an actual war at the worst, why not deal with other recalcitrant countries in the same way? As an example, what about UN resolution 242 of 1967 which required Israel to withdraw from all occupied territories? Alan Ramsey is someone I normally would not quote nor agree with in many instances. But he said in a recent Sydney Morning Herald article:

... Israel, with US connivance, has for decades ignored with impunity literally volumes of UN resolutions against its behaviour against Palestinian rights. Nor has American hysteria over Iraqi research into/acquisition of mass weapons of destruction ever been visited upon the unarguable nuclear weapons capabilities of Israel, Pakistan, India, South Africa or China.

So you can see that there are significant inconsistencies here. Because it suits the US at this particular point in time, Iraq has been chosen as the focus of attention. We should remember that Saddam Hussein enjoyed American patronage at an earlier time, but now he is the enemy. I do not think Saddam Hussein has changed; he has never been a particularly savoury character. But now that he is not in favour, he has to go. Like the shah and other despots in the region, he should never have been supported in the first place. As far as I know, in Australia we have no more argument with him than we might have with a number of other murderous dictators, but we are willing to take him on as an enemy if our friends in the US drop us a hint that that is what they would like us to do. They do not even have to ask us; just drop a hint. That is shades of wars past.

I think we Australians need a bit more convincing on this. Before Australia is committed to any part at all in this argument with Iraq, there needs to be absolute clarity about what is going on. This may be difficult to achieve, but we should still try to see the situation for what it is. We need far more information than the Prime Minister is providing now. At the beginning of this debate, the Minister for Foreign Affairs tabled a document from 1999 on Iraqi frustration of weapons inspectors and he presented that as if it were some new evidence. But that has been in the public domain for quite some time on the UN’s web site.

The Middle East is a troubled area and it has been that way for some time. We need to be very clear about what the US is doing and why. We need to know and understand why Iraq is being singled out for threats of military action and we need to be very sure about our own position before we decide to give support to the US or commit our armed forces to any conflict. We need to know what the objectives are and what commitment is required. We need to be sure that Saddam Hussein is a partner in terrorism. Evidence has shown that there was a connection between the Taliban, Al-Qaeda and the attack on the US on September 11 last year. No such connection has been revealed regarding Iraq or even Saddam Hussein. If the evidence is there, it should be presented so that we can be sure that Saddam Hussein is a genuine threat to the world and that this is not just about the politics of oil.

I recommend caution and cool heads. Resist the temptation to respond quickly to phone calls from US presidents. In fact, in this case, a few months ago, I do not think the Prime Minister even waited for a phone call; he was willing to promise help without even being asked. At the very least allow the
United Nations weapons inspectors to try to do their job. Iraq has said that it will allow the inspectors unconditional access. It is now time to put Iraq’s offer to the test as quickly as possible. All the arguments of bad faith in the past are not good enough reasons for war now. This is not appeasement; it is sensible international relations. The international community is overwhelmingly in favour of the weapons inspectors being allowed to do their job now and is willing to give them sufficient protection to do the job properly. There is no agreement on massive military force. The government has said that the objective is to detect and destroy weapons of mass destruction in Iraq. Australia must be open to considering every possible alternative before committing ourselves to military action to achieve this aim. No sane person wants a war, and certainly now is not the time for one.

Mr MARTIN FERGUSON (Batman) (1.03 p.m.)—The parliamentary debate about Iraq is a significant debate. It is a debate that should not and cannot be taken lightly. On the anniversary of September 11, the terrorist attacks are still fresh in our minds and the immense change that event brought to the international diplomatic climate is still being felt. The immediate declaration of a war on terrorism saw Australia join its allies in efforts to overthrow those terrorist elements that sought to destroy democracy. This has rightfully led to increased public involvement in debate surrounding the commitment of Australian troops to the international coalition. The tide of public opinion always leaves a mark on debates such as the one the parliament is currently undertaking; that is justified. But, in considering the water cooler talk, talkback radio, the conversations at the supermarket checkout and on the bus, one thing must be ensured: let us deal with the facts. We must not be sidetracked by issues of a populist or party political nature. The events of the past 24 hours only confirm this point. The announcement by Iraq to allow United Nations weapons inspectors into the country is a welcome development. Labor wants the process to work. Unlike the coalition, we would sooner be debating issues such as health, education and the living standards of Australians at this point in time. In many ways, debates such as the one we are having on Iraq enable the coalition to avoid their domestic responsibilities.

That aside, we must strive for a thorough examination of the actions of the United Nations in the aim of achieving diplomatic success. We must have a reasonable time frame for the return of UN weapons inspectors to Iraq. We must ensure the international community acts within international law to secure Iraq’s compliance. We must also have transparency. We cannot make an educated decision on future action behind a cloak of total secrecy. The strength of any evidence presented indicating that Iraq is directly linked to the events of September 11 or that there has been a significant expansion in Iraq’s chemical, biological or nuclear weapons capability must be stringently tested. It must be pointed out that at this time we do not have any compelling evidence to indicate that this is the case. The so-called evidence that the Howard government has attempted to pass off as ‘all the evidence you need’ fails to satisfy even the most casual of observers. Nothing that I have seen or heard so far justifies the talk of war.

Australia must consider our national interest. We should not be dictated to by the foreign policy of any other nation. Our responsibility as a parliament is to put Australia first. We must not act as a US lap-dog—and, frankly, that is the crux of this debate. As part of the decision making process it is vital that we consider our ability to offer military resources to any future campaign against hostile forces. We have a significant number of troops currently in Afghanistan, in the Gulf, in East Timor, in Bougainville, in the Middle East and in Africa. We should not forget that the government, through its border protection policy, also has troops undertaking coastal patrols. I contend that, for a nation of just under 20 million people, this is a significant troop commitment to continuing
operations. Therefore, a legitimate question to ask today is: can we, as a nation that has always been willing to pull its weight, afford to send more troops to an international campaign—a campaign which, I again suggest, has no justification at this point in time?

Quite apart from the question of available military capacity, we must also consider moral implications. Are we prepared to send our sons and daughters into combat on the premise of another country’s foreign policy agenda? I say no. The issue of Australian involvement in a possible conflict in Iraq warrants serious and focused attention. It is not an issue that should be used for grandstanding or scaremongering; it is an issue that commands a cool head and a predisposition for critical analysis. Unfortunately, as we all know, there have been significant shifts in government sentiment on the issue of action against Iraq over the course of the past year.

Initially, the government assured the people of Australia that diplomacy would be at the core of all action and that diplomatic processes would have to be exhausted before any military action could reasonably be considered. However, soon after the United States Vice President indicated that America would consider a pre-emptive military strike on Iraq to achieve its policy of a regime change—one-out, without international support or endorsement—what did we have in Australia? We then had the Australian Minister for Foreign Affairs begin his string of appeasement rhetoric, followed by claims that the Leader of the Opposition was ‘talking like Saddam Hussein’. He is to be condemned for that action but, more importantly, we should not forget that he was not the first to make that suggestion with respect to the Leader of the Opposition, Simon Crean. It first came out of the Treasurer’s mouth in an interview on Insiders on the ABC on Sunday, 11 August 2002. This is what the Treasurer said:

What happened on the weekend is that the Iraqi envoy secured the support of Mr Crean and attacking Mr Downer.

It is not just Downer; it is also Costello. Initially, the government assured the people that there was one course of action, and we then had the foreign affairs minister suggesting another. Then we had another change of tone to the government’s rhetoric, following decisions and discussions between the Prime Minister and President Bush. The Prime Minister suddenly found new enthusiasm for the involvement of the United Nations in negotiations on the future of action in Iraq. Politics and political point scoring have, unfortunately, clouded the debate. The rhetoric must stop and be replaced by sensible and controlled debate; but, most importantly, we must always ensure that the facts of the issue are at the core of the debate.

We know that Saddam Hussein is the leader of a regime that has a despicable history. He has killed his own people and the Iraqi people continue to be repressed. His regime continues to destabilise the Middle East and to circumvent the economic sanctions imposed upon Iraq. Hussein continues to gather weapons of mass destruction and he continues to aspire—and there is a difference—to nuclear, chemical and biological capacity. There is a refusal to account for prisoners from the last significant conflict in the region—the Gulf War; and, of course, the United Nations Security Council’s resolutions of 1991 have consistently been breached.

This is a telling and worrying list of shame. But we must also be aware of just how real the threat is should Iraq be left unchecked. That aside, in the words of the British Prime Minister, Tony Blair: ‘Doing nothing is not an option.’ But the question that remains is: what are the other options? As I said at the outset, the issue of Australian involvement in any pre-emptive strike on the Iraqi regime of Saddam Hussein must be carefully and properly considered. United Nations diplomatic efforts are quite obviously a welcome development by the opposition and an option that has our full support. I urge the parliament to ensure that the lines of communication remain open and that we are
given the same opportunity to debate any future developments. *(Time expired)*

Mr KERR (Denison)  *(1.13 p.m.)* We have a historic opportunity to convert a 20th century culture of war into a culture of peace. Whether we like it or not, we have to reflect on the fact that the past 100 years were scarred by two of the greatest conflicts that the world has ever seen, involving many nations. But these great upheavals also created a response which give us some grounds for hope, if we can build on it. That response was the gradual restriction of the right of states to use force as an instrument of unilateral national policy.

In the 1880s it was taken for granted that nation-states had the right to go to war. There were certainly debates about whether a war would be just, but the nation-state had a right to go to war. That was challenged after the terrible human tragedies of World War I and the increasing civilianisation and costs of war. No longer were soldiers simply the victims of war; there were many millions of civilians. But the League of Nations framework that was established at that time did not have effective mechanisms for collective enforcement.

Then came the tragedy of World War II—another war where the number of civilian casualties dwarfed the number of those who lost their lives in combat. The UN charter was established in order to create a framework in which resort to war by nation-states would no longer be as of right. Article 2, subsection 4, of the charter of the United Nations prohibits the use of force, save in some limited circumstances. Article 42 provides for collective security mechanisms of the United Nations Security Council and article 51 provides a limited right of self-defence—this is necessary in instances where a country might be otherwise subject to attack—but preserves that only until the Security Council can take charge of the circumstances.

We have the opportunity to build a culture of peace if we can ensure that armed conflicts which would otherwise arise are dealt with through the mechanisms of the Security Council rather than through unilateral and pre-emptive actions by nation-states. We need to continue to build on a transition from what was essentially a culture of war, where war was regarded as the right of nation-states, to a culture of peace. We need to build this culture of peace around a triangle of different responses: around disarmament, around conflict resolution and peaceful settlement of international disputes, and around a focus on justice, human rights and economic, social and political development. We can treat those as three separate aspects: disarmament, conflict resolution, and economic and social justice.

What we now face is a circumstance where international responses ought be utilised in order to respond to a circumstance which should not be tolerated—that is, the defiance by Iraq of successive UN Security Council resolutions. But it is also an opportunity to reinforce the international consensus that resort to war on a unilateral and pre-emptive basis by single states should not be given a green light. It is an opportunity to build on what are essentially the fundamental national interests of Australia as a medium-sized power—that is, to limit the right of large and more powerful nations to use armed military force as they would wish, save through those international arrangements. Ultimately, multilateralism of the kind that the United Nations has sought to build, and does still build, must be a restraint not only on small or medium powers but also on great powers because ultimately what we are seeking to do is to tie down Gulliver. We are seeking, as Lilliputians, to cast a net of justice and good order—lawful conduct, lawful international arrangements—over those who would otherwise be giants able to impose their will through the use of force. As the Leader of the Opposition and the shadow minister for foreign affairs have said, in some instances that requires us, while being a good friend and ally of the United States, to question its motives and its government’s
judgment and sometimes to not stand with them. We need to harness the goodwill of the United States to this international project also.

I want to say a couple of things about the United States because others from my party have spoken in relation to this. The member for Griffith, who speaks for us on foreign affairs, pointed out that we had a historical alliance with the United States and said he saw the United States as essentially a force for good. The member for Franklin—my colleague from Tasmania, Mr Quick—said that the Americans actually suffered from ‘a complex’. I thought both members made extremely important contributions to this debate—well thought through, very well reasoned—but on this point I disagree with each. We too often describe an aspect of America and characterise that nation as having only those particular aspects. But there are many Americas; there are many United States. There is the United States of the Roosevelt era that rebuilt the idea of the welfare state—the New Deal—and also rebuilt Europe through the Marshall Plan, which profoundly gave an opportunity for democracy to flourish at a time when it was under great challenge from totalitarian societies. But there is also the United States of President Nixon, of Realpolitik, of the overthrow of Allende—an event on another 11 September long ago—the bombing of Cambodia, the destruction of civilians—acts which in any circumstance are as egregious as any conducted by any nation-state.

So there are many United States and there are many aspects of that polity. Most, fortunately, are characterised by an underlying commitment to the good but many we should disassociate ourselves from, particularly those aspects of United States policy being driven by the policy hawks in the United States who are determined to regard the US as having some exceptional capacity. They talk about US ‘exceptionalism’—its right to stand outside international frameworks of international law and to act unilaterally and pre-emptively as the global superpower. Of course, great powers have now really shrunk to one. There is no other national power that can rival the United States for sheer military and economic capacity. That is why it is more important than ever that we have a multilateral response through the United Nations which seeks to hold the United States to the kind of culture of peace that we are seeking to build. The alternative is simply the hegemony of the United States choosing to exercise its military power in whichever circumstance and in whichever manner it sees fit. That is in a world in which we either have the choice to be the henchmen of that great power or, as President Bush put it, to be against it—and that is not a circumstance which is fitting for any nation-state to find itself in.

As Australians, we do have distinctly different national interests from those of the United States. We are Australia, not the United States. We ought to respect the alliance we hold with them. But, when we have an alliance which we treat with respect, we should sometimes differ. In particular, we have to respect the difference that emerges from the fact that they are a great power and we are not. Let us work through this debate to build on the opportunity for a culture of peace, to seize the multinational solution as one which will provide an example to resolve other instances where nations have defied the United Nations Security Council. There are many such instances where we need that international cooperation, not just with Iraq. (Time expired)

Mr BRENDAN O’CONNOR (Burke) (1.23 p.m.)—The debate on Iraq is as much about Australia’s role in ensuring international bodies are respected and international law is adhered to as it is about a war on terrorism. The debate about what to do about Iraq is an important test for this parliament and, indeed, for this nation. Against the backdrop of community anxiety—anxiety that has been felt, I think, today and has been gathering over the last several months—and the political disquiet that is occurring as a result of people’s concerns, this parliament,
Indeed this government, must determine the best course of action. To date, however, the government has failed to respond appropriately to the concerns of the Australian people.

The Prime Minister and the foreign minister, fresh from wedge politics on refugees and immigration, saw this issue as their Tampa II. Let us not forget the strident language employed by the government only a few weeks ago. Let us not forget that the foreign minister called the opposition ‘appeasers’ because we sought peace and not war, we sought process before conflict. At his most shrill, the foreign minister lost all sense and credibility, I would argue, by comparing the opposition leader’s comments with the rhetoric of Saddam Hussein. That was a quite ludicrous proposition. Clearly, it was a reflection of the minister’s failure to properly understand the importance of the issue and an indication that the minister was focusing upon domestic game playing rather than the seriousness of the matter.

Amid this performance, credible American commentators—indeed, world commentators—even those who were formerly military advisers and officers in the United States, cautioned their own government about initiating a pre-emptive strike against Iraq. President George Bush only very recently—and perhaps more as a result of the influence that Prime Minister Blair may have upon him—changed tack and saw the need to address the United Nations in order to gather a coalition of support for his views. Across the Atlantic, Tony Blair, seeing the need to have dialogue with the British public, reconvened the House of Commons and led debate on Iraq, outlining his government’s case for action that may need to be considered and contemplated in this situation. It is clear for all to see that the Howard government, in attempting to play wedge politics yet again, in tugging the forelock to Washington, has failed to act intelligently and deliberately in the national interest.

What should this government have done in the circumstances? Firstly, the government should have reinforced the need for breaches of international law—that is, the continued failure by Iraq to allow the entry of UN inspectors—to be dealt with by the United Nations. Clearly, the position that has been put by the Labor Party on this matter has been vindicated by the welcome announcement only yesterday by Iraq through the Secretary-General of United Nations, Kofi Annan, that they would allow weapons inspections to take place. I think people are quite right to be sceptical about the guaranteed assurance of that invitation. But we must ensure that we exhaust every avenue for peace; therefore, we must take the invitation in good faith and try every means to ensure that, through that process, we avoid unnecessary conflict. It is a nonsense for the government to suggest, as it did yesterday, that recent developments have led to additional information on breaches. The breaches of United Nations resolutions have existed for a long time, and the UN is the most appropriate place to initiate those breaches being rectified.

I have long held concerns about the way in which this government appears to treat international law and international bodies. Too often the Howard government has eschewed international cooperation, often under the guise of defending this nation’s sovereignty. In failing to act credibly on many international matters over a long period of time and appearing to follow United States policy by reflex, this government has diminished Australia’s capacity to be taken seriously on this and other matters on the world stage. In failing to support the primacy of the United Nations in the first instance, the government has done little to reinforce the proposition that international conflict requires international solution.

I recall, earlier this month, former President of the Republic of South Africa, Nelson Mandela, warning of the grave consequences of unilateral action from nation-states, be they large or small. There is no doubt that the United States can count itself as the largest nation-state, but it is not exempt from ensuring that international cooperation continues
in the circumstances that confront us. I concur completely with Mr Mandela’s comments about the need to ensure that nation-states act within the collective to secure order and peace. But instead of finding an international solution—a multilateral fix, if you like—to this problem, Australia has been seen standing in the shadow of the United States, waiting for its next move.

Insofar as this issue is a matter of requiring adherence to international governance, the Australian government has failed dismally. By comparison, the Leader of the Opposition and the shadow minister for foreign affairs have acted appropriately on behalf of the opposition. In April this year, the opposition called for the processes of the United Nations to be fully exhausted. That has been vindicated. Only recently, that has been reiterated in this parliament. Further to that, there has been a request by the opposition that the government take the issue seriously and take the public into its confidence, that there be a full public debate—indeed, a parliamentary debate. We are getting that now, belatedly. However, not one word has been uttered on this matter by the Prime Minister himself, and that is a sad indictment of his capacity to lead this country in such important circumstances.

Let us turn to the war on terrorism. Not one of us could help but be forever affected by the barbaric attacks upon innocent victims on 11 September 2001 in Washington, New York and Pennsylvania. No-one could disagree with the need for an immediate, collective and forceful response to such a cowardly and brutal assault. Indeed, there was immediate bipartisan support in this parliament for retaliatory action against the Taliban and Al-Qaeda. But extending this to a pre-emptive strike against Iraq would need irrefutable proof of Iraq’s role in the attack on the United States. I welcome, as I said, the invitation by Iraq to UN weapons inspectors—and we must pursue that course. The towers of Manhattan were destroyed in two hours without recourse to such deadly weaponry, as we must remember.

In our efforts to secure global peace, greater attention and effort must be placed on finding long-term diplomatic solutions to the problems in the Middle East and elsewhere. This will necessarily involve listening to concerns raised by those nation states—and not only those aligned to Western democracies. Until an environment of cooperation and mutual understanding has been established, the world will not be rid of the risk of another assault like that which stunned the world a year ago.

Ms VAMVAKINOU (Calwell) (1.33 p.m.)—There is no doubt that the events of September 11 have changed the world in many ways. In addition to the tragic and senseless loss of innocent lives, it has forced the world to recognise and absorb the nature and the enormity of the problems that have for years festered in the Middle East. I feel a great sense of anguish that there are people in the world who are capable of perpetrating such horrendous acts of violence against their fellow human beings, but above all I am deeply disturbed about the meaning and consequences of September 11.

In the past 12 months, Australia, like the rest of the international community, has sensed the need to provide for the security of our people. We realise now that a new form of terror exists and that we can no longer take our security for granted but we also realise that hypocrisy and double standards are becoming a blight on the US-led crusade against terror. We took part in an attack on Afghanistan and called this action a ‘war on terror’, and we pursued it in the hope that we could rid the world of further acts of violence. Our attention has now turned to Saddam Hussein and again there is talk of war. Sensing strong public opinion against pre-emptive unilateral action in Iraq, the United States, in order to give legitimacy to its proposed action, has sought to use the mechanisms of the United Nations. Iraq, as we learnt yesterday, has now agreed to allow weapons inspectors unconditional access to its territory. We welcome that decision and we hope that sense will prevail on both sides.
I say this in the hope that a catastrophe can be averted but I also acknowledge that this is not necessarily going to be the end of the matter, even though I accept Iraq’s decision is in the spirit of goodwill and I am prepared, like a lot of others, to give them the benefit of the doubt—unlike, unfortunately, the Americans and the Howard government, who have been too quick to pour scorn on that decision and, it now seems, are pursuing a deliberately negative spin by characterising Iraq’s agreement as a ploy. It appears that our American friends are not interested in exhausting diplomatic efforts and, as a result, we may face the real possibility of having to commit Australian troops. The parliament should make that decision, but it is highly unlikely that we will be asked to do so, so I will take this opportunity to ask some questions—and I think they are pertinent.

In the event of military action, what will be the strategic objective of such an action? Will this military action just target weapon-producing installations or is it about a regime change? If so, is this action legal under international law—can we move into a country and depose its leader? Suppose we do this potentially illegal thing, destroy Saddam Hussein and overthrow his dictatorship, what then? Who will replace him? Who will be in charge—the United Nations or the United States? And then would it stop there? Who or what would be next? Will we turn our attention to Iran and North Korea, two-thirds of President Bush’s ‘axis of evil’, and start the process all over again? If we ever have to send troops, we need to know the answers to these questions; otherwise, I cannot see how we could possibly make an informed decision that would be just and in Australia’s national interests. The debate now is less about Iraq’s links to Al-Qaeda and more about the procurement of weapons of mass destruction by the Iraqi regime and America’s obvious desire to commence military action, no matter what.

There are 15 nations that have nuclear, biological or chemical weapons, or have research programs in place. They are Russia, China, Israel, the United States, France, the United Kingdom, India, Pakistan, Iraq, North Korea, Iran, Egypt, Syria, Libya and Sudan. Nations labelled as the axis of evil by President Bush are the three nations suspected of developing but not yet in the possession of nuclear weapons. The United States and Britain, two powers with their own nuclear stockpiles, do not advocate this extent of concern about those nations which already have nuclear weapons. Recently Pakistan and India came to the brink of a nuclear exchange. Their mutual threats to use nuclear weapons on each other constituted a clear and more present danger to regional security than the possibility of Iraq one day acquiring and using nuclear weapons against the rest of the world.

The West does not come into the debate on weapons of mass destruction with a clean slate. A Washington Post article on Iraq recently reported that most of the technology and skills provided either as off-the-shelf weapons or components that helped Iraq to create weapons of mass destruction were bought by Iraq in the West even after the regime was accused of using these chemical weapons against Iran and the northern Iraqi Kurds. Also, as a United States Middle East analyst has said:

This is the Frankenstein monster that the West created; we closed our eyes because some businesses wanted to make some money and because Saddam was a useful tool against Iran.

The United States wants to take action against Iraq—and I quote the President—‘in order to keep terrorists from acquiring weapons of mass destruction and to cut off every possible source of biological, chemical and nuclear weapons material and expertise’. I support this proposed action and I am sure that most people welcome it also, but it would carry more credibility and would have broader multilateral support if the West were seen to be committed to getting rid of all weapons of mass destruction from the world, especially from the possession of recalcitrant states with serious historical conflicts to settle.
We all want to fight terrorism, and I support disarming Iraq, but in all this talk of a just war we have missed the issue of proportionality in which the good sought by war must outweigh the evil it will produce. It is really frightening that those who propagate a pre-emptive or unilateral action appear to have little concern for the many innocent people, especially children, who will be killed. President Bush says that he does not have a quarrel with the people of Iraq, yet for all the talk of wanting to liberate Iraqis from the repressive and corrupt regime of Saddam Hussein he says little about the reality that in order to liberate these people we will have to kill a substantial number of them in the process.

I have great reservations about this and the fact that very little is being said about the devastation and death already suffered by the people of Iraq during the 10 years of US imposed sanctions. I cannot accept further loss of life simply on the basis that Iraq may or may not have weapons of mass destruction that could pose a direct and imminent threat to the international community, or that it may or may not have links to Al-Qaeda and to the September 11 attacks. Like many others, I wait to hear new and irrefutable evidence putting beyond the shadow of doubt Iraq’s complicity and links to the Al-Qaeda group, or even new evidence of Iraq’s possession of a growing stockpile of weapons of mass destruction. If we want to wipe out innocent people, including Australian soldiers, we must be absolutely certain.

Yesterday, the foreign minister outlined in this place the so-called evidence. However, I came away feeling less than satisfied because, firstly, we were not told anything that was not already on the public record and, secondly, the so-called new evidence was conveyed to members in a volley of linguistic aerobics. If you listen to what he said, you would have heard his deliberate and frequent use of the terms ‘we believe’, ‘they may have’, ‘if it were to acquire’, ‘it could build a nuclear bomb’, ‘may well be developing’, ‘good reason to be worried’ and ‘any reasonable person would believe’, and on it went. Some people may be satisfied with the foreign minister’s brief but I am not.

When considering our options we need to keep in mind that military action in Iraq risks destabilising the Middle East to the extent of precipitating a wider and long lasting conflict. We need to be very mindful of that. People in the Middle East and elsewhere are all too aware of the double standards and hypocrisy regarding the implementation of previous UN resolutions. Of course, the one that first comes to mind is Israel’s refusal to implement UN resolution 242. Those hawks propagating war on the basis of a refusal to implement UN resolutions conveniently opt for strategic expediency as the sole arbiter of which resolutions will be adhered to and which resolutions will be backed by an allied coalition. The UN’s greatest critics are now using its processes for their own convenience and they seem to be showing impatience and even contempt for the results yielded by those processes yesterday.

Australia should be encouraging our American friends to continue to pursue all possible diplomatic channels in search of a real solution. We should not be mere advocates of the American view of the world; we should use whatever influence or kudos we have to play a different role. We cannot as an international community deal with Iraq in isolation from the rest of the Middle East. We should be pursuing a package of measures that aim to tackle the very serious issues of undemocratic and repressive regimes throughout the Middle East. We also need to address the issue of Israel and Palestine and recognise the Palestinian people’s right to self-determination and statehood. Israel’s actions in the past year should not escape reprimand. Ariel Sharon has been pretty brutal in his treatment of Palestinians and contemptuous of world opinion. I ask: what makes him different from Saddam Hussein?

Ms HALL (Shortland) (1.43 p.m.)—I am very sad that we are in this House today discussing the possibility of a war with Iraq, a
war that I do not agree with or sanction in any way. I found it most disturbing to hear the government’s rhetoric and innuendo as it positioned Australia to follow the United States into battle with Iraq. I have listened as the Prime Minister, the foreign minister and various members of the government firmly positioned themselves behind George W. Bush as he adopted an extreme and uncompromising position. The authority for basing assumptions on Iraq’s weapons of mass destruction is vague and outdated. The language used to convince the world and Australians that Iraq and Saddam Hussein are on the verge of obtaining nuclear capability is emotive and designed to engender fear rather than being objective and factual.

Saddam Hussein is a dictator of the worst order and has caused enormous hurt and hardship for his people. He is ruthless and has shown that he has no respect for the processes of the United Nations. This has been the case for a long time now. In recent times he has not increased his level of aggression, nor has there been any authoritative or concrete information to show that there has been a recent increase in the weapons of mass destruction held by Iraq. It is all supposition and the facts are hard to prove. This supposition is putting thousands of lives in jeopardy. The United States, with George Bush at the helm, does not want this matter resolved peacefully; rather, it wants revenge. It wants a distraction from its domestic matters and it wants the nation to focus on security and nationalism at a time when there are congressional and Senate elections.

There is no-one in Australia who does not deplore the events of 11 September. It was heartbreaking to see the destruction and the loss of life. The impact of that day has reverberated around the world and impacted on the lives of people throughout the world. But the impact of that event, the trauma and the loss of the lives of all those people will not be reversed by killing more people, escalating the conflict, and creating greater division and instability throughout the world. Peace is not obtained by killing, revenge and war; that is a knee-jerk reaction. It may initially feel good but, in the long term, it creates greater instability and more problems than it solves. War should always be a last resort; even then, it is something I have difficulty accepting. Peace is achieved by all parties making a commitment to it through diplomacy—something that can only, in this instance, be achieved through the United Nations. There is absolutely no way Australia should be involved in any conflict that is not sanctioned by the United Nations.

There is one certainty about war with Iraq, and that certainty is that it will increase world instability, lead to enormous loss of civilian life and create great hardship for thousands of innocent Iraqis. Over the years, the impact of war and the loss of life during war have shifted dramatically. Back in prehistory and the middle ages, death in war was almost exclusively contained to those involved in hand-to-hand conflict. In World War I about five per cent of the casualties were civilians, and in World War II 50 per cent were civilians; in more recent times it has been shown that between 80 and 90 per cent of casualties are civilians. The more sophisticated warfare becomes, and the easier it is to push a button or fight from a distance, the greater the civilian loss of life. This means that children and other innocent victims are easily sacrificed, and perpetrators of war are never faced with the evidence of their aggression.

Unlike the United States—which has dismissed the move as a trick by Saddam Hussein to stop military action—I welcome the Iraqi government’s announcement that it will now allow United Nations weapons inspectors unconditional entry. The Australian Prime Minister and foreign minister have also been very negative towards and dismissive of the announcement, and have visibly been echoing the rhetoric coming from the United States. I believe that, before condemning something, we should at least be prepared to see whether it works. I find it most disturbing that the United States is still pursuing a resolution in the United Nations
to issue an ultimatum to Iraq. This demonstrates that the US’s interest is in war and bringing about a regime change in Iraq. I find it even more disturbing that our Prime Minister appears to be backing George Bush and is showing that Australia has no independence whatsoever when it comes to foreign policy. Basically, Australia’s foreign policy is listening to the US—or, should I say, George Bush—and then saying, ‘Me, too.’ I find that frightening.

It is very interesting to note that the US’s attitude to Iraq has changed over time. During the Iran-Iraq War of 1980-88 the US actively prevented Saddam Hussein from being defeated and, at that time, was aware that Iraq was using chemical weapons. How things have changed. These days the US is appalled at the use of chemical weapons by Iraq but, back then, according to an unnamed veteran of the Iraqi aid program—and this was quoted in the US media—the Pentagon ‘wasn’t so horrified by Iraq’s use of gas. It was just another way of killing people.’ I find it unacceptable that the US can support and sanction something when the end meets their needs but condemn it when it does not. I find the whole concept of killing people, by whatever means, unacceptable.

It would appear that the US’s double standards go well beyond whether it supported Saddam Hussein in the past when it suited its interests or opposes him now because he is restricting its access to Iraqi oil fields. The US’s unconditional support for Israel, and its acceptance and support of Israel’s non-compliance with United Nations resolutions, are hypocrisy of the highest order. The argument that it is necessary to wage war on Iraq because it possesses weapons of mass destruction is another demonstration of hypocrisy. Israel, India, Pakistan, the United Kingdom and the United States itself all possess weapons of mass destruction, but the US does not demand that these countries be subjected to the same rigorous scrutiny or demands as Iraq. In fact, the US refuses to allow UN inspectors to inspect its facilities. That is a double standard. You might ask why. You could say, ‘Is it the oil or is it the ready-made target that will divert the attention of Americans during an election year?’ What is most distressing to me is that Australia is following the United States without question. Where is our independence?

Within the Shortland electorate I wanted to make sure that the people felt the way I did or to at least canvass how they felt about Australian troops being committed to Iraq. So I have sent a survey throughout the electorate. So far, I have received only 250 answers but of those 250 answers 70 per cent say that they do not support any Australian troops being committed to Iraq, 19 per cent do support it and 10 per cent are undecided. There were comments such as ‘Australia should stay out of Iraq’ and ‘if the US goes it alone without UN approval the terrorists have won’.

The other issue that I think needs to be raised is this: if the US is successful in its moves to change the regime in Iraq, what then? I would refer members to the Four Corners program that broadcast on 9 September. The issues that are raised there are quite frightening.

In this speech I have argued that Australia should question the US’s motives, that we should act independently and that our actions should be actions that protect Australia’s interests and not the interests of the US. Australia should not support unilateral military action by the US. The only Australian involvement that should even be considered is through the United Nations.

Mr MOSSFIELD (Greenway) (1.53 p.m.)—This subject that we are discussing today requires a great deal of serious thought and deliberation. Ultimately, what we are debating today—regardless of the terms in which the debate is formally structured—is: should we be sending Australians to war? Should we be sending Australians overseas to be killed and to kill? It is one of the most profound debates a parliament can conduct. Do we send Australians to war? There is no easy answer. There is no answer that will
The same Australian delegation then attended the CPA conference in Namibia. In the course of the conference there were views expressed from time to time against American policy. But the most lasting memory of our visit to Namibia was our visit to a shantytown just outside Windhoek, where there is no running water, power or sanitation, where the AIDS epidemic is rife and where children are born into a world without hope. We stopped to visit one of the dwellings in the shantytown to see the conditions people lived under. This house was clean and tidy but what was surprising was a picture of bin Laden on the wall. These people are so downtrodden that they turn to a terrorist as their saviour. More needs to be done to improve the living conditions of people living in this sort of poverty.

George W. Bush is fighting the same war his father fought but without the legitimacy of an invasion of another country as a pretext for attack. We need to closely examine the motivation of George Bush Jr, Dick Cheney, Colin Powell and the American government, which is littered with the people who failed 10 years ago to pursue Saddam Hussein when they had the chance. We must be careful not to be re-fighting the last war.

A letter from Iraq to the United Nations confirming the return of the weapons inspectors unconditionally is a positive step but it may not be enough to avert the threat of war. It seems that the US is intent on an attack with the objective of regime change and this latest step by the Iraqi government may not prevent that happening. It is a catch-22 situation for the Iraqi government. The US tells them that they must allow inspectors or they will be invaded. They allow inspectors and it is still not enough. Further demands will be made in the weeks and months ahead, all with the ultimate aim of making Iraq refuse one and giving the US a reason for invasion.

Unless there is broad support from the United Nations and a coalition formed that includes Iraq’s Arabian neighbours then any attack will be wrong. It is not enough for Iraq to ignore UN resolutions, because Israel...
does it on a far more regular basis than Iraq. It is not enough for Iraq to simply possess weapons of mass destruction, because many other countries, including America, possess such weapons. There must be a clear intention to use them in an aggressive and unprovoked manner; there must be a clear decision of the United Nations and there must be a clear coalition of countries willing to support such a move before we should act. Already, France is wavering in its support for any US action as a result of a decision to allow inspectors back in. It will not be the last country to do so. This may be a delaying tactic on the part of the Iraqi government. Only time will tell.

Mr CREAN—Particularly as I made one, and the Prime Minister didn’t! My question is to the Prime Minister—

The SPEAKER—Order! The Leader of the Opposition will resume his seat. The Leader of the Opposition understands that I just endeavoured to extend him the courtesy he is entitled to. I am equally entitled to expect him to adhere to the standing orders.

Mr CREAN—My question is to the Prime Minister. Now that you have had time to consider my speech to the House yesterday, outlining Labor’s approach to dealing with Iraq through the United Nations, will you support Labor’s call for a two-stage resolution process in the United Nations which calls for, firstly, Iraq to fully comply with all of the UN resolutions within a specified period and, secondly, the UN to assess Iraq’s compliance and to then determine what action would be appropriate under the UN charter, including article 42? Prime Minister, will you join Labor in this reasonable and clear policy position, or will you continue to remain agnostic on this issue?

Mr HOWARD—I thank the Leader of the Opposition for his question. I welcome the implicit acknowledgment in the Leader of the Opposition’s question—and it is a very important acknowledgment—that what Iraq did yesterday was only the first step along a very long road. I welcome that. If it is possible for there to be agreement on that issue between the government and the opposition, then that is something I would not seek to deny.

I have had an opportunity to further analyse, with due respect, the letter from the Iraqi foreign minister as well as the Leader of the Opposition’s speech. I will say something about the former, and I may say something about the latter as well. I have analysed Iraq’s announcement to readmit UN weapons inspectors. I think a number of things need to be said. The government believes that the Security Council needs to respond quickly and firmly to Iraq’s offer to allow the return of UN weapons inspectors. I think a number of things need to be said. The government believes that the Security Council needs to respond quickly and firmly to Iraq’s offer to allow the return of UN weapons inspectors without conditions. Iraq’s willingness to cooperate fully with UN disarmament processes needs to be tested as soon as possible. I think it is reasonable for the international community to be very sceptical indeed, given Iraq’s record so far of defiance of the mandatory resolutions of the Security Council.

It should be recalled that no UN inspections have taken place since 1998 and Iraq systematically worked to frustrate UN disarmament efforts before then. I do not at this stage want to commit myself—and I do not think anybody should commit themselves—
to one, two or indeed more resolutions. I think there is value in a further Security Council resolution to maintain pressure on Iraq to meet its UN requirements, and I think it is essential that the Security Council now demonstrate a unity of purpose and resolve.

Iraq’s letter of 16 September offering resumption of inspections contains a number of very significant gaps. There was no undertaking to comply with relevant Security Council resolutions. There was no commitment to allow inspectors full and unfettered access. There was no commitment to disarm, which would include full disclosure of its illegal weapons of mass destruction programs. The onus in this matter is not on the United States, as some have asserted in the debate. The onus is very firmly on Iraq to fulfil its longstanding international obligations by providing full and unfettered access to UN inspectors, disclosing prohibited weapons of mass destruction programs and, crucially, ensuring complete weapons of mass destruction disarmament.

Iraq’s letter has provided some very limited scope for progress. I would not put it any more strongly than that. I think anybody anywhere in the world who puts it more strongly than that is deluding themselves. It provides limited hope; no more than that. For that reason, I think there is still a very strong onus on countries such as Australia to press the sort of approach that I have outlined in this question, which we will do. The President of Iraq needs to do much more before the international community can be satisfied that weapons of mass destruction disarmament obligations have been met. Australia will continue to support all efforts by the Security Council to deal firmly with the threat posed by Iraq’s weapons of mass destruction program.

Let me say very seriously and very genuinely that to the extent that there can be a measure of bipartisanship on this issue, I want to achieve that. We are dealing with serious matters. There is a range of views in this parliament, and it is self-evident from the debate that that is the case. We are dealing at the moment with what I regard as nothing more than a diplomatic ploy by Iraq to try and shift the diplomatic initiative away from the United States and others and in Iraq’s favour. I think we have to test that by doing the sorts of things that I have talked about in my answer. That is the response of the government. It is better that we have that Iraqi response because it indicates that without that pressure being applied to Iraq—let me say at the initiative overwhelmingly of the United States and not through the initiative, unaided by the United States, of the Security Council—we would not have had any initiative from Iraq, because we have had four years of blatant defiance of the United Nations Security Council by Iraq.

Those are the views of the government. It remains a very difficult issue. We will continue, as we have to date, to keep the opposition properly informed in relation to those matters where the opposition should be informed. To the extent that it is possible, consistent with the views we hold on this issue and the views that I respect and are held by those opposite, if we can achieve a degree of partisanship then that is something I will seek to achieve.

**Foreign Affairs: Iraq**

Mr JULL (2.08 p.m.)—My question is directed to the Prime Minister and follows his last answer. Would the Prime Minister inform the House whether or not the Iraqi position meets the concerns of the international community, especially regarding Iraq’s previous noncompliance with UN Security Council resolutions?

Mr DOWNER—I thank the honourable member for his question. The Prime Minister has already dealt substantively with the question of Security Council resolutions and the way that this issue needs to be taken forward over the next few days and weeks. There is no doubt, though, that this issue needs to be addressed with the greatest seriousness by the Security Council. In saying that, it is not the government’s view that the letter that has
been received by the Secretary-General from the foreign minister of Iraq giving a commitment to allowing UN inspections is the end of the matter and that the Security Council no longer needs to address this question. The Security Council does need to address the question and it will do so in the very near future.

The letter allows for the return of inspectors without conditions but does not say that the inspectors will be able to do their work without conditions. The letter is also silent on a number of critical aspects—what it does not say is very significant. What it does not say is that Iraq will fulfil its Security Council resolution obligations. What it does not say is that Iraq will provide full and unfettered access to inspectors. What it does not say is that Iraq will disclose prohibited programs and what it does not say is that Iraq will disarm its weapons of mass destruction. Iraq’s letter raises the real prospect of a protracted negotiation over the terms of its compliance on the weapons of mass destruction provisions of Security Council resolutions. So the letter, whilst an important first step and something that both sides of the House have said they see as a constructive initial step, must be understood as only that—nothing more than an initial step. In answer to the honourable member’s question, it is very important that the House and the broader community understand the reservations we have about this letter. Australia certainly does not want to overstate the importance of the letter. On the other hand, we do not want to dismiss its significance either. This is reflected very much in some of the international responses to the letter. Jack Straw, the British Foreign Secretary—by any measure, a very able man—has said:

Iraq has a long history of playing games. People are bound to be sceptical. This apparent offer to allow weapons inspectors to return ‘without conditions’ comes only four days after Iraq’s Deputy Prime Minister said precisely the opposite. That is something that needs to be considered very carefully. Richard Butler—who I know is well known to many members of this parliament, particularly on the other side of the House—the former head of UNSCOM, wrote today in an article, ‘Iraq’s letter to the UN did not pledge that inspectors can inspect without conditions. It only promised their admission without conditions.’

The United States response to the letter is well known. Australia will continue to support the endeavours of the Security Council to deal firmly with the threat posed by Saddam Hussein’s weapons of mass destruction program. The onus remains squarely on Iraq to fulfil its international obligations, to provide full and unfettered access to inspectors, to disclose prohibited programs and to disarm. Saddam Hussein must not be given room to move on these issues.

Foreign Affairs: Iraq

Mr RUDD (2.13 p.m.)—My question is to the foreign minister. Does the minister recall his statement yesterday in this place when he said:

... while Australia would welcome new leadership in Baghdad our primary concern was the threat posed by Iraq’s weapons of mass destruction and its fundamental breach of international law.

Does the minister also recall his statement on 10 March this year when he said:

Well, the Americans have said they do want to bring down Saddam Hussein.

He went on to say:

The present administration is continuing to do that. They are very determined to bring down Saddam Hussein, but does Australia support that? Yes.

Minister, will you once and for all, in clear-cut language, tell the Australian parliament and people whether or not your government is committed to a policy objective of regime change?

Mr DOWNER—This would be a statement I could identify with in answer to that question: ‘The world would be a much better place without Saddam Hussein and his regime.’ They are the words of the member for Canberra in the debate yesterday.

Mr McMullan—The member for Fraser.
Mr DOWNER—The member for Fraser; I apologise. I agree with those words and I agreed with those words back in March—I think it was.

Mr Crean—Who doesn’t?

Mr DOWNER—Let the debate go on and have a discussion about it. Do not continually interject. I think it was precisely the point that the member for Fraser made yesterday that I was making back in March, when the honourable member quoted me. This government has always been of the view that Iraq and the international community would be better off if the regime in Iraq were to change. There is no question of that. If you were to ask me, though, a different question— is there an international legal basis or bases for regime change?—the answer would be that there is no Security Council resolution which authorises regime change. The Security Council resolutions entirely focus on the ultimate goal of the disarmament of the regime of Saddam Hussein. But that is not to detract from the fact that we think the security situation would be substantially better if it were not for the regime of Saddam Hussein.

I have answered this question on many occasions and have said that the Australian government’s principal objective here—well-founded on international law—is that Iraq should be required to disarm, consistent with Security Council resolutions, and to allow inspectors into Iraq in order to facilitate that disarmament process. The Security Council resolution does not require regime change and we have never claimed that it does. I did not, in my statement in March; the member for Fraser did not, in the statement that he made yesterday. There is absolutely no contradiction between the statements made by the member for Fraser and me, and the international legal situation, which is that the ultimate objective of this exercise first and foremost is disarmament.

Honourable members interjecting—

DISTINGUISHED VISITORS

The SPEAKER (2.16 p.m.)—Order! I would remind a number of members that they have very short memories or want very shortly to be discharged from the chamber. I remind the member for Newcastle that there is a golden rule about the level of interjection while the Speaker is on his feet. I rose not to chastise anybody but, on behalf of the chamber, to welcome to the gallery the Hon. Carl Scully, Minister for Transport in New South Wales, and the Hon. Michael Wright, Minister for Transport in South Australia. On behalf of the chamber, I extend to both gentlemen a warm welcome.

Honourable members—Hear, hear!

QUESTIONS WITHOUT NOTICE

Business: Corporate Governance

Mr CHARLES (2.17 p.m.)—My question is addressed to the Treasurer. Would the Treasurer please advise the House of the government’s proposals to better protect investors and improve corporate governance through the reform of audit regulation and a wider corporate disclosure framework?

Mr COSTELLO—I thank the honourable member for La Trobe for his question. I want to acknowledge the work that he has done as Chairman of the Joint Committee of Public Accounts and Audit and I acknowledge the report that he released today, called A review of independent auditing by registered company auditors. I have had the chance to read it, quickly, and it is a good read. It is a very positive and constructive addition to the work on this subject. Today the government has released its ninth proposal in relation to the economic reform of corporate law, and this is on strengthening the financial reporting framework.

It has been acknowledged by the opposition that Australia’s corporate law is better than that of the United States and in fact is probably one of the leading regimes, in terms of corporate regulation, in the world. But it is also important that we continue to work on it. CLERP1 to CLERP6 made great inroads and CLERP9 is the latest instalment for
strengthening the financial reporting framework. We have put these proposals out and will take public comment until November of this year. We will prepare legislation from early next year. We will have the opportunity, if anything unexpected comes out of the HIH royal commission, to amend the legislation before putting it to the parliament in early 2003.

We make a number of important recommendations in this CLERP paper to enhance corporate financial disclosure. For example, we propose to have the Financial Reporting Council oversee the auditing profession and to give auditing standards the force of the law; to make it mandatory for the top 500 companies to have separate audit committees; to make audit partner rotation compulsory after five years; to require audit committees to certify that the receipt of non-audit services did not comprise audit independence; to increase penalties in relation to contravention of continuous disclosure; to give ASIC the power to give on-the-spot infringement notices to those corporations that have breached continuous disclosure; to enhance analysts' independence; and to give protection against retaliation for employees who report contravention of corporate law to ASIC. These are welcome additions to Australia's Corporations Law, and the proposals which have been released today have been warmly welcomed. The Australian Stock Exchange has put out a statement entitled 'ASX welcomes government Corporate Law reforms', which says:

The government's initiatives ... provide a transparent and practicable framework for Australia's publicly listed companies. ... The reforms should help protect the interests of investors. ... “The recommendations represent a sound and considered response to the investment community’s concerns. ...”

The Australian Securities Commission has put out a statement today, welcoming the release of this paper:

‘This is a comprehensive document that has positive proposals for reform,’ Mr Knott— the chairman— said.

I pay tribute to the work of Senator Ian Campbell, the Parliamentary Secretary to the Treasurer, who has worked so hard on this and to his predecessor, Minister Hockey, the former Minister for Financial Services and Regulation, for all the work that he has done. This takes Australia's corporate law reform another step forward. It puts us at the forefront of international practice. It will add to disclosure and help confidence from the public in investing in Australian companies.

Australian Defence Force: Gulf War Illness

Mr EDWARDS (2.21 p.m.)—My question is to the Minister Assisting the Minister for Defence. Will the minister provide an update on the government's understanding of the causes of Gulf War illness? Minister, what protection will be provided to members of the Australian Defence Force against Gulf War illness in the event of a war against Iraq involving Australian troops?

Mrs VALE—I thank the honourable member for his question. Of course we are always concerned about the health and well-being of our personnel. I will be very happy to give the member a full briefing on this later in the day.

Economy: Business and Consumer Confidence

Mr NEVILLE (2.23 p.m.)—My question is addressed to the Treasurer. Would the Treasurer inform the House of the results of the latest Australian Industry Group survey of Australian manufacturing? How do the results of the AIG survey compare with other measures of consumer and business confidence?

Mr COSTELLO—I thank the honourable member for Hinkler for his question. I can inform him that the Australian Industry Group survey of manufacturing today showed manufacturing business conditions remained solid in the September quarter, although a little below the strong result recorded in June. A net balance of 21 per cent of firms reported increased sales in the Sep-
tember quarter, down from 29 per cent in June, but this is a result which is very strong by historical standards. A net balance of 19 per cent of firms reported increasing investment in plant and equipment—that is, the number that report an increase less the number that report a decrease is a 19 per cent positive—which is a good sign for investment in the Australian economy.

The NAB monthly business survey released last week showed that their business conditions index had strengthened, up 14 points in August. And the Westpac consumer sentiment survey, which was released last week, showed that consumer sentiment rose by 2.7 per cent. So consumers are feeling quite confident and sentiment is moving up, which is also a good indication. But there is no room for complacency. The Westpac-Melbourne Institute index of economic activity, which was released today, showed a fall in relation to the leading index. That is not a measure of where the economy is now; it is a measure of where the economy will be in the months which are to come. In particular, that leading index turned down because of movements in the share price index, which is down, and lower residential building approvals. Plainly, the effect of international stock markets will be having an effect on Australian activity. We saw again falls overnight on Wall Street. The much awaited US recovery from recession does not appear to have been as strong as many people hoped, and of course the US is the engine of world growth.

There is no room for complacency. Australia continues to be the economy which grows strongest amongst the developed economies of the world, but it is a weak and sluggish world, particularly with the US just emerging from recession and Japan contracting and Europe very weak. It is important that we continue good economic management. That is what got us through the Asian financial crisis; that is what got us through the US recession.

The important reforms which we still have to do are the reforms in relation to the Pharmaceutical Benefits Scheme, which the Labor Party could turn around and support, and the reforms in relation to unfair dismissals. Nothing would help the small business community in Australia more than passing the government’s changes to the unfair dismissal laws. Why can’t we get off the backs of small business and give them a bit of a go? I think the Labor Party can now look the union movement in the eye and say, ‘We tried, but we will relent in the interests of Australia.’ Wouldn’t that be a wonderful thing if Labor put Australia’s interests above the interests of the trade union movement. That would be a great thing for small business. The reforms need to keep going in relation to unfair dismissals, in relation to pharmaceutical benefits, in relation to all of the economic hard work which the coalition government has put in place and wants to continue. That will result in better job opportunities for Australians. One million jobs have been created since the government came to office in March 1996. Australians want job opportunities, and it is good economic management which is required to keep our economy growing so that it can create them.

**Taxation: Family Payments**

Mr SWAN (2.27 p.m.)—My question without notice is directed to the Prime Minister. Prime Minister, my question relates to the statement issued late yesterday by the Minister for Family and Community Services announcing a number of options for families to avoid family payment debts. Prime Minister, are you aware that the option suggesting families deliberately overestimate their income to receive a reduced fortnightly payment and then claim a catch-up payment at the end of the year may result in the loss of essential benefits and concessions? Prime Minister, are you aware that families which take this advice could miss out on access to a health care card if their overestimate pushes them off the maximum rate of family tax benefit part A? Prime Minister, won’t this result in battling parents paying almost $20 extra per script filled for themselves or for their children?
Mr Howard—My advice is that the measures will not have that effect. The measures announced by the minister yesterday are designed to provide, as we foreshadowed, some additional flexibility in relation to the family tax benefit system, which provides an additional $2 billion a year to Australian families. It pays out, on average, $5,700 a year to Australian families in tax-free family tax benefits. That is an average of $5,700 a year. More than 260,000 families under this scheme get more than $10,000 a year tax free in fortnightly family payments. That is the dimension of the scheme that was brought in—incidentally, opposed by the Labor Party.

Mr Swan—It was not!

Mr Howard—You voted against the tax system of which it was an integral part.

The Speaker—The Prime Minister will respond to the question.

Mr Howard—Apparently it is all right—

Mr Swan interjecting—

The Speaker—The Manager of Opposition Business has asked his question and will not interject. The Prime Minister has the call.

Mr McMullan—He’s lying!

The Speaker—The Prime Minister will resume his seat. The member for Fraser will withdraw that comment.

Mr McMullan—Notwithstanding what the Prime Minister said was distinctly untrue, I withdraw.

The Speaker—The member for Fraser is aware of the fact that what is always expected is an unconditional withdrawal, and I ask him to exercise just that.

Mr McMullan—I provided no conditions previously, nor do I now on my withdrawal.

The Speaker—The Prime Minister.

Mr Howard—The new measures—which, on the advice available to the government, will not require legislation—will be phased in from November. They will give families more choices to help them reduce the likelihood of an overpayment. Families who tell us that their income has risen during the year will be able to be paid at a subsequent rate that reduces or wipes out a potential overpayment. Families will also be given the choice to receive some of their family tax benefit and child-care benefit during the year and the balance at the end. For example, families will be able to take the family tax benefit part A—that is, the one generally available whether you are a one- or two-income family with children—fortnightly, and FTB part B, which is designed specifically to help single income families, as a lump sum.

This particular change addresses the problem that we acknowledge was being encountered by some single income families where the mother or father who was previously at home re-entered the work force and, because of the change in that person’s financial circumstances, the impact of that over a year on the previously paid benefit meant that there was some debt owed to the government at the end of the year. Those families could also defer their FTB part A payments for older teenagers until the end of the year. Once again this helps families with children who might get a job during the year. These changes will also allow such families to get the base rate of FTB part A fortnightly and the rest of their entitlement as a lump sum at the end of the year. Once again this helps families in the FTB part A taper zone who are unsure of their annual income. These changes will also simplify their child-care benefit calculations so that they have a smaller buffer at the end of the year.

The principle of this scheme is designed to assist Australian families subject to the income tests that were laid down when the measures were brought in. It is inevitable when you have a scheme which is based on entitlement according to an annual income that there will be some adjustments through the year as the level of a person’s income either falls or rises, and no amount of change—unless you completely go away
from such an annual income testing system which could involve vastly additional outlays to the government—will eliminate that entirely. We hold to the view that if somebody has been overpaid during the year they ought to, at the end of the year on reconciliation, have to pay it back. If they are underpaid during the year then we think they are entitled to a top-up.

These changes will provide people with additional options that will reduce the number of cases where that is likely to occur. They particularly address the situation where a person notifies a change of income—namely, an increase during the year—but, because the subsequent payments during the unexpired residue of the year do not relate to the payments that were made prior to the notification, they still end up with a debit. What these changes will do is eliminate that, and I think they will be widely welcomed by Australian families. I think the other thing they will do is, if you are getting family tax A and family tax B, you will have the option of taking one of them—probably A—on a fortnightly basis, and taking family tax B on an annual basis. You will not be compelled to do that, and if people still want to continue to get the amount of money to which they are technically entitled on a fortnightly basis under the legislation and run the risk of a debit at the end of the year they are free to do that as well. In other words, multiple choices have been offered.

Workplace Relations: Union Fees

Mr TICEHURST (2.35 p.m.)—My question is addressed to the Minister for Employment and Workplace Relations. What obstacles are the government facing in trying to protect Australian workers who are being coerced in their workplaces to pay fees for services that have not been requested? Are there any alternative positions in relation to this issue?

Mr ABBOTT—I thank the member for Dobell for his question. I should indicate to the House that the government’s compulsory union fees bill is a sign of our total determination to uphold the freedom of association principles. Conversely, Labor’s attitude to that bill seems to indicate the opposition’s determination to protect the closed shop by encouraging these compulsory union levies. Let me say to the House that this government supports ordinary workers and their right to join or not to join a trade union. Conversely, the opposition supports the union bosses and their desire to impose a form of industrial conscription on unwilling workers. I can fully understand union officials’ dismay at the collapse in union membership from over 50 per cent to under 25 per cent of the workforce. In fact, with a membership rate of 25 per cent and falling, it sort of mirrors the approval rating of the Leader of the Opposition.

What you cannot do is to try to gain by coercion what you have been unable to achieve by persuasion. Unfortunately, there are still too many members opposite who seem far more interested in and concerned with the welfare and the jobs of union officials than they are with the welfare and the jobs of ordinary workers. For instance, in the Senate we had Senator George Campbell describing the government’s attempts to protect freedom of association as Orwellian. He would say that, wouldn’t he, as a former general secretary of the AMWU, which has given $3 million over the last six years to the Labor Party. Senator Hutchins described freedom of association as ideologically driven. He is the former New South Wales Secretary of the TWU, which has given $1.6 million to the Labor Party. Senator Hogg described freedom of association as unAustralian. He is the former Queensland Secretary of the Shop Assistants Union, which has given $4 million to the Labor Party over the last six years. Senator Ludwig, who is the ultimate hereditary peer of the Labor Party, described freedom of association as being out of step with society—out of step with dad, more likely. The AWU has given $2.9 million to the Labor Party over the last six years. Labor’s support for compulsory unionism is not go-
ing to change because union control of the Labor Party is not going to change.

Mr Swan—Mr Speaker, I rise on a point of order. This is a particularly insensitive attack against some on our side—

Government members interjecting—

Mr Swan—You think that is pretty funny, do you?

The SPEAKER—The Manager of Opposition Business will address his remarks through the chair.

Mr Swan—Secondly, the minister is not addressing any matters for which he has any public responsibility in this House. He is talking about internal affairs in the Labor Party. I ask you to bring him to order.

The SPEAKER—I was listening closely to the minister’s reply, and I am having some difficulty relating his remarks about contributions to the ALP to the question as asked. I understand the question included a comment about fees. I ask him to bring his remarks back to the question.

Mr Abbott—Mr Speaker, as you say, I was asked about the compulsory union fees bill which this government has introduced and will introduce again, and which members opposite are opposing because they are completely under the thumb of the union bosses. That is not going to change, and moving from 60-40 to 50-50 is just going to replace a majority shareholding with a controlling shareholding.

The SPEAKER—The minister will come back to the question.

Mrs Irwin—Mr Speaker, I rise on a point of order. Standing order 145 has nothing about—

The SPEAKER—The member for Fowler will be aware that I had already intervened.

Mr Abbott—What the debate over the compulsory union fees bill has demonstrated absolutely clearly to the Australian people is that all that stands between the Australian people and a $500 a year union tax imposed on up to six million non-union members is the Howard government.

Family and Community Services: Child Care

Ms Roxon (2.40 p.m.)—My question is to the Prime Minister, and it relates to the announcement made yesterday by the Minister for Family and Community Services. Prime Minister, are you aware that families who follow your advice and deliberately overestimate their income in order to avoid debts will pay higher child-care gap fees because the income estimate for family tax benefit is also used for the child-care benefit? Prime Minister, with many families already struggling to meet child-care gap fees, won’t this so-called option mean that some parents will no longer be able to pay their weekly child-care bill and will have to consider withdrawing from the work force?

Mr Howard—I will be fascinated to hear, if the honourable member wants to inform me after question time, of the basis on which that claim is made. It is not our understanding of the effect of the change. What the change does is tackle one of the very things that you were talking about, and that is a situation where, if a person’s income goes up during the year, under the previous interpretation of the law that was applied by the department, you had no alternative other than to keep being paid at a rate that did not recapture the overpayment prior to the notification of the increase. What we are now doing is giving you an option so that that will be eliminated. I am at a loss to understand how the honourable member asserts that that in some way produces the result that she has described or, indeed, the result described by the member for Lilley.

Environment: Kyoto Protocol

Dr Asher (2.42 p.m.)—My question is addressed to the Minister for the Environment and Heritage. Would the minister inform the House of further support for the Howard government’s decision not to ratify the Kyoto protocol under present circum-
stances? What would be the impact of ratification on Australian jobs and industries?

Dr KEMP—I thank the honourable member for Moore for his question. I am very pleased to be able to inform the House that there have been further statements of support for the Howard government’s decision not to ratify the Kyoto protocol under the present circumstances to protect Australian jobs. Yesterday I noted Queensland Premier Peter Beattie’s support for the federal government’s position on the ground that actually ratifying the protocol would cost jobs in Queensland. The House will remember that when a journalist challenged Peter Beattie by saying, ‘That is what John Howard is arguing as well,’ Mr Beattie replied, ‘Well, it’s true. I am just telling the truth.’

Today, in that very informative paper, the Financial Review, we have another statement by another well-known Australian who said, ‘I am not happy about the Commonwealth just signing up.’ Who said that? It was none other than Geoff Gallop, the Premier of Western Australia. That statement is very significant because it directly contradicts the mantra that has been coming from the Leader of the Opposition that Australia should sign up now; not when it might be in our interest to sign up, not when we could sign up on a level playing field that might protect Australian jobs and industries, but sign up now. Just yesterday, the shadow minister put out a press release saying the Howard government must ratify the Kyoto protocol now. This utter neglect of the real implications of ratification for Australian jobs and industry was obviously too much for the Western Australian Premier. He went quickly to put his views on the record, and his response was reported in the press this morning. He was crystal clear about his position. He said:

“My position is that we should aspire to it but we shouldn’t sign it until all of the states and territories have been properly involved in the process so we’re not disadvantaged in WA.

“I’m not happy about the Commonwealth just signing up ...

Mr Kelvin Thomson—He said we should sign it!

The SPEAKER—The member for Wills is defying the chair.

Dr KEMP—The Leader of the Opposition and his shadow minister are perfectly happy to join up now, but the Premier of Western Australia is not because he and some of his other state colleagues have actually thought through the issue. They actually care about jobs and opportunities in their states, while the Leader of the Opposition is happy just to barrack, to opportunistically tag along in the Kyoto conga line behind a few lobby groups. Premier Gallop and Premier Beattie know that it would be foolish to sign up now, when that would give the message to companies looking at long-term investments that they would be suffering penalties and burdens in Australia that they would not be suffering if they invested in other countries.

It is quite clear that the Leader of the Opposition’s years as shadow Treasurer taught him nothing. We now have first-class analysis which shows the contraction to GNP that would occur if we signed up to the protocol, and yet the Leader of the Opposition seems not to understand that a contraction in GNP would mean a contraction in jobs. He ignores the results of the research on the public record, he has done none of the heavy lifting that is necessary to write policy, he has no thoughts of his own. All he does is tag along behind the vested interests that support the Labor Party. He has not consulted with the states. He has managed to succeed in dividing the Labor Party on this issue. Some leadership! His party is now falling to pieces behind him because he has not been able to think through a sensible, rational position. The government are setting out on a strategy which will achieve the Kyoto target. We are consulting with industry, we are consulting with the states and we are taking a responsible position in the international community.

We know Labor’s approach to greenhouse because we have seen it before: if there is a
treaty, sign it. It does not matter if it penalises industry and it does not matter if it exports jobs from Australia. The Howard government and the people of Australia are not going to stand for this.

Taxation: Family Payments

The SPEAKER—I call the honourable member for Newcastle.

Ms Vamvakinou—It is Calwell, Mr Speaker.

The SPEAKER—I apologise to the member for Calwell.

Ms VAMVAKINOU (2.47 p.m.)—My question is to the Prime Minister, and it refers again to family debts. Prime Minister, isn’t it the case that you have stated on a number of occasions both to the parliament and to the media, including Alan Jones, that the government would try to find a more flexible way to repay debts rather than just stripping tax returns? Prime Minister, isn’t it the case that the statement issued by Minister Vanstone contained no flexible payment options for families who are facing having their tax returns stripped for debts from 2001-02? Finally, Prime Minister, despite your assurances, why has the government decided to continue to strip families’ tax returns?

Mr HOWARD—the member opposite that that decision by the government was widely applauded throughout the Australian community. Many colleagues who sit behind me know that it was very warmly applauded. It was seen as yet another element of the government’s pro-family policies. The government has introduced the flexibility that I promised, and those changes will be phased in. People who enjoy an increase in their salary and who notify it will have the option—they will not be compelled—of adjusting their future payments so as to not only reflect their slightly reduced entitlement for the unexpired portion of the year but also recapture the overpayments during the expired portion of the year. That will avoid the lump sum obligation at the end of the year, which is the option that I think people ought to have. The member for Lilley was talking about people deliberately overstating their income. We are not asking people to overstate their income. Under these changes, we are simply giving people the option.

Opposition members interjecting—

Mr HOWARD—We get these guffaws from those who sit opposite. I suppose, if you do not have any policies, you have to rummage around in your opponents’ press releases and try to develop some fantasies out of those. It is a very simple, additional piece of flexibility. It will mean that, if you enjoy an increase and you notify, you will have the option of adjusting your future payments so there is no lump sum at the end of the year. If you do not want to do that, you do not have to, and then you will have the lump sum at the end of the year.

Equally, I remind the House that there are a lot of people who are underpaid during the year. Of those who have adjustments, about six out of 10 are overpayments and about four out of 10 are underpayments. These changes will reduce the six out of 10 to something in the order of two or three out of 10. The people who have been underpaid will still get the top-up at the end of the year. It does not alter the fact that the average
payment under this you-beaut scheme that the Labor Party opposed is $5,700 per family per year and that more than 260,000 Australian families get $10,000 a year tax-free on a fortnightly basis under this very generous, and very much needed, family tax benefit scheme.

It is one of the signature programs of the last 6½ years. It has done a great deal to address the unfairness that we inherited in the Australian taxation system for people on low incomes. We inherited an enormous bias against families with young children in the Australian taxation system.

Opposition members interjecting—

Mr HOWARD—You must wander around your electorates with your hands over your ears if you think that the Australian public thought the tax system you left us was fair to families with children. It was plainly an unfriendly tax system to Australian families, and we have massively increased the tax benefits for Australian families. If we can do more, we will—in a fiscally responsible fashion—because when it comes to decent family tax policy it is the Liberal and National parties that have delivered to the Australian people.

The SPEAKER—I should for the sake of the Hansard record point out that the question came from the member for Calwell and the answer was directed to the member for Calwell. Also, very early in question time I may have inadvertently chastened the member for Newcastle, and done so in error.

Environment: Murray-Darling River System

Mr SECKER (2.53 p.m.)—My question is to the Minister for Agriculture, Fisheries and Forestry. The minister would be aware of the current condition of the River Murray mouth and the threat of closure through sand build-up in the current dry conditions. As it is in my electorate, what action will the Commonwealth take to ensure the flow of the Murray and the protection of the world-recognised Coorong wetlands?

Mr TRUSS—I thank the honourable member for the question and recognise his particular interest in the River Murray and its health. The River Murray is a vital lifeline for much of rural and regional Australia. It is responsible for a significant proportion of the production of Australia’s food and fibre, it is vital for the water supplies of a large number of urban communities and it is a very important recreational area for many Australians. The drought has had a number of serious effects on rural Australia, and amongst them has been the reduction in water flows in this great river system. As a result, there has been very little flow to the mouth of the Murray now for a considerable period of time, and there have been no releases of water to the Murray mouth since November last year. With the continuing dry conditions, it is fairly unlikely that there will be any capacity to release flows for that purpose for some significant time.

The Murray-Darling Basin Commission therefore made a decision yesterday to proceed with a major program to dredge the mouth of the River Murray to make sure that it stays open, to preserve the precious environmental values of that region and to ensure that the tourism and other industries in that region are able to survive these dry times. The commission has pledged up to $2 million to be made available for this work. It is, of course, a very important initiative. The reasons why the mouth closes are quite complex, and clearly the build-up of sand in that area is an issue that will need to be dealt with more substantially in the longer term. This will, at least in the short term, ensure that the magnificent values of the Coorong wetlands are preserved and protected and that the health of that whole system can be sustained for the years ahead.

I commend the Murray-Darling Basin Commission on this decision. I appreciate that people would prefer that this sort of action was not necessary, but when we deal with extraordinarily dry times it is inevitable that special and emergency action needs to be taken. We are intervening at this early
stage to avoid the damages that could otherwise be caused and that has occurred on some previous occasions when the mouth has been closed. This intervention should help preserve the health of that region and the welfare of the honourable member’s constituents.

**Fuel: Ethanol Content**

Mr FITZGIBBON (2.57 p.m.)—My question is to the Treasurer. Treasurer, do you recall telling the House during question time yesterday:

If ethanol is an alternative fuel, it ought to be taxed on a similar basis. Otherwise, if a non-excisable fuel were to replace an excisable fuel, it would open up the opportunity for imports to be brought into the country to take an advantage of that disparity, which would obviously affect the revenue.

Treasurer, given that LPG is an imported alternative fuel, will you now rule out also hitting it with an excise?

Mr COSTELLO—The point that I was making yesterday was that ethanol could be mixed with petrol and sold from a petrol bowser. Whilst you can put ethanol into a petrol bowser and whilst in that bowser the petrol which is being sold is taxed at 38c, you obviously have the opportunity to take advantage of the tax concession by switching ethanol for the petrol. That was the point that I made.

Mr Crean—Or for LPG.

Mr COSTELLO—It is a much better system to have a watertight system so that whatever the mix—

The SPEAKER—The Leader of the Opposition! The Treasurer has the call.

Mr COSTELLO—Mr Speaker, I am flattered by the warm reception he gives me at the dispatch box.

*Opposition members interjecting*

Mr COSTELLO—He’s got us again!

The SPEAKER—Standing order 55 applies to all members. The Treasurer has the call. The Treasurer also has an obligation to address his remarks through the chair.

Mr COSTELLO—As I was saying earlier, we have the capacity to put ethanol in a petrol bowser, where the petrol is taxable at 38c—

Mr Fitzgibbon—You’ve only got to flick the switch.

The SPEAKER—The member for Hunter!

Mr Fitzgibbon—That’s all you’ve got to do.

The SPEAKER—I warn the member for Hunter, who clearly thinks it is simply his option to ignore the chair.

Mr COSTELLO—You have the opportunity to switch some petrol with ethanol and take advantage of the 38c reduction in the tax rate. Where you have a situation where ethanol is taxed at 38c—the same as petrol, regardless of the mix—then inspectors who look at the petrol bowser know that the full volume, whether it is ethanol or whether it is petrol, has to be taxed at 38c. This means that you do not have entering into the consumer market the non-taxed, substitutable product. LPG is different in this sense, in that it does not go into petrol bowser. You cannot mix LPG in with petrol at a petrol bowser. You cannot pump LPG from a petrol bowser.

Mr Crean—You get it from the next bowser.

Mr Fitzgibbon—Is that right, or do you get it from the next bowser?

Mr COSTELLO—Actually, it is right. As it turns out, you cannot actually put LPG—

The SPEAKER—Order, the Leader of the Opposition! Do I have to constantly remind the Leader of the Opposition of the obligation he has to extend the same courtesy as is extended to him?

Mr COSTELLO—You cannot actually put LPG into a mix with petrol and pump it from a petrol bowser, so you do not have that problem with substitutability. If I could use an analogy, it is like the Diesel Fuel Rebate Scheme. Once upon a time, those people
who were not subject to excise could actually get their fuel excise free. What that meant was that in the retail market there was considerable leakage—that is, a person who might have been entitled to a concession could take it and could then on-sell it. The Diesel Fuel Rebate Scheme, which was introduced by the Labor Party, I think, and which we support, applied the excise to all of the product entering the market—so you had a watertight system from the consumers’ point of view—and then gave the rebate back as a matter of policy.

The fact that you do a rebate means that there is, we can see, some more paperwork. But it means that you have a watertight system against leakage into the consumer market; so too with ethanol. If you want to actually apply the benefit to the Australian producer, you do it by way of a production back whilst you have a watertight system from the bowser in relation to the market. I think this is actually a good thing because it will aid enforcement by tax office officials and reduce the opportunity to take advantage of a tax concession in order to sell a product and take advantage of cheaper prices. That is what I said yesterday, and that is what I say today.

I think, on a moment’s reflection, that the member for Hunter is a fair man. I think, on a moment’s reflection, that he will actually come around to seeing the wisdom of this decision. We often have this frustration: we have this sort of clipping around the edges from the Labor Party but they do not actually ever tell us what their policy is. If the Labor Party’s policy is to take that off ethanol, we would like to know. It is the same in relation to the sugar levy. The shadow Treasurer announced at one o’clock that they were against the sugar levy and then at three o’clock announced that they were in favour of it, according to AAP. It went up on the AAP wire.

The SPEAKER—Order, Treasurer!

Mr McMullan—Mr Speaker, I rise on a point of order. My point of order goes to relevance. I will deal with the misleading comments in a personal explanation.

The SPEAKER—The member for Fraser will resume his seat. The member for Fraser may not have been aware of it, but I was in fact intervening as he rose to point out to the Treasurer—

Mr Truss interjecting—

The SPEAKER—I am addressing the Treasurer, and I do not need assistance from the Minister for Agriculture, Fisheries and Forestry. I point out to the Treasurer that, while I allowed him to speak about sugar because I could see a relationship to ethanol, I am failing to see how the sugar excise has an immediate relationship to the question that he was asked. The Treasurer will need to tie his remarks to the ethanol policy.

Mr COSTELLO—It is part of the ethanol policy. According to AAP, at 1.04 p.m., ‘Labor will oppose sugar levy: McMullan’.

Mr McMullan—That was a lie then.

Mr COSTELLO—According to AAP, at 3.04 p.m., two hours later, ‘a spokesman for Mr McMullan said Labor may have to support the levy’.

Mr Fitzgibbon—Mr Speaker, I rise on a point of order, and again it goes to relevance. I note that the Treasurer has failed to rule out putting a tax on LPG but all Australians know there is no connection between—

The SPEAKER—The member for Hunter will resume his seat. Has the Treasurer concluded his answer? If not, I ask him to come back to the question.

Mr COSTELLO—I have explained fully the reasons why having an excise with a production subsidy will prevent leakage into the retail market. I have also indicated that, if the opposition opposes that policy, we would like to know. All we get from the opposition is these ‘mcmuddled’ statements which change by the hour. If the opposition can see its way through another ‘mcmuddle’ that it has got itself into, we would be very interested to know.
Small Business: Taxation

Mr RANDALL (3.05 p.m.)—My question is to the Minister for Small Business and Tourism. Minister, would you inform the House of how the federal government has reduced the tax burden for small business? Is the minister aware of any alternative policy approaches to taxation and what is the impact on small business of these approaches?

Mr HOCKEY—I would like to thank the member for Canning for his ongoing interest in small business. He is a serial questioner in this House on small business and asks good questions about the level of taxation. As the Prime Minister said a little earlier in relation to family tax, when we came into government in 1996 we inherited a tax system that clearly disadvantaged Australia’s 1.2 million small businesses. That is one of the reasons why we—despite the opposition of the Labor Party—reduced company tax from 36 per cent to 30 per cent, halved capital gains tax, reduced personal income tax so that 80 per cent of Australians pay no more than 30c in the dollar, reduced excise taxes and abolished a whole range of other insidious little taxes such as FID and stamp duty on the transfer of shares. We did all that, to the benefit of Australia’s 1.2 million small businesses. That is just one of the reasons why, in the 12 months after the introduction of the new tax system, thousands of new small businesses were created in Australia.

The member for Canning asked me whether there are any alternative approaches. It has become quite clear, not only during this question time but during other question times, that the Labor Party has no solid stance in relation to taxation—That is, the Labor Party here in the Commonwealth. But, of course, the Labor Party in Western Australia has a different view, as the member for Canning would know. In a grievance debate in the state parliament last Thursday, the Labor member for Perth, John Hyde, stood up to criticise—

Mr Howard—John Hinde? He hasn’t gone into state politics, has he?

Mr HOCKEY—He has left films.

The SPEAKER—Minister!

Mr HOCKEY—It was not me; blame him.

Mr Howard—Sorry about that. It was a rare indiscretion.

The SPEAKER—The minister’s obligation is to address his remarks through the chair.

Mr HOCKEY—He stood up in the Western Australian parliament on Thursday and criticised the Western Australian Labor government, of which he is a member, for introducing the highest rent taxation in Australia. In fact, as it stands, the Western Australian state government charges small businesses that rent out equipment, with a threshold of $24,000 a year, 1.8c in every 100c of rentals. That is, if you have got a party hire company that is renting out glasses at 30c for each glass—

Ms Gillard interjecting—

Mr HOCKEY—You should not laugh about parties; the unions have hired the Labor Party for the last 100 years.

Government member—They have owned it.

Mr HOCKEY—They have owned it; it was a lease-back. If you have a party hire business and you are renting out glasses, you are charging your customers a state stamp duty on every glass rented out. In Western Australia, it is 1.8 per cent of the total take in relation to that—the highest in Australia. This member, John Hyde, criticised that. He said:

A transaction as small as the hiring out of a dozen ... wine glasses ... for 30c each attracts stamp duty.

He called upon the state treasurer, Mr Eric Ripper—

Honourable members interjecting—

Mr HOCKEY—No-one likes state treasurers. Not even Carl Scully likes state treasurers, does he?
The SPEAKER—The minister will address his remarks through the chair.

Mr HOCKEY—No-one likes state treasurers, especially if they are Labor. But the bottom line is that Mr Ripper has conceded that the compliance costs associated with the rental stamp duty were high. He goes on to say:

That is not a reasonable way in which to raise taxation revenue.

On this side of House, we had the courage to reform taxation. On this side of the House, we went to the Australian people and said, ‘We want a fairer taxation system not just for small business but for consumers.’ It is about time the states had a bit of courage about reforming their taxation systems as well.

Fuel: Ethanol Content

Mr McMULLAN (3.10 p.m.)—My question is to the Prime Minister. Prime Minister, yesterday, in answer to a question of whether the government had been contacted by the office of a major Australian producer of ethanol before making the decision to impose fuel excise on that product, you answered that you had no personal recollection of any such discussion. Will you now advise the House whether, in the past month, your office received any such communication, whether in person or by telephone, facsimile, letter, email or other means?

Honourable members interjecting—

The SPEAKER—The member for Fraser will commence his question again.

Mr McMULLAN—Prime Minister, would you advise the House whether, over the past month, your office received any such communication, whether in person or by telephone, facsimile, letter, email or any other means? If so, when?

Honourable members interjecting—

Dr Nelson—It’s The Life of Brian.

Mrs Crosio—Which side of the House is it now?

The SPEAKER—The member for Prospect!
criminal or sinister and that a company or a citizen who believes that an event is going to disadvantage them commercially has no right to put a view to the government of the day—this idea that if they do put that view it is a crime or something sinister or corrupt—is absolutely absurd.

As far as I am concerned, the government is not going to conduct business on the basis that people who believe they have a case to put to the government and a request to make to the government are prevented from doing so because they are a successful Australian company. Of course I know Mr Honan. I can tell you that the first time I met him he told me how well he knew my predecessor, Mr Keating. But, of course, that does not make him bad or Mr Keating bad or me bad. I know a lot of business men and women around Australia. In fact, I think it is part of my job to know what the business community of Australia thinks, and I do not apologise for getting letters from people like Dick Honan.

Just for the record, I have been informed by the Minister for Trade that the first time he heard about it was when a lobbyist for the company that was importing the ethanol from Brazil informed a senior member of the minister’s staff at a Canberra function. I suppose we should have a criminal investigation into that as well. I will have a look. As far as I am concerned, I am quite happy to disclose to the House that I know Dick Honan. He is known to a lot of people in the parliament. He is known to a lot of people opposite. I know that and they know that I know it. I think this is absolutely ridiculous but, for the purposes of the record, I will check the faxes, I will check whether I have messages and I will also check the AAP wire—I will check it now and I will check it in two hours time as well.

Mr McMullan—Mr Speaker, I rise on a point of order. I seek leave, in response to that message to do with the AAP wire, to table an AAP wire saying:

Fuel costs would rise because of the government’s ethanol fuel subsidy plan, Treasurer Peter Costello said today.

Leave not granted.

Trade: Seafood Industry

Mr WAKELIN (3.17 p.m.)—My question is addressed to the Minister for Trade. Would the minister advise the House of the contribution Australia’s seafood industry is making to our overall export effort and to jobs growth in Australia?

Mr VAILE—I thank the honourable member for Grey for his question. The seafood industry makes a major contribution to exports for the Australian economy, particularly in the electorate of Grey. The member for Grey is a strong supporter of the industry, and approximately two-thirds of South Australia’s seafood industry comes from the Eyre Peninsula, which just happens to be in the electorate of Grey. Fourteen per cent of the work force of the Eyre Peninsula—2,000 jobs—are engaged in that industry. Obviously members on both sides are aware that representatives from Australia’s seafood industry were in Parliament House today promoting the wellbeing of their industry and telling us what they have been doing and what they are going to do in the future. I urge members from both sides of the House to engage in a discussion with the seafood industry.

Last year, Australian exporters earned $154 billion for the Australian economy, and $1.7 billion of that was earned by the seafood industry: $500 million from fresh, chilled and frozen fish; $500 million from lobster; $300 million from prawns; and $400 million from shellfish. I might add that a lot of those shellfish come from my electorate and from the electorate of the member for Paterson. Excellent seafood exports come from that part of New South Wales.

Mr Fitzgibbon—Those he hasn’t eaten!

Mr VAILE—Those that he does not eat before they leave. It is also interesting to note that we export $4.4 million worth of seafood to the Middle East. This week I have
been explaining to the House the importance of our export effort and our market presence in countries in the Middle East, and this sector is specifically important.

The member for Grey also asked about jobs and the significance of the jobs that are created in our economy by this industry. We have been hearing all week how, since 1996, with the efforts of this government, we have generated a million new jobs in the Australian economy. There are 19,000 Australians directly employed in the commercial fishing industry, and that has grown from a level of 13,000 in 1996. Since 1996, in the period that we have developed a million new jobs in the economy, there has been a 46 per cent increase in jobs in this industry. The Australian seafood export industry deserves the support not only of this parliament but also of the people of Australia, because it is obviously delivering, under the policies of this government, jobs, jobs, jobs. It is making its contribution to the development of those one million new jobs that have been created since 1996.

Environment: Kyoto Protocol

Mr KELVIN THOMSON (3.20 p.m.)—My question is to the Minister for the Environment and Heritage. I refer to your claim that economic modelling by ABARE and Professor McKibbin supports the government’s refusal to ratify the Kyoto protocol on climate change and ask: isn’t it the case that, for the year 2010, the data shows Australia’s gross national product to be larger if we ratify Kyoto than if we do not? Isn’t it also the case that the attachment to your media release stated that ‘the modelling results ... are not useful for informing the longer term picture beyond 2012’? If the modelling supports the government’s position, why did you sit on it for months after you received it and release it late last Friday night only because you had to release it to comply with a freedom of information request?

Dr KEMP—I refer the shadow minister to the article by Professor Warrick McKibbin in this morning’s Australian Financial Re-

Mr Kelvin Thomson—You sat on it!

Dr KEMP—The analysis was put out at the earliest possible moment, and the government is pleased to have it on the public record because it fully supports the case that the government has made: it would not be in Australia’s interests to sign and ratify the Kyoto protocol at present.

Let me make it quite clear, since I have the opportunity, that the government are working extremely hard to meet the Kyoto target that we negotiated. We have put a range of measures in place to reduce greenhouse gas emissions. Indeed, the measures currently in place will reduce Australia’s greenhouse gas emissions by some 60 million tonnes a year. We are consulting with industry and the states to ensure that we put in place the remaining measures necessary to reach the Kyoto target. That is a totally different approach to that of the Labor Party. The Labor Party has not read the analysis, it has not consulted with industry and it has not consulted with the states or even with premiers who are members of the Labor Party.

Health and Ageing: Aged Care

Mrs DRAPER (3.24 p.m.)—My question is to the Minister for Ageing. Can the minister inform the House of the government’s response to the aged care specific nursing
recommendations made in the National Review of Nursing Education 2002—

The SPEAKER—I interrupt the member for Makin. I think the minister is having trouble hearing the question.

Mr Fitzgibbon—I can hear it all right!

The SPEAKER—I remind the member for Hunter that if I were to act as the standing orders oblige me, he would not now be in the chamber. The member for Makin can commence her question again and be heard.

Mrs DRAPER—Can the minister inform the House of the government’s response to the aged care specific nursing recommendations made in the National Review of Nursing Education 2002 released earlier this week?

Mr ANDREWS—I thank the honourable member for Makin for her question and her continuing interest in health and aged care in Australia. I welcome the report of the Review of Nursing Education, which was released earlier this week by my colleagues the minister for education and the Minister for Health and Ageing, Senator Patterson. I commend those who are responsible for this comprehensive report, in particular Mrs Patricia Heath, the chair of the task force that compiled the report.

There are a series of recommendations in the report for Commonwealth, state and territory governments and also for the health sector. I am delighted to be able to inform the House that a number of the initiatives outlined in recommendations of the report, particularly in relation to aged care, are already being addressed by the government. These include the $211 million in additional recurrent funding, which was announced in this year’s budget; the pricing review, which I referred to earlier in the week; an initiative worth $26.3 million designed to create 1,000 scholarships for nurses in Australia, particularly those who wish to go into or remain in the aged care sector; an additional $21.2 million for training aged care workers, personal care workers, particularly those in smaller homes in rural and remote Australia; and, in addition to that, the review of the paperwork burden for nurses in aged care.

There is one other recommendation which I will address: a call for a nationally consistent framework to be developed that allows all nurses to work within a professional scope of practice, including the administration of medications by enrolled nurses. In this country, we have an absurd situation where, for example, in the state of Western Australia an enrolled nurse can give an insulin injection to a resident of a nursing home, whereas in every other state of Australia an enrolled nurse with the same qualifications is not permitted to give—is prohibited in fact—an insulin injection to a resident of a nursing home. Indeed, this is more bizarre because not only that enrolled nurse but anyone for that matter—any of us; a spouse of an elderly person living at home, for example, in receipt of a home and community care package or simply living at home, as the great majority of elderly Australians do—could receive an insulin injection from anybody else. So we have this bizarre, restrictive practice, so far as nursing is concerned, that enrolled nurses in most states of Australia cannot do something as simple as give an insulin injection to a resident of a nursing home. I noted and welcomed that in their press release welcoming the Review of Nursing Education, the Australian Nursing Federation said, ‘It is now time for all interested parties to work together in responding to the report’s recommendations.’ I call upon all state and territory health ministers, who are responsible for the legislation in this regard, to follow the recommendations of the report and to amend their legislation.

Agriculture: Water Reform

Mr WINDSOR (3.29 p.m.)—My question is to the Prime Minister. Given the recent comments by both the Deputy Prime Minister and the Minister for Agriculture, Fisheries and Forestry regarding the government’s intention to withhold national competition policy payments from those states that have not adhered to the principles of the COAG arrangements relating to water
reform, what benchmarks does the government intend to use as a trigger for this process or is it more hot air from a National Party conference?

Mr Ross Cameron—That should be withdrawn!

The SPEAKER—Order! Before I recognise the Prime Minister, I must say that the member for New England is a new member in this House but has had extensive parliamentary experience and is aware that the question, at least the tail part of it, had implications that would put it outside the standing orders.

Mr HOWARD—The answer to the first part of the question is appropriate benchmarks, and the answer to the second part of the question is no.

Youth: Parliamentary Process

Mr BARRESI (3.30 p.m.)—My question is to the Minister for Children and Youth Affairs. Can the minister please inform the House how the government engages young people in the parliamentary process?

Mr ANTHONY—I thank the member for Deakin for his keen interest in the welfare of young people, as is the case for all members on this side of the House. I am delighted to inform the parliament that we have 50 quite exceptional young people from around Australia attending the Youth Roundtable, which I know many members have also attended. These young people come from diverse ethnic and socioeconomic backgrounds and from all around Australia. They have come to Canberra to deliver their papers on the projects that they have been focusing on over the last six months.

Helena Bates and Justin Elks were two people from the Deakin electorate whom I met. Helena made a very significant contribution, ‘Beyond the smokescreen’, in which she talked about the importance of discouraging young people from smoking. Many others also made significant contributions, including Ana Kosi, from Griffith, in the member for Riverina’s electorate; Penny Dollin, from Brisbane, who is looking at the linkages in getting young people from university into the work force; and Brittany Noble, from the member for Page’s electorate, who told a very moving story about how she contemplated suicide but found the strength to get through that. She made a very powerful presentation to the Youth Roundtable. Mohammed Isa Minkom from the Cocos islands, in the member for Lingiari’s electorate, made a valuable contribution about more equal opportunities for those people in remote areas.

The government takes the National Youth Roundtable very seriously. It takes on board the participants’ suggestions and puts them into some sort of policy format. It provides the participants with an opportunity to display their story and their passion to the parliament. I would like to acknowledge all those members on this side of the House who have spent time at the National Youth Roundtable or who have met many of the participants. The Minister for Citizenship and Multicultural Affairs is nodding, as is the Prime Minister. I would like to particularly acknowledge the Minister for the Environment and Heritage, who was the principal driver behind establishing the Youth Roundtable a number of years ago. He attended many of the sessions, along with other cabinet ministers, including the Minister for Education, Science and Training, the Minister for Immigration and Multicultural and Indigenous Affairs and the Deputy Prime Minister.

This demonstrates that the government is listening. I was a little perplexed by the comments of the member for Gellibrand on the ABC News just recently. I am glad that she did attend many of the workshops. I would have to say that she must be listening, because she was there all day taking down notes from these young people. However, she was the only person I noticed from the Labor Party, as opposed to the many senior cabinet ministers and others I saw from this side. Why was that so? It was because the Liberal-National Party have a genuine concern for the welfare of young people.
earn their respect. We do not take them for granted like the Australian Labor Party.

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

**CONDOLENCES**

Ferguson, Mr Jack

The SPEAKER (3.34 p.m.)—Before members choose to leave the chamber, I should indicate that I had suggested that it would be appropriate to extend indulgence to the Leader of the Opposition and the Prime Minister to recognise the loss being experienced by the members for Batman and Reid.

Mr CREAN (Hotham—Leader of the Opposition) (3.34 p.m.)—I thank the Speaker and I thank the House. I was deeply saddened, as I am sure everyone in the House was, to learn of the death overnight of Jack Ferguson. Jack was a great servant of the Labor Party and a great servant of the people of New South Wales. He is a great loss to the nation. Jack was forced to leave school at the age of 13 to help support his family during the Depression. Despite his lack of formal education, he became—through his own fierce desire—self-educated, and extraordinarily well educated.

He never lost touch with his working-class background and he never forgot those he represented for over 25 years in the New South Wales parliament as the member for Merrylands, from 1959 to 1962 and from 1968 to 1984, and the member for Fairfield, from 1962 to 1968. Indeed, he spent the entire 51 years of his married life in the same house at Guildford. He built it with his own hands, from the skills he learned as a bricklayer. He completed his service in the Army as well.

Jack was the deputy leader of the parliamentary Labor Party for more than a decade and formed a formidable team with Neville Wran. This partnership took Labor back into government in 1976 and then to two subsequent landslide victories. Indeed, whilst those victories were known as ‘Wranslides’, Labor would never have won office had it not been for the crucial role that Jack played in bringing the entire party behind Neville Wran before the 1976 election.

Jack used his time in government to repay the faith of the people in Sydney’s west by delivering hospitals, schools, public housing and roads in the areas that needed them, particularly in the outer suburbs. Jack’s devotion to the Labor Party and to representing working people has been passed on to his five children: Martin and Laurie, whom I am privileged to have serve on my front bench, and Deborah, Andrew and Jennifer. My sincere condolences go to all of Jack’s family, in particular his wife of 51 years, Mary Ellen. All of us in the Labor movement share with them today the loss of one of the truly great figures in New South Wales politics and from the Australian Labor Party.

Mr HOWARD (Bennelong—Prime Minister) (3.37 p.m.)—I join the Leader of the Opposition in extending publicly, as I have done privately to both Martin and Laurie, my condolences on the death of their father, Jack Ferguson. As it happens, coming from Sydney I saw quite a bit of Jack Ferguson, particularly during the years of the Fraser government. He and Neville Wran used to add different dimensions to premiers conferences. They were a great foil for each other. Neville Wran was the master of the six- or seven-second commercial grab on television; Jack’s communications skills were of a different hue but he got his point across. He always struck me as what somebody from my political vantage point would describe as ‘a very genuine Labor man’. As the Leader of the Opposition said, he had a working-class background and belonged to a generation that found it hard to get a formal education. Those people had to fight all the harder to get ahead because they had not had the opportunity of a formal education. That has been the experience of many people of that generation on both sides of the political divide.

Jack Ferguson was a colourful figure. His link with the union movement was one of the reasons the Wran government was incredibly successful for a very significant period of
time in New South Wales. He certainly spawned a great Labor dynasty. We battle and take up the cudgels against each other on occasions, but on other occasions we respect the differences. We admire somebody who was true to the line and lineage from which he came. Jack was certainly of that type and I respected him for that. I liked him whenever I was in his company. I extend my condolences to his wife, with whom he had a wonderful 51-year marriage—itself a huge achievement. To live in the same house, have five children and to have them all around you when you die, you must be a pretty good bloke. I join the Leader of the Opposition in extending my condolences.

Mr ANDERSON (Gwydir—Deputy Prime Minister) (3.39 p.m.)—Very briefly, may I join the Leader of the Opposition and the Prime Minister on behalf of my own party, the National Party. Also, as the holder of the portfolio opposite that of the member for Batman, I extend my condolences to his wife, with whom he had a wonderful 51-year marriage—itself a huge achievement. To live in the same house, have five children and to have them all around you when you die, you must be a pretty good bloke. I join the Leader of the Opposition in extending my condolences.

Mr LAURIE FERGUSON (Reid) (3.40 p.m.)—On indulgence, Mr Speaker, on behalf of my mother and my family, I thank the Leader of the Opposition, the Prime Minister and the Deputy Prime Minister for their words. One of the things that has really been a tremendous gain for me in life has been the number of people—whether they were the British High Commissioner, former ministers in New South Wales or current and former public servants—who, over the years, have said to me, ‘Laurie, this or that Country Party minister in New South Wales or this or that Liberal Party ex-member of parliament says that your father was the most honest person New South Wales politics produced.’ That is no denigration of other members, but that image with which he went out of New South Wales politics is something which has deeply affected me over decades. Some cynics might say, ‘Well, that’s New South Wales,’ but, quite frankly, you can look around the world and see a Belgian socialist minister gunned down because of criminal connections or a situation in Italy where, before the collapse of the Craxi government, the various parties divided their foreign aid programs—the Socialist Party got all the graft from this part of the world, the Republicans got this part, the Liberals got that part et cetera. That statement about my father is a strong testament to the fact that in New South Wales politics he was regarded in that way.

I notice in this House the Minister for Immigration and Multicultural and Indigenous Affairs, the Minister for Children and Youth Affairs, the member for Parramatta, the member for Barton, the member for Scullin and a number of other people who come from families who have served the public in political life. I do not think they came to this process to be part of dynasties or to advance themselves financially but because of a respect for what their forebears contributed. Unfortunately, over the last year or two a number of people have chosen to denigrate the political system and politicians in this country. I want to say that I am, with those members, a person who respects what my father accomplished in life. He sought at least to try to change things, as people on the other side did in that same situation. I thank the House; I thank the speakers very much.

QUESTIONS WITHOUT NOTICE:
ADDITIONAL ANSWERS
Australian Defence Force: Gulf War Illness

Mrs VALE (Hughes—Minister for Veterans’ Affairs and Minister Assisting the Minister for Defence) (3.43 p.m.)—I seek to add to my answer to the member for Cowan. I acknowledge his interest in all veterans. In this case, he asked me about a study that was conducted into our Gulf War veterans. I can
say to the honourable member that the government is currently conducting a comprehensive study into the health of Australian Gulf War veterans. It is a comparative study against other groups in the ADF of similar gender and similar age who did not go to the Gulf War. This study is expected to be completed by the end of this year. In recognition of our concern for the health of all our serving personnel, the government will consider the recommendation of that study. I also take the opportunity to inform the honourable member that Gulf War veterans who have concerns about their health are already receiving compensation and medical assistance. If he knows any other veterans for whom he has concern, please ask them to contact my office or my department and they will certainly be attended to.

PERSONAL EXPLANATIONS

Mr McMULLAN (Fraser) (3.44 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr McMULLAN—I do indeed, by the Treasurer here today.

The SPEAKER—Please proceed.

Mr McMULLAN—The AAP report of 13 September misrepresented me and was clarified. I sought a correction from AAP. They published a partial correction, which the Treasurer quoted, but it was not sufficiently comprehensive to satisfy me, so I put out on that same day, publicly—and it would have been drawn to the attention of the Treasurer as well as others—a press release repudiating that report and saying that I at no stage suggested or implied any such thing. It is a practice that members should exercise; if they have been misrepresented, they should come in here directly and raise it. I did not raise the AAP report because I was satisfied with the media release correcting it. But we should do one or the other, and those people who make such allegations should be careful that, when such allegations are made against them and they do not correct them, they in effect confirm them.

The SPEAKER—The member for Fraser is aware that he is now going beyond the range of personal explanation.

Mr Costello—I seek leave to table the AAP report of 13 September 2002, 1.04 p.m. I seek leave to table the transcript of an interview with the shadow Treasurer of 13 September 2002, including the words ‘But there is no need for a levy’, and I seek leave to table the AAP report of 3.04 that afternoon, which I quoted earlier. Mr Speaker, I think the record will speak for itself.

The SPEAKER—I point out that the Treasurer may be seeking leave but he does not need leave to table those various documents.

Mr McMullan—I seek leave to table the media release denying those reports and I seek leave to table the AAP report of 17 September quoting the Treasurer as saying fuel costs would rise because of the government’s ethanol fuel subsidy plan.

Leave granted.

Mr ALBANESE (Grayndler) (3.47 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr ALBANESE—I do.

The SPEAKER—Please proceed.

Mr ALBANESE—During question time today, the Minister for Children and Youth Affairs implied that only the member for Gellibrand on this side of the House attended the Youth Roundtable. I attended, along with a number of frontbench and backbench members from the Labor Party, to see David Khoury, a fine young representative from Marrickville—

The SPEAKER—The member for Grayndler has indicated where he has been misrepresented.
QUESTIONS TO THE SPEAKER
Amendment to Ministerial Statement on Iraq

Mr ANDREN (3.47 p.m.)—I have two questions, the first of which is to you, Mr Speaker. I draw your attention to standing order 178, in the context of my amendment to the ministerial statement on Iraq. I note the standing order invests discretion in the chair to propose the question that the amendment be agreed to. As I am passionate that the House express an opinion on the amendment standing in my name, would you be prepared to state the question that my amendment be agreed to? Could you either respond now or take it on notice and report back to the House before the order of the day is next called on?

The SPEAKER—During the member for Calare’s question to me, I looked up standing order 178. I will give a response and, if it is inadequate, come back to the member for Calare, but I note that standing order 178 says that, if no member objects, the Speaker may take this procedure. I would therefore indicate to the member for Calare that it is more in the hands of the House than the hands of the Speaker to determine whether or not this change will occur. Clearly, I have a reservation about the desirability of changing a question once it has been stated. That is a reservation I think everyone would share, since the House is already dealing with a question stated in a particular way and would have a reservation about making a change. I note, however, that I have that facility, if no member objects, and I would therefore rest the case with the House. The desirability may well be in its hands, not mine.

Mr ANDREN—Thank you for that, Mr Speaker. I am a little concerned, after discussions with the Clerk, about the processes for handling amendments to the Iraq statement. I wonder if you can seek an assurance from the Leader of the House that the House will be given a chance to debate my amendment to the ministerial statement on Iraq. Perhaps you could grant indulgence to the minister to clarify the matter now.

The SPEAKER—I was amused at the member for Calare’s instruction to the chair, which I am sure was not intended in a disrespectful way. Clearly, if the Leader of the House wishes to respond, I will grant him indulgence. It is really dependent upon an indication from the Leader of the House as to whether or not he wants to respond.

Mr ABBOTT (Warringah—Leader of the House) (3.50 p.m.)—On indulgence, obviously the amendment which the member for Calare wishes to move will have to be handled in accordance with the various forms of the House, but, as far as the government is concerned, there is no desire whatsoever to limit people’s ability to make a statement and to make a case of whatever sort they wish to make on Iraq and our dealings with Iraq. So we will deal with it in accordance with the forms of the House, but we will not manipulate them to try to limit the member for Calare’s ability to say what he wants to say.

Mr STEPHEN SMITH (Perth) (3.51 p.m.)—Mr Speaker, this follows on from the question from the member for Calare and the comment by the Leader of the House. I have foreshadowed an amendment to the member for Calare’s amendment, so whatever advice you give to the member for Calare in respect of procedure, I wonder whether you might give me the same courtesy.

The SPEAKER—Yes, I give the member for Perth that assurance. I will consult with the Clerk, but it is not my intent at this stage to make any other comment than the one I have made about the fact that the way in which the question is put is largely in the hands of the House. The House can require the question to be put as it was originally framed, which seems like a reasonable request from the House, if the House so desires. Should a conversation with the Clerk mean that I take any other stance, I will of course notify the member for Perth and the member for Calare.
PERSONAL EXPLANATIONS

Mr SWAN (Lilley) (3.52 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Mr SWAN—Yes, I do.

The SPEAKER—Please proceed.

Mr SWAN—During question time the Prime Minister suggested that I was engaging in a fantasy by suggesting that the government was advising people to deliberately overestimate their income. The government has done this on many occasions, most recently on 5 September. I seek leave to table a copy of the Age of 5 September where the Prime Minister suggested such a thing.

Mr Abbott—I am sorry, Mr Speaker, what is the document?

The SPEAKER—the member for Lilley might just resume his seat while the chair offers an explanation. I understand that the Leader of the House was engaged in other business, which was clearly the matter raised earlier by the member for Calare. The member for Lilley has stretched the boundaries of a personal explanation—but I have not intervened—and asked whether he can table a statement from the Age that indicates previous occasions when the Prime Minister had advocated a change in the way people estimate their income for family allowance purposes.

Mr Abbott—I am sorry, Mr Speaker, what is the document?

The SPEAKER—the member for Lilley might just resume his seat while the chair offers an explanation. I understand that the Leader of the House was engaged in other business, which was clearly the matter raised earlier by the member for Calare. The member for Lilley has stretched the boundaries of a personal explanation—but I have not intervened—and asked whether he can table a statement from the Age that indicates previous occasions when the Prime Minister had advocated a change in the way people estimate their income for family allowance purposes.

Mr Abbott—I am sorry, Mr Speaker, what is the document?

Ms MACKLIN (Jagajaga) (3.53 p.m.)—Mr Speaker, I wish to make a personal explanation.

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

Ms MACKLIN—I do.

The SPEAKER—Please proceed.

Ms MACKLIN—in a press release by the Minister for Education, Science and Training today, the minister says: ‘Labor flags cuts to non-government schools’ and goes on to say that I have made this statement. I just want to say that I have never said that Labor plans to cut funding to non-government schools. Labor has in fact provided funding for non-government schools for over three decades. What I did in fact say was that by 2004 this government—

The SPEAKER—the member for Jagajaga has indicated where she was misrepresented.

Ms MACKLIN—I just need to make plain where the misrepresentation is, Mr Speaker.

The SPEAKER—I will listen closely.

Ms MACKLIN—On the point I made that he has quoted in his press release, what I said was that by 2004 this government will be spending more on subsidies to non-government schools than it spends on higher education.

MINISTERIAL STATEMENTS

Foreign Affairs: Iraq

Mr EDWARDS (Cowan) (3.55 p.m.)—Mr Speaker, I seek your indulgence to make a statement.

The SPEAKER—Please proceed.

Mr EDWARDS—Yesterday, in speaking in the debate on Iraq, I quoted the following from a newspaper:

The National Party’s federal council adopted a motion from the Young Nationals condemning Iraq and supporting the use of Australian troops if diplomatic options failed. The motion was seconded by Young Nationals Victorian president Justin Crook, who said he considered the issue carefully because he could be conscripted to fight there.

I then went on to say:

... how safe a position is this young fellow in—this Justin Crook, the Victorian President of the Young Nationals! He is sitting in the comfort and safety of some party debate saying, ‘I’ll support this because I might get conscripted.’ The young
bloke ought to realise that today we have a volunteer Australian Defence Force.

Mr Speaker, today I had a phone call from Mr Crook. He rang to assure me that he is not a young, snotty-nosed silverspooner.

Mr EDWARDS—He pointed out to me that he had served in the Australian defence services, where he had a sustained an injury and had been discharged. I felt, in fairness to Mr Crook, that I should report those facts. I thank you for your indulgence.

AUDITOR-GENERAL’S REPORTS

Report No. 8 of 2002-03

The SPEAKER—I present the Auditor-General’s audit report No. 8 of 2002-03 entitled Business support process audit—The Senate Order for department and agency contracts (September 2002).

Ordered that the report be printed.

PAPERS

Mr ABBOTT (Warringah—Leader of the House) (3.57 p.m.)—Papers are tabled as listed in the schedule circulated to honourable members. Details of the papers will be recorded in the Votes and Proceedings, and I move:

That the House take note of the following papers:


Department of Finance and Administration—Advance to the Finance Minister—June 2002 (21 August 2002/21 August 2002)


Government response to We can do it! The needs of urban dwelling Aboriginal and Torres Strait Islander peoples. Report of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs.

Debate (on motion by Mr Swan) adjourned.

MATTERS OF PUBLIC IMPORTANCE

Private Health Insurance

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

The failure of the government to keep its commitment to Australian families about the rising cost of private health insurance.

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 STEPHEN SMITH (Perth) (3.58 p.m.)—While everyone was thinking about September 11, John Howard slipped out a monstrous broken promise which slugs Australian families for the cost of their private health insurance. The fact that it is a monstrous broken promise which the Prime Minister tried to avoid public scrutiny of is best reflected by his monosyllabic responses to questions I have asked of him in the course of this week. If the Prime Minister was proud of this decision, if the Prime Minister thought this decision was good for Australian families, good for Australian consumers and good for Australian taxpayers, he would not
have had it slipped out at 4 p.m. on 11 September.

There needs to be a very clear understanding of what the government has done here. It has authorised a change of procedure so as to ensure that private health insurance premiums can be increased on an automatic annual basis in accordance with the CPI. What effect will that have? The effect, if you take the current annual CPI figure of 2.8, is that next year Australian families can expect that their family private health insurance will increase in the order of $50 to $100. And as far as the taxpayers are concerned, their contribution to the 30 per cent rebate—which is the taxpayers’ contribution to the cost of private health insurance premiums—will increase in the order of $250 million to $260 million over the next four years. No wonder the Prime Minister, while everyone was thinking about September 11, slipped it out this monstrous broken promise. It will slug Australian families for the cost of their private health insurance and it will slug the Australian taxpayers for their contribution to the 30 per cent rebate.

Why do we say this is a monstrous broken promise? And why has the Prime Minister been so careful to do his best to avoid scrutiny of this both in public and in the parliament? On 29 August 1996, when he was addressing the Queensland division of the Liberal Party at the Sheraton Hotel in Brisbane and at a subsequent doorstop, he gave a commitment that private health insurance premiums would be subject to express approval by his government, the cabinet, the Prime Minister, the Treasurer and the minister for health and that they would not increase in any way, unless they were approved by the government of the day. On more than seven occasions in the course of that morning, the Prime Minister gave that commitment. On one occasion he said:

What I can give is an absolute guarantee that any change in future will be as a result of a decision taken at political level in a way and in circumstances where we are satisfied that the rise is completely justified.

Not just an ordinary promise; not just a non-core promise; not even a core promise—an absolute guarantee. He also said on that occasion:

All I can honestly guarantee to you and promise you is that we will put in place arrangements that ensure that any future increases will be as a result of a political decision and only if those in charge of the decision are completely satisfied, completely satisfied, that the increase is justified.

So it is not just an absolute guarantee; it is an honest guarantee—absolutely; honestly. Yet, when everyone is thinking about September 11, the Prime Minister tears it up, slips it out the back door, puts out the bad news, puts out the trash. If this was a political decision, if this was a policy decision that he was proud of, he would not have slipped it out on September 11. He also said:

... in future any increases in health insurance premiums will need to be approved by the Minister for Health personally in consultation with the Treasurer and myself.

... any increase from now on will have to be approved at a political level and it will only be if we are completely satisfied that that increase is justified.

You could not get much clearer than that. You could not have it much more clearly torn up than by his slipping it out the back door on September 11.

What are the consequences of that decision? As I have said, the consequence for the taxpayer is a further contribution of between $250 million and $260 million over four years. For families paying private health insurance—some 44 to 45 per cent of Australians pay private health insurance—it will be anything from $50 to $100.

Apart from the tearing up of the ‘absolutely; honestly’ guarantee, what is the public policy deficiency in the approach that the government has adopted? On 29 August,
when he made those statements, the Prime Minister also said:

... when the Government proposes to provide a subsidy of taxpayers’ money to the tune of half a billion dollars a year, and that will be the cost of the health insurance rebates, it is entitled to be absolutely satisfied itself that the benefit of that subsidy is not being in any way exploited and the value of that subsidy, in terms of its benefits to the consumer is not going to be lost.

He also said:

But I think in future, particularly where you have a circumstance that the Government is providing on behalf of the taxpayer a subsidy of half a billion dollars, the political arm of that Government is entitled to have a say in whether health insurance premiums should go up or not.

So what point was the Prime Minister making in August 1996? The point he was making then was that, because the taxpayer, in accordance with the then government policy of the day—a different form of incentive or rebate than we have today—was contributing half a billion dollars to the industry, the government was entitled to satisfy itself entirely that ‘any increases’—the phrase used by the Prime Minister—were ‘justified’ or ‘satisfied’.

If that was a good argument in 1996, then it is an even better argument now, because the contribution of the taxpayer, by way of the 30 per cent rebate, is $2.3 billion per annum in accordance with the most recent set of budget papers and figures. So if it was a good argument for the Prime Minister when the cost to the taxpayer was half a billion dollars, it is an even better argument now, when the cost to the taxpayer is $2.3 billion.

So what possible rationale or justification could there be for the government to adopt this approach now? It is certainly not a sensible policy decision. It is certainly not a decision which will benefit the consumer or the taxpayer. The government simply wants to wash its hands, give the funds an annual increase in accordance with the CPI, a rubber stamp in accordance with the CPI, to extract itself from the political difficulty that it finds itself in. In addition to that ‘absolutely; honestly’ guarantee that the Prime Minister gave back in 1996, what other broken promises do we see arising as a result of this exercise?

In the run-up to the November 2001 election, the Prime Minister and the government made a series of promises about their private health insurance policies. The government said before the election that there would be downward pressure on premiums and that private health insurance would be more affordable and more attractive to consumers. That was in the document of the Liberal Party of Australia entitled ‘Putting Australia’s Interests First’. So their policies will have downward pressure on premiums and private health insurance will become more affordable and more attractive. In the major policy document entitled ‘Heading in the Right Direction, Liberal Party of Australia’, released by the Prime Minister in the course of the election campaign, the Prime Minister said that his policies would ‘lead to reduced premiums’. So we have the government in the run-up to the election saying that their private health insurance policies would see downward pressure on premiums and would lead to reduced premiums.

After the election, what do we see? We see the Prime Minister’s absolutely honest guarantee torn up and we see in the first quarter of this year the government approve an increase to private health insurance premiums of on average seven per cent. The average for Medibank Private was nine per cent. Medibank Private’s most popular product increased by 16 per cent. In my own state of Western Australia, HBF had an increase of 18 per cent. For excesses so far as Medibank Private is concerned, there were increases in the range of 66 per cent to 100 per cent.

What has the consequence been for the consumer or for Australian families under financial pressure as a result of one story being told to them before the election and a subsequent story after? The consequence for Australian families is that the cost of their private health insurance premiums has increased in the course of the first quarter of this year for family private health insurance
in the order of $150 per year to $250 per year. So much for the great set of policies that will see premiums reduced, private health insurance becoming more affordable and more attractive, and downward pressure on premiums.

We have already seen, for families under financial pressure, an increase in the order of $150 per year to $250 per year, and next year as a result of automatic CPI approvals being given without any scrutiny by the government—the government not being in there to protect the interests of the taxpayer or to protect the interests of the consumer—further increases in less than six months time in the order of between $50 and $100 for families.

This is a growing theme that we find so far as health care generally is concerned with this government. It is not just private health insurance—families being slugged $150 to $250 with increases this year and being on notice for automatic increases from $50 to $100 next year. It is not just private health insurance. The government is out there with a policy to increase the cost of essential medicines by 30 per cent for pensioners and for families under pressure. The government is also out there—having kept a very tight rein on the rebate to medical practitioners so far as bulk-billing is concerned—seeing bulk-billing rates plummeting.

As a consequence, we have seen the copayment or the average fee which people now pay when they go and visit a non-bulk-billing GP increase over 44 per cent in the life of this government. The average fee was just over $8 when the government came to office. The average fee is now $12. That is a 44 per cent increase so far as a visit to a non-bulk-billing GP is concerned, let alone what we have started to see in recent days and weeks with doctors and specialists now applying on cost—direct up front on cost—to seek to cover the difficulties that they now find so far as medical indemnity insurance is concerned.

This is occurring across the board now. Australian families under financial pressure are being asked to pay more and more for the health care that they have come to rely upon, whether it is their essential medicines, whether it is private health insurance or whether it is a visit to a doctor. Everywhere you look under this government the cost to Australian families, the cost to the Australian consumer and the cost of health care that they have come to depend upon go up.

It is not just in the health care area. It is not just private health care insurance. It is not just a consequence of government inaction on medical indemnity insurance. It is not just essential medicines. It is not just a visit to a doctor. If we have a look at what the government has been up to in recent times so far as putting further pressure on Australian families is concerned, we now see that there is a sugar tax and a milk tax. There is a sugar tax of 16c a kilo to 18c a kilo for up to a period of five years. So not only do you have to pay more for your private health insurance, more for a visit to the doctor and more for the cost of essential medicines; you are now paying more for one lump or two, Agricultural Minister Truss. You are now paying more—16c a kilo to 18c a kilo—for sugar. And also for milk: 11c a litre for a period up to eight years. So we have a sugar tax and a milk tax, as well as a monstrous broken promise by the Prime Minister of an absolute guarantee, an honest guarantee, so far as private health insurance is concerned.

When you look at the conduct of the government so far as this particular matter is concerned, no wonder that when everyone was looking at ground zero and thinking about September 11 the Prime Minister slipped out the back door a monstrous broken promise, a broken promise that would only have the effect of slugging Australian families for the cost of their private health insurance.

He stood up with the Liberal Party in Queensland in 1996 and he made a point of saying that he had personally intervened to change private health insurance premium increase processes and that, as a direct consequence of his absolute guarantee, private
health insurance premiums would not increase unless the government of the day approved it. His public policy rationale for that was that the taxpayer was then paying $500 million by way of its contribution to private health insurance. The taxpayer contribution is now $2.3 billion. If it was a good argument then, it is a better argument now—let alone the tearing up of a promise. The government should be condemned for the deceitful way in which it has torn up a guarantee by the Prime Minister and thrown its election promises in the face of the Australian consumer and the Australian taxpayer. The only consequence of this deceitful change will be Australian families being slugged more for the cost of their private health insurance.

Mr ANDREWS (Menzies—Minister for Ageing) (4.13 p.m.)—The June 2002 quarter figures show that some 8.7 million people in Australia, 44.1 per cent of the population, have private health insurance for hospital cover. This figure of 44 per cent is one of the great achievements of this government, having turned around a disastrous level of coverage for private health insurance in this country. Indeed, three years earlier there were only 5.7 million people with private health insurance coverage, or some 30.5 per cent of Australians covered by health insurance. That had been in decline over a number of years, particularly under the Labor Party, to a point of virtual unsustainability of many private health insurance funds in Australia and equally placing an increasingly massive burden on the public hospital system in this country. So the measures that this government has taken over the last few years, particularly the private health insurance rebate that now some 8.7 million Australians claim the benefit of and the introduction of gap payments and the lifetime cover guarantee, have made a major impact in terms of private health insurance in Australia.

Consumers with private health insurance are receiving the benefit of private health cover. The number of privately insured episodes increased by 16 per cent in the year to 30 June 2002. Beyond that, 78 per cent of in-hospital medical services are now provided with no out-of-pocket expenses—an increase in the June quarter of two per cent over the previous March quarter. The 30 per cent rebate, which is worth some $2.3 billion, is an investment by this government in health in Australia. Labor does not seem content to make that sort of investment. Indeed, we can recall that, in the past, the member for Jagajaga, the then shadow health minister, spent most of her time denouncing the rebate when it was introduced by the government. This government has restored greater choice and stronger private health sector balance to health funding to Australian families. In addition to that, we can recall that under the previous Labor government there was no gap cover. The coalition in fact introduced the gap cover. Three out of four services in private hospitals do not have to pay the gap. This is one of the keystones that has given value to consumers of private health insurance right across Australia. The 30 per cent rebate, the lifetime guarantee and the gap cover are achievements which have delivered greater choice and value for consumers.

These latest measures which the honourable member for Perth refers to in this MPI today will in fact strengthen the sustainability of health funds right throughout Australia and add further protection for consumers. The Minister for Health and Ageing sought to address the long-term sustainability of the private health insurance industry when she announced a package of balanced measures to make private health insurance sustainable and better value for consumers. I will go to a number of the measures in this package. Firstly, there is a linking of the premium increases to an objective benchmark; namely, the consumer price index. But what the Labor Party and the shadow minister totally overlooked was that, as part of this measure, in the public interest the health minister still has a discretion in rejecting those increases at or below the CPI. So there still remains a discretion on the part of the health minister and the government to reject increases which are at or below the consumer price index. In
addition to that, as a further safety net in relation to this matter, anything over and above the increase in the CPI must go to the Private Health Insurance Administration Council to justify that increase. So there is not some automatic flow in the way in which it has been purported by the shadow minister. There is still an ability for the health minister and the government to intervene in the public interest for below CPI increases which are sought by the health insurance companies and, where it is above CPI, any increase which is being sought must be justified through the Private Health Insurance Administration Council.

Secondly, this package of measures includes enhanced powers for the Private Health Insurance Ombudsman to take direct action in resolving disputes between consumers and private health service providers—something which is to the advantage and the benefit of consumers in Australia. Thirdly, in a range of other measures, there is an ability to negotiate a more acceptable approach to eliminate some of the obvious lifestyle products from the range of ancillaries cover, with the option of government regulation if this is required. Also in the package there is the provision to establish appropriate benchmarks with the industry in relation to management expenses, with the option of government regulation if that is required in relation to this. Overall, these measures provide greater value and information to the consumers of private health products in Australia, the 8.7 million Australians who have private health insurance; more incentives for competition amongst private health insurers; less regulation; and strengthening of sustainability for the private health insurance sector. This package, when seen in its totality, provides a balance of measures to protect and support the position of ordinary Australians.

But what is the Labor Party’s position in relation to private health insurance? One might ask, ‘Where is the policy of the Labor Party in relation to what they might do about private health insurance?’ As I recall, prior to the last election, the Labor Party endorsed the private health insurance 30 per cent rebate, which is worth some $2.3 billion to ordinary Australians—something like $750 to families in Australia. In fact, in January this year the shadow health spokesman said that ‘the opposition’s health policies were up for review; however, the 30 per cent rebate was now a very important part of their family budget’—the family budget of ordinary Australians. He also foreshadowed the direction of the opposition’s new health policy approach to be released in the middle of this year. He seems to have missed that self-imposed deadline, but at least we now know one aspect of Labor’s health policy.

Mr Stephen Smith interjecting—

Mr ANDREWS—The member for Perth says it is now the end of the year. I will take his word that that is what he said. What I was most interested in was an interview on ABC radio that the member for Perth did with morning interviewer Jon Faine in Melbourne last Thursday. During that interview, the member for Perth, the opposition spokesman on health matters, said:

Well, I think what you have to do, you can’t return to the scene of the public policy crime which was the 30 per cent rebate and compound the felony by giving a blank cheque.

Mr Stephen Smith interjecting—

The DEPUTY SPEAKER (Hon. I.R. Causley)—The member for Perth!

Mr Stephen Smith interjecting—

The DEPUTY SPEAKER—You can take a point of order if you want to.

Mr ANDREWS—So here we have the honourable member for Perth referring to the 30 per cent rebate as in some way being a felony—presumably, a felony against the Australian people; one which gives the Australian people $2.3 billion worth of rebate. We will wait and see if the member for Perth, at the end of the year or whenever, clarifies his policies in this regard but, if this is the policy of the Labor Party, what is being alluded to is that it will take back $2.3 billion from Australian families and the Australian people. That is a reduction, in effect a tax...
hike, for Australian families of some $750—a tax hike on working families in Australia.

The data reveal that one million Australians who have private health insurance have an annual income of $20,000 or less. This is mainly pensioners and self-funded retirees. So included in the more than eight million Australians who have taken out private health insurance are one million Australians—the pensioners and the self-funded retirees—who have an annual income of less than $20,000. We want to know if this is the policy that the Labor Party are proposing, where they are going to rip off up to $750 from those people—effectively a tax hike by the Labor Party.

If one looks at the history of the Labor Party in this regard, it does not give one a great deal of delight. Under the former Labor government, participation in private health insurance was as low as 30 per cent. Today it is 44 per cent. I recall the former Labor health minister, former senator Graham Richardson, saying that we had to get private health coverage back to over 40 per cent of the population—something that this government has done. When we came to government, private health insurance funds were on the verge of insolvency. Today we have a sustainable private health sector which is offering choice to well over eight million Australians.

Let us look at the ALP’s record on the very thing that the member for Perth is complaining about, and that is the increase in premiums when they were in government compared with our period in government. Under Labor, private health insurance premiums rose quarterly, not yearly, and the average rise per annum between 1990 and 1996 was 7.7 per cent. In one year, 1991-92, premiums rose by 17 per cent. This year’s rise was the first rise in two years, and for many members it was the first in three years. In contrast, between 1990 and 1996—the previous six years when the Labor Party were in government at the Commonwealth level in Australia—there was an average rise of 7.7 per cent per year. The average increase under the coalition has been just 4.7 per cent. So in a sense I think that the member for Perth is crying crocodile tears in relation to that, particularly when you look at the Labor Party’s record. If you look at total health funding in Australia, the government have a proud record. We are investing $32 billion in public hospitals, which is an increase of $7 billion—$7,000 million—or 28 per cent on Labor’s previous Commonwealth-state health funding agreement.

In addition to that, it now seems that Labor believe that rewarding Australians with an investment in health insurance is a public policy crime—a ‘policy felony’, to use the words of the honourable member for Perth. Labor want to abolish the 30 per cent rebate—if that is their policy; the trouble with the Labor Party is, as the Treasurer said today, that they complain about our policies but they are always trotting around the edge and never actually coming out with a policy. We hear all these promises that they are going to have a policy. The member for Perth says, ‘At the end of the year we are going to have a policy.’ We are waiting with bated breath. Maybe it is the end of this year, maybe it is the end of next year, but one day, perhaps, if we are lucky, we will see a policy from the Labor Party. And we will be looking to see whether what appears to be a turnaround now in terms of a massive tax hike for ordinary Australian families of $750 per year—$2.3 billion—is going to be part of this policy of the Labor Party. Whilst there are complaints about the CPI, here we have a party that had annual increases, when they were in government, almost double the level of annual increases under the coalition government.

There is one thing that is clear about this, and that is that there is no policy coming from the Labor Party at all. In relation to this MPI, there is no recognition of the balance in terms of value to consumers. The other new measures include giving enhanced powers to the Private Health Insurance Ombudsman, providing a more acceptable approach to eliminate some of the obvious lifestyle prod-
ucts from the ancillaries cover, establishing appropriate benchmarks in relation to management expenses, and putting in place some certainty in relation to the way in which private health insurance may be able to look at the cost increases that might occur from time to time, but to do that in a way which is tied to the ordinary cost increases that ordinary Australians might experience—and not be out of kilter in that. Certainty would be provided therefore not only in sustaining the private health insurance industry, which provides benefits to 8.7 million Australians, but also in providing some degree of certainty to ordinary Australians in terms of what these increases might be in the future, along with the normal increases so far as costs are concerned.

As I said at the outset, this government has a proud record in relation to the provision of health care over the six-year period in which it has been in government, and it will continue to build on that. The one thing that is clear is: when it comes to private health insurance, Australians with private membership will always have a 30 per cent cheaper premium under the coalition than under Labor, who consider that such discounts are a policy felony rather than an investment in the wellbeing of Australia’s quality health system. With regard to private health insurance, the only failure to keep a commitment to Australian families is the failure of the Australian Labor Party to demonstrate that it would honour its previous promise to keep the 30 per cent rebate.

Ms JACKSON (Hasluck) (4.28 p.m.)—I am pleased to support the member for Perth on this matter of public importance this afternoon on private health insurance. I have to say to the Minister for Ageing that the one critical issue he failed to address in his reply was the fact that the Prime Minister’s guarantee was no guarantee at all. It was not about his guarantee, if you recall; it was that they would put downward pressure on private health insurance prices, and what we are seeing is quite the contrary. Frankly, the announcement that was made the other day reflects not only another broken promise by this government but also a slap in the face to ordinary Australians. You only have to look at the political doublespeak in the wording of the announcement by the Minister for Health and Ageing. She said:

The Federal Government will introduce measures to make private health funds more efficient and competitive, with the aim to deliver better value for money to fund members ...

If that was seriously what this announcement was about, one would have expected—indeed, on past form, would have been looking for—the minister to be trumpeting the announcement and ensuring that they gained the maximum press coverage for this wonderful bonus to private health insurance fund members. Instead, as the member for Perth has already pointed out, the announcement was slipped out at 4 p.m. on 11 September, when the attention of the entire country was on the commemoration of the horrific events on 11 September last year, of which the media had almost blanket coverage.

I say frankly that what the government was intending to do by making the announcement at that time was to hide the bad news from Australian families. That bad news was that the cost of private health insurance, rather than being consistent with the Prime Minister’s promise of its going down, was going up. Let us talk about that. Private health insurance increases are bad for Australian families. I was listening to the Prime Minister in question time today when he answered a number of questions about family assistance payments, and what those answers demonstrated was his absolute lack of knowledge about the practical experience of families dealing with that system and interacting in many ways with government. He is clearly oblivious to the day-to-day reality for many of those families who are struggling, and not just in this area of private health insurance. The member for Perth has already given a number of illustrations about increases in costs for ordinary families with respect to their health care. Let us talk about some of those.
One way to avoid the debt trap that is being created in the family tax system is to overestimate your income. This not only places Australian families under an additional burden during the year because they get less in family assistance payments but for some may well result in the loss of other entitlements such as their health care card, which is one of the few things you can now rely on to obtain bulk-billing in GP services. It may also result in a reduction in their child-care benefit. When you put that together with the proposed increases to the Pharmaceutical Benefits Scheme costs, the reduction in bulk-billing for GPs and the increases in copayments, it adds up to a litany of failures in actually understanding what it is like out there day to day for most Australian families.

The Prime Minister said in answer to one question today that he felt it was part of his job to get to know what business in Australia is thinking and experiencing. I say to him and to you, Minister, that it is a pity that you do not also see that your job extends to knowing what struggling families in Australia are thinking and feeling. One thing is for certain: people are sick and tired of being given guarantees and promises—absolute guarantees, to quote the Prime Minister—which he has no intention of honouring. That applies particularly to this issue of private health insurance. I guess I can understand that a few dollars a week or, in the case of the foreshadowed increases to private health insurance, a few hundred dollars a year may seem very little to the Prime Minister and to the minister. But to many families who live in Hasluck those dollars can often mean things as fundamental as a litre of milk or a loaf of bread at the end of the pay week or the benefit fortnight. I know how those families are struggling. Indeed, since the announcement was made a number of those families have been in contact with my electorate office. They are managing to pay their own way, but just. They do not need to be slugged again by unjustified and unexplained increases in health insurance costs. Let us go to what the Prime Minister actually promised them, his absolute guarantee. He said:

What I can give is an absolute guarantee that any change [in private health insurance premiums] in future will be as a result of a decision taken at a political level in a way and in circumstances where we are satisfied that the rise is completely justified.

That is what he said on 29 August 1996. The government is walking away from that ‘absolute guarantee’. There is nothing now that will stop private health funds from putting up their premiums each year. The result is that consumers—that is, Australian families—will pay more. As a result, CPI increases, rather than being part of a mix of issues which the private health insurance industry would need to bring to the government to justify an increase, will in fact become the automatic minimum increase each year. I am sure we will see health funds making application for even greater increases. There has already been substantial media speculation about increases in the next year of at least five per cent.

The member for Perth took us to what the Prime Minister said prior to the election, that he believed that his policies and the reforms that were being put in place would put ‘downward pressure’ on premiums and that private health insurance would be more affordable and attractive to consumers. He also said that the Howard government’s policies would lead to reduced premiums. What are we seeing here and what is the impact of the announcement that was snuck out at 4 p.m. on 11 September? It is another broken promise on private health insurance. We have seen an average price increase of seven per cent in private health insurance, with five per cent coming in the next year. We know that the premiums will increase at least by the CPI, which is standing at approximately 2.8 per cent. Instead of premiums going down as the government promised, they are going up. What have we got? Another broken promise, another increase in health costs for Australians, another gift to the private health insurance industry, or should I say to big business,
which seem to benefit from many of the decisions made by this government. We are also going to see another exercise in avoiding responsibility and accountability for your decisions. The government does not want the political hassle of having to determine whether private health insurance increases are in fact justified. That is the promise that was actually made, that the government would not allow those increases unless ‘we are satisfied that the rise is completely justified’. Where has that policy gone? It has gone completely and absolutely out the window.

Who is going to benefit from this announcement? Will it be the Australian community? No; they are going to pay more. Not only that, but, despite the comments of the Minister for Ageing in his speech, where are the improvements in the public health system as a consequence of this increased take-up in private health insurance? Go out and visit some of these public hospitals, Minister, because I can assure you there are still people waiting in long queues in public hospital emergency departments. This move and these policies have not alleviated the pressure on our public health system at all.

What benefit is there to the government? You will not have to explain or justify it to the community each year when private health insurance premiums increase. They are increases that will benefit an industry which is already subsidised by the public purse. Do not forget that any increase of premiums will increase this subsidy that is already paid exponentially. Is there any wonder at the cynicism of Australians towards their political leaders, because they know that, when they are given absolute guarantees that something will not happen, particularly by the ‘never, ever man’, it almost certainly will happen. This decision is wrong. This decision will hurt Australian families who are already feeling the financial pressure.

Dr SOUTHCOTT (Boothby) (4.37 p.m.)—In rising to speak on this matter of public importance, I would like to cover some of the recent history of private health insurance in Australia. If we go back and look at what private health insurance was like when Labor were first elected in 1983, 66 per cent of Australians held private health insurance cover. When Medicare was introduced in 1984, 50 per cent of Australians held private health insurance. Yet by the time Labor left office in 1996, the numbers who were privately covered had declined to 33.6 per cent. What happened? When Medicare was introduced, one of the architects of Medicare, John Deeble, said that it was always the intention for Medicare to go hand-in-hand with a very strong private health system, because—I presume: I cannot speak for him but it is the government’s belief—the private system plays a crucial role in taking pressure off the public hospital system. But it gets worse than that. During the period 1984 to 1986 when Medicare was introduced, the former Labor government took a number of decisions which contributed directly to the cost of premiums. They removed the private hospital bed day subsidy, they withdrew support for the reinsurance pool, they decreased the Medicare rebate for in-hospital patient services from 85 per cent to 75 per cent and, later, in the 1993 Medicare agreement, they forced public patients through the public hospitals, which led to the increase in private hospital premiums.

It is estimated that those four decisions increased premiums by $830 million. Access Economics estimated, about five or six years ago, that 39 per cent of the cost of premiums was due to those Labor government decisions. On our side, we have introduced a 30 per cent rebate. Premiums today are 30 per cent less than they would otherwise be because of legislation introduced by this government and opposed by the ALP. On the Labor side, you have premiums that are 39 per cent greater than they otherwise would have been because of government decisions taken while they were in office. During the former Labor government’s period in office, premiums rose on average 12 per cent. In the last six years of the Labor government, premiums rose by 7.7 per cent. In 1991-92,
premiums rose by an incredible 17 per cent. Between 1986 and 1988, premiums rose by 40 per cent.

Given that what we are discussing are some changes that we have made to the regulation of premium rises, it is worth while asking: with all these premiums exploding under the previous Labor government, how many premium rises did they oppose? Does anyone have any idea of how many premium rises there were? I have one. Do you know how many it was? Zero. There were 174 premium rises from 1983 to 1996, and the various Labor health ministers did not knock back one. So we had this problem, when we came to government, of a vicious cycle. The premiums were rising because of Labor government decisions, and young, fit and healthy people were dropping out. You then had a pool of people in the private funds who were more likely to claim. As a result, premiums were going up because the payouts were increasing.

So when we came into office in March 1996, we introduced the Private Health Insurance Incentive Scheme. We also said that people on higher incomes—that is, singles over $50,000 and couples over $100,000—who did not have private health cover would have to pay more of the Medicare levy. In August 1998 we announced that we would go to a 30 per cent rebate, and we introduced that legislation in November 1998. That was opposed by the Labor Party, and we got it through the parliament with the Labor Party voting against it. What we have seen since 1996 is that premiums have risen, but only by 4.7 per cent.

We also introduced Lifetime Health Cover in 1999, and that has been a very important change, seeing the levels of those who are privately insured increase from 30 per cent to 44.1 per cent. The levels of privately insured people have been stable at about 8.7 million since September 2000. They are two of the changes: the 30 per cent rebate and Lifetime Health Cover. Importantly, we have also facilitated no out-of-pocket payments through the private hospitals. Now you have a situation where for 78 per cent of in-hospital services there is no gap—there is no out-of-pocket expense. We have also seen more than 100,000 people take up health insurance after the grace period under Lifetime Health Cover, which shows that the policy is working and that the quality and value of the products are improving.

I recall debating this three years ago and telling the then member for Dobell and the then member for Paterson how many people had private health insurance in their electorates and how they had not won their seats by very much. They are not here now. They actually lost their seats, and I am glad that we now have members for Dobell and Paterson who do care about private health insurance and who are prepared to support things like the 30 per cent rebate. The member for Canning—a case in point—won a seat from the Labor Party because the Labor Party did not care, among other things, for the on average 39,000 voters in each electorate holding private health insurance. It is more now. We have heard from the minister that the 30 per cent rebate is worth $750 on average to a family.

Three years ago I went along to hear Neal Blewett give the John Chalmers oration at Flinders Medical Centre. I did not agree with a lot of what he did when he was minister for health, but he gave a very good speech, and a lot of the issues that he faced when he was minister for health are similar to those we face now. The main areas I disagreed with him on were the comments and the ideas he had with respect to private health insurance, but he did make the point—and he is a former political scientist, so I think it is well made—that Australia is almost unique in that the political divide in health is largely on the issue of private health insurance.

We believe in a strong public system and a strong private system. We believe that private health insurance takes pressure off the public system. Labor just believe in the public system. Deep down, they do not support private health insurance. Deep down, they would like to abolish the rebate—and later
we will get onto what the member for Perth has said.

We are seeing that private health insurance is now working. In 2000-01, public hospital admissions declined while at the same time private hospital admissions increased by 12.1 per cent. This is what it is meant to do: take pressure off the public system. The new regulations announced by the minister last week mean that funds will not have to spend so much time directing their activities towards getting a rise through the government. Premium rises will be automatic at or below the CPI—but, very importantly, subject to ministerial discretion—and will have to be in the public interest. So the application will be less onerous. If it is more than the CPI, the funds will have to go, as they do now, to the Private Health Insurance Advisory Council. The average industry increase since 1999 has been 8.8 per cent compared with a CPI of 11.1 per cent. It has actually been below CPI, despite what people think. There is a whole range of other changes which will help private health insurance. Government will monitor the funds’ performance, expenses, membership, complaints, products and benefits. It will promote innovation and establish benchmarks for management expenses.

Let us look at what the member for Perth has had to say. In January, he said:
All of our policies other than the full sale of Telstra are up for review.

He continued:
For many Australian families, the 30 per cent rebate is now a very important part of their family budget and their family living standards.
He also said he proposed to spend the first half of 2002 considering all aspects of health policy and that:
I expect to make some general comments about the direction that I see our new health policy going in the course of the middle of the year.
Last Thursday on ABC radio 3LO in Melbourne, he made some general comments. Instead of describing the 30 per cent rebate as a fundamental part of Australian families’ budgets, he described it as a ‘public policy crime’ and a ‘felony’. We now have an indication of what the Labor Party think. When it comes to private health insurance, Australians can be sure of one thing: premiums will always be 30 per cent cheaper under the coalition than under the ALP. We are seeing that it is working. We currently have membership stable at 44.1 per cent—45 per cent in South Australia and 47 per cent in Western Australia—and it is taking pressure off the public hospitals. The 30 per cent rebate is contributing $750 to every Australian family. There are a million Australians on incomes below $20,000, so it does not fit the Labor Party’s view that it is only for the elite. The Labor Party are reviewing it and saying they also have an issue with ancillaries, so Australians would not be able to afford a dentist or a physio. (Time expired)

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

ASSENT

Messages from the Governor-General reported informing the House of assent to the following bills:
Veterans’ Affairs Legislation Amendment (2002 Budget Measures) Bill 2002
Veterans’ Affairs Legislation Amendment Bill (No. 1) 2002
Veterans’ Affairs Legislation Amendment Bill (No. 2) 2002
Australian Radiation Protection and Nuclear Safety (Licence Charges) Amendment Bill 2002

WORKPLACE RELATIONS (REGISTRATION AND ACCOUNTABILITY OF ORGANISATIONS) BILL 2002

Report from Main Committee
Bill returned from Main Committee with amendments and an amended title; certified copy of the bill and schedule of amendments presented.
Ordered that this bill be considered forthwith.
Main Committee’s amendments—

(1) Title, page 1 (line 1), after “Act”, insert “to amend the Workplace Relations Act 1996”.

This Chapter sets out the objects of the Schedule and contains other provisions that are relevant to the Schedule as a whole.

It includes definitions of terms that are used throughout the Schedule. However, not all definitions are in this Chapter. Definitions of terms that are used only in a particular area of the Schedule, or only in one section of the Schedule, are generally defined in that area or section.

(2) Heading to Chapter 1, page 2 (line 1), omit the heading.

(3) Heading to Part 1, page 2 (line 2), omit the heading.

(4) Clause 1, page 2 (line 5), after “Relations”, insert “Amendment”.

(5) Clause 2, page 2 (table and note), omit the table and note, substitute:

<table>
<thead>
<tr>
<th>Commencement information</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Column 1</td>
<td>Column 2</td>
</tr>
<tr>
<td>Provision(s)</td>
<td>Commencement Date/Details</td>
</tr>
<tr>
<td>1. Sections 1 to 3 and anything in this Act not elsewhere covered by this table</td>
<td>The day on which this Act receives the Royal Assent</td>
</tr>
<tr>
<td>2. Schedule 1</td>
<td>A single day to be fixed by Proclamation, subject to subsection (3)</td>
</tr>
</tbody>
</table>

Note: This table relates only to the provisions of this Act as originally passed by the Parliament and assented to. It will not be expanded to deal with provisions inserted in this Act after assent.

(6) Clause 3, page 3 (lines 3 to 6), omit the clause, substitute:

3 Schedule(s)

Each Act that is specified in a Schedule to this Act is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this Act has effect according to its terms.

Schedule 1—Amendment of the Workplace Relations Act 1996

1 After section 4

Insert:

4A Schedule 1B

Schedule 1B has effect.

(7) Schedule 1, page 3, after proposed item 1, insert:

2 After Schedule 1A

Insert:

SCHEDULE 1B—REGISTRATION AND ACCOUNTABILITY OF ORGANISATIONS

Note: See section 4A

CHAPTER 1—OBJECTS OF SCHEDULE AND GENERAL PROVISIONS

1 Simplified outline of Chapter

(8) Heading to Part 2, page 4 (line 2), omit the heading.

(9) Clause 4, page 4 (lines 4 to 10), omit the clause.

(10) Clause 5, page 4 (lines 11 to 28), omit the clause, substitute:

5 Objects of Schedule

The principal objects of this Schedule are to:

(a) ensure that employee and employer organisations registered under this Schedule are representative of and accountable to their members, and are able to operate effectively; and

(b) encourage members to participate in the affairs of organisations to which they belong; and

(c) encourage the efficient management of organisations and high standards of accountability of organisations to their members; and

(d) provide for the democratic functioning and control of organisations.

Note: The Workplace Relations Act contains many provisions that affect the operation of this Schedule. For example, provisions of the Workplace Relations Act deal with the powers and functions of the Commission and of Registrars. Decisions made under this Schedule may be subject to procedures and rules (for example about
In this Schedule, a reference to a provision of this Schedule, unless the contrary intention appears.

(11) Page 4 (after line 28), after clause 5, insert:

5A Schedule binds Crown

(1) This Schedule binds the Crown in each of its capacities.

(2) However, this Schedule does not make the Crown liable to be prosecuted for an offence.

(12) Clause 6, page 4 (line 30), omit “Act”, substitute “Schedule”.

(13) Clause 6, page 5 (lines 2 and 3), omit the definition of approved.

(14) Clause 6, page 8 (line 3), omit “Act”, substitute “Schedule”.

(15) Clause 6, page 9 (line 14), omit “Act”, substitute “Schedule”.

(16) Clause 6, page 11 (line 1), omit “subsection 190(1)”, substitute “section 190”.

(17) Clause 6, page 11 (line 21), omit “Act”, substitute “Schedule”.

(18) Clause 6, page 11 (line 23), omit “Act”, substitute “Schedule”.

(19) Clause 6, page 11 (line 24), omit “Act”, substitute “Schedule”.

(20) Clause 6, page 11 (line 24), after “Relations”, insert “Legislation Amendment”.

(21) Clause 6, page 12 (line 27), omit the definition of this Act, substitute:

this Schedule includes regulations made under this Schedule.

(22) Clause 6, page 11 (line 28), omit “and a declaration envelope”, substitute “, a declaration envelope, and another envelope in the form prescribed by the regulations,”.

(23) Clause 6, page 12 (lines 28 and 29), omit the definition of Workplace Relations Act, substitute:

Workplace Relations Act means the Workplace Relations Act 1996 and regulations made under section 359 of that Act but does not include this Schedule or regulations made under section 359 of this Schedule.

(24) Page 12 (after line 29), after clause 6, insert:

6A References to provisions in this Schedule

In this Schedule, a reference to a provision is a reference to a provision of this


(26) Clause 7, page 14 (line 18), omit “Act”, substitute “Schedule”.

(27) Clause 8, page 14 (line 25), omit “Act”, substitute “Schedule”.

(28) Heading to subclause (2), page 15 (line 9), omit “Act”, substitute “Schedule”.

(29) Clause 8, page 15 (line 10), omit “Act”, substitute “Schedule”.

(30) Heading to subclause (4), page 15 (line 16), omit “Act”, substitute “Schedule”.

(31) Clause 8, page 15 (line 22), omit “Act”, substitute “Schedule”.

(32) Clause 9, page 16 (line 3), omit “Act”, substitute “Schedule”.

(33) Clause 9, page 17 (line 1), omit “Act”, substitute “Schedule”.

(34) Clause 10, page 17 (line 6), omit “Act”, substitute “Schedule”.

(35) Clause 10, page 17 (line 16), omit “Act”, substitute “Schedule”.

(36) Clause 10, page 17 (line 27), omit “Act”, substitute “Schedule”.

(37) Clause 11, page 18 (line 2), omit “Act”, substitute “Schedule”.

(38) Clause 11, page 18 (line 8), omit “Act”, substitute “Schedule”.

(39) Clause 12, page 18 (line 13), omit “Act”, substitute “Schedule”.

(40) Clause 13, page 18 (line 24), omit “Act”, substitute “Schedule”.

(41) Clause 13, page 18 (line 27), omit “Act”, substitute “Schedule”.

(42) Clause 14, page 19 (line 4), omit “Act”, substitute “Schedule”.

(43) Clause 14, page 19 (line 17), omit “Act”, substitute “Schedule”.

(44) Clause 14, page 19 (line 21), omit “Act”, substitute “Schedule”.

(45) Clause 15, page 19 (lines 26 to 32), omit the clause, substitute:

15 Disapplication of Part 2.5 of Criminal Code

Part 2.5 of the Criminal Code does not apply to offences against this Schedule.
Note 1: Section 6 of this Schedule defines this Schedule to include the regulations.

Note 2: For the purposes of this Schedule (and the regulations), corporate responsibility is dealt with by section 344, rather than by Part 2.5 of the Criminal Code.


(47) Clause 16, page 20 (line 5), omit “Act”, substitute “Schedule”.

(48) Clause 18, page 22 (line 21), omit “Schedule 1”, substitute “subsection (3)”.

(49) Clause 18, page 22 (line 30), omit “Schedule 1”, substitute “subsection (3)”.

(50) Clause 18, page 23 (after line 7), at the end of the clause, add:

(3) The persons specified for the purpose of subparagraphs (1)(b)(ii) and (c)(ii) are persons (other than employees) who:

(a) are, or are able to become, members of an industrial organisation of employees within the meaning of the Industrial Relations Act 1996 of New South Wales; or

(b) are employees for the purposes of the Industrial Relations Act 1999 of Queensland; or

(c) are employees for the purposes of the Industrial Relations Act 1979 of Western Australia; or

(d) are employees for the purposes of the Industrial and Employee Relations Act 1994 of South Australia.

(51) Clause 19, page 24 (line 26), omit “this Act”, substitute “this Schedule”.

(52) Clause 19, page 24 (line 29), omit “Act”, substitute “Schedule”.

(53) Clause 19, page 25 (line 4), omit “Act”, substitute “Schedule”.

(54) Clause 19, page 25 (line 30), omit “this Act”, substitute “this Schedule”.

(55) Clause 20, page 26 (line 21), omit “this Act”, substitute “this Schedule”.

(56) Clause 20, page 26 (line 24), omit “Act”, substitute “Schedule”.

(57) Clause 20, page 27 (line 2), omit “Act”, substitute “Schedule”.

(58) Clause 20, page 27 (line 3), after subclause (1), insert:

(1A) For the purposes of paragraph (1)(b), if a person or body has an interest in the enterprise in question, the Commission may decide that, despite the interest, the association is free from control by, or improper influence from, the person or body.

Note: The Commission could conclude that the association was free from control etc. by the person if, for example, the nature of the person’s interest was not such as to give the person a major say in the conduct of the enterprise or if the person did not have a significant management role in the association.

(59) Clause 21, page 28 (line 26), omit “Act”, substitute “Schedule”.

(60) Clause 22, page 29 (line 23), omit “Act”, substitute “Schedule”.

(61) Clause 25, page 32 (line 8), omit “Act”, substitute “Schedule”.


(63) Clause 25, page 32 (line 16), omit “Act”, substitute “Schedule”.

(64) Clause 26, page 33 (line 1), omit “Act”, substitute “Schedule”.

(65) Clause 26, page 33 (line 6), omit “Act”, substitute “Schedule”.

(66) Clause 26, page 33 (line 8), after “Relations”, insert “Legislation Amendment”.

(67) Clause 28, page 34 (line 21), omit “this Act”, substitute “this Schedule”.

(68) Clause 28, page 36 (line 12), omit “Act”, substitute “Schedule”.

(69) Clause 29, page 36 (line 32), omit “Act”, substitute “Schedule, the Workplace Relations Act”.

(70) Clause 29, page 36 (line 33), omit “this Act”, substitute “this Schedule, the Workplace Relations Act”.

(71) Clause 31, page 39 (line 26), omit “Act”, substitute “Schedule”.

(72) Clause 32, page 39 (line 31), omit “Act”, substitute “Schedule”.
In a ballot conducted under this section, each completed ballot paper must be returned to the AEC as follows:

(a) the ballot paper must be in the declaration envelope provided to the voter with the ballot paper;

(b) the declaration envelope must be in another envelope that is in the form prescribed by the regulations.

(3) In a ballot conducted under this section, after “secret”, insert “postal”.

(6) In a ballot conducted under this section, each completed ballot paper must be returned to the AEC as follows:

(a) the ballot paper must be in the declaration envelope provided to the voter with the ballot paper;

(b) the declaration envelope must be in another envelope that is in the form prescribed by the regulations.

(7) Clause 65, page 77 (lines 4 to 7), omit subclause (6), substitute:

Conduct of ballot

(6) In a ballot conducted under this section, each completed ballot paper must be returned to the AEC as follows:

(a) the ballot paper must be in the declaration envelope provided to the voter with the ballot paper;

(b) the declaration envelope must be in another envelope that is in the form prescribed by the regulations.

(8) Clause 65, page 77 (line 8), omit subclause (7).

(9) Clause 32, page 40 (line 2), omit “Act”, substitute “Schedule”.

(10) Clause 36, page 47 (line 2), omit “Act”, substitute “Schedule”.

(11) Clause 38, page 48 (line 24), omit “this Act”, substitute “this Schedule”.

(12) Clause 38, page 49 (lines 17 and 18), omit “this Act”, substitute “this Schedule”.

(13) Clause 55, page 63 (line 24), omit “Schedule”.

(14) Clause 55, page 63 (line 20), omit “Schedule”.

(15) Clause 60, page 71 (line 11), omit “Act”, substitute “Schedule”.

(16) Clause 62, page 74 (line 12), omit “Act”, substitute “Schedule”.

(17) Clause 65, page 77 (lines 4 to 7), omit subclause (6), substitute:

Conduct of ballot

(6) In a ballot conducted under this section, each completed ballot paper must be returned to the AEC as follows:

(a) the ballot paper must be in the declaration envelope provided to the voter with the ballot paper;

(b) the declaration envelope must be in another envelope that is in the form prescribed by the regulations.

(18) Clause 65, page 76 (line 27), omit “Act”, substitute “Schedule”.

(19) Clause 73, page 83 (line 16), omit “this Act”, substitute “this Schedule”.

(20) Clause 73, page 83 (line 21), omit “Act”, substitute “Schedule”.

(21) Clause 80, page 86 (line 22), before “any”, insert “the Workplace Relations Act or”.

(22) Clause 87, page 90 (line 7), omit “Act”, substitute “Schedule, the Workplace Relations Act”.

(23) Clause 92, page 95 (line 7), omit “this Act”, substitute “this Schedule”.

(24) Clause 94, page 99 (line 5), after “for a”, insert “secret postal”.

(25) Clause 94, page 99 (lines 14 to 22), omit paragraphs (b) and (c), substitute:

(b) the amalgamation occurred after 31 December 1996; and

(c) the application is made at least 2 years, but no more than 5 years, after the amalgamation occurred.

(26) Clause 96, page 101 (line 6), omit “Act”, substitute “Schedule”.

(27) Clause 97, page 101 (line 17), omit “Act”, substitute “Schedule”.

(28) Clause 100, page 102 (line 7), after “secret”, insert “postal”.

(29) Clause 102, page 103 (line 17), omit paragraph (d), substitute:

(d) the declaration envelope and other envelope required for the purposes of the postal ballot.

(30) Clause 102, page 103 (lines 18 to 20), omit subclause (3), substitute:

(3) In a ballot conducted under this section, each completed ballot paper must be returned to the AEC as follows:

(a) the ballot paper must be in the declaration envelope provided to the voter with the ballot paper;

(b) the declaration envelope must be in another envelope that is in the form prescribed by the regulations.

(31) Clause 117, page 116 (line 5), before “any”, insert “the Workplace Relations Act or”.

(32) Clause 133, page 129 (line 12), omit “Act”, substitute “Schedule”.

(33) Clause 133, page 129 (line 17), omit “Act”, substitute “Schedule”.

(34) Clause 133, page 129 (line 21), omit “Act”, substitute “Schedule”.

(35) Clause 135, page 130 (line 28), omit “Act”, substitute “Schedule”.

(36) Clause 140, page 133 (line 6), omit “Act”, substitute “Schedule”.

(37) Clause 140, page 133 (line 7), omit “Act”, substitute “Schedule”.

(38) Clause 142, page 135 (line 9), omit “this Act”, substitute “this Schedule”.

(39) Clause 142, page 135 (line 22), omit “Act”, substitute “Schedule”.

(40) Clause 142, page 135 (line 24), omit “Act”, substitute “Schedule”.

(41) Clause 144, page 138 (line 2), omit “Act”, substitute “Schedule”.

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If the rules of an organisation provide for elections for office by postal ballot, a vote in the election cannot be counted unless the ballot paper on which it is recorded is returned as follows:

(a) the ballot paper must be in the declaration envelope provided to the voter with the ballot paper;

(b) the declaration envelope must be in another envelope that is in the form prescribed by the regulations.

; or (iii) to ensure the security of ballot papers and envelopes that are for use, or used, in the election.

Clause 186, page 177 (line 15), omit “Act”, substitute “Schedule”.

Clause 186, page 177 (line 22), omit “Act”, substitute “Schedule”.

Clause 193, page 181 (line 20), at the end of paragraph (b), add:

Division 3, clauses 221 to 228, page 206 (line 2) to page 210 (line 30), omit the Division.

Clause 230, page 212 (line 30), omit “Act”, substitute “Schedule”.

Clause 239, page 219 (line 23), omit “Act”, substitute “Schedule”.

Clause 246, page 224 (line 8), omit “Act”, substitute “Schedule”.

Clause 249, page 225 (line 27), omit “Act”, substitute “Schedule”.

Clause 253, page 228 (line 29), omit “Act”, substitute “Schedule”.

Clause 256, page 233 (line 9), omit “Act”, substitute “Schedule”.

Clause 257, page 235 (line 3), omit “Act”, substitute “Schedule”.

Clause 261, page 238 (line 20), omit “Act”, substitute “Schedule”.

Clause 281, page 255 (line 10), omit “Act”, substitute “Schedule”.

Clause 281, page 255 (lines 14 to 16), omit all the words from and including “Part 3” to and including “Commission”.

Clause 285, page 257 (line 33), omit “Act”, substitute “Schedule”.

188 Declaration envelopes etc. to be used for postal ballots

If the rules of an organisation provide for elections for office by postal ballot, a vote in the election cannot be counted unless the ballot paper on which it is recorded is returned as follows:
This Chapter deals with a variety of topics.

Part 2 contains provisions validating certain invalidities in relation to registered organisations.

Part 3 provides that if a person is a party to certain kinds of proceedings under the Schedule, the Commonwealth may, in some circumstances, give the person financial assistance. Division 2 of Part 3 contains a rule about the ordering of costs by a court.

Part 4 provides for a Registrar to make inquiries as to compliance with financial accountability requirements and civil penalty provisions. The Registrar may also conduct investigations.

Part 5 confers jurisdiction on the Federal Court in relation to matters arising under this Schedule.

Part 6 deals with various procedural and administrative matters. It also contains some offence provisions and provisions dealing with certain rights of members of organisations (sections 345, 346 and 347).

Part 7 deals with complementary registration systems.

317 Simplified outline

(163) Clause 299, page 259 (line 23), omit “Act”, substitute “Schedule”.

(164) Clause 338, page 297 (line 7), omit “Act”, substitute “Schedule”.

(165) Clause 338, page 297 (line 8), omit “Act”, substitute “Schedule”.

(166) Clause 338, page 297 (line 9), omit “Act”, substitute “Schedule”.

(167) Clause 338, page 297 (line 10), omit “Act”, substitute “Schedule”.

(168) Clause 338, page 297 (line 12), omit “Act”, substitute “Schedule”.

(169) Clause 338, page 297 (line 13), omit “Act”, substitute “Schedule”.

(170) Clause 338, page 297 (line 19), omit “Act”, substitute “Schedule”.

(171) Clause 339, page 297 (line 26), omit “Act”, substitute “Schedule”.

(172) Clause 340, page 298 (line 4), omit “Act”, substitute “Schedule”.

(173) Clause 341, page 298 (line 28), omit “Act”, substitute “Schedule”.

(174) Clause 343, page 300 (line 8), omit “Act”, substitute “Schedule”.

(175) Clause 344, page 300 (line 10), omit “Act”, substitute “Schedule”.

(176) Clause 344, page 300 (line 27), omit “Act”, substitute “Schedule”.

(177) Clause 344, page 300 (line 33), omit the note, substitute:

Note: Section 6 of this Schedule defines this Schedule to include the regulations.

(178) Clause 353, page 304 (line 12), omit “Act”, substitute “Schedule, the Workplace Relations Act”.

(179) Clause 353, page 304 (line 14), omit “Act”, substitute “Schedule”.


(181) Clause 354, page 304 (line 27), omit “Act”, substitute “Schedule”.

(182) Clause 357, page 306 (lines 5 to 10), omit the clause, substitute:

357 Application of penalty

A court that imposes a monetary penalty under this Schedule (other than a penalty for an offence) may order that the penalty, or a part of the penalty, be paid to:

(a) the Commonwealth; or
(b) an organisation; or
(c) another person.

(186) Clause 358, page 306 (line 13), omit “Act”, substitute “Schedule”.


(188) Clause 359, page 307 (line 2), omit “Act”, substitute “Schedule”.

(189) Clause 359, page 307 (line 7), omit “Act”, substitute “Schedule”.

(190) Clause 359, page 307 (line 10), omit “Act”, substitute “Schedule”.

(191) Clause 359, page 307 (line 18), omit “Act”, substitute “Schedule”.

(192) Clause 359, page 307 (line 27), omit “Act”, substitute “Schedule”.

(193) Clause 360, page 308 (lines 13 to 28), omit the clause, substitute:

PART 7—COMPLEMENTARY REGISTRATION SYSTEMS

Division 1—Application of this Part

360 Complementary registration systems

If:

(a) an organisation is divided into branches; and

(b) the operations of one of the branches is confined to a prescribed State or the operations of 2 or more of the branches are each confined to a prescribed State; and

(c) the organisation proposes in accordance with this Part to amalgamate with an associated body as defined by this Part for the purpose of seeking the non-corporate registration of the branch, or of any of the branches, referred to in paragraph (b) under an Act of the State concerned that is, or under Acts of the States concerned each of which is, a prescribed State Act for the purposes of this Part;

then, in addition to the other provisions of this Schedule, this Part applies to the organisation but so applies only in relation to the branch or branches referred to in paragraph (c).

Division 2—Preliminary

361 Definitions

(1) In this Part, unless the contrary intention appears:

amalgamation means the carrying out of arrangements in relation to an organisation and an associated body under which it is intended that:

(a) a branch of the organisation is to obtain non-corporate registration under a prescribed State Act; and

(b) the associated body is to be de-registered under a prescribed State Act; and

(c) members of the associated body who are not already members of the organisation are to become members of the organisation; and

(d) the property of the associated body is to become the property of the organisation forming part of the branch fund of the branch; and

(e) the liabilities of the associated body are to be satisfied from the branch fund of the branch.

associated body, in relation to an organisation, means an association registered under a prescribed State Act that is or purports to be composed of substantially the same members, and has or purports to have substantially the same officers, as a branch of the organisation in the same State, including such an association that has purported to function as a branch of the organisation.

State means a prescribed State.

Division 3—Branch rules

362 Branch funds

(1) The rules of a branch of an organisation must provide for a fund of the branch that is to be managed and controlled under rules of the branch, and must make provision in relation to the fund in accordance with subsection (2).

(2) The branch fund is to consist of:

(a) real or personal property of which the branch of the organisation, by the rules or by any established practice not inconsistent with the rules, has, or in the absence of a limited term lease, bailment or arrangement,
would have, the right of custody, control or management; and

(b) the amounts of entrance fees, subscriptions, fines, fees or levies received by a branch, less so much of the amounts as is payable by the branch to the organisation; and

(c) interest, rents, dividends or other income derived from the investment or use of the fund; and

(d) a superannuation or long service leave or other fund operated or controlled by the branch for the benefit of its officers or employees; and

(e) a sick pay fund, accident pay fund, funeral fund, tool benefit fund or similar fund operated or controlled by the branch for the benefit of its members; and

(f) property acquired wholly or mainly by expenditure of the money of the fund or derived from other assets of the fund; and

(g) the proceeds of a disposal of parts of the fund.

(3) The Commission may grant to a branch of an organisation exemption from this section or any provision of this section on the ground that the branch’s rules make adequate and reasonable provision for its funds, having regard to the organisation’s functioning under this Schedule and the Workplace Relations Act and its participation in any State workplace relations system.

363 Obligations of Commission in relation to application under section 158

(1) Subsections (2) and (3) apply in relation to the consideration by the Commission of an application under section 158 for consent to a change in the name, or an alteration of the eligibility rules, of an organisation.

(2) The Commission must, in addition to any other relevant matters, have regard to:

(a) whether there is, in relation to the organisation, an associated body registered under a prescribed State Act; and

(b) whether the reason the change is sought is to enable the organisation, in addition to representing members or staff members under this Schedule or the Workplace Relations Act, to represent under the State Act a class of persons who would, if the change were consented to, become eligible for membership.

(3) In the case of an alteration to a rule that may effect a change in the class of persons eligible for membership of a branch of the organisation that is registered under the law of a State, the Commission must, before consenting, give notice of the proposed change to the industrial registrar or similar officer appointed under the law of the State in which the branch operates and, if so requested, consult with the industrial registrar or officer.

364 Branch autonomy

The rules of an organisation must provide for the autonomy of a branch in matters affecting members of the branch only and matters concerning the participation of the branch in a State workplace relations system.

365 Organisation may participate in State systems

(1) Where it is not contrary to the rules of an organisation to do so, the organisation may participate in workplace relations systems.

(2) For the purpose of participating, a branch of an organisation may become registered under a law of a State so long as that registration does not involve the branch in becoming incorporated, or otherwise becoming a legal entity, under the law of the State.

(3) Where an organisation participates, its rules may provide that the secretary of the branch of the organisation in the State is the person to sue or to be sued under the law of the State in relation to any acts or omissions arising from its participation.

Division 4—Amalgamation of organisation and associated body

366 Organisation and associated body may amalgamate
An organisation and an associated body may amalgamate in the manner set out in this Division.

367 Procedure for amalgamation

(1) The committee of management of an organisation and the committee of management of the associated body must each pass a resolution proposing amalgamation and specifying particulars of the proposed amalgamation.

(2) Application must be made to the Commission by the organisation for approval of the amalgamation.

(3) The application must be accompanied by a copy of any proposed alterations of the rules of the organisation.

(4) If the rules of the organisation do not comply, subject to subsection 362(3), with Division 3 in respect of each branch for which the organisation proposes to seek non-corporate registration under a prescribed State Act, the proposed alterations must include alterations necessary for the rules so to comply.

(5) The Commission must:
   (a) determine what notice is to be given to other persons of the application; and
   (b) determine whether, on whom and how notice should be served and whether it should be advertised in any newspaper; and
   (c) fix a period during which objections may be lodged.

(6) Objection may be made to the amalgamation, so far as it involves an alteration of the eligibility rules of the organisation, by:
   (a) another organisation; or
   (b) a member of the associated body; or
   (c) a registered association in the State in which the associated body functions;

because there is another organisation to which the members of the associated body, whose eligibility for membership would depend on the alteration, could more conveniently belong.

(7) Objection may be made to the amalgamation by a member of the organisation or of the associated body on the ground that:
   (a) the provisions of this section have not been complied with; or
   (b) the amalgamation would do substantial injustice to the members of the organisation or associated body.

(8) If any objections are duly lodged or if the Commission otherwise deems it advisable to do so, the Commission must:
   (a) fix a day and place of hearing; and
   (b) determine to whom and in what manner notice of the day and place of the hearing shall be given.

(9) If the Commission:
   (a) finds that no duly made objection is justified; and
   (b) is satisfied that the provisions of this section have been complied with; and
   (c) is satisfied that the amalgamation would not do substantial injustice to the members of the organisation or of the associated body; and
   (d) is satisfied that any proposed alterations of the rules of the organisation:
      (i) comply with and are not contrary to this Schedule and applicable awards; and
      (ii) are not otherwise contrary to law; and
      (iii) have been decided on under the rules of the organisation;

   the Commission must, subject to subsection (10), approve the amalgamation and fix the day on which the amalgamation is to take effect, but otherwise the Commission must refuse to approve the amalgamation.

(10) The Commission must not approve an amalgamation unless the Commission is satisfied as to arrangements made relating to property and liabilities of the associated body.

(11) On the day on which the amalgamation takes effect, any alteration of the rules of the organisation takes effect.
(12) On the day on which the amalgamation takes effect, all members of the associated body who are not already members of the organisation but are or become, on that day, eligible for membership of the organisation:
(a) become members of the organisation; and
(b) are to be taken to have been members for the period ending on that day during which they were members of the associated body.

Division 5—Exercise of Commission’s powers

Exercise of Commission’s powers under this Part

The powers of the Commission under this Part are exercisable only by a Presidential Member.

(194) Schedule 1, page 309 (lines 1 to 18), omit the Schedule.

(195) Schedule 2, page 310 (line 2) to page 317 (line 6), omit the Schedule.

Question agreed to.

Bill, as amended, agreed to.

Title, as amended, agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.49 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

WORKPLACE RELATIONS (REGISTRATION AND ACCOUNTABILITY OF ORGANISATIONS) (CONSEQUENTIAL PROVISIONS) BILL 2002

Report from Main Committee

Bill returned from Main Committee with amendments and an amended title; certified copy of the bill and schedule of amendments presented.

Ordered that this bill be considered forthwith.

Main Committee’s amendments—
(24) Schedule 1, item 13, page 10 (line 18), omit “RAO Act”, substitute “RAO Schedule”.
(25) Schedule 1, item 14, page 10 (line 26), omit “RAO Act”, substitute “RAO Schedule”.
(26) Schedule 1, item 15, page 10 (line 30), omit “RAO Act”, substitute “RAO Schedule”.
(27) Schedule 1, item 15, page 11 (line 2), omit “RAO Act”, substitute “RAO Schedule”.
(28) Schedule 1, item 15, page 11 (line 8), omit “RAO Act”, substitute “RAO Schedule”.
(29) Schedule 1, item 15, page 11 (line 9), omit “RAO Act”, substitute “RAO Schedule”.
(30) Schedule 1, item 15, page 11 (line 15), omit “RAO Act”, substitute “RAO Schedule”.
(31) Schedule 1, item 16, page 11 (line 19), omit “RAO Act”, substitute “RAO Schedule”.
(32) Schedule 1, item 16, page 11 (line 21), omit “that Act”, substitute “that Schedule”.
(33) Schedule 1, item 18, page 12 (line 5), omit “RAO Act”, substitute “RAO Schedule”.
(34) Schedule 1, item 19, page 12 (line 13), omit “RAO Act”, substitute “RAO Schedule”.
(35) Schedule 1, item 20, page 12 (line 20), omit “RAO Act”, substitute “RAO Schedule”.
(36) Schedule 1, item 20, page 12 (line 22), omit “RAO Act”, substitute “RAO Schedule”.
(37) Schedule 1, item 21, page 13 (line 2), omit “RAO Act”, substitute “RAO Schedule”.
(38) Schedule 1, item 22, page 13 (line 6), omit “RAO Act”, substitute “RAO Schedule”.
(39) Schedule 1, item 22, page 13 (line 10), omit “RAO Act”, substitute “RAO Schedule”.
(40) Schedule 1, item 23, page 13 (line 10), omit “that Act”, substitute “that Schedule”.
(41) Schedule 1, item 23, page 13 (line 15), omit “RAO Act”, substitute “RAO Schedule”.
(42) Schedule 1, item 23, page 13 (line 17), omit “RAO Act”, substitute “RAO Schedule”.
(43) Schedule 1, item 24, page 13 (line 21), omit “RAO Act”, substitute “RAO Schedule”.
(44) Schedule 1, item 24, page 13 (line 24), omit “RAO Act”, substitute “RAO Schedule”.
(45) Schedule 1, item 24, page 14 (line 1), omit “RAO Act”, substitute “RAO Schedule”.
(46) Schedule 1, item 24, page 14 (line 2), omit “RAO Act”, substitute “RAO Schedule”.
(47) Schedule 1, item 24, page 14 (line 3), omit “RAO Act”, substitute “RAO Schedule”.

34 Elections

(1) The RAO Schedule applies in relation to an election for an office, or a position other than an office, in an organisation or a branch of an organisation if no steps (including the calling of nominations) relating to the election have started before commencement.

(2) In the case of any other election for an office in an organisation or a branch of an organisation:

(a) the WR Act as in force immediately before commencement applies to the completion of so much of any step (including the calling of nomina-
(b) the RAO Schedule (except section 188) applies to any step (including the calling of nominations) that starts on or after commencement.

(64) Schedule 1, item 36, page 19 (line 22), omit “RAO Act”, substitute “RAO Schedule”.

(65) Schedule 1, item 36, page 19 (line 28), omit “RAO Act”, substitute “RAO Schedule”.

(66) Schedule 1, item 37, page 20 (lines 3 and 4), omit “RAO Act”, substitute “RAO Schedule”.

(67) Schedule 1, item 37, page 20 (line 8), omit “RAO Act”, substitute “RAO Schedule”.

(68) Schedule 1, item 38, page 20 (line 11), omit “RAO Act”, substitute “RAO Schedule”.

(69) Schedule 1, item 38, page 20 (line 12), omit “Act”, substitute “Schedule”.

(70) Schedule 1, item 39, page 20 (line 20), omit “RAO Act”, substitute “RAO Schedule”.

(71) Schedule 1, item 39, page 20 (line 24), omit “RAO Act”, substitute “RAO Schedule”.

(72) Schedule 1, item 40, page 20 (line 29), omit “RAO Act”, substitute “RAO Schedule”.

(73) Schedule 1, item 41, page 21 (line 3), omit “RAO Act”, substitute “RAO Schedule”.

(74) Schedule 1, item 42, page 22 (line 8), omit “RAO Act”, substitute “RAO Schedule”.

(75) Schedule 1, item 42, page 22 (line 12), omit “RAO Act”, substitute “RAO Schedule”.

(76) Schedule 1, item 42, page 22 (line 13), omit “RAO Act”, substitute “RAO Schedule”.

(77) Schedule 1, item 42, page 22 (lines 14 and 15), omit “RAO Act”, substitute “RAO Schedule”.

(78) Schedule 1, item 42, page 22 (line 17), omit “RAO Act”, substitute “RAO Schedule”.

(79) Schedule 1, item 43, page 22 (line 20), omit “RAO Act”, substitute “RAO Schedule”.

(80) Schedule 1, item 44, page 22 (line 27), omit “RAO Act”, substitute “RAO Schedule”.

(81) Schedule 1, item 44, page 22 (line 28), omit “RAO Act”, substitute “RAO Schedule”.

(82) Schedule 1, item 44, page 23 (line 3), omit “RAO Act”, substitute “RAO Schedule”.

(83) Schedule 1, item 44, page 23 (line 6), omit “RAO Act”, substitute “RAO Schedule”.

(84) Schedule 1, item 44, page 23 (line 7), omit “RAO Act”, substitute “RAO Schedule”.

(85) Schedule 1, item 44, page 23 (line 14), omit “RAO Act”, substitute “RAO Schedule”.

(86) Schedule 1, item 44, page 23 (line 15), omit “RAO Act”, substitute “RAO Schedule”.

(87) Schedule 1, item 44, page 23 (line 22), omit “RAO Act”, substitute “RAO Schedule”.

(88) Schedule 1, item 44, page 23 (line 23), omit “RAO Act”, substitute “RAO Schedule”.

(89) Schedule 1, item 44, page 23 (line 31), omit “RAO Act”, substitute “RAO Schedule”.

(90) Schedule 1, item 44, page 23 (line 32), omit “RAO Act”; substitute “RAO Schedule”.

(91) Schedule 1, item 45, page 24 (line 23), omit “RAO Act”, substitute “RAO Schedule”.

(92) Schedule 1, item 46, page 24 (line 25), omit “RAO Act”, substitute “RAO Schedule”.

(93) Schedule 1, item 46, page 24 (line 29), omit “that Act”, substitute “that Schedule”.

(94) Schedule 1, item 46, page 25 (line 9), after “Relations”, insert “Legislation Amendment”.

(95) Schedule 1, item 48, page 30 (line 4), omit “RAO Act”, substitute “RAO Schedule”.

(96) Schedule 1, item 48, page 30 (line 9), omit “that Act”, substitute “that Schedule”.

(97) Schedule 1, item 48, page 30 (line 16), after “Relations”, insert “Legislation Amendment”.

(98) Schedule 1, item 49, page 36 (line 3), omit “RAO Act”, substitute “RAO Schedule”.

(99) Schedule 1, Part 7, page 37 (lines 2 to 7), omit the Part.

(100) Schedule 1, item 54, page 38 (line 24), omit “RAO Act”, substitute “RAO Schedule”.

(101) Schedule 1, item 55, page 38 (line 29), omit “RAO Act”, substitute “RAO Schedule”.

(102) Schedule 1, item 55, page 39 (line 3), omit “RAO Act”, substitute “RAO Schedule”.

(103) Schedule 2, item 5, page 40 (lines 16 and 17), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(104) Schedule 2, item 14, page 41 (lines 11 and 12), omit “Registration and Accountability of Organisations Act”, substitute “Registra-
tion and Accountability of Organisations Schedule”.
(105) Schedule 2, item 16, page 41 (line 19), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(106) Schedule 2, item 16, page 41 (line 22), after “Relations”, insert “Legislation Amendment”.
(107) Schedule 2, item 16, page 41 (line 25), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(108) Schedule 2, item 19, page 42 (lines 3 to 5), omit the definition of Registration and Accountability of Organisations Act, substitute:
Registration and Accountability of Organisations Schedule means Schedule 1B.
(109) Schedule 2, page 42 (after line 5), after item 19, insert: 19A Subsection 4(1) (at the end of the definition of this Act)
Add “but does not include Schedule 1B or regulations made under that Schedule”.
(110) Schedule 2, item 22, page 42 (lines 12 and 13), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(111) Schedule 2, item 24, page 42 (line 18), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(112) Schedule 2, item 27, page 43 (lines 4 and 5), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(113) Schedule 2, item 28, page 43 (lines 9 and 10), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(114) Schedule 2, item 29, page 43 (lines 12 and 13), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(115) Schedule 2, item 30, page 43 (lines 15 and 16), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(116) Schedule 2, item 31, page 43 (lines 18 and 19), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(117) Schedule 2, item 32, page 43 (lines 21 and 22), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(118) Schedule 2, item 34, page 43 (lines 27 and 28), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(119) Schedule 2, item 36, page 44 (lines 6 and 7), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(120) Schedule 2, item 38, page 44 (line 11), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(121) Schedule 2, item 39, page 44 (line 15), omit “under Acts other than the Registration and Accountability of Organisations Act”, substitute “other than under the Registration and Accountability of Organisations Schedule”.
(122) Schedule 2, item 43, page 44 (line 25), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(123) Schedule 2, item 43, page 44 (lines 26 and 27), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.
(124) Schedule 2, item 43, page 45 (lines 2 and 3), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

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(125) Schedule 2, item 43, page 45 (lines 4 and 5), omit “that Act”, substitute “that Schedule”.

(126) Schedule 2, item 43, page 45 (line 7), omit “that Act”, substitute “that Schedule”.

(127) Schedule 2, item 43, page 45 (line 14), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(128) Schedule 2, item 43, page 46 (lines 19 and 20), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(129) Schedule 2, item 44, page 46 (lines 24 and 25), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(130) Schedule 2, item 46, page 46 (line 29), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(131) Schedule 2, item 48, page 47 (lines 1 and 2), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(132) Schedule 2, item 49, page 47 (lines 4 and 5), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(133) Schedule 2, item 50, page 47 (lines 7 and 8), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(134) Schedule 2, item 51, page 47 (lines 10 and 11), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(135) Schedule 2, item 52, page 47 (lines 13 and 14), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(136) Schedule 2, item 53, page 47 (lines 16 and 17), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(137) Schedule 2, item 53, page 47 (line 17), omit “that Act”, substitute “that Schedule”.

(138) Schedule 2, item 54, page 47 (line 20), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(139) Schedule 2, item 54, page 47 (line 21), omit “that Act”, substitute “that Schedule”.

(140) Schedule 2, item 55, page 47 (line 24), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(141) Schedule 2, item 56, page 47 (lines 26 and 27), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(142) Schedule 2, item 57, page 48 (lines 2 and 3), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(143) Schedule 2, item 57, page 48 (lines 4 and 5), omit “that Act”, substitute “that Schedule”.

(144) Schedule 2, item 58, page 48 (lines 7 and 8), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(145) Schedule 2, item 59, page 48 (lines 12 and 13), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(146) Schedule 2, item 59, page 48 (line 16), omit “that Act”, substitute “that Schedule”.

(147) Schedule 2, item 60, page 48 (line 22), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(148) Schedule 2, item 61, page 48 (line 26), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(149) Schedule 2, item 62, page 48 (line 30), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

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(150) Schedule 2, item 63, page 49 (lines 1 and 2), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(151) Schedule 2, item 64, page 49 (lines 5 and 6), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(152) Schedule 2, item 64, page 49 (line 9), omit “that Act”, substitute “that Schedule”.

(153) Schedule 2, item 68, page 49 (line 24), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(154) Schedule 2, item 70, page 50 (lines 4 and 5), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(155) Schedule 2, item 70, page 50 (lines 7 and 8), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(156) Schedule 2, item 71, page 50 (lines 14 and 15), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(157) Schedule 2, item 71, page 50 (lines 16 and 17), omit “that Act”, substitute “that Schedule”.

(158) Schedule 2, item 73, page 50 (lines 22 and 23), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(159) Schedule 2, item 74, page 50 (lines 26 and 27), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(160) Schedule 2, item 80, page 51 (line 14), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(161) Schedule 2, item 81, page 51 (line 16), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(162) Schedule 2, item 82, page 51 (lines 18 and 19), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(163) Schedule 2, item 84, page 52 (lines 15 and 16), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(164) Schedule 2, item 86, page 53 (lines 11 and 12), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(165) Schedule 2, item 86, page 53 (line 16), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(166) Schedule 2, item 86, page 53 (lines 17 and 18), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(167) Schedule 2, item 86, page 53 (lines 30 and 31), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(168) Schedule 2, item 87, page 54 (lines 12 and 13), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(169) Schedule 2, item 89, page 54 (lines 18 and 19), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(170) Schedule 2, item 90, page 54 (lines 21 and 22), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(171) Schedule 2, item 96, page 55 (lines 10 and 11), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(172) Schedule 2, item 97, page 55 (lines 13 and 14), omit “Registration and Accountability of Organisations Act”, substitute “Registration
(173) Schedule 2, item 98, page 55 (lines 17 and 18), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(174) Schedule 2, item 98, page 55 (lines 19 and 20), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(175) Schedule 2, item 98, page 55 (line 22), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(176) Schedule 2, item 108, page 56 (lines 21 and 22), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(177) Schedule 2, item 109, page 56 (lines 25 and 26), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(178) Schedule 2, item 109, page 56 (lines 27 and 28), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(179) Schedule 2, item 110, page 57 (line 2), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(180) Schedule 2, item 111, page 57 (lines 4 and 5), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(181) Schedule 2, item 112, page 57 (line 7), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(182) Schedule 3, Act heading, page 59 (line 4), omit the heading.

(183) Schedule 3, item 1, page 59 (lines 5 to 8), omit the item.

(184) Schedule 3, item 2, page 59 (lines 13 and 14), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(185) Schedule 3, item 3, page 59 (lines 17 to 19), omit the definition of Registration and Accountability of Organisations Act, substitute:

Registration and Accountability of Organisations Schedule means Schedule 1B to the Workplace Relations Act 1996.

(186) Schedule 3, page 59 (after line 19), after item 3, insert:

3A Section 3 (at the end of the definition of Workplace Relations Act)

Add “(other than Schedule 1B to that Act)”.

(187) Schedule 3, item 6, page 59 (lines 25 to 28), omit the item, substitute:

6 Paragraph 4(3A)(b)

Repeal the paragraph, substitute:

(b) make an objection under section 66 of the Registration and Accountability of Organisations Schedule, or under regulations made under that Schedule in relation to a proceeding under that Schedule, and be heard in relation to that objection.

(188) Schedule 3, item 7, page 59 (line 29) to page 60 (line 1), omit the item.

(189) Schedule 3, item 9, page 60 (line 7), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(190) Schedule 3, item 13, page 60 (lines 15 and 16), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(191) Schedule 3, item 14, page 60 (lines 18 and 19), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(192) Schedule 3, item 17, page 60 (lines 26 and 27), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(193) Schedule 3, item 20, page 61 (lines 5 and 6), omit “Registration and Accountability of
Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(194) Schedule 3, item 22, page 61 (lines 10 and 11), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(195) Schedule 3, page 61 (after line 11), after item 22, insert:

**22A Paragraph 5(1)(c)**
Omit “under that Act”, substitute “under that Schedule”.

(196) Schedule 3, item 23, page 61 (lines 12 and 13), omit the item, substitute:

**23 Paragraph 5(1)(c)**
Omit “Division 1 of Part IX of that Act”, substitute “Part 2 of Chapter 2 of that Schedule”.

(197) Schedule 3, item 26, page 61 (lines 19 and 20), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(198) Schedule 3, item 28, page 61 (lines 24 and 25), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(199) Schedule 3, item 30, page 62 (lines 2 and 3), omit the item, substitute:

**30 Subsection 7(3)**
Omit “section 235 of that Act”, substitute “section 46 of that Schedule”.

(200) Schedule 3, item 32, page 62 (lines 7 and 8), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(201) Schedule 3, item 33, page 62 (lines 10 to 12), omit the item, substitute:

**33 Paragraph 7(2)(c)**
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(202) Schedule 3, item 35, page 62 (lines 16 to 19), omit the item.

(203) Schedule 3, item 36, page 62 (lines 22 to 24), omit “, the Workplace Relations (Registration and Accountability of Organisations) Act 2002”, substitute “, Schedule 1B to the Workplace Relations Act 1996”.

(204) Schedule 3, item 37, page 62 (line 26) to page 63 (line 2), omit the item, substitute:

**37 Section 85ZL (subparagraph (c)(ii) of the definition of Commonwealth authority)**
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(205) Schedule 3, item 38, page 63 (line 7), after “Relations”, insert “Amendment”.

(206) Schedule 3, item 39, page 63 (line 13), after “Relations”, insert “Amendment”.

(207) Schedule 3, item 40, page 63 (line 19), after “Relations”, insert “Amendment”.

(208) Schedule 3, item 41, page 63 (lines 23 to 28), omit the item, substitute:

**41 Subsection 4(1) (definition of registered organisation)**
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

Note: The heading to section 20 is altered by omitting “the Workplace Relations Act 1996” and substituting “Schedule 1B to the Workplace Relations Act 1996”.

(209) Schedule 3, item 47, page 64 (lines 15 to 18), omit the item, substitute:

**47 Subsection 3(1) (paragraph (a) of the definition of trade union)**
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(210) Schedule 3, page 64 (line 19), omit the heading.

(211) Schedule 3, item 48, page 64 (lines 20 to 25), omit the item.

(212) Schedule 3, item 49, page 64 (line 26) to page 65 (line 2), omit the item.

(213) Schedule 3, item 50, page 65 (lines 4 to 7), omit the item, substitute:

**50 Subsection 3(1) (paragraph (a) of the definition of trade union)**
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(214) Schedule 3, item 51, page 65 (lines 9 to 12), omit the item, substitute:
51 Subsection 27A(1) (paragraph (c) of the definition of registered organization)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(215) Schedule 3, item 52, page 65 (lines 14 to 17), omit the item, substitute:

52 Subsection 3(1) (paragraph (e) of the definition of insurance business)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(216) Schedule 3, page 65 (line 18), omit the heading.

(217) Schedule 3, item 53, page 65 (lines 19 to 22), omit the item.

(218) Schedule 3, item 54, page 65 (lines 24 to 26), omit the item, substitute:

54 Paragraph 11(3)(b)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(219) Schedule 3, page 65 (line 27), omit the heading.

(220) Schedule 3, item 55, page 66 (lines 1 to 3), omit the item.

(221) Schedule 3, item 56, page 66 (lines 5 to 7), omit the item, substitute:

56 Schedule 1 (item referring to the Workplace Relations Act 1996)
Repeal the item, substitute:
Workplace Relations Act 1996, section 355, and section 356 of Schedule 1B

(222) Schedule 3, item 57, page 66 (lines 8 to 10), omit the item.

(223) Schedule 3, item 58, page 66 (lines 12 to 14), omit the item, substitute:

58 Paragraph 138(2)(b)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(224) Schedule 3, item 59, page 66 (lines 17 to 23), omit the item, substitute:

59 Subsection 5(1) (paragraph (a) of the definition of registered union)
Omit “the Industrial Relations Act 1988”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(225) Schedule 3, item 60, page 66 (line 25) to page 67 (line 2), omit the item, substitute:

60 Clause 2 of Schedule 7 (paragraph (a) of the definition of registered union)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(226) Schedule 3, item 61, page 67 (lines 4 to 9), omit the item, substitute:

61 Subsection 4(1) (definition of registered organization)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

Note: The heading to section 19 is altered by omitting “the Workplace Relations Act 1996” and substituting “Schedule 1B to the Workplace Relations Act 1996”.

(227) Schedule 3, item 62, page 67 (lines 11 to 14), omit the item, substitute:

62 Subsection 51(2BB) (paragraph (a) of the definition of approved organisation)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(228) Schedule 3, item 63, page 67 (lines 16 to 19), omit the item, substitute:

63 Subsection 10(1) (paragraph (c) of the definition of registered organisation)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(229) Schedule 3, item 64, page 67 (lines 22 to 24), omit the item, substitute:

64 Paragraph 4(b)
Omit “the Workplace Relations Act 1996”, substitute “Schedule 1B to the Workplace Relations Act 1996”.

(230) Schedule 4, item 3, page 69 (lines 7 and 8), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(231) Schedule 4, item 4, page 69 (lines 10 and 11), omit “Registration and Accountability of Organisations Act”, substitute “Registra-
tion and Accountability of Organisations Schedule”.

(232) Schedule 4, item 5, page 69 (lines 13 and 14), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

(233) Schedule 4, item 6, page 69 (lines 16 and 17), omit “Registration and Accountability of Organisations Act”, substitute “Registration and Accountability of Organisations Schedule”.

Question agreed to.
Bill, as amended, agreed to.
Title, as amended, agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.51 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

EXCISE TARIFF AMENDMENT BILL (No. 1) 2002

Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.
Bill agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.53 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

AUSTRALIAN CAPITAL TERRITORY LEGISLATION AMENDMENT BILL 2002

Report from Main Committee
Bill returned from Main Committee without amendment; certified copy of the bill presented.

Ordered that this bill be considered forthwith.
Bill agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.54 p.m.)—by leave—I move:
That this bill be now read a third time.
Question agreed to.
Bill read a third time.

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) (CONSEQUENTIAL PROVISIONS) BILL 2002

Report from Main Committee
Bill returned from Main Committee with an amendment; certified copy of the bill and schedule of amendment presented.
Ordered that this bill be considered forthwith.

Main Committee’s amendment—
(1) Schedule 1, page 3 (after line 9), after item 1, insert:

1A Subsection 90MT(2)
Repeal the subsection, substitute:

Before making an order referred to in subsection (1), the court must make a determination under paragraph (a) or (b) as follows:

(a) if the regulations provide for the determination of an amount in relation to the interest, the court must determine the amount in accordance with the regulations;

(b) otherwise, the court must determine the value of the interest by such method as the court considers appropriate.

(2A) The amount determined under paragraph (2)(a) is taken to be the value of the interest.

1B Subsection 90MT(3)
Omit “for the value”, substitute “for the amount”.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (4.56 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

TAXATION LAWS AMENDMENT (STRUCTURED SETTLEMENTS) BILL 2002

Report from Main Committee

Bill returned from Main Committee with an unresolved question and amendments; certified copy of the bill, schedules of the unresolved question and amendments presented.

Ordered that this bill be considered forthwith.

Main Committee’s amendments—
(1) Schedule 1, item 1, page 4 (line 28) to page 5 (line 3), omit paragraph (c), substitute:

(c) the claim is made against a person (the defendant) and satisfies the following conditions:

(i) the claim is not made against the defendant in his or her capacity as an employer, or "associate of an employer, of the injured person;

(ii) the claim is not made under a "workers' compensation law, and is not made as an alternative to a claim under such a law;

(2) Schedule 1, page 14 (after line 29), after item 1, insert:

1A Subsection 995-1(1) (at the end of the definition of exempt life insurance policy)
Add:

; or (f) that provides for either or both of the following:

(i) a "structured settlement annuity, payments of which are exempt from income tax under Division 54;

(ii) a "structured settlement lump sum, payment of which is exempt from income tax under Division 54.

(3) Schedule 1, page 18 (after line 17), after item 12, insert:

12A Subsection 995-1(1) (at the end of the definition of life insurance premium)
Add “or a "structured settlement lump sum”.

(4) Schedule 1, Part 3, page 19 (after line 17), after Division 1, insert:

Division 1A—Amended definitions of exempt life insurance policy and life insurance premium

16A Application of amended definitions
(1) The amendments made by items 1A and 12A apply to assessments for the 2001-2002 income year and later income years.

(2) However, the amendments do not apply unless the date of the settlement (within the meaning of Division 54 of the *Income Tax Assessment Act 1997*) is 26 September 2001 or a later date.

Unresolved question—

That the amendment moved by the honourable member for Fraser be agreed to:

(1) Clause 54-10, page 5 (lines 8 to 17), omit subclause (e), substitute:

(e) under the terms of the settlement, some or all of the compensation or damages may be used at any time by the defendant, a person with whom the defendant has insurance against the liability to which the claim relates, the injured person or the injured person’s legal personal representative to purchase from one or more *life insurance companies or State insurers:

(i) an *annuity or annuities to be paid to the injured person, or to a trustee for the benefit of the injured person; or

(ii) such an annuity or annuities, together with one or more lump sums that are also to be paid to the injured person, or to a trustee for the benefit of the injured person.

The total amount used to purchase an annuity or annuities pursuant to the settlement must not exceed the amount of the compensation or damages paid under the settlement and any returns that may have accrued through the investment of the compensation or damages prior to the purchase of the annuity or annuities.

Mr McMULLAN (Fraser) (4.57 p.m.)—I will not delay the House for long, because we did have ample opportunity to discuss this in the Main Committee, and it was part of an agreement that we would expedite passage of legislation by sending it to the Main Committee. Nevertheless, it is an amendment that I do not wish to allow to pass without some brief comment. As I said in my speech on the second reading debate—and will reiterate only very briefly, particularly in the presence of my colleague the member for Wills—the principles of this bill are matters of longstanding policy of the Labor Party, as first articulated more than two years ago by the member for Wills when he was shadow Assistant Treasurer. He was right then; he remains correct. I welcome the fact that it has ultimately been adopted by the government, even if only after some crisis. We do not wish to delay the passage of the bill, because it is a bill that does things with which we agree and that does things about which there is now some urgency.

There does appear to us to be one shortcoming, and we have raised it on a number of occasions. We continue to hear arguments about why the proposition we are proposing by way of amendment should not be adopted, but none of them sound persuasive. So let me reiterate the case. If the Parliamentary Secretary to the Minister for Finance and Administration wishes to briefly respond, I would be grateful, but it may be that that is something that needs to be dealt with on another occasion. The Trustee Corporations Association of Australia have been making representations to the government—although I am not aware of that, but I am sure they have—and to us concerning the eligibility conditions. Their view is that the conditions as they stand unnecessarily constrain the financial manager of the beneficiary. Court appointed financial managers, such as trustee corporations, are compulsory for minors and the intellectually disabled. In addition to that, victims with intellectual capacity nevertheless can choose to utilise trustee corporations.

The bill currently requires that the annuities are purchased by the defendant or their insurer directly. This would exclude a court appointed financial manager from purchasing an annuity with the same tax concessions on behalf of the beneficiary at the time of settlement or afterwards. The trustees contend that this gives the insurer a veto over the beneficiary’s access to the tax concessions. On the face of it, this concern seems to me to
be a legitimate one. That is what this amendment is seeking to resolve: that the eligibility conditions be widened to allow the injured person or their legal representative to purchase the annuity. The amendment as drafted seems to me to clearly show that this can be done without requiring complex additional integrity measures—because the last thing I wish to do is open up the possibility of others misusing these tax advantage vehicles for the purpose of tax avoidance. There is certainly nothing in the intent or spirit of the amendment to this effect. While not being as expert as some around this building—such as parliamentary drafting staff and some of those from the tax office—I have been dealing with tax bills on and off for a long time and I cannot see anything in the drafting that does other than maintain the integrity of the measure.

Instead, the simple requirement that no more than the original settlement can be converted into an annuity seems to me to clearly prevent other sources of funds being moved into these tax advantaged vehicles. As I understand it, this is the intention of the government—and I think they are correct. I think this is the appropriate thing for them to do. In addition, preserving the requirement that annuities are purchased from a life insurance company or state insurers will continue to ensure proper prudential supervision of the source of the annuities. It seems to me that the amendment enhances the policy intent of the bill by further encouraging the use of structured settlements by injured parties. It does it in a way that opens up more options but in a manner that protects the revenue. It is for that reason that I support the amendment moved by the member for Oxley. In addition, preserving the requirement that annuities are purchased from a life insurance company or state insurers will continue to ensure proper prudential supervision of the source of the annuities. It seems to me that the amendment enhances the policy intent of the bill by further encouraging the use of structured settlements by injured parties. It does it in a way that opens up more options but in a manner that protects the revenue. It is for that reason that I support the amendment moved by the member for Oxley. I foreshadowed that amendment in my speech in the second reading debate. I thank the member for Oxley for moving it on my behalf in the Main Committee. I welcome the opportunity to speak briefly to it on this occasion.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.02 p.m.)—As the shadow minister has indicated, there was ample opportunity in the Main Committee to debate the matters. This is now pressing business, given the other matters which have impacted upon the work of the House, so I will not delay the House further by saying why we disagree with the amendment moved by the honourable member for Oxley on behalf of the honourable member for Fraser. I just want to reiterate that the government does not accept this amendment.

Question negatived.

The DEPUTY SPEAKER (Mr Jenkins)—The question now is that the amendments made by the Main Committee be agreed to.

Question agreed to.

Bill, as amended, agreed to.

Third Reading

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (5.03 p.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

MINISTERIAL STATEMENTS

Foreign Affairs: Iraq

Debate resumed.

The DEPUTY SPEAKER (Mr Jenkins)—Before calling the honourable member for Greenway, in relation to the request made earlier today about the form of words relating to the question on the amendment moved by the member for Calare, the speaker has advised that, as the House had been debating one form of question yesterday and today, he feels that it would be appropriate for the question to be stated in the same terms today—that is, that the words proposed to be omitted stand part of the question. I call the honourable member for Greenway in continuation.

Mr MOSSFIELD (Greenway) (5.04 p.m.)—Earlier today I was talking about the latest move by the Iraqi government and in-
dicated that this could be a delaying tactic; however, only time will tell. At the same time I believe it is not prudent to pre-empt any action. War is bad; plain and simple. There is nothing good about war and nobody should be looking forward to it gleefully. Nobody should be talking up its prospects. The UN was created to settle disputes diplomatically, and that is the path we must tread. Unless all other solutions have been exhausted we should not be talking war. This is about as serious as we get in this place. We are quite literally talking about life and death, and the victims in war are not always combatants. The innocent—the women and children—are in many cases the greatest victims of war. It is not a decision or a debate to be taken lightly or without consultation with the Australian people. So far as the polls that I have seen show, Australians do not favour an attack on Iraq. I, along with other members, have received a huge number of emails from concerned Australians imploring us not to go to war.

I want to make some comments about the remarks made by the member for Lindsay in her contribution. She mentioned a number of people in this House who have served in the armed forces. She neglected to mention that I served my national service in the RAAF—not that I feel that that gives us any particular wisdom to make appropriate decisions above what other people might make. I believe that she was quite mischievous, and a little bit insulting, to liken the Labor Party to Neville Chamberlain prior to the Second World War simply because we want to exhaust all diplomatic channels before we send Australians to die far from home. Her intent was obvious but she does not have to look quite so far from home for her examples.

I wonder if the member for Lindsay and the House have ever heard of the steamer Dalfram and a strike-busting act of parliament designed to allow the Australian government to export the raw materials of war to a country that would bomb our shores within four years. The Liberal Party icon ’Pig Iron’ Bob Menzies got that name for appeasing a country already at war with its neighbours—a far more treacherous act than Neville ‘Peace in our time’ Chamberlain would have ever considered. If the member for Lindsay wants a wartime hero to look up to, she need look no further than John Curtin, who believed in an independent foreign policy for Australia. He stood up to the British and saw himself and Australia as an equal partner with America. Curtin did not see himself as a deputy sheriff and, if the member for Lindsay is seeking historical comparisons for this debate, there is no better example than John Curtin.

We should not let aggression go unchecked, and the Iraqi government—and, particularly, its leader—runs an appalling regime, but we should not be so willing to march to war. We certainly should not be licking our lips at that prospect, which, unfortunately, this government and the US seem to be doing. We should be taking a measured approach and examining every diplomatic solution first. This is a debate that we had to have. It is a debate that, it appears, the Prime Minister did not want to take part in and did not want the House to take part in. It appears that only when Tony Blair, the British Prime Minister, made a decision to recall the UK parliament to discuss the Iraqi situation did the PM agree to a debate in the Australian parliament. I quote from an article by Gerard Henderson in the *Sydney Morning Herald* to support this view:

In early-morning interviews on Channel 9 and ... 5AA, Howard made no reference to his intention to have a parliamentary debate on Iraq. But he announced one that morning, shortly after 8, on ABC Radio’s *AM* in an interview with Alexandra Kirk. Maybe it was planned but the impression created was of policy on the run.

**Dr Emerson (Rankin) (5.09 p.m.)—** There were further significant developments on this fast-moving Iraq issue in the parliament today, and I want to comment on a couple of those. First, it is apparent that there is even more confusion in the government’s position as this issue develops internationally. In relation to the letter that has been
sent by the Iraqis to the United Nations indicating that they will again invite in the weapons inspectors, the Prime Minister said that we are dealing with 'nothing more than a diplomatic ploy'. When the Minister for Foreign Affairs immediately followed the Prime Minister in question time today, he described the same letter as 'an important first step'. I am left in a position of wondering whether it is 'nothing more than a diplomatic ploy' or 'an important first step'. I certainly think the government should ponder that, come into the parliament and make a very clear statement on the significance of the letter. But, yet again, we have confusion in the government in terms of its handling of this very difficult issue.

The second observation I would like to make is that there seem to be some encouraging signs today that the government is moving towards Labor's position. I hope I am not being too optimistic in suggesting that, but the Minister for Foreign Affairs indicated in question time that 'there is no Security Council resolution which authorises a regime change'. When the administration started explicitly setting as its objective for its dealings with Iraq a change in regime, senior members of the government endorsed that as an objective. Today, the Minister for Foreign Affairs indicated that the objective of the dealings with Iraq is disarmament. That is what Labor has been saying all along.

Labor has not set and does not support as the objective of dealing with Iraq a change in the regime. That is not to say by any means that we think that this is an acceptable or a humane regime; it is not. It is an appalling regime. But it is vital, in determining what next steps should be followed, that there be a common objective. On the one hand, we have an objective of regime change; on the other hand, we have an objective of disarmament. Yet Labor has consistently stated that the objective is disarmament, and today the foreign minister appeared to distance himself from earlier claims by government ministers that they shared the administration's objective of changing the regime.

I hope that we do not have to debate this issue again. Like all members on this side of parliament, I strongly welcome the fact that we are—belatedly—having this debate, but my fear is that, if we are to have a new debate, it will be a debate about whether we send our sons and daughters to war. On the Labor side, we do not embrace the prospect of going to war with any enthusiasm at all, so I hope that we are not back here debating a resolution to the effect that—all other processes having been exhausted or the Americans or this government considering that the process has been inadequate—we are proposing to go to war. I think that that is a very serious step, and we should remember that.

Labor's position on Iraq's noncompliance has been strong, clear and robust. I certainly take this opportunity to say what a marvellous job the Leader of the Opposition and our shadow foreign affairs minister have done in setting out Labor's position so clearly—a position that is workable and that is based on principle. The fundamental principle behind Labor's position is that we believe that the rule of international law should be observed. The war against Saddam Hussein in 1991 was because he did not observe the rule of international law, and it is not now okay for other countries to fail to observe the rule of international law in taking unilateral action against this regime.

Labor have consistently argued that the pursuit of a resolution to this very difficult problem should be through the United Nations, just as, in the lead-up to the Gulf War, we insisted that the whole issue be progressed under the auspices of the United Nations—and it was; the Gulf War was based on United Nations resolutions. In calling for proper United Nations processes to be followed, Labor have been labelled by the Minister for Foreign Affairs and others as appeasers, but the fact is that the Australian government should not blindly follow the United States.

The Vietnam War was a case of America saying, 'It is a just and fair argument that we
should go into Vietnam,’ and the government of the day said, ‘If that is what America says is a good idea, we should do it.’ What was the consequence? More than 500 Australians were killed in Vietnam, more than 57,000 Americans were killed in Vietnam and more than a million Vietnamese were killed in that war. Labor opposed the Vietnam War, at great political cost, in the early years of the war. Now General Peter Cosgrove, Chief of the Australian Defence Force, has said that that war was wrong; that it was a mistake. What a mistake it was: more than a million people were killed in that war, and the then coalition government fell over itself to follow the United States blindly into that war—a massive mistake.

The fact is that Australia’s alliance with the United States, which has been forged under and implemented through successive governments—especially through Labor governments—is a strong and durable alliance. But the fact that we have such a strong alliance with the United States does not mean that Australia should always agree with the United States. I will outline a number of cases where we have not agreed with the United States, yet the alliance has survived in very good shape. Ultimately, we did not agree with the United States on the MX missile trials. Labor supported the South Pacific Nuclear Free Zone. The United States disagreed with that. It did not damage or destroy the alliance. Labor opposed the Strategic Defence Initiative, which came to be known as Star Wars. We had a difference with the United States on that. The United States understood and the alliance endured. Labor opposed the National Missile Defence System. Similarly, that does not mean that, under a Labor government, the alliance with the United States would be any weaker as a result. The Americans understand that we do not agree on everything, but we, ourselves, must determine what is in the national interest. We should decide what is in the national interest, not the Prime Minister asking the American President or anyone else in the administration what they consider to be in Australia’s national interest.

In respect of self-defence under article 51, there must be a clear and present danger and the evidentiary bar needs to be higher than simply for noncompliance—not that noncompliance is excusable; it is not. We need a two-stage process, as outlined by the Leader of the Opposition and our foreign affairs spokesperson. If we follow that process through to its ultimate goal, we will have a much clearer picture of the way forward. But we must observe the rule of international law rather than blindly follow the United States in a particular direction. It is up to Australia to determine what is in the national interest, and I do sense some encouragement in what the government was saying today in perhaps now agreeing with Labor that those UN processes ought to be followed through to completion.

Ms CORCORAN (Isaacs) (5.19 p.m.)—War kills people. War hurts and maims people. War destroys families and communities. Usually those hurt have not taken part in the decision to go to war and are not the cause of the events that led to the war in their country. Not only are people hurt; the infrastructure of the country is often destroyed. This is particularly devastating for poor or developing countries, which have a very limited capacity to rebuild. To inflict this sort of damage, you have to have a very good reason. There is rarely a reason good enough to inflict a war on anyone. The decision to go to war needs to be made in a cool, thorough and rational way, and it needs to be the last option.

A friend of mine said recently that, in his opinion, the worst peace is better than the most just war. He went on to say that he could think of no war that actually helped the situation. Last night, my nephew simply looked me in the face and said, ‘Why would anybody want to go to war? War is just a show of strength, a sort of “I’m tougher than you” action that does not do anybody any good.’ I cannot stress too strongly my opposition to war, and I am not alone. Many of my constituents have emailed, written and
phoned me to express their abhorrence of war in general and of the threatened war with Iraq in particular. War is rarely the answer to a problem, and I am left wondering why the US is pushing for one.

Earlier this year, the Prime Minister and the Minister for Foreign Affairs were talking up a war with Iraq. They were doing so in an embarrassing and fawning way, mainly, I think, to impress their warmongering heroes in the United States. I would like to point out to the Prime Minister that it is possible to be a friend without necessarily agreeing with everything that friend says or does. In fact, a good friend will offer constructive criticism from time to time. It is time Australia showed itself to be a good friend by showing the way to a better solution to the problems in Iraq than war.

In contrast to the actions of this government, the Labor Party has said consistently and sensibly that all efforts must be made to find a diplomatic solution to the problems Iraq poses. We should be working through a process available through the United Nations. We should not be jumping to the war conclusion. We must first exhaust every other avenue. I am very pleased that yesterday’s news is a step in this direction. I do not pretend that the decision by Iraq to allow in weapons inspectors is the end to the problem, but it is a very good step.

I am intrigued as to why our government and the US are so keen to go to war. Is it that Iraq is ignoring the UN resolutions? Iraq is not the only country doing so but I do not hear war threats against other countries. Is it because Saddam Hussein is such a terrible person and his regime is so awful? If so, how does a war help the people of Iraq? History tells us that wars do nothing for the people of the countries concerned other than add to their hardships. Is it for revenge because it is thought that Hussein was behind the September 11 attacks? If that is the reason, what is the logic of responding to violence with more violence? Is there another reason, one to do with oil wells, perhaps, or the upcoming US elections? Whatever the reason or reasons for wanting a war, none of them are good.

I have heard many arguments in this debate about whether or not a war with Iraq would be harmful to our trade relations and whether we would damage our relationship with the United States if we do not support them in any unilateral attack on Iraq. I have even heard that we have a fine, well-trained fighting force who would be pleased to test their skills in a real situation. Of course, we have all heard about what a terrible person Saddam Hussein is. All of this is actually irrelevant. The only question is: what is the correct course of action for Australia to take in dealing with the situation in Iraq and with any threat to our wellbeing and world peace?

We must make up our own minds about what is best for Australia and not simply tag along behind somebody else. We know what is best for Australia. Australia’s national interest is not inconsistent with the interests of other nations. We all say that we want peace; let us work to that in a peaceful way. We say that we are upset about Iraq ignoring international law; let us make sure that we observe that same law as we deal with this situation. I am not saying that war is always wrong; I am saying that it is usually wrong and rarely useful. I am not saying that we may never defend ourselves; in my view, it is okay, indeed obligatory, to defend ourselves in the face of immediate danger. Right now, though, there is no evidence to suggest that we or anyone else is in immediate danger. There is no need for an attack or an invasion at this point. There is every need for sustained and relentless efforts through peaceful diplomatic means to respond to the problems Iraq poses for the world and world peace.

Australia must work with other international communities to pursue a peaceful means of sorting out this problem, and the UN is there for this purpose. We must not get swept up in warmongering rhetoric. I implore the government to do all it can to work out a solution through diplomatic means and to get Australia’s national interests into focus. The United Nations was established af-
ter the Second World War so that we had a means of dealing with international problems through negotiation and diplomacy, not through aggression or futile brute force. I am very pleased that this is the position the Labor opposition has had for some time and that the government now seems to be adopting this sensible and essential approach. I hope that this approach can be sustained into the future.

Mr LAURIE FERGUSON (Reid) (5.25 p.m.)—A few decades ago, a series of books such as George Orwell’s Homage to Catalonia, Franz Borkenau’s International Communism and Burnett Bolloten’s The Grand Camouflage exposed the way in which the Soviet Union, through control of the Comintern and virtual control of communist parties in the Western world, utilised those organisations for the causes of Soviet foreign policy. They abandoned this in the very early period after the Russian Revolution, where in revolutionary fervour the Soviet Union had instigated action around the world. Basically, after that early period, Stalin utilised those parties for the causes of Soviet foreign policy, despite the fact that they believed that they were helping workers throughout the world et cetera.

It would seem that, today, even after the collapse of the Soviet Union, there are still people naive enough to believe that US foreign policy is somehow connected with the founding fathers Benjamin Franklin and George Washington and that US foreign policy is about spreading democracy and liberal values. While the Australian government would seem to have gradually moved away from the concept of regime replacement, it is crucially part of the US position and one reason we should be very doubtful about supporting their process. Recently, the US gave warnings to Bolivia that Bolivians should not dare to elect a left-wing progressive government. They heavily financed electoral campaigns in Nicaragua to defeat Ortega and the Sandinistas, and today they are trying to have the immunity of the person they successfully elected removed because he corruptly took millions and millions of dollars.

Similarly, we have the United States trying to tell the Palestinian people that Arafat is unsuitable and that he should be replaced. That is a good recipe for making sure he stays there. That is happening in this situation also. They are saying that Saddam Hussein should be replaced in Iraq because he has supposedly been involved in human rights abuses. I have been particularly active in dealing with some of the people whose rights have been abused in my electorate. I have probably the biggest concentration of Iraqi Shiites in the entire country. Similarly, my connections with the Turkish community mean that I have been reasonably active with regard to the Turcoman minority. We also have Chaldeans, Assyrians et cetera who have been persecuted by this regime. So I do not dispute for one moment how horrific the regime has been. One only has to look around the world to see examples. I have seen articles that remind us of this. When Pol Pot and co. were thrown out by Vietnamese military action, the United States stood toe to toe and shoulder to shoulder with Pol Pot’s regime for a number of years and supported their continued presence in the United Nations. They condemned, throughout that whole period, action to remove the regime which today we know was one of the most murderous we have ever seen.

We can also talk about Saudi Arabia, another valued ally of the United States, where yearly we see large numbers of people decapitated for minor crimes. There is no push by the United States to replace the Saudi royal family. We can go around the world and see that there is no connection whatsoever between issues of human rights abuses and the regimes the United States wants removed. I do not for a moment have the simplistic point of view that this is totally about oil, but if there was an administration in the last 30 to 40 years so identified with that industry—having regard to the current administration’s background—it is this administration. You can start with Bush. You can
talk about Cheney’s involvement. You can go down the line amongst a significant number of secretaries and other major administrative figures and see the ones who have that connection. We can look at the issue of climate change and the issues in Johannesburg. The backgrounds of a number of people in this administration are driving US policy on climate. If it is that effective on such a crisis facing the world, perhaps it has a little to do with their policy in the Middle East.

I also have grave doubts about the impact of this on the broader Middle East questions. This week the Parliamentary Library provided an article which contained some interesting points on one of the Ayatollas in Iran, Montazeri, who is under house arrest because he dared to say that Israel’s existence should be recognised and that it is about time the Iranian government faced up to that. That is an example of a different view in the Middle East and that there is the possibility of more liberal regimes there and they can change their position on these matters.

Similarly, Joshua Stacher talked about the establishment of a breakaway group from the Muslim brotherhood in Egypt, which tried to establish itself as a Wasat party—a more liberal, flexible form of Islam that also involves Coptic and women members in the organisation. We will make sure that this kind of liberalisation—this move towards democracy in the Middle East—does not happen. We will have masses of people, regardless of what Mubarak and the Saudi royal family do in the end, with deeper hostility towards the West. They will not see this as some attempt to increase human rights or be concerned about the variety of other excuses; they will see this as yet another process to marginalise the Arab world, be part of US foreign policy and support the Israeli regime. We heard in this House today how Dr Mustapha Barghouti was very critical, in addressing a group of parliamentarians, about the current Palestinian regime. He has a difficult problem of trying to increase democracy in Palestine. He has no chance of moving towards democracy there if America hits Iraq.

I would also like to cite the history in Iraq as contained in a source that I normally would not quote because of its rather exotic views with regard to refugee policy, the *Green Left Weekly*. In an article on 28 August, Norm Dixon gave a very good account of US hypocrisy. It outlined the way in which the US administration significantly assisted Iraq in terms of its weapons of mass destruction. It overrode Congress. It hid its activities from review. It overrode the objections of the agricultural department in giving farm credits to Iraq.

As reported in an article in the *Los Angeles Times* of 23 February 1992, Frantz and Waas got access to classified documents that talked about the cultivations by the Bush Senior administration of Iraqi ties. The Strategic Studies Institute, as early as 1990, said: The US produced a fairly benign policy towards Iraq ... Khomeini’s revolutionary appeal was anathema to both Baghdad and Washington: hence they wanted to get rid of him. United by a common interest ... the US began to actively assist Iraq.

One of the people now so adamant about the need to replace Saddam Hussein, the need to stop chemical weapons spread et cetera is Rumsfeld. Rumsfeld was one of the people sent by the Bush Senior administration to make sure there was no collapse of Iraqi-American ties. The situation is that Reagan removed Iraq in 1982 from the list of countries claimed to be supporters of terrorism—and apparently they are again now. In December 1983, I referred to the visit of Donald Rumsfeld. Licences were given for biological agents transfer. In 1994 the US Senate investigated the precursors of chemical warfare agents, plans for chemical and biological warfare facilities and chemical filtering equipment. Part of the reality we face today—if this regime is so dangerous—is that this is part of United States foreign policy. Quite frankly, if we are going to try to have a regime to stop the proliferation of these weapons that is based upon the US overthrowing regimes, which is essentially to intervene regardless of the UN, we will have
no solution to the problem of the spread of these weapons.

In five weeks time we might find out all of a sudden that the Pakistani regime is no longer reliable—that a group of Islamic generals have seized power and thrown Musharraf out. It is very questionable as to whether this is the way we should operate. I congratulate the Labor Party for taking a position— for trying to ensure that there are some conditions on Australia’s reaction and that there was a need for a UN sponsorship of action and trying to stand up for a reasonable policy in the light of outbursts by the foreign minister. We recall the foreign minister saying weeks ago, despite Australian public opinion, that the opposition in this country were the agents of Saddam Hussein. Gradually the Prime Minister has pulled the foreign minister into line, and the government has moved to a more intelligent position. But even today’s position is not supported by many European nations. (Time expired)

Mr RIPOLL (Oxley) (5.35 p.m.)—Difficult times bring out the real quality of the person or, in this case, the government. It is in times that are unpredictable that we all see the real decision making power, skills of judgment and credibility of administration. In this regard, the government has clearly failed, and it failed before the debate even began in earnest.

The government created, controlled and manipulated the Tampa situation for its own means, but the Iraq situation was out of the government’s control and proved a much tougher task. This has demonstrated the real foreign affairs ability of Mr Downer and the government and has particularly exposed the Prime Minister for his lack of leadership at a time when the country expects to turn to its leader. With the Tampa situation, the Prime Minister and government ministers were tripping and bumbling over themselves to call people terrorists and lead the debate, but in this case the Prime Minister was nowhere to be seen or heard until he was called to task yesterday and finally appeared in this place today and made a statement.

The task was left to the helpless Minister Downer, who just cannot take a trick. When it came to a real crisis—a real situation of national concern and not a trumped up and confected ordeal—the government failed brilliantly. However, I am thankful to the government for finally allowing us to at least debate it in this House, the people’s House. The Labor Party has been calling for this to happen for weeks. Even though it was good enough for the US, the UK and Canada, this government refused to inform Australians. Of particular interest is the reality that many other countries are not in compliance with UN resolutions, particularly in the Middle East. There is no doubt about this. Perhaps the inconsistency is best summed up in terms of the threat to the world those countries pose that have not complied with UN resolutions as compared with what threat to the world Saddam Hussein poses if allowed, unchecked, to continue to amass weapons of mass destruction.

We can be critical of the US and the UN on these matters, but in the absence of any better or more pure mechanism, the ability of the US and the UN to use their collective international power to rid Iraq of weapons of mass destruction can be the only solution. War is a tragedy. Many innocent people are killed. In recent conflicts, more civilians have been killed than at any other time in history. The dislike of war and the killing of innocent civilians does not stop people like Saddam Hussein, nor does it prevent the possible threats that he poses. In order to prevent war, the international community must defuse potential conflicts by diplomatic means. However, the presence of relevant and timely policy dealing with potential regions of conflict can enable an effective government to plan its strategy of action in a proactive rather than in a reactive manner should diplomacy fail.

The announcement by letter yesterday that Iraq would allow unconditional weapons inspections is welcomed, but it is welcomed with caution and in the full knowledge that over the past four years Hussein has refused
weapons inspections and continually frustrated the inspection program. The very fact that the letter came from the Iraqi foreign affairs minister rather than from Saddam Hussein himself is also of concern. This gives very little hope for any new success, but little hope must be tried within a definitive time frame and with a clear indication to Iraq that the world community will not be frustrated once more or be used simply to buy time. People of almost every political colour agree that Saddam is a killer who has oppressed and killed not only his own people but his neighbours and anyone within reach of his weapons. Also, he has no reservations in the use of weapons of mass destruction, including chemical and possibly nuclear weapons, if they were at his disposal.

There are many different views on how to properly deal with the diplomatic situation and the crisis the world faces. In this respect, Australia has two policy positions on Iraq—the government’s and the opposition’s. The government’s policy on Iraq has been driven by anticipated domestic political gain, much like the Tampa situation, rather than careful analysis of the national interest. Minister Downer has led the debate, which most of the time has been Australia—ahead of the debate in the US—suggesting the end solution before the problem has even been analysed. Through the Howard government’s unequivocal support for unilateral military action by the US, it had already come to a position before the US itself had come to a position. This precipitated a bogus and disgraceful attack on Labor with the government accusing us of appeasement. The silence from the PM has been deafening and the jovial court jester approach of the foreign affairs minister is embarrassing.

Iraq reacted by threatening to cut back on wheat trade. Then the back-pedalling and appeasement really began. In relation to the government’s mess on wheat, the Grains Council of Australia had to send a delegation to Iraq to convince Iraqi authorities that the wheat trade should be upheld and obviously that our own government plainly got it wrong. One can only imagine that the Iraqis would not have reinstated the wheat trade with Australia before an apology was made by the delegation. The more Labor tried to bring commonsense to the debate, the more the government went on the attack, even accusing Simon Crean, the Leader of the Opposition, of talking like Saddam Hussein.

Let us face it, the government have been all over the shop with their position on Iraq and ended up doing the mother-in-law of all backflips and finally being left with no option but to adopt Labor’s position, clearly stated since April of this year. Labor’s policy on Iraq has always been consistent. Back in 1991, the Hawke government observed international conventions by exhausting United Nations processes before committing Australian forces to the Gulf War. This platform has not changed. We have insisted and are still insisting as a matter of policy that all avenues of UN sanctions solutions are exhausted before the Australian parliament and people can give the green light to engage our forces if they are needed. Labor’s position is clear and consistent. Labor has developed a step by step approach in order to demonstrate that a clear course of action does exist and persuade the government to move in the right direction in Australia’s best interest. Labor’s strategic approach and the adoption of Labor’s Iraq policy by the government provide ample evidence to the Australian community that Labor has a commonsense approach in this situation in terms of the national interest. While the government has the power through the Governor-General, as head of state and in reality the executive, to ultimately decide whether Australians might be involved in a potential conflict, the government should allow parliament, representing the people, to be the ultimate decision making body.

Within the context of Labor’s Iraq policy, we believe that the international community should move towards a five-step approach; namely, the early intervention of the United Nations Security Council meeting to discharge its responsibilities under resolution 1284 of December 1999; the Security Coun-
cil’s determination of a reasonable but finite time frame for the return of UN weapon inspectors; the lack of tolerance by the UN Security Council of any Iraqi noncompliance; the immediate reconvening of the Security Council to form a conclusion as to whether or not Iraq has complied; and, if Iraq does not comply, the resolution by the Security Council of the most appropriate form of collective action against Iraq, including under article 42 of the United Nations charter.

I have outlined Labor’s position against what the government has done in order to make clear the opportunism of a government blinded by domestic political gain. The government is still stuck in Tampa mode and, as such, has been forced to continually backpedal as its shaky position on Iraq unravels with every new statement by President Bush. While Australia is great friends and allies with the US, the government of Australia should not decide its policies based on speeches by foreign powers, particularly in reaction to the changed policy direction or the threat to cancel wheat trade by Iraq. Labor’s friendship with the US is based on an equal partnership. Sometimes friends can disagree; sometimes friends can have different views. What is totally incredible in the language and rhetoric of the government is, in particular, the rhetoric that Minister Downer has been pedalling for a number of months. Just this morning I heard Minister Downer speaking of caution, saying that military action may not take place and that diplomacy is far from over. This is the same man who months ago took every opportunity to beat up the debate with war talk and Rambo-like rhetoric. His words should not be forgotten by the Australian people and the Australian people should understand the government’s shifting sands approach to this matter. Let me quote a few things to remind Australians about where the government has been. On 10 March, it said:

Everybody would agree ... that it would be premature to take military action at this time.

Very diplomatic. Then Alexander Downer, the Minister for Foreign Affairs said, obviously for reasons of domestic political gain:

A policy of appeasement is a policy that is going to allow Saddam Hussein to continue to develop weapons of mass destruction.

So suddenly he is taking a different tack. He also says:

The Labor Party here in Australia, they don’t think the development of weapons of mass destruction by Saddam Hussein is a serious problem.

Of course we think it is a serious problem. Then he starts talking about weakness and more appeasement. And then he is on the bandwagon; he thinks that we should immediately commit. Commit to what, I do not know, because no decision by the US had yet been made. Now that the heat has been turned up, now that the government is backpedalling all the way back to 10 March, he finally comes out with statements like: ‘It’s too early to tell,’ and ‘Diplomacy is far from being over.’ What is far from being over is the scorn that will be put on this government for the way that it has used its power in this place, the process it has used and the way that it has refused to inform the Australian people about its real intentions.

Mr MURPHY (Lowe) (5.45 p.m.)—On Monday I made a statement in this House inspired by a letter I received from some very good friends, expressing their horror that Australia could be expected by the United States of America to support a military strike against Iraq that did not have the endorsement of the United Nations Security Council. Last Monday, I called on America to tell the truth to the world—that the potentially very serious conflict we are being called upon to participate in is really about oil. I still believe that. I have received many messages from constituents in my electorate of Lowe, all opposed to war.

Australians expect their government, indeed this parliament, to commit young Australians to war only when war is the only course of action. That is a very strict test, as
it should be. After all, we would be expecting young Australians to be prepared to make the ultimate sacrifice. To satisfy that very strict test, we would have to consider serious questions, including: is there unambiguous evidence to justify the commitment of young Australians to war and is it supported by compelling evidence that the people of Australia both understand and accept? Would Australia’s participation in a war in Iraq be part of a United Nations endorsed, multilateral commitment supported by compelling evidence that the people of Australia both understand and accept? Could Australia’s participation in a war in Iraq be justified without the imprimatur of the United Nations and be supported by compelling evidence that the people of Australia both understand and accept? Are we, the members of this 40th Parliament—elected to make such serious decisions from the warm comfort of this House—willing to make an identical sacrifice? Are we, in this House and in the Senate, prepared to put our lives on the line? If the answer to any of these questions is no, in my view we cannot risk the precious lives of young Australians.

To those who might say that the members of this parliament would not have the constitution or the requisite level of fitness, skill or training to stand in Iraq alongside the young members of our infantry, I say that most of us would be capable of carrying out any number of important support duties to our troops, including cooking, cleaning, washing, communications work and stores work. Whatever our skills, whatever the value of our contribution, the fundamental question, for me, in this critical issue is: would I be willing to make the same sacrifice at this time? If ultimately we have to face such a decision, I believe we too should be prepared to put our lives on the line in Iraq and offer whatever help we can to the young Australians whom we might decide to send to war in Iraq.

Haven’t we learned the lessons of history? Are we about to relearn the lessons of Vietnam? Why can’t we learn from the great peacemakers? Abraham Muste, the noted Dutch-born American pacifist, said in the early part of the 20th century:

The survival of democracy depends on the renunciation of violence and the development of non-violent means to combat evil and advance the good.

He also said:

Only the nonviolent can apply therapy to the violent.

He further said:

There is no way to peace; peace is the way.

During a strike in Boston in 1918, workers were incited to riot by a labour spy who was urging strikers to fight the police line. Seeing the risk of loss of life, Muste uttered these words:

... to permit ourselves to be provoked into violence would mean defeating ourselves; that our real power was in our solidarity and our capacity to endure ...

Mahatma Gandhi said in 1920:

I do believe that when there is only a choice between cowardice and violence, I would advise violence.

... I would rather have India resort to arms in order to defend her honour than that she should, in a cowardly manner, become or remain a helpless victim to her own dishonour.

But I believe that nonviolence is infinitely superior to violence, forgiveness is more manly than punishment ...

Let me not be misunderstood. Strength does not come from physical capacity. It comes from an indomitable will.

Martin Luther King Jr said on 3 May 1963:

The reason I can’t follow the old eye-for-eye philosophy is that it ends up leaving everyone blind. ... Somebody must have sense and somebody must have religion. ... Somebody has to have some sense on this highway. ... There will be curves and difficult moments and we will be tempted to retaliate with the same kind of force that the opposition will use. But I’m going to say to you, ‘Wait a minute, somebody’s got to have some sense.’
Mother Mary Teresa, in her Nobel Peace prize acceptance speech in Oslo in 1979, said:

Let us thank God for the opportunity that we all have together today, for this gift of peace, that reminds us that we have been created to live that peace, and that Jesus became man to bring that good news to the poor ... the news was peace to all of good will and this is something that we all want—the peace of heart.

His Holiness Pope John Paul II, in preaching a theme of peace to the youth of the world, said in Canada on World Youth Day on 23 July this year:

Too many lives begin and end without joy, without hope. Young people are coming together to commit themselves, in the strength of their faith in Jesus Christ, to the great cause of peace and human solidarity.

Most of us possess a faith. Some say they have no faith. To me, however, it is not important what that faith or belief is, but what one draws from it. I believe anyone can draw wisdom from the words of the peace prayer of St Francis of Assisi:

Lord, make me an instrument of thy peace. Where there is hatred, let me sow love; Where there is injury, pardon; Where there is doubt, faith; Where there is despair, hope; Where there is darkness, light; Where there is sadness, joy.

Lord, grant that I may not so much seek to be consoled as to console; To be understood as to understand; To be loved as to love. For it is in giving that we receive, It is in pardoning that we are pardoned, And it is in dying that we are born to eternal life. Amen.

Mr Abbott (Warringah—Minister for Employment and Workplace Relations and Minister Assisting the Prime Minister for the Public Service) (5.54 p.m.)—I was impressed and moved by the contribution of the member for Lowe, in this as in other debates, but I think it is important not to assume that what is beautiful and moving in a private prayer is necessarily appropriate as a guide of public policy. And if we are talking about public policy, as opposed to private virtue, I think one might also say: where there is weakness let us bring strength; where there is confusion let us bring clarity. While armed force must always be the last resort of nations, sometimes it is necessary, I fear, to use strength in the fight for peace. I think it is necessary sometimes. Let us hope it is not necessary in this case.

This has been a very good debate. It has had some of the qualities of the stem cell debate, in that people have been able to speak from their hearts in ways that they do not always in this place, for all sorts of understandable reasons. Having said that, I do not imagine that the Security Council is necessarily hanging on every word uttered in this House, even though I imagine that much would be learnt if it did. Whatever happens, I suspect that Australia is certainly not going to have the kind of military presence abroad in the future that we have had in the past on the scale of the 1st and the 2nd AIF. Nevertheless, the Australian people do want to know where their elected representatives stand on this question of international peace and security, hence my desire to add a few words to this debate.

I want to make basically four points. A lot of people have said in this debate: ‘Why Saddam, when there are so many other unsavoury leaders in the world?’ Let me say that the Iraqi regime is not just a menace to its own people but a threat to the wider world. It has proven its willingness to attack its neighbours; to use every weapon at its disposal, including poison gas; and to sponsor terrorism. It has a proven record of treating UN resolutions with contempt. In other words, Iraq is an international outlaw in the way that almost no other country is. This is what makes Iraq different from all the other unsavoury regimes and makes the use of force against it potentially justifiable.

One of the other points that has been made in this debate is: what has changed; what is new? Where is the new evidence of Iraqi turpitude? I do not think it is possible to ar-
gue that Iraq has changed in the last year, but I certainly think it is the case that the world’s awareness of threats has changed in the last year. September 11 did not change the world but it did change us. And it reminded us of some of the fundamentals: it reminded us of the reality of evil and the implacability of the enemies of freedom. I think the world has been reminded that ignoring certain types of threats makes them worse; it does not make them disappear. The presence of inspectors is not enough. What we need is the absence of chemical, biological and nuclear weapons in Iraq. That has got to be the objective of the free countries of the world.

The third point I want to make is that, in matters of this type, decision makers have an almost crushing burden of responsibility. How can politicians such as us—should it come to this—decide to commit young Australians to a conflict where people will die? That is a terrible question. On the other hand, how can we pretend that lethal threats to freedom and to the values that we cherish do not exist and do not have to be addressed? So the question I would pose is: does anyone think that if Saddam has weapons of mass destruction he will not use them or give them to other people who will use them? That is a terrible question. On the other hand, how can we pretend that lethal threats to freedom and to the values that we cherish do not exist and do not have to be addressed? So the question I would pose is: does anyone think that if Saddam has weapons of mass destruction he will not use them or give them to other people who will use them? Hence, the duty of responsible international bodies and responsible countries is to take all necessary steps to deny him access to those sorts of weapons.

The fourth issue I want to briefly address is the issue of multilateralism. Obviously it would be better if anything that is done to deny Iraq access to weapons of mass destruction is done under a United Nations mandate. But in the end the rights and wrongs of these matters are not to be determined by the UN. I have to say that I find myself taking increasingly a lead from Prime Minister Blair of Britain. It seems to me that what Tony Blair is saying is that Iraq’s conduct is wrong because it breaches the universal values of mankind, not because it is contrary to what the UN says. It seems to me, following Tony Blair, that in the face of crimes against humanity the forces of freedom, those who would stand for civilisation and justice, do not need permission to act. Of course it is desirable, but it is not necessary in a situation like this. So for that reason I say that, if it is necessary for there to be some act of measured, proportionate and feasible coercion against Iraq to protect the universal decency of mankind, then Australia should stand with its oldest friends and its greatest allies.

Ms JANN McFARLANE (Stirling) (6.01 p.m.)—I rise today in this debate on Iraq to put on the record my views on this issue of paramount importance. There is no more serious debate in a parliament than a debate which deals with the possibility of sending fine young Australians overseas to war. This House has seen many debates on such issues and this House has sent the bloom of our youth overseas to die on more than one occasion. In some cases this was unavoidable, as our very existence as a nation was threatened. Other wars have been as a result of misguided government policy that time has shown to be wrong.

War is evil. There is a huge human cost to participants and their families—a human cost that often scars a nation for generations. My family has spent 50 years dealing with the consequences of its involvement in war. My father and stepfather both served in World War II, my brother served in Korea and my nephew served recently in East Timor. I will not go into the details of the effect of war on my family, as I have already spoken about this in my first speech in this place. I am opposed to war in all its forms. I have seen first-hand the effects. However, I am also a pragmatist and realise that in some cases military action is a necessary evil. I wish, as do many people, that we could completely eliminate war from this planet. In an ideal world we would not only eliminate war but we would also eliminate poverty, hate and oppression. Unfortunately, human beings have been fighting wars since time began and they will continue to do so unless human nature changes.

Earlier I said that war is evil. Saddam Hussein is also evil. He is responsible for
war, genocide, poverty and oppression in Iraq. The sad thing is that the losers in this whole sorry situation are the people of Iraq. Unless Saddam Hussein’s regime is overthrown, the people of Iraq will continue to live in poverty and oppression. However, military action against Saddam’s regime will result in innocent civilians dying in their thousands. With military action comes the risk that Australian lives will be lost.

The Labor Party is not soft on Iraq, nor are we appeasers. I listened with chagrin yesterday as some members opposite accused Labor members of acting like Neville Chamberlain during the rise of Hitler. As the member for Cowan stated in debate yesterday:

Anyone who does not fear a war with Iraq is a fool. Anyone who does not fear the consequences of a war with Iraq and fear for the wellbeing of Australian and allied forces, as well as innocent civilians, is a blind, blithering, warmongering fool.

The member for Cowan knows full well the horrors of war. He is the only member in this House who has personally experienced the horror. The comments made by the member for Lindsay yesterday about appeasement were a disgrace; she obviously has been taking lessons in jingoism. Maybe she should talk to the member for Cowan to learn about the cold, hard realities of war. The member for Lindsay’s analogies about conflict being like a sport and service people like athletes training for that sport and champing at the bit to test themselves were in bad taste. There is no doubt that service people do train hard to prepare for conflict and in many cases their conditioning is similar to that of an elite athlete. The real difference between our service people and athletes is quite simple. If you do not perform in sport to the best of your abilities then you lose the race, but if you do not perform to the best of your abilities in war you end up dead or maimed. This is quite a distinction—a distinction that our service people are fully aware of.

The United States are in some part responsible for the arming of Saddam Hussein. During the war with Iran the United States supplied Iraq with weapons. We need to remember that Osama bin Laden also received military aid from the United States to help fight the Russians in Afghanistan. The policy of ‘regime change’ which is currently being advocated by hawks in the United States cabinet is interesting. It is interesting in the fact that the United States had the opportunity to instigate this policy back during the Gulf War. They defeated Saddam Hussein and could have toppled him. But what did they do? When the Kurds in the north and the Shiites in the south rose to try and topple Saddam, they stood back while he unleashed chemical weapons on his people and used helicopter gunships to suppress the uprising.

I find the argument of weapons of mass destruction put forward by the Minister for Foreign Affairs also interesting. I have no doubt that Saddam Hussein possesses some weapons of mass destruction. We knew this in 1998 when the weapons inspectors were expelled. I am also concerned about the proliferation of weapons of mass destruction throughout the world. Countries such as Pakistan, India and North Korea all now possess nuclear capacity. I know that others shared my alarm a couple of months ago at the situation that existed on the subcontinent. The Cold War is over but the nuclear race still has a long way to go, especially amongst the emerging nuclear states.

The foreign minister’s case for unilateral military action shows the government’s lack of leadership on this issue. We need strong independent leadership, not a mere aping of United States policy. I recognise that the United States is our ally and that, historically, we have supported it in conflicts. However, the United States does not always get it right. A prime example of this is Australia’s Vietnam experience. I was speaking to one of the Vietnam veterans who regularly comes into my office. He said to me that the last thing this country should do is to blindly follow the United States into another war. This constituent is quite active in assisting veterans with health problems associated with their service during the Vietnam War.
He comes into daily contact with veterans who are on TPI pensions due to the horrors of war.

That is why I find it so insulting that the foreign minister gave this debate a rehash of already known facts about Saddam’s regime. Hussein has a history of violating international laws. We are all aware of that fact. I was expecting the foreign minister to present new evidence to the parliament in this debate so that the Australian people would get an explanation for the increasing crescendo of war rhetoric coming out of this government. But, alas, I was sorely disappointed. I wish to congratulate Simon Crean for the leadership he has offered Australia on Iraq. The Labor Party has had a strong, clear position on Iraq for a number of months. We support the United Nations processes being exhausted before any military action. If military action is required once United Nations processes have be exhausted, then I would reluctantly support it.

I am disappointed that the Prime Minister did not lead this debate, as I know that leaders in other countries are doing that in their parliaments. I have been disturbed by the actions of the foreign minister on this issue. I fully agree with the Leader of the Opposition’s comments yesterday that the government has shifted from being a hawk to a dove and ended up looking like a galah. It is no wonder the Australian people are confused about this government’s position. We have seen the foreign minister leading the charge for war and then, when the Prime Minister realised that he was getting ahead of the United States, he was reigned in quite sharply.

I welcome the fact that the government is allowing members to put their views on the public record. The reality is that this issue is far from over. Iraq yesterday announced that it would let the weapons inspectors into the country. I do not think anyone in this House believes that Saddam Hussein is doing this in good faith. It is now up to the United Nations to ensure that it drafts resolutions that are meaningful and that produce results. I am sure that every member in this House and the Australian people will be watching the developments in Iraq with great trepidation. I do not think any of us wants another Vietnam.

Mr JENKINS (Scullin) (6.09 p.m.)—Can I say from the outset that nothing that is contained in the papers that were tabled about Iraq and weapons of mass destruction leads me to the conclusion that I could support a pre-emptive strike against Iraq. In fact, it underscores my belief that the only way to act is through the aegis of the United Nations to mount some multilateral response to investigate what is happening in Iraq. I believe that we need to define the problem and then embark upon a course of action that is suitable and commensurate with the way we define that problem. As somebody who, earlier in this session, indicated that I thought that the present government was not making the best use of the parliament, especially with regard to our commitment to the war on terrorism, I welcome this debate and this opportunity for members to put views that they hold personally and to reflect the views of those whom they represent in this place. But, without being too churlish, I am disappointed in the structure of the debate, because as we move along, with the government saying that they will have to make decisions on what Australia’s involvement or reaction to what they perceive are developing problems in Iraq, the Prime Minister has not been a participant in and did not lead the debate.

The point that I made in my discussion about other parliaments and the way in which they had reacted to the need to use the parliament to discuss the efforts in the war against terrorism was that, in the case of the UK, the Prime Minister recalled parliament late last year on, I think, three occasions. This year, in an out of session period, it is his intention to recall the British parliament to report on and develop an understanding of why he believes there needs to be a reaction.

I do not often go back to my earlier speeches, but for this occasion I have gone
back to my first speech—not made in this chamber but in the chamber down the way—on 15 April 1986. I do not often quote myself but, on this occasion, I want to quote some words in my first speech:

Peace and disarmament are important topics. Witness the many people on the streets of our capital cities and at other venues on Palm Sunday. In this, the International Year of Peace, Australia should take the opportunity to use the various world forums at our disposal to push for greater understanding between nations. Such events as those that occurred in the Mediterranean today are very distressing, especially to our young people who live in horror and fear of possible nuclear holocausts as a result of escalating world tension.

In preparation for my contribution to this debate, I went back to a description of the events that were happening in the Mediterranean on the morning, Australian time, that I made my first speech. I read Further to the Facts on File: World News Digest with Index of 18 April 1986. In its international affairs section under the headline ‘US Jets Bomb Libyan Targets; Reagan Cites “Self-Defense” Against Terrorism, Vows Further Raids if Needed’ there is a description of the events that I described in my speech. It talks about a two-pronged attack against terrorist related targets in Tripoli and Benghazi in Libya. US President Reagan, it says, said he had ordered the air strikes in retaliation for the then recent bombings of a West Berlin discotheque. And now, 16 years on, the world is called upon, yet again, to discuss appropriate reactions to terrorist acts.

At the time of the September 11 bombings last year, my father said to me that he felt that his generation had failed the generations that followed. At the time, I did not quite understand what he said but, in subsequent discussions, he reminded me that he went through the Second World War as a teenager and that he was then part of a generation of political leaders—although he was not involved in making these decisions—who decided to send young Australians to Vietnam and who believe the fact that the events of September 11 could happen was some expression of failure. I do not think they are an expression of failure; I think they are an expression of the fact that, regrettably and inevitably, these types of acts will confront and challenge us as political leaders. That is what this debate should be about: how we react to those challenges.

I do not want to dwell on the discussion about the way the United States will come to its decisions, but I think it is relevant to investigate some of the reasons for George W. Bush and his administration proposing a preemptive strike against Saddam Hussein and Iraq. It is interesting to note that an article from the Glasgow Sunday Herald of 15 September indicates that, in the run-up to the election of the present Bush administration, a think tank called the Project for the New American Century, PNAC, discussed for a future Bush administration the planning of a regime change in Iraq. This was in the Sunday Herald under the headline ‘Bush planned Iraq “regime change” before becoming President’. Subsequent to that in 2001, we had the events of September 11, which changed the focus and the way people believed reactions should occur.

Today, as we discuss the things surrounding the way the world community should react to Saddam Hussein’s efforts in Iraq, we should note that, in April this year, the opposition went on record setting out a clear course of action that did not depend on us signing up for some United States unilateral action. In the tradition of the Labor Party, it talked about being involved in a multilateral action. It set some precursors that needed to be discussed before even that action should take place.

The opposition suggested, back in April, that the UN Monitoring, Verification and Inspection Commission, UNMOVIC—which was established by UN Security Council resolution 1284 in December 1999—should serve as the basis for the investigation of recent events that had happened in Iraq. It said, in its discussion of the way this should be handled, that UNMOVIC should be given a reasonable time to carry out those investigations and that, underscoring any action that
might be taken because of subsequent events, there needed to be established a direct relationship between the events of September 11, the actions of Al-Qaeda and Iraq or, in the absence of that, that it was the intention of the Iraqi administration to use weapons of mass destruction against the global community. At least now we have the opportunity, through the offer made by Iraq to submit itself to the UN Security Council’s regime of investigation, to embrace that. The US administration should ask Colin Powell to sit down with the member states of the Security Council and to put together a proper regime to ensure that that can happen. We should not be sceptical that that can be very positive, because it can be.

In conclusion, last year after the events of September 11, a former work colleague sent me a fax of a prayer that had been used by Canberra’s Flynn Primary School, which is in the member for Fraser’s electorate. He described it as a prayer for peace. It is entitled A Prayer for the 21st Century and was written by John Marsden. It concludes:

May the bombs rust away in the bunkers,
And the doomsday clock not be rewound,
May the solitary scientists, working,
Remember the holes in the ground.
May the knife remain in the holder,
May the bullet stay in the gun,
May those who live in the shadows
Be seen by those in the sun.

We require that Australia does not ignore any potential threat from Iraq but that it does so with a clear mind and a clear head. (Time expired)

Ms LIVERMORE (Capricornia) (6.20 p.m.)—Those words from the member for Scullin underscore the first point that I want to make, which is that I have been struck by the seriousness of this debate over the last couple of days. There is no denying that the gravity of the issues we are talking about and the gravity of the challenges facing our nation and the international community hang over the chamber and come through in the words of the speeches you read in the Hansard of the last two days. It is similar to the debate a few years ago over our response to the outbreak of violence in East Timor following its independence vote, but in some ways this one is even more difficult in that the choices are not quite so clear cut. There is no doubt that what was happening in East Timor at that time was horrific but, in some ways, our choice was much easier to make and was more clear cut.

It is right to have this debate about Iraq, and I am pleased that we are having it in this chamber and that so many members have had the opportunity to speak. The Australian people deserve to know what we as a country are dealing with and, as their representatives, we owe it to them to spell out the response we think is appropriate and the direction we think we should take in dealing with the issues now hanging over the international community. Of course, this debate is something the Labor Party has been asking for on behalf of our constituents for some months now. People are rightly concerned about what is going on with Iraq, and it was starting to become a little bit crazy in that it was all you were talking about out in the electorate and yet there was a sense that we might not be discussing it in the people’s chamber. So I am glad we are having this debate now. It has been a chance to spell out the details of the threats that people are alleging hang over our international security and to express different views about what should be done in response to those threats.

That is one of the only good things about having this debate, because none of us really wants to be confronted with this situation of threat and possible conflict. I am comforted by the fact that we in Australia are not the only ones having this debate. I am comforted by the idea that we are part of discussions and deliberations going on around the world as the international community as a whole through the United Nations comes to terms with the exact nature of this potential threat to security and determines how best to achieve an effective, lasting and, above all, peaceful solution.
When it comes to assessing and containing any threat posed by Iraq, I fully support the United Nations taking the leading role. This is the Labor Party’s position and, since April, it has guided our response on the issue of how to handle Iraq. It is an appropriate response. Many of the claims against Iraq centre around its breaches of United Nations Security Council resolutions. If we have decided that enough is enough, then let us take responsibility collectively to determine how to deal with Saddam Hussein. That means using the processes of the United Nations. I support the direction spelled out by the Leader of the Opposition yesterday—that is, a two-step process through the UN. Firstly, there needs to be a resolution setting out the time frame for weapons inspectors to carry out their work and report back to the UN about their findings. There then needs to be a follow-up resolution, depending on the content of the UN Monitoring, Verification and Inspection Commission report, setting out the course of action the international community intends to employ to ensure compliance by Iraq with any conditions placed on it.

Australia need to play a part in supporting that process, and then we need to get in and help make it work. And why wouldn’t we? Australia has a long and proud tradition of active involvement in the United Nations and other international forums. We have always accepted our responsibility as a member of the international community, we have seen the positive role that we have to play and we have recognised that this is consistent with our own interests. Not so long ago, opposition members were labelled as appeasers by the foreign minister for our insistence on pursuing diplomatic efforts to achieve a positive outcome in Iraq. The alternative, presumably favoured by the foreign minister, was to support the United States in its attempts to drum up support for unilateral action against Iraq. I totally reject the foreign minister’s view. I think the Labor Party’s stance has been entirely appropriate and responsible.

Of course, the majority of Australians agree with me. Numerous polls have been taken to gauge the public’s reaction to the difficult questions confronting us about Iraq. The overwhelming response has been that Australia should pursue the United Nations path to resolve this issue and that Australia should only become involved in military action if it is endorsed as part of that UN process. The mood as I speak to people in my electorate is that they did not put me here to send Australians off to war without very good reasons related to our security and national interests. That is the question they want answered here through this debate: do those good reasons exist at this point? I do not believe that they do.

The foreign minister yesterday set out many claims against Iraq and the regime of Saddam Hussein—none of them were new. Yes, of course we do have to take those claims seriously. Clearly it has reached a point where the international community has decided that those actions by Iraq cannot be ignored, but there was nothing in the foreign minister’s speech that would justify a pre-emptive and unilateral attack on Iraq by the United States and any supporters it could gather for that mission. The foreign minister’s speech identified the problem that we are dealing with in Saddam Hussein, but it was the Leader of the Opposition who in his speech outlined the correct way forward through United Nations processes. Many speeches over the past two days have gone through the history of this issue, from the Gulf War, through the weapons inspections of the late nineties, to the events of September 11 last year. They have gone through that history and they have gone through the politics of this issue over the last few months.

My purpose in entering into this debate is simply to put on the record for the people in my electorate where I stand on this issue, and to assure them that I share their concerns about what may lie ahead for Australia in terms of our response to this issue. As far as I am concerned, let us use the United Nations processes to find a resolution to the problem...
that Iraq is seen to represent to the international community. That process of weapons inspections and possibly further United Nations resolutions will take some time to play out—and there is the chance that we will face harder decisions and choices in the near future.

One thing is clear: the case for preemptive military action has not been made by anything that the foreign minister, George W. Bush or Tony Blair have said over the past week. I was not convinced by the evidence put forward by the foreign minister, and I am sure that the people in my electorate would not be either. The message coming from the electorate is clear, and it is something that I completely agree with. It is something that I feel from the bottom of my heart: we should not just follow the United States into war against Iraq. We need to look out for our national interests. We need to be conscious that it is Australian men and women that we would be committing to military action, and that is why we need to make that the absolute last resort. We need to follow the United Nations processes, and we need to step back at this time from any commitment to support any kind of unilateral or pre-emptive strike. The United Nations is paramount in this. We need to live up to our responsibilities in the international community but at the same time be very conscious of our responsibilities to the Australian people.

Ms HOARE (Charlton) (6.28 p.m.)—Like others before me, I welcome the opportunity to put on the record my position in relation to the world situation and the situation in Iraq, although I am still quite disturbed that the situation has arisen. In my second term as a member of parliament, I knew upon my election that I might need to face this issue one day. But I hoped—as we all would have hoped—that that day would not occur at all, yet alone so soon. There are only a couple of members and senators still in this parliament who actually participated in the previous debate in 1991 when the then Prime Minister, Bob Hawke, committed Australian troops to the Gulf War. I am aware how that position happened: the air attacks occurred and then the position was brought both to the Labor Party caucus and to the parliament prior to the ground attack. My immediate predecessor and father, Bob Brown, the former member for Charlton and Hunter, was a minister in the Hawke government during that time. So it is with difficulty that I speak in this debate.

There has been recent mention in the media of disagreements which occur between members of parliament and their children in relation to particular policy positions. My family was not immune from that particular circumstance in the early 1990s. As I said, my father was a minister in the Hawke government, and I think at that stage he supported the UN sanctioned conflict in the Gulf. I completely disagreed with the particular stance he took at that time. Families were not immune from the situation 10 years ago, and they are not immune from it now.

We have heard the discussion about how no new evidence has been provided to this parliament or to Australians by the Prime Minister or the Minister for Foreign Affairs in relation to Saddam Hussein’s amassed weapons of mass destruction. The evidence that has been provided is the same evidence that was available when the UN inspectors were expelled from Iraq in 1998. I wonder why the Prime Minister did not see fit to have a debate on invading Iraq in 1998, as he has seen fit to have a debate on a possible Australian invasion of Iraq in 2002 when there has been no new compelling evidence to suggest that anything is different.

The member for Franklin referred earlier in this debate to members of his family and their reaction over the past 12 months, particularly following the events of 11 September 2001 in America. My family also had experience with that. My parents had planned a trip of a lifetime to Canada and the United States in October 2001 but, following the September events, they cancelled their trip. They did not cancel it because they were under threat of terrorist attack as tourists in
America; they cancelled it because of some of the statements that President Bush made following those attacks. You would remember that one of those statements was that if any aeroplane veered off course in United States airspace it would be shot down. My parents had this particular fear about traveling in America. The whole unilateralism of Americans, led by their President, following September 11 made it quite uncomfortable for people to be amongst the patriotic fervour that was around at that time.

Over the past few weeks, the media have been interviewing people in relation to a possible invasion of Iraq, and I would like to mention some interviews which were reported in the *Newcastle Herald*, my local newspaper, on Saturday. Eight people were interviewed in relation to whether they thought that Australia should be involved in any military attacks on Iraq; six of them were young people. The six young people said that, no, they did not believe Australia should be involved in any military action in Iraq. Two older people, who looked as though they were pensioners—they were over 55, at least—were the only two out of those eight who agreed that Australia should be involved in a war in Iraq.

There was another article published in the *Sun Herald* last week which contained interviews with young people who were applying to join the defence forces. This was quite a frightening expose of their responses. One of these responses was from Mikah Thurling, a 19-year-old from Wauchope, who applied to join the Navy. She said:

I support military action if they can help out. If I was sent to Iraq, I would go. It’s another place and I’m really into travelling.

This is from a young person who has applied to join the defence forces. She would go to Iraq because ‘it’s another place’ and she is ‘really into travelling’. I think the parents of some of these young people need to sit them down and talk to them about the horrors of war and talk to them about the horrors of Vietnam. My colleague the member for Cowan mentioned that he was attending a dinner for TPI veterans this evening. Maybe these young people need to go along and talk to these people. This is not about world travel; this is about war. This is about killing people. This is about destruction of property and destruction of lives.

I have a report here that I want to briefly refer to. It is a report from a humanitarian mission from the United Nations which went to Iraq following the Gulf War to assess the humanitarian needs there. These are people who are fairly experienced in this particular area but, in their summary of findings, they said:

It should, however, be said at once that nothing that we had seen or read had quite prepared us for the particular form of devastation which has now befallen the country. The recent conflict has wrought near-apocalyptic results upon the economic infrastructure of what had been, until January 1991, a rather highly urbanized and mechanized society. Now, most means of modern life support have been destroyed or rendered tenuous. Iraq has, for some time to come, been relegated to a pre-industrial age, but with all the disabilities of post-industrial dependency on an intensive use of energy and technology.

That is about the humanitarian needs after the war, not to mention the human cost that is involved. Australia has a unique opportunity at the moment to stand up as a humanitarian citizen of this global economy and provide medical and evacuee aid in case a war happens. *(Time expired)*

Mr FITZGIBBON (Hunter) (6.38 p.m.)—Representing the Hunter electorate and, indeed, the Australian community in this place is a great privilege and a great honour but, of course, the job also brings weighty responsibilities. Most of the things we do in this place have ramifications for all Australians. Often, for some Australians, those ramifications can be very significant. Sometimes our actions here have ramifications for people beyond our own shores. For me and, I am sure, for most members, many of the decisions made in this place come quite easily. Others can be very difficult. Amongst the most difficult are those involving matters which go to one’s religious or
moral beliefs and on which, as a consequence, a free vote has been granted. On these occasions, one cannot hide behind the discipline which is imposed by both major parties and by parties on both sides of the chamber. Those conscience votes put pressure on people because they threaten to expose hypocrisy. Examples can be seen in the most recent free vote, where some members voted against the use of embryos for research despite themselves being beneficiaries of the IVF program.

Surely there could be no more difficult question for a member of parliament than one which asks him or her to send young Australians to war to kill others, to risk their lives, to face the prospect of permanent disability and to possibly say goodbye to their loved ones for the last time. Maybe these are matters on which a free vote should be considered. They go to issues of life as much as questions such as euthanasia and abortion. It would be interesting to see what impact a free vote on war would have on the rhetoric of those who sit opposite. Many have been here defending the government’s sycophantic approach to Australia-US relations, but many have been missing in action. I note that some 50 Labor members have spoken on the report handed down by the Minister for Foreign Affairs, yet only around 23 on the government side have participated.

Mr Hockey—Oh, yeah.

Mr FITZGIBBON—I also note—as the minister at the table moans—that the Minister for Veterans’ Affairs has been absent from this debate. They can run, but they cannot hide, and there certainly will not be anywhere to hide if and when their PM takes their constituents into a war on foreign soil without sufficient justification. I have heard many speakers opposite attempt to portray some on this side as hypocrites by comparing Labor’s position on the Gulf War in 1991 with our position on this current question. What nonsense it is to compare the two issues! At that time, the government of the day joined a United Nations effort that followed Iraq’s invasion of a neighbouring nation and its stubborn refusal to comply with a number of UN demands. Compare this with an earlier Australian government decision, the one that sent our young men and women to Vietnam—the ‘all the way with LBJ’ approach.

It seems that, in many respects, things never change within the Liberal Party. Australia’s involvement in Vietnam was committed without any reference whatsoever to the United Nations, and the Chief of the Australian Defence Force, Peter Cosgrove, has recently argued that our intervention and participation was a mistake. For me, the great tragedy of the Vietnam War was not only the loss of life and the suffering that followed but also the reception that those returning home received from large sections of our community. In a sense, that reaction and the impact it had on so many flowed from a lack of legitimacy. Before we ever again commit our young men and women to a battlefield afar, we must ensure that any such decision is justified and that it has the support of both the Australian and international communities.

Both that justification and support existed in 1991. Saddam’s invasion of Kuwait had four objectives. The first was to extinguish Iraq’s debt to Kuwait, the second was to appropriate Kuwait’s oil reserves, the third was to gain direct access to the Persian Gulf and the fourth was to give Saddam sufficient wealth to sustain his very large army and to provide it with the necessary equipment. His refusal to withdraw was unacceptable to the international community, and history shows now that that community acted. But the time has not even nearly come to do so again. A phone call from George W. Bush will not be enough, as much as the PM appears to enjoy those phone calls. On tonight’s news, I saw the US moving its bombers closer to Iraq.

Mr Hockey—Hear! Hear!

Mr FITZGIBBON—The Minister for Small Business and Tourism says ‘Hear! Hear!’ to moving bombers closer to Iraq, but I found no new evidence in Minister Downer’s statement that justifies any form of
unilateral intervention. This is despite the fact that the PM is on the public record claiming to have such new evidence. But what is George W. Bush’s objective? Is he about protecting the world from terrorism or is this about his desire for a regime change in Iraq? If it is about terrorism, where is the link and where is the evidence of the link? If it is about regime change, what justification exists beyond the circumstances that exist in a number of nations with nuclear capability or in those with appalling human rights records?

The announcement this week that Iraq will now allow the weapons inspectors back into the country is, of course, a welcome one. It is now up to the UN to put a time frame on those inspections and to consider the results and what action should be taken. It is not up to the United States to act unilaterally. From there, further diplomatic action may be required and, certainly, all diplomatic options must be exhausted before military action is even considered.

I acknowledge the danger of a madman like Saddam. I acknowledge the danger he represents not only to Australia but to the international community. I also acknowledge that Australia has a role to play in rendering the world a safer place in which to live. We should join with the international community—as we did in 1991 and as we did in East Timor, for example, showing leadership—whenever and wherever it is necessary. But hardly a week goes by when my office does not deal with a constituent’s problem that is war related. We now see Gulf War illnesses emerging as a major issue. Many parents of those now of service age have the Vietnam experience burnt into their consciousness. That must remain uppermost in our minds.

Mr HATTON (Blaxland) (6.47 p.m.)—First of all, I am happy to be participating in a parliamentary debate in relation to the situation in Iraq, Australian government policy, US government policy and the question of the enforcement of previous UN demands in regard to weapons inspections in Iraq. I am pleased to be doing so, because for a long time it looked as though we were not going to have any debate whatsoever, despite the fact that for some considerable time now the United States Congress, both in its House and in the Senate, has been looking at these issues. Significant committee work has been done, particularly in the US Senate foreign affairs committee, in looking at a possible justification for US action and the context of that US action in regard to a range of statements made not only by President Bush but also by US Secretary of State, Colin Powell, and a number of other members of the US executive.

Labor’s position was determined in April of this year, in advance of a solid position being presented by the government, and that position has now been vindicated, because we actually do have a parliamentary debate. There were two strings to the position that Labor put forward. The first was that the issues before us were so weighty and so important that there should be a full parliamentary debate in this House and also in the Senate. The second was that the situation should be resolved through recourse to the United Nations rather than by endorsing the US going it alone. On both of those points, I think we have been finally vindicated.

It is important to take into account not just what is happening this week but what has happened over the last few months, both here and in the United States, to get a sense of the directions that have been taken by various players who have influenced the outcome so far on this general worldwide debate. This is a weighty decision that will be taken in the United States, in Britain and in Australia if it is the case that war might have to be entered into. With a bit of luck and with a bit of good sense, the fact that the United States, in the person of the Secretary of State, Colin Powell, acting for the government, has finally taken the case to the United Nations and pursued that case vigorously there lays open the possibility that we may not be in for another war in the Gulf region, that we may be able to pursue the problems that are at the core of
the situation there. Those problems are the question of the inspections of weapons of mass destruction in Iraq and the reintroduction of the inspection regime that was abruptly stopped four years ago.

I note that, whilst we are having this parliamentary debate about these weighty issues, the Prime Minister in question time the other day indicated that any decision in regard to our position, either on the UN or on whether or not Australia might have to become a participant in a war in the future, would be taken not by this parliament but by the executive: it would be a deliberative decision of the executive, and the executive alone. Whilst, seemingly, we will not have a deliberative part in any final decision, I think we can help to lay the background to a decision that should underline the fact that it is important for Australia, as an active participant in the United Nations, to continue to do the really hard thing: to pursue a solution to the problems that face us in regard to Iraq and its weapons of mass destruction through the offices of the United Nations.

That is difficult, because you are dealing with a large number of countries and you are dealing with five permanent members of the Security Council and 10 temporary members. It is very difficult to get a coordinated point of view, but that has been achieved a number of times in the past. We have gone beyond the Cold War period; it is now possible across differing ideologies and points of view to come to a concerted view of the importance of the world powers acting as one to take on and deal with particular problems.

There has been a suggestion over the last number of months, up until the last week or so, that there was another course of action that should be open and that that course of action should come from the United States: there should be pre-emptive strike on Iraq. Up until Colin Powell took the argument to the United Nations, it looked as though the United States might have struck out on its own. It is probably because President Bush had an extensive discussion with Prime Minister Blair that he seems to have changed his direction in regard to this. But it looks as though a number of the people in the executive there would still rather take direct military action on their own.

There are a number of historical precedents, of course, for pre-emptive strikes being made. We know that in 1981 or so the Israelis made a pre-emptive strike against a building which was said to house a plutonium nuclear facility that was being developed within Iraq. Since that was knocked out, the Iraqis have moved on along the lines of nuclear enrichment and a non-plutonium bomb to try to build a nuclear capacity. We also know from evidence that has been given that most of Iraq's capacity—based on what the weapons inspectors said up until four years ago, not only because of the war in the Gulf over 10 years ago, but because of the work of the weapons inspectors themselves—to actually built a nuclear weapon has been ripped away. In the four years since the weapons inspectors were effectively frozen out, however, the possibility is there that they could have proceeded a fair way along the track to start that program again.

In terms of first strikes and taking pre-emptive action, there is an example from a very long time ago, about 1200 BC, when one country took pre-emptive first strike action in the area. That country was Egypt, under Pharaoh Menepthah. He was faced on three sides with potential enemies: on one side, the Syrians; on the other side, the Libyans; and in the south, the Nubians. Menepthah had come to the throne as a result of the death of his father, Ramses II. After winning the Battle of Kadesh, he was able to have a long stabilised period of peace within Egypt. But when he had just taken over and there was great uncertainty as to what the future may have held, when war preparations were being made by both the Syrians and also the Libyans, Menepthah determined to go in and fix the problem himself, and he did that successfully against all three groups. But that was in 1200 BC. There was no United Nations. There was no formal organisation where the world's powers, either on a re-
gional or on a worldwide basis, would be able to resolve their problems. There was no Security Council. There was no formal diplomatic organisation to try to solve these problems diplomatically rather than militarily.

It is important to note that we have seen the struggle within the United States, over the last six months or so, for those working towards a diplomatic outcome enforcing a reintroduction of weapons inspectors into Iraq and enforcing the UN resolutions with regard to the destruction of weapons within that country. I think we would hope to see, as well, an enforcement of that in other countries around the world and in the region that have weapons of mass destruction. There are other countries that have given an indication that they might use them at times. Those weapons—in particular, the nuclear ones—do massive damage.

Firstly, the Labor Party have been partly successful in what we called for because we are having a parliamentary debate, which should have happened some time ago. The government finally gave in and determined that we would have a debate. Secondly, we have a situation where the UN is operating. It is operating, we hope effectively, to sort these problems out. And, finally, the United States has been forced to operate within the context of an organisation whose job is to sort these issues out and try to save us from warfare. So, in this situation, it is important that whatever concerns we have, however well demonstrated in the past, we need to be cautious with regard to the approach we follow. (Time expired)

Ms BURKE (Chisholm) (6.57 p.m.)—Given the seriousness of the current circumstances in relation to Iraq, I cannot say that I am pleased to be contributing to the debate today. But I think it is important that the Prime Minister has finally recognised the importance of members of this parliament having the opportunity to represent their communities on this important issue. I wish to thank the people of Chisholm for taking the time and effort to share their concerns on this most serious issue with me. I think it is disappointing, and indeed concerning, that the Prime Minister has not addressed the House, nor has the representative of the Minister for Defence taken the time to comment. This is particularly disappointing in light of the Prime Minister’s comments yesterday during question time that indicated that any decision to commit Australian troops would primarily be his. It is true that the decision will primarily be his, but it naturally follows that the responsibility is also his to explain the government’s decision to commit troops and present to the Australian community the evidence that has led to such a momentous decision.

The simple reason it is the responsibility of the Prime Minister is that there is fundamentally no more important action a government can take than to commit Australian troops. That is something that none of us should be cavalier about. Sending Australian Defence Force personnel into harm’s way is a sobering thought. Such an action has regrettably been required before and indeed may be required again. Post-World War II, Australia has committed troops to warlike operations on 11 occasions, to non-warlike operations on 29 occasions and to humanitarian relief and evacuation of civilians post-1980 on six occasions. It has not been a great many times, but in retrospect, to the people whose lives have been affected, it is probably an enormous number of occasions. It is crucially important that all other avenues are explored and exhausted before such a decision is made in relation to the current international crisis. Additionally, such a decision must be made on the basis of Australian interests—our collective interests as a nation—not on the basis of any other nation determining that such action is appropriate.

Since the Leader of the Opposition first outlined the Labor Party’s policy relating to the prospect of action against Iraq, I have been concerned that his well thought through and sensible statements have drawn such outrageous comments from senior government ministers. I speak specifically of the
statements by the foreign minister that de-
rided the Leader of the Opposition as the
mouthpiece for Saddam Hussein in Australia.
This could not be further from the truth. The
fact is that the Leader of the Opposition
based all of his statements on the national
interest, not on attempting to gain partisan
political advantage from such a serious mat-
ner. This is in stark contrast to statements by
various ministers who have somehow at-
ttempted to up the ante.

Public opinion has been expressed over
the last months or so, and there is a clear
picture that the public is not convinced that
there is a need to embrace a pre-emptive
strike. What the public desires is informa-
tion—an informed debate. In essence, Aus-
tralians are looking to be advised of all rea-
sons for any action involving Australian
troops before that action occurs.

It has been sobering to hear so many ex-
service persons speak of the horror they feel
at the prospect of sending Australian person-
nel to war. All those whom I have heard have
been not gung-ho but universally outraged at
the notion that the government would unilat-
erally send troops off without having ex-
hausted all avenues of diplomacy. While the
foreign minister was informative yesterday
in outlining the recent events, his statement
was one of re-telling the history of Iraq’s
interactions with the international commu-
nity rather than outlining the process on
which both the international community and
Australia will base decisions on whether or
not to send troops into this conflict arena.

The foreign minister did not outline the
evidence that senior government ministers
claim to exist. That is a disappointment not
just to me but, more importantly, to the pub-
lic we represent. It is important that govern-
ment is open with the Australian community,
particularly when matters are as weighty as
those currently before us and particularly
given that Australian Defence personnel may
be required to serve in a theatre of war and
lose their lives. By comparison, the Leader
of the Opposition has, within the context of
current events, set out a clear policy that out-
lines the need for a parliamentary debate and
the need to lay before the Australian public
the evidence that indicates that either there
was involvement of the Iraq regime in the
events of September 11 or there are signifi-
cant increases in Iraq’s weapons of mass de-
struction capability and threats. These are
reasonable benchmarks by which we should
judge the prospect of any military interven-
tion in Iraq.

Issues of such importance as international
actions that have the potential to involve
Australian personnel in combat operations
are just too important to occur without the
Australian people and this parliament being
advised of reasons for potential action. From
the most recent emergence of this issue—
namely, the war on terror—the Australian
Labor Party has taken the view, shared by the
Australian community, that any combat ac-
tions involving Australian defence personnel
should occur only upon the production of
evidence of a threat or a potential threat.

The threat that we are speaking of is the
development and deployment of weapons of
mass destruction. ‘Weapons of mass destruc-
tion’ is the blanket term used to describe col-
lectively chemical, biological and nuclear
weapons. These weapons are so named be-
cause of the scale of damage or destruction
that they have the potential to inflict. Before
any military action is contemplated by the
government, it is important that all diplo-
matic avenues are explored and exhausted.
We must take all possible action to ensure
that any potential military action is a last
resort. But, sadly, if diplomatic remedies do
not work—and I hope that they do—and if it
is shown that Iraq was involved in Septem-
ber 11 or that there are significant increases
in weapons of mass destruction by Iraq, the
world must act.

Saddam Hussein has shown himself to be
a cruel and brutal dictator, one who has
unleashed the terrible effects of chemical
weapons on his own people. The threat that
we act against needs to be a physical threat
against Australia or a threat to our national
interest. But it is critical that the Australian
people are appraised of the facts and, at this juncture, it is essential that diplomatic pressure continually be placed on Iraq. We have seen Iraq’s response so far, and although it would be folly to assume we can trust them to comply with United Nations resolution 687, we must continue down the path of diplomacy before we press any triggers. The issues before this House are too great to be cavalier about, too great to make cheap political stunts over and too great to continue down the road of the government’s actions prior to the last election in respect of Tamworth and the children overboard incident. This is a matter of whether we send our young men and women of our Defence Force to war. Whether we commit these troops to such an atrocity is something I do not wish us to contemplate. We must only contemplate it within a debate that is based on clear evidence—not rhetoric, not filibustering, not desire for points in opinion polls but genuine evidence—that there is some threat to our national interest. We should not simply be kowtowing to other people’s decisions in foreign places but should be basing our decisions upon Australia’s best interest.

The SPEAKER—The Minister for Small Business and Tourism.

Mr Windsor—Mr Speaker—

The SPEAKER—We are in the hands of the Minister for Small Business and Tourism at this stage.

Mr Hockey (North Sydney—Minister for Small Business and Tourism) (7.05 p.m.)—Very briefly, in order to accommodate one of the members who is running a little late, can I lend my support to this debate. It is an important debate about a very sensitive topic. It is important that we not lose sight of the ultimate goal—to remove from the hands of a dangerous international leader weapons of mass destruction. I would hope that this can be achieved by peaceful means, as I believe we all do. I think there is not one person here who would prefer a military engagement to a peaceful solution to this very difficult matter. It is certainly the case that, if the disarmament of Iraq cannot be achieved by peaceful means, sadly the United Nations will need to look at other measures to enforce disarmament.

I suspect that this issue has a very long way to go. I welcome the comments of various people in the House, all of them concerned for the same outcome—that is, a peaceful solution. However, the rhetoric coming from some members in favour of total agreement to the demands of Iraq or the Rambo-like rhetoric urging a more serious military response from the UN or unilaterally from the United States, or the United States in partnership with others, is not going to resolve the matter. What will resolve the matter is members of this parliament, as representatives of all the people, coming together to attain the most peaceful and most direct and positive response that will mean that Iraq does not have weapons of mass destruction and cannot use them against its own people, as it has previously, or against others, as it has also done previously.

Mr Windsor (New England) (7.08 p.m.)—Mr Speaker, I apologise to the Minister for Small Business and Tourism for my earlier interruption. In my rush, I had presumed that the debate might have been about to close and I did want to make a contribution. I hope he will accept that apology.

The SPEAKER—That was a reasonable presumption, one might observe.

Mr Windsor—Thank you, Mr Speaker. I will speak briefly to the debate in relation to the Iraqi situation. At the outset, I would say that I seconded the amendment made by the member for Calare, Mr Andren. There are some very important aspects of this debate that are inherent in his amendment. I think the Australian people are looking for an indication from the parliament as to the processes that will be used in relation to any involvement in the Iraqi war, if in fact that does take place. One of the disappointing parts of this debate has been that we have all been allowed to voice our opinions but the Australian public are not going to get an
indication as to how the parliament is going to deal with this situation if we do not establish some sort of process. I encourage other members in the parliament to look seriously at what the member for Calare is attempting to do in his amendment. It does display or give the parliament the opportunity—it may be one of the few opportunities we have—to say to the general public that these are the sorts of processes that we as a parliament—not just the government—believe should be adhered to in this process.

Like most of us, our electorates are very concerned about the possibility of war. Any war is something that should be avoided at all cost. Most people would rather see a diplomatic end to this incident. Hopefully, as a result of the events of the last few days in relation to the communications with the United Nations from Iraq, there may be some movement there. I take on board some of the cautionary remarks that the Prime Minister in particular has made, and the foreign minister. Saddam Hussein is a fairly evil creature who has grovelled his way up from under a rock before in relation to diplomatic efforts to come to grips with some of the problems within his country. Having said that, I think we have to bide our time, for a short time at least, to try to ascertain whether he is serious about letting the weapons inspectors go in and establish the appropriate protocols. We at least have to allow those processes to take place.

I have a range of letters here from my electorate. In my rush, I have not prepared them to present properly to the parliament. The view being expressed is that, if there is to be any engagement by Australia in another Middle Eastern war, it should be done only under the auspices of the United Nations. There is very real concern that Australia might just rush off with America in some form of pre-emptive strike. That view is expressed by the polls right across Australia. The inference I am getting from the parliamentary debate is that diplomatic processes through the United Nations will hopefully have an effect. This definitely will be a test for the United Nations in terms of their resolve and whether people are serious about reining in some of the renegade nations. If the United Nations gets serious and applies the appropriate pressures, we may see a diplomatic ending to this rather than a military ending.

One of the other issues I would raise is in relation to this madman in Iraq. As a humble backbencher and someone who has not been engaged in international law, I am always puzzled as to how, if the United States, in this case, or other nations really wanted to remove one person from the face of the earth, with the technology we now have—we saw a great display of that recently when there was an arrest in Pakistan of one of the terrorists—it requires an invasion force from any nation to take out one particular individual. I am not suggesting that that does take place, but I happen to have a 20-year-old son. I have heard a number of members of parliament say that they would not like to send their children to the Middle East. I noted that one member of parliament’s oldest child is 13. I was very pleased to hear that 13-year-old children are not going to be sent to some sort of combative effort.

I know we have voluntary forces but a war at this particular time could move into a much larger field of engagement and there could be processes where we call upon others to volunteer. We have in the past required our young people to fight for this nation. So we have to make sure that all other avenues are investigated first, that we go through the appropriate channels with the United Nations, that we look at the absolute downside of some sort of pre-emptive strike and what that could do in relation to the other Arab nations and in relation to various religions across the world, and the impact that that could have on our way of life in Australia.

In conclusion, I make a plea to other members in the House that they look seriously at the amendment being presented by the member for Calare. I think the Australian public are looking for some indication from this parliament as to the way in which the
parliament would prefer the government to conduct the processes of negotiation concerning this particular conflict, rather than just having a report coming out of this parliament—we have all stood up at some time or other and had a little bit of a gabfest—that has given very little direction to the Prime Minister or the government of the day.

Mr ALBANESE (Grayndler) (7.16 p.m.)—I am pleased to make a contribution to this debate, but not pleased that I have to—that this situation confronts the world. Of course, as other speakers have commented, there is no doubt that September 11 last year was an incredibly significant event in all our lives. What is important is that appropriate lessons are learnt and that the world moves forward from that horrific terrorist act. I believe one of the lessons of September 11 is that military power is not enough in the modern world; security can be achieved only by a victory of humane, democratic values. The talk and rhetoric coming from the government on this issue has changed substantially over recent months. It was only a short time ago that, because of the Labor Party’s principled and consistent position on this issue, the Minister for Foreign Affairs accused the Leader of the Opposition of talking like Saddam Hussein. Now, I am pleased that more rational debate has replaced that simplistic rhetoric, because Australia—and indeed the world—has nothing to benefit from war.

I am not a pacifist, and I believe that the events of September 11 and the proven involvement of Al-Qaeda and their network of support through the Taliban regime in Afghanistan justified the intervention to remove Al-Qaeda and the Taliban from control of Afghanistan—let alone the Taliban’s quite horrific policies and human rights record towards its own population. The Iraqi question is a much more complex one. The case has not been made for a link between Al-Qaeda, the Iraqi regime and the events of September 11. What is more, the case has not been made that there has been an escalation in the development of weapons of mass destruction which provide a clear and present danger, which is the appropriate term under the United Nations operations. What is clear is that Saddam Hussein and the Iraqi regime engage in practices which democratic supporters of human rights find abhorrent. Their treatment of minorities within their country, and many of the philosophies that they put forward, we in the Australian parliament do find abhorrent.

But they are not alone on that. There are many nations, including in that region, which ignore human rights, oppress minorities and ignore UN Security Council resolutions. In the grievance debate on Monday, I pointed out that it is now more than 35 years since UN Security Council resolution 242 was carried, on 22 November 1967, calling for Israel to remove its military from, and relinquish control of, the occupied territories. Since that time, the systematic repression of the occupied by the occupiers has been at the core of Middle East politics. Until we resolve the question of the rights of Palestinians to self-determination—which must be achieved in conjunction with the right of Israel to exist within secure borders—the international community’s efforts to improve security in that region will be hindered.

There is no doubt that the rise of Islamic fundamentalism is a dangerous threat to our security; just as is the increasing number of fanatics occupying settlements in the West Bank and Gaza on the basis of a religious fundamentalist view of the world and their position in it; just as Christian fundamentalists in the United States who have engaged in terrorist activities within that nation undermine that nation’s security. It is time for religious intolerance to be put aside by the international community, because unless that occurs we all truly cannot live with security. That security cannot be achieved by missiles and innocent deaths. That security is indeed a battle for hearts and minds over values of democracy, respect for tolerance and respect for human rights.

I welcome the decision of the Iraqi government to allow inspections by the United
Nations as a step forward to enable the world to step back from this potential conflict. I truly hope that the outcome of that process is that there is no need for a violent escalation of that conflict. I truly hope also that the world recognises that the people suffering the brunt of the results of UN sanctions on Iraq are many of the children of Iraq, who are suffering from starvation and who are suffering from the failure of medical supplies to go to that country.

All of us in this parliament, without exception, oppose someone such as Saddam Hussein. But the victims of military conflict, just like the victims of the sanctions against Iraq at the moment, are the population of that nation. That undermines our security because it feeds into hatred and negative attitudes towards the West. The United Nations must champion human rights, and champion them consistently, and it must ensure that all UN resolutions are supported and carried out so that the world’s population believe that they too have a stake in an international community which is truly cooperative and which truly moves forward to advance the interests of all members of the international community.

Mr KATTER (Kennedy) (7.26 p.m.)—As a young man I volunteered to join the CMF and we were on 24-hour call-up to go and fight in Indonesia against the Indonesian army. I thought it was a war—when someone is shooting at you and you are shooting back, it seems to me that that is a war—but it was delightfully called Konfrontasi. I think that was because something in the Australian psyche rebelled and refused to accept that we were at war with a country more than 10 times our size and with one of the biggest standing armies on earth. It was very scary, to say the least. Later on, many of my friends and schoolmates went to Vietnam, and one of them came back without a leg. So, for someone of my age, I am very conscious of the dangers; and, like so many people of my age, I have a son who is of warfare age. Getting into a ground war in one of these countries does not seem to me to be a very good thing to happen.

Having said that, I always wonder whether it is a good thing to read history books, but when one reads about Mr Hitler one finds that everyone said, ‘What a joke, what a laughing stock.’ To some degree his antics were laughable: anyone who read Mein Kampf would think that the man was a lunatic—and presumably a lot of people would have at least been conscious of what he said in Mein Kampf. But when he became head of his country everyone said, ‘What possible danger to the world could Germany be?’ It was the poorest country on earth: a wheelbarrow of paper money was needed to pay for a tram fare. It was a country with six million unemployed people. It was a country on its knees in every single sense of the word. It had no battleships whatsoever, no frigates or even destroyers. It had no tanks whatsoever. It had no artillery whatsoever. The situation even in 1938, two years before the war, was made clear in submission after submission and in evidence after evidence given at Nuremberg, when every one of the German generals said, ‘If you had confronted us in 1938 we would have had nothing to fight you with. The whole Nazi regime would have fallen apart overnight if any single person had confronted us.’

Nobody confronted them—they all kept backing off because they put the decision in the too-hard basket. To quote Winston Churchill, ‘Each one is feeding the crocodile, thinking that by feeding the crocodile he will be the last to be eaten. But, of course, all he is doing by feeding the crocodile is making him stronger and guaranteeing that, in the end, he will be eaten.’ Those were very perspicacious observations indeed. Some 23 million people had to die to make up for the mistakes that were made or the cowardice or lack of resolution that was involved.

The issue we are debating means there are difficult decisions for everybody in this place. One of the reasons that greatly enhances the difficulties for a small country like Australia—
ADJOURNMENT

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 7.30 p.m., I propose the question:

That the House do now adjourn.

Taxation: Family Payments

Ms JACKSON (Hasluck) (7.30 p.m.)—I rise tonight to discuss the family assistance payment scheme and the difficulties being experienced by some of my constituents in the seat of Hasluck. I think it is particularly relevant given the questions that have been put to the Prime Minister in recent days about the operation of the scheme and the changes that have recently been made and how those changes will not assist families who find themselves in a situation where they have incurred a debt through no fault of their own.

I have a constituent who lives in the city of Gosnells, Ms Peta Harbin, a sole parent who has been in receipt of the family tax benefit for her two children. Throughout this period the Child Support Agency was responsible for the assessment and collection of child support for Ms Harbin’s children. Ms Harbin’s rate of FTB was calculated throughout this period on a month by month basis using the actual assessment method, which is also known as the disbursement method. She is, as I said, a sole parent with two dependent children. Her income throughout the period was derived from her part-time employment, as well as her part parenting payment and child support payments for her two children and her family tax benefit payments.

She was actually advised by a Centrelink officer to initially go onto the disbursement method for calculating her FTB as she had been receiving no child support payments yet her FTB was being reduced as if she had been receiving the assessed amount of child support. She had advised Centrelink that she found it was almost impossible to manage when she received a substantially reduced rate of FTB and little or no child support payments for the month. Ms Harbin has said that she thought the only thing she could do now to avoid any future debt was to overestimate her income, something that she initially attempted to do through the earlier payment method and found that she simply could not meet all of her bills in any monthly period.

Ms Harbin has now been advised two years in a row of a substantial debt that has been incurred through no fault of her own. As I indicated, Ms Harbin first had a debt in the year 2000-01. That debt was assessed at $554.80. Even though subsequently in the pre-election environment the government waived the first $1,000 of any such debt and so she was not required to pay that amount, she continued to pursue a review and appeal of the decision because she was frightened that, given that her overpayment occurred through no fault of her own, she would incur additional debt. That is precisely what happened. She received a letter from Centrelink dated 2 August this year which advised her that she had a recoverable FTB debt of $1,173.46 that had been incurred through the most recent financial year, 2001-02.

At no time has she provided any estimate of her income—that information is provided by Centrelink. Each month the Child Support Agency advised Centrelink of the amount of her child support payments and adjustments were made to her family tax benefit. So through no fault of her own an overpayment occurred and there was nothing she was able to do to address that. To give you some idea of the level of her income, with all those payments her gross income amounts to $860 per fortnight and her mortgage, car payments, day care expenses, insurance, petrol and groceries amount to at least $795 per fortnight. That is, of course, not considering costs such as phone, electricity and gas accounts as well as clothing costs, car and house maintenance and all those other expenses that any family has. She took the matter to the Social Security Tribunal, and I quote from the tribunal’s decision. It said:

I am satisfied that Ms Harbin believed that she was entitled to the FTB payments that she re-
ceived during 2000-01 and that it was reasonable for Ms Harbin to form that belief. In addition, the tribunal accepts that Ms Harbin has a limited income and no savings and that recovery of the FTB debt is likely to place the family in significant financial hardship. The tribunal accepts that Ms Harbin did not contribute to the debt in any way whatsoever. The tribunal also appreciates Ms Harbin’s frustration at being faced with a substantial debt that she had no idea that she was incurring and no way of avoiding in the future.

(Time expired)

Foreign Affairs: Iraq

Mrs DE-ANNE KELLY (Dawson) (7.35 p.m.)—I want to follow on briefly from the debate on Iraq. I particularly note the comments of the member for Fraser. In his address he said, quite properly, that there is no doubt that Saddam Hussein is a nasty, brutal dictator who has bullied and brutalised his neighbours and his own citizens and that he is a serious menace to the region and to the world. None of us would disagree with that.

I note that there has been in place since 1996 a UN arrangement with Iraq on oil for food. In other words, Iraq is permitted to sell up to $2 billion worth of oil in a 180-day period and use that for food and medicines. Again, this is something that none of us would object to. Since 1997 foodstuffs worth $9.8 billion and health supplies worth $1.9 billion have been delivered to Iraq. As at July 2002, this means more than $23.7 billion of humanitarian supplies for Iraq in exchange for oil. Again, this is something that all of us would support. But what of those who circumnavigate or pervert this humanitarian program? I would like to share with the House tonight a tawdry little tale reported in the Wall Street Journal on 2 May 2002. It reads:

The strange odyssey of an oil tanker named the Essex shows that Iraq doesn’t rely on surcharges alone to divert funds from the United Nations’s oil-for-food program. In this case, Iraq reaped an illegal $9 million by sneaking thousands of barrels of oil past U.N. inspectors at an oil platform off the coast of Iraq. The Essex was chartered by... an oil trading company with major operations in London.

They had purchased their oil from a middleman, Ibex Energy France, which in turn had bought it from the State Oil Marketing Organization, SOMO, the Iraqi government’s oil monopoly. The entire cargo was destined for US refineries. In the lawsuit between the two companies in Britain’s High Court of Justice, Ibex’s general manager, Mr Cayre, said that the proceeds of the oil trading company had been split 60-40, with $383,000 going to the oil trading company and Ibex keeping $255,000 of the illegal cargo. SOMO had pocketed $3.7 million via a Lebanese bank account, in violation of UN sanctions. This might have gone towards oil for food or oil for medicines. The scheme was apparently cooked up by the oil trading company to make up for an earlier loss on an Iraqi oil deal. I am sure we have all got a lot of sympathy for that.

This is not the first time that this has been attempted. In his affidavit, Ibex’s general manager alleged the two companies had attempted the same scheme last summer with the same captain and the same ship. However, it seems that there are some people with a conscience. The captain blew the whistle, notifying UN and US authorities by fax. The oil company officials panicked when they learned of the captain’s letter, shredded all of Ibex’s records related to the cargo and prepared a new file to replace the shredded one. This has sparked an international investigation that is still ongoing, involving five countries—and quite appropriately so. But the company involved in this was Trafigura, the company that has been trying to import ethanol into Australia excise free. This is the company that the ALP queried the Prime Minister about. The member for Bonython yesterday asked in relation to Australia’s change to the ethanol excise arrangements:

... the benefit will go to the existing producers of wheat based ethanol, the Manildra Group, which is run by the Prime Minister’s friend, Mr Dick Honan?

The reality is that our Prime Minister is a friend of local jobs and local businesses. What has happened here is the ALP are de-
fending an oil smuggler, somebody who has run UN sanctions and who has denied children in Iraq money for food and medicines. What has Australia done? The Prime Minister and the Minister for Trade have quite properly imposed a full excise on ethanol to close a loophole in Australia’s tax system and prevent Australia from being exploited by an oil smuggler for Iraq. I have never been so proud of being part of this government or of a Prime Minister who puts Australia’s interests first. The ALP had better not ask any more questions about this. They are oil smugglers’ friends. (Time expired)

Capricornia Electorate: Regional Job Losses

Ms LIVERMORE (Capricornia) (7.40 p.m.)—I wanted to share with the House some bad news that has hit my hometown of Rockhampton this week, with the announcement by Qantas that there will be a loss of jobs out of Rockhampton due to a restructuring by the airline. It means that 20 flight crew—and that includes both pilots and flight attendants who are currently living with their families in Rockhampton—will either have to find other jobs locally or be forced to relocate to Brisbane. That means all those very stressful things of kids leaving schools and the families having to try to sell homes in a very difficult real estate market in Rocky at the moment after the shutting down of our major employer, the abattoir. They then have to try to buy a new house at those very high capital city prices in Brisbane. They face all those traumatic things that families have to go through when they are forced to move and give up the jobs that they love and the town that they have made their home. This is part of the continuing movement of jobs from regional Australia to capital cities. This migration of people has had a terrible impact on the communities that they are forced to leave. We are going to really feel the loss of those full-time jobs out of Rockhampton, coming just months after the loss of hundreds of jobs at the Lakes Creek meatworks.

The other aspect of this announcement is the loss of services. My information is that the current Qantas services from Rockie to Brisbane will be reduced to only three per day, so this means the removal of a lunchtime jet service from Rockhampton to Brisbane, and that will have a negative impact on our local business. There will be a flow-on effect in that the staff working at Rockhampton Airport will have fewer flights to cover and are therefore concerned about their own jobs. People from the surrounding rural areas who currently drive into Rockhampton to use the lunchtime service will now have to leave their properties very early in the morning to catch the early morning flight to Brisbane, so there is a lot of inconvenience there from the loss of that service.

Obviously Qantas has given no thought to the human cost involved in reducing the number of jet services to and from Rockhampton. These airline services are a lifeline for Central Queensland. We are in a really vicious circle up in Central Queensland. There has been a withdrawal of services out of Rocky over the last few years, which means that we are more reliant on services in places like Brisbane and therefore more reliant on airline services to get us there. I will give you an example. There were figures released by the Royal Children’s Hospital Foundation of Queensland on 11 September. These statistics indicate an increase of child patients from 385 in 2000 to 595 in 2001, with about 600 admissions already reported for the central region for 2002. These are sick children forced to travel to Brisbane because of the shortage of doctors in our regional centres. And now we face a reduction in the number of Qantas jet services to and from Rockhampton. It is one more hassle facing families at what is already a very stressful and difficult time.

Flow-on effects also hit the local council. Revenue to the local council will be reduced by the reduction in the number of landings at Rockhampton Airport. It is important to remember that Rockie airport has still not recovered from the collapse of Ansett last year
and the resulting loss of jobs in the community. Rockhampton Airport is owed hundreds of thousands of dollars as a result of the Ansett collapse, and there is one local catering company which employed some 14 people that was forced to close this time last year as a result of the Ansett collapse. Mr Deputy Speaker Causley, I know as a member for a regional area you will understand this: the people of Rockhampton, whom I represent, are tired of losing jobs and services from our community. We are frustrated by that constant feeling over the last few years of always taking one step forward, when we seize on opportunities that are presented to us, and then two steps back, when we do not get the support that we deserve from business and government.

At a time when the Australian Magnesium Corporation is bringing new hope to the region, I would have to question the wisdom of this business decision by Qantas. Qantas, after all, is a company that should have more empathy with regional Australia than most, having commenced its operations in the west of my electorate in the towns of Longreach and Winton. I call on Qantas to consider what this means for Rockhampton in terms of jobs and services. As a community, we have given a lot of support to that company and we would ask for the same support back. In closing, I would like to wish those 20 people affected by this decision and their families all the best as they face the difficult time ahead. They have done a great job representing our city to the many visitors flying on those services, and I hope that Qantas does the right thing by them and that they find success and happiness in the future. (Time expired)

Robertson Electorate: Police Numbers

Mr Lloyd (Robertson) (7.45 p.m.)—Two letters recently arrived in my office which highlight the desperate need for increased police numbers in my electorate on the Central Coast of New South Wales. The New South Wales state Labor government seems to not be able to acknowledge, or refuses to acknowledge, that there is a need for increased police numbers. The first letter arrived recently, and I will not read all of it into the Hansard because I do not have a lot of time. It begins:

On Tuesday 20th August 2002 my daughter ... almost 8 years and her friend whom has just turned 8 went missing for over one and a half hours after school.

I guess that is every parent’s nightmare. They had got on the wrong school bus. It continues:

They crossed Avoca Drive outside Kincumber Shopping Centre over to Kincumber Police Station.

Honourable members in the chamber would probably not know that Kincumber police station was opened with great fanfare in 1996, cost $1¼ million and was designed to service an area of 8,000 to 10,000 people. That police station has never been manned; there have never been full-time police based in that police station. Occasionally it is used for special operations, but it is not manned. These two eight-year-old girls went to the police station believing that, as they knew their names and their phone numbers, they would be safe. The letter continues:

After knocking on the Police Station’s door and receiving no answer they saw the notice attached to the Station’s wall that informs people to press the button if the station is unattended. One of the girls pressed the button ... then told the lady that had answered the intercom that she was lost and she knew her phone number and where she lived. The lady officer responded with “I’m sorry we are busy, we can’t help you” ...

Luckily, a teacher from the school saw the children, and they were safely delivered home at 10 minutes past 5. They had been missing since 3.50 in the afternoon. This is an absolute disgrace.

The second letter, which arrived yesterday—and, again, I will not read out the
whole letter—was from a tour operator in the Ocean Beach-Ettalong-Umina area of my electorate. The letter said that they had worked very hard to build up a tourist venture, and it continued:

However, over the past few weeks we have been victim to large packs of teenagers (over 50) gathering after 4pm at the Skate Park which the Gosford City Council installed. There is only one road in and out of the Park ...

These packs of teenagers have been throwing water bombs, eggs, and rocks at motorists and pedestrians (including a woman pushing a pram!) every afternoon for the past few weeks. Our tourists are now reducing their stays and leaving the ... area ... and vowing never to come back.

We have worked tirelessly to build up a ... tourist facility ... (and) the teenage locals are working equally hard in trying to destroy it.

...               ...

We have contacted the Police every afternoon as this unacceptable situation continues to occur, however they have told us plainly that there is little they are able to do. It is only a matter of time before a motorist loses control of their vehicle—as a result of being bombarded with rocks, eggs and waterbombs ...

I am not having a go at the police in our area. They work extremely hard, they are very dedicated and they are wonderful people, but they are underresourced and they are undermanned. There are many incidents in our community about which people are coming to the state member for Gosford and deputy Leader of the Opposition, Mr Hartcher, to Councillor Debra Wales—who is also the Liberal candidate for the state seat of Peats—and to me. We are working to try to highlight what the state government has failed to recognise: we need to have more police and more resources in our community so that our community can feel safe and, when people have a need, they can call on the police and the police will attend to their calls.

The Central Coast community will have a choice next year about their state government, and I know they will be listening closely to what the opposition has put forward. Already, the Liberal opposition in New South Wales have said that they will man the Kincumber police station and that they will put general duties police back into Woy Woy Police Station. The Carr government do not seem to be capable of listening to our community. They are refusing to acknowledge the need for more police on the Central Coast; they are refusing to acknowledge that there is a problem. I can assure the people of the Central Coast that I will continue to work to highlight this problem. I will work with the Liberal opposition in the New South Wales parliament—who I hope will be able to take government next year—and I know that they will honour their commitment to ensure that there are more police in the area of the Central Coast, particularly in the Woy Woy, Umina and Kincumber areas. That need is something that the New South Wales government has refused to acknowledge. (Time expired)

Taxation: Family Payments

Ms JANN McFARLANE (Stirling) (7.50 p.m.)—I rise to speak tonight with a sense of outrage and to join my voice with that of the member for Hasluck. Earlier this year, nearly 2,900 families in my electorate of Stirling received a family tax benefit debt payment letter for last year—letters that were sent to them after the last federal election; letters that delivered some pretty bad news for their families. Later this year, more families will no doubt receive a nasty surprise when they receive their tax returns. Already, steady streams of families have been contacting my office, angry about this unexpected surprise. The surprise I am talking about is the Howard government’s clawback through tax returns of family and child-care payments paid during the 2001-02 financial year.

One estimate is that the Howard government’s plan will mean that one in three families in our local area will this year miss out on a tax return or have it substantially reduced. This is an untenable situation for many families in the Stirling electorate that are already under financial pressure. This secret tax grab is a product of the Howard government’s flawed family payments sys-
tem that it introduced two years ago. The simple reality is that this system is self-destructing and falling apart as we speak. The system is totally incapable of dealing with the earning patterns of local families.

With the increased casualisation of the work force, seasonal work forces and the prevalence of sales commission jobs, many families are being hit with end-of-year debts if their income fluctuates during the year. This is occurring even when families are doing the right thing and reporting their change of circumstances to Centrelink. It is somewhat ironic that the government’s advertising campaign uses the slogan ‘Help us to help you’. This government certainly is not helping hardworking families who are doing the right thing. Despite families telling Centrelink of changes in income, the benefit is not reviewed until the end of the financial year.

Last week I had a visit from a constituent who has allowed me to talk about her case, but she wishes me not to use her first name, as it is unusual. I will call her Jane for the purposes of this debate. Jane emigrated from eastern Europe seven years ago and gets casual contract work with a local university teaching music. Jane’s husband works in the electronics field and earns $26,000 per year. Jane and her husband have a son who is 3½ years old and they pay for child care—long day care. Jane estimated her casual contract work for the year and as a result lost her health care card. Last year she had received a debt from Centrelink and as a result increased her income estimate with Centrelink. Jane got a bit more work than she had anticipated and then notified Centrelink. Jane expected to get a $2,000 tax return this year; instead, the tax office took the $2,050 and informed her that she had a debt of $700 to repay. She is very upset at the way Centrelink handled both overpayments; no discussion, no negotiation. Her family is now forced to live off her husband’s earnings, which are not significant, while they pay off the debt. This debt is almost 10 per cent of Jane’s husband’s gross wage—it is a lot of money.

For families like Jane’s, this is a real hardship. Lots of families use their tax cheques to pay for bills at this time of the year. The real injustice about this case is that the government did not tell people that it would recover their debt through their tax returns. The mean and sneaky way it did this after the controversy over last year’s letters shows that this government is holding families in contempt. All the families who have fluctuating incomes in the Stirling electorate are being affected. It will be interesting to see the figures on families that receive their second debt in a row. This policy is creating a debt trap for many families. Some of the families who came and saw me were still paying off the debt they received at the start of this year—a debt that was held back by the Howard government so that families did not receive the bad news of this government’s policy failure before casting their ballots in November last year. This government instructed Centrelink to hold the letters until after the election—a dishonest act and an abuse of the office of government.

It is clear that this government does not live in the same world as most Australian families. I have had constituents who have voted Liberal all their lives and who work in sales ring my office in the past few weeks. They are outraged—and rightly so—that this government told no-one about the clawback: not Centrelink, not tax accountants and, more importantly, not them. The government should get the message that they are giving to me: that they will not vote Liberal again, because of this issue. I do not argue that overpayments should not be paid back. What I do argue is that this system needs to be changed so that it is not capturing thousands of hardworking, honest Stirling families in a debt trap. In a lot of cases these families are doing the right thing by the system but are being penalised through no fault of their own by this monumentally flawed policy. Minister, the families say: fix it now.
Taxation: Family Payments

Telstra

Mr BILLSON (Dunkley) (7.55 p.m.)—It is great that we are talking about the family tax benefits made available by the Howard government. How remarkably generous they are in comparison to the assistance available to Australian families under the former government. I am pleased that they are getting that kind of attention, because they are a significant step forward in the assistance that the Commonwealth government provides families, at a time when a lot of families are under stress financially and balancing their work and home lives.

But that is not the reason for my rising tonight. I mentioned earlier this week my proposal for TOMI, which I described as the Telstra outer metropolitan initiative. It is a measure modelled very much on the country-wide success that rural and regional Australia has been benefiting from in improved access to modern telecommunications technologies for the outer metropolitan communities; that is, those interface communities that are neither city nor country. They are the ones in the middle, where you see great pressures on infrastructure because of growing residential neighbourhoods and where new enterprises, new manufacturing businesses and new service providers are being established all the time. Often the great mystery that they have is finding their way through the maze and fog of different technologies available to those developing outer metropolitan areas.

My proposal for TOMI was a dedicated team of outer metropolitan Telstra area managers who had a whole of business responsibility to work with households, small businesses and educational institutions to find telecommunications solutions and broadband services that met their needs. Those ‘go to’ people would be the ones that would work their way through the internal machinations of Telstra and work through the different technologies to provide those outcomes. In concluding my remarks earlier this week, I said that there were other things I wished to mention of a similar vein. I speak specifically of the local telephone directory for the greater Frankston-Chelsea area and directory assistance services.

In the greater metropolis of Melbourne, the providers of telephone directories—previously known as Pacific Access and now known as Sensis—apparently did some market research. That market research, according to the people that run those organisations—those directory providers—concluded that consumers were looking for a purchasing guide as their phone book. They were not looking for a coordinated, integrated telephone directory that embraced both the local business houses and the White Pages residential listings; they wanted a buying guide. That is what I was told when I raised with Pacific Access, now Sensis, the deep frustration and disappointment felt within the greater Frankston area—the people I represent—about no longer having a dedicated community directory that included the neighbourhoods from Chelsea down to Frankston and out past Langwarrin.

That measure has been justified by Sensis as being in keeping with their market research. I have never met anybody, not a single person, who thinks that that change has been a good idea. In the outer metropolitan areas around most of Australia’s major capital cities, there is still a strong sense of community pride and a strong connection between individuals, their local businesses and their community infrastructure. A lot of people like to support their local traders, but a lot of people like ready access to convenient phone numbers—the phone numbers of their friends, acquaintances and family members. That is what the case used to be in the area that I represent around the greater Frankston area.

There used to be a single directory that had Yellow Pages and White Pages in it. If you were ageing—we are a retirement mecca—and your grip was poor because of deterioration of your hands, you did not have to lug around these huge greater Melbourne metropolitan directories. These are the direc-
stories you often see advertised as being good for steps, so you can reach up on top of the cupboard—they are absolutely huge. You should not expect everyone to be Conan the Barbarian, lugging one of these things around and wading through 3½ million Melburnians to find the name and telephone number of your neighbour. But that is what we have to do now. I think that that has been an error, and I am calling on Sensis to change its ways. I will mount the case at another time when I get a further opportunity.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! It being 8 p.m., the debate is interrupted.

House adjourned at 8.00 p.m.

NOTICES

The following notices were given:

Mr Costello to present a bill for an act to provide for the appointment of an Inspector-General of Taxation, and for related purposes.

Mr Ruddock to present a bill for an act to amend the Aboriginal Land Rights (Northern Territory) Act 1976, and for related purposes.

Mr Truss to present a bill for an act to amend the Australian Animal Health Council (Live-stock Industries) Funding Act 1996, and for related purposes.

Mr Truss to present a bill for an act to amend the Murray-Darling Basin Act 1993, and for other purposes.

Mr Slipper to present a bill for an Act to clarify the operation of certain amending Acts, and for related purposes.

Mr Tuckey to move:

That, in accordance with section 5 of the Parliament Act 1974, the House approves the following proposal for works in the Parliamentary Zone which was presented to the House on 29 August 2002, namely: External waste enclosures at Commonwealth Place.
Wednesday, 18 September 2002

The DEPUTY SPEAKER (Hon. I.R. Causley) took the chair at 9.51 a.m.

STATEMENTS BY MEMBERS

Defence: 73rd Australian Mobile Anti-aircraft Searchlight Battery

Mr LEO McLEAY (Watson) (9.51 a.m.)—Last Friday I had the pleasure of attending a very special luncheon here in Parliament House. The luncheon marked the 60th anniversary of the formation of the 73rd Australian Mobile Anti-aircraft Searchlight Battery. On 15 September 1942 this company began its life in the training camp at Scheyville in New South Wales. Later it moved to various camps in Queensland before departing for Port Moresby in December 1942. From Port Moresby it moved to Lae and Nadzab in 1943 and 1944 before returning to Queensland and being disbanded in October 1945.

Initially its function was to illuminate enemy aircraft for anti-aircraft artillery. It later cooperated with fighter aircraft by also illuminating enemy aircraft. However, in the words of its commanding officer from August 1943 to October 1945, Mr S.S. Woodham, its most rewarding role was to direct our own aircraft to their bases in Port Moresby, particularly if they had been shot up and had lost radio contact. The company experienced over 60 air raids during its time in New Guinea. It was commended by American pilots and crew from the 90th Bomb Group of the US Air Force for guiding US bombers back to their base in Port Moresby after their planes had been damaged in night raids having lost radar and other equipment. It was able to continue this role when it moved to Lae.

While there have been some years when the members have not been able to get together, there have been some memorable reunions over the last 60 years, usually in Sydney. This is the first one that has been held in Parliament House in Canberra, however, and it was a very special one as its main organiser, who happens to be one of my constituents, Mr Jim Heddle, expects it to be its last. Sixty years, as we all would appreciate, is a very long time. It was especially gratifying to see such a good turn-up last Friday. As well as the veterans themselves, there were family members who attended representing their husbands and fathers. It was wonderful to see them all together celebrating times past and honouring the memories of their departed family and friends. To quote from The Long White Finger, a history of the battery which Jim Heddle presented to me on Friday:

Times have changed a great deal since the 73rd AASL Battery was disbanded in October 1945. Its members have changed, too. Youth and a good deal of energy have gone. Faces have lined. Some have had to battle for health. But one thing quite clearly has never changed—the spirit in each of these men and the interest and pleasure in seeing each other again each year.

It was a privilege for me to be present at their reunion and to acknowledge the contribution these veterans made to Australia’s war effort so many years ago. I know that Jim and his mates will still get together on Anzac Days. On behalf of all of us, I would like to thank them for a job well done all those years ago and wish them all the very best for the future. I would also like to thank the Minister for Veterans’ Affairs, the Hon. Danna Vale, for the contribution that she made to the proceedings by presenting a number of certificates and documents from her department. (Time expired)
Eden-Monaro Electorate: Sporting Achievements

Mr NAIRN (Eden-Monaro) (9.54 a.m.)—At this time of the year there are many football finals and those sorts of things happening around the country, and I do not think we should lose sight of the fact that not only is this happening at the very senior levels, which get all the television coverage, but also there are many great sporting achievements happening at the local level. This morning I would like to congratulate some of the successful football teams in my electorate of Eden-Monaro.

In rugby league the Queanbeyan Blues took out the Canberra Raiders Cup premiership last Sunday with a spirited 34-20 win over competition favourites West Belconnen at Seiffert Oval. The Blues trailed West Belconnen 20-10 midway through the second half, but a gutsy comeback led by captain Geoff McNamara saw victory for the Queanbeyan boys. In reserve grade we had a Queanbeyan victory also, but this time it was a victory to the Queanbeyan Kangaroos, who beat West Belconnen 32-30. The Queanbeyan Blues narrowly lost the under-18 decider to Goulburn 21-20, and I understand that it was only a field goal in the last 25 seconds of the game which made the difference.

In the George Took Shield competition, which is the division under the Canberra Raiders Cup, the Cooma Stallions were too good for Crookwell, winning 18-16—another great result for captain-coach Simon Scott and his team and hardworking club officials like Col Cook, who have put many years of blood, sweat and tears into the Stallions. In Group 7 rugby league down on the coast, Batemans Bay thrashed Milton Ulladulla, I am sorry to tell the member for Gilmore, 54-10 in front of a record crowd of 5,500 spectators last Saturday at the bay, which is quite remarkable—5,500 at a football match in a town of 13,000. It was a wonderful win for coach Mark Bell, captain Michael Elliott and the whole club. The team is also in the running for the Claytons Cup—an honour for the best team in New South Wales for the season.

In the ACT Australian rules football league the Queanbeyan Tigers had a mixed day. The seniors made the grand final again, but unfortunately went down by 70 points to the Belconnen Magpies. But earlier in the day the under-18s finished the season undefeated. The young Tigers won the grand final by beating Tuggeranong 12.4.76 to 5.9.39. The far south coast AFL grand final will be fought out this weekend between Batemans Bay and the Merimbula Marlins. In the game that I know is played heaven, rugby union, in the far south coast rugby union competition, Batemans Bay recently took out the premiership by defeating Vincentia 19-8. I am told that a great effort by fly-half and captain David Dejongh contributed to the win.

To all those throughout Eden-Monaro involved in grand finals, congratulations. There are still many other games to come in other sports, which we might talk about at another time. You have given your supporters, your cities and towns something to be very proud of—well done.

Roads: Calder Highway

Mr GIBBONS (Bendigo) (9.57 a.m.)—The ‘game that is played in heaven’—that is because there are a lot of deadheads up there, obviously. On Friday, 6 September, the Bendigo Plus group launched a petition urging the federal government to fund its share of the Calder Highway redevelopment project and to complete it by 2006. Bendigo Plus is a group of business and community representatives who want to enhance the opportunities for the Bendigo
region. The Calder Highway is vital to the economic future of central Victoria and to the convenience and safety of the central Victorian people. I applaud the Bracks Labor state government for its care for country Victoria in embarking on its election policy commitment to complete the Calder Highway duplication by 2006. I applaud the Bracks Labor state government for allocating $70 million in its last budget, being its share for the Faraday section of this highway, which is due to commence after completion of the Carlsruhe section, which is currently under construction. There is no similar pledge of funding commitment by the federal government to pay half the cost required and to have a completion date of 2006.

I raised this question last year in parliament, and the Minister for Transport and Regional Services made it quite clear that he does not accept the 2006 completion date and nor does he have any other completion date. Canberra was dragged kicking and screaming all the way to funding its share, $25 million, to fund the new roadworks currently taking place at the Carlsruhe section. The Bracks government earmarked $70 million in its last budget for the next stage. The Howard government has allocated nothing. Treasurer Costello and Minister Anderson have an opportunity to rectify this unacceptable situation in the federal budget due in May next year, and I demand they do so. I will keep raising this matter until they honour their election commitment to fund the project in partnership with the state government. The Howard government continues to fund metropolitan roads projects, like the Scoresby and others, that are part of or close to their own marginal electorates, while ignoring vital regional projects like the Calder. The government has to be constantly reminded that people in regional areas pay more than their share of Commonwealth taxes and charges and are entitled to a fair go in road funding. I urge all central Victorian residents to sign the petition and show the federal government that they are sick of the metropolitan versus country bias over road funding that this government is so renowned for.

The DEPUTY SPEAKER (Hon. I.R. Causley)—Order! In accordance with standing order 275A, the time for members’ statement has concluded.

EXCISE TARIFF AMENDMENT BILL (No. 1) 2002

Cognate bill:

CUSTOMS TARIFF AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 22 August, on motion by Mr Slipper:

That this bill be now read a second time.

Mrs GASH (Gilmore) (10.01 a.m.)—The Excise Tariff Amendment Bill (No. 1) 2002 will incorporate alterations to the Excise Tariff Act 1921 to allow the water component of emulsified diesel-water fuel blends produced by manufacturers licensed under the Excise Act 1901 to be free of excise duty. The special provisions for diesel-water emulsified blends are an environmental initiative designed to encourage clean fuel technology. The date of effect and the alterations to duty provisions were notified by Excise Tariff Notice No. 2 2001, published in Special Gazette No. S448 on 25 October 2001. The provisions will be taken to have effect on and from that date.

Excise Tariff Proposal No. 1 2002 was tabled in parliament on 21 February 2002. The proposal was announced on 25 October 2001 by Special Gazette No. S448. The financial impact
and the removal of the excise duty from the water component of emulsified diesel-water fuel blends is not expected to result in any significant loss of revenue.

The bill will also incorporate alterations to the Excise Tariff Act 1921 to exclude certain oil products from the product stewardship oil levy, the PSO levy. The exemptions from the PSO levy support the original intention of the levy to reduce the impact of waste oil on the environment. The alterations to duty provisions were notified by the Special Excise Tariff Notice No. 1 2002, published in Special Gazette No. S109 on 12 April 2002 and will be taken to have effect on and from 15 April 2002. Excise Tariff Proposal No. 2 2002 was tabled in parliament on 29 May 2002.

Mr COX (Kingston) (10.03 a.m.)—The Excise Tariff Amendment Bill (No. 1) 2002 and the Customs Tariff Amendment Bill (No. 2) 2002, two cognate bills, propose equivalent amendments for two acts: the Excise Tariff Act 1921 and the Customs Tariff Act 1995. The substantive areas covered are the treatment of emulsified diesel-water fuel blends, the product stewardship oil levy and the national scheme for low alcohol beer. For convenience, I will discuss the changes in this speech in terms of their impact on the excise tariffs, even though, technically, each change has an equivalent effect on both excise tariffs and customs tariffs.

I will discuss the substantive issues in turn. This bill contains amendments to the excise treatment of emulsified diesel-water fuel blends produced by licensed excise manufacturers. I note that there is evidence to suggest that such blends offer a cost-effective way to reduce harmful emissions from heavy-duty engines without expensive modification to vehicles. At present, there is an anomaly in the excise treatment of these blends in that the water component of these blends is excisable in addition to the diesel component. To my knowledge, despite its ever present zeal in safeguarding the revenue, the tax office has not previously managed to levy a direct excise on water anywhere else in the taxation system—nor should it do so now. Instead, these amendments will properly address this anomaly by making the water component of blends produced by licensed excise manufacturers excise free. This is a sensible removal of an anomaly and Labor supports it.

The bill also contains some changes to the government’s product stewardship oil levy, the PSO levy. This scheme seeks to reduce the impacts of waste oil through imposing an excise style levy on virgin oils and lubricants, and providing grants for the recycling and reuse of the oils. Labor supported the product stewardship oil scheme at the time of its inception. It attempts to address a serious environmental issue; namely, the current large-scale leakage of toxic waste oil into the environment. By providing an economic incentive for recycling and reusing this oil, it aims to prevent environmental damage by reducing the waste oil stream rather than having to remediate the damage after such waste oil is dumped into the environment.

Given this intention, it is reasonable that, where oils do not enter the waste stream, they should be considered for exemption from the levy. The government sets out criteria in the bill for such exemptions; namely, where the oils are used in the manufacture of another product, are not contributing to the waste oil problem and are clearly distinguishable from oils that do. On this basis, this bill excludes certain food grade white mineral oils, certain polyglycol brake fluids and certain aromatic process oils. We consider that the government’s criteria for consid-
representatives from the levy are reasonable. On these grounds, Labor will support the exemptions proposed on the understanding that they meet the technical criteria set out in the bill.

The bill also abolishes automatic indexation of the PSO levy to bring it into line with other petroleum fuels. Labor is opposed to automatic indexation of the excise of petroleum products, so we also support the removal of automatic indexation of the PSO levy. It is interesting to note that the PSO levy is part of the environmental Measures for a Better Environment package, announced with great fanfare at the conclusion of the GST deal between the government and the Australian Democrats. Now we know, of course, what the consequences were for the Democrats of embarking on that infamous tax adventure. They lost all semblance of standing for something separate from the government. Nowadays people tend to think that it is purely because of their support for the GST. While that is undoubtedly a large part of the reason, it is also because the price extracted for selling out—the much vaunted environment package—has been such a fizzle.

A number of my colleagues, most notably Kelvin Thomson and Martin Ferguson, have brought to the attention of the House the government’s abject failure to deliver on the MBE agreement. For example, Labor revealed that the original allocation to the Australian Greenhouse Office from the MBE between 2000-01 and 2003-04 has been slashed from $796 million to $254 million in the recent budget. That is less than a third of what was originally promised. It is a faster rate of decline than even the membership of the Democrat party room. No wonder the Democrats and those who voted for them feel dudened.

Three years on, there remain further measures which have yet to be implemented. We are still waiting for legislation to implement the government’s commitment to introduce an excise differential incentive for the use of ultra-low sulfur diesel. Incentives for use of fuel with only 50 parts per million sulfur were meant to be operational from 1 January 2003 and, four months from that date, we still have not seen any legislation. We are waiting with bated breath for an indication—any indication—of what the promised Energy Grants Credit Scheme will look like. This scheme was originally proposed to begin on 1 July 2002. As it became clear that the government would not meet the original promise, Labor reluctantly agreed to an amendment to the pre-existing schemes to extend their sunset date to 30 June 2003. But, despite this extension, the government has still made little progress in developing a successor to these pre-existing schemes.

The stated intention of the government was for both the ultra-low sulfur diesel incentive and the Energy Grants Credit Scheme to be dealt with by the fuel taxation inquiry. Indeed, the inquiry did deal with both of these issues and made constructive suggestions about both of them. But, in a breathtaking show of contempt, the government decided to completely ignore the report of its own inquiry. It is no wonder that the head of the fuel taxation inquiry, Mr David Trebeck, observed recently:

We found it profoundly disappointing that nine months of hard work undertaken in good faith seems to have counted for nothing.

That sounds like a fair enough comment to me.

It does make you wonder why the government bothered establishing the inquiry at all. Why would you spend $4 million of taxpayers’ money for an inquiry report that you hardly bother
to open? Why waste the time of the committee, the secretariat and over 300 parties who participated in the process in good faith? Mr Trebeck actually had a pretty good idea of why he had been sold down the river. He said the other day that he had continually defended the inquiry against the cynicism that it would be a whitewash to extricate the government from a tight political corner. Well, Mr Trebeck, it turned out that the cynics were absolutely right. It is very clear that there was never any intention to conduct a genuine review of fuel taxation issues. It was indeed called purely for cynical election purposes. In doing so, the government has expressed contempt for the political process and, what is more, missed out on the important opportunity for genuine consideration of these difficult policy issues. We will wait to see what the government will come up with based on its own backroom dealings instead of genuine consultation with the community.

This bill also gives effect to the government’s decision to implement a national excise scheme for low alcohol beer, announced by the Treasurer on 22 March 2002, following the meeting of the Ministerial Council for Commonwealth-State Financial Relations. The key feature of this scheme is the cessation of state subsidies for low alcohol beer, with assistance to be delivered instead through lower excise rates. Labor considers that there is merit in these proposals to simplify the excise system and eliminate the requirement for wholesalers to claim rebates for excise that they have paid. Apart from this tax simplification benefit, the government suggests that these measures will also have a health benefit through providing continuing subsidies to low alcohol beer.

Labor commend this initiative, and we will support it. However, it is interesting to note that the excise rates for both low alcohol and mid-strength beer will be reduced. For low alcohol beer it will be both the draught and packaged product, while for mid-strength beer it will be for the packaged product only. This is expected to result in reduced prices for low alcohol draught and packaged beer in all states and territories except Tasmania. However, the price of mid-strength draught and packaged beer will increase in all states and territories except Queensland and the Northern Territory. This is because the reduction in the excise rate will not compensate fully for the abolition of previous state and territory subsidies for this product.

The justification provided by the government for these increased mid-strength beer prices is that continued subsidisation of mid-strength beer is questionable from a health perspective—but this is a somewhat puzzling and mixed signal. If the government wishes to withdraw the health subsidy to mid-strength beer, why does it continue to enjoy a lower excise rate for the draught product? At present, it is difficult to divine what mix of justifications lie behind the schedule for excise rates for beer; instead it looks quite arbitrary, with no consistency of treatment between the draught and packaged product or across the different alcohol grades. We believe that there should be greater transparency about the reasons behind the rate differentials, and we call upon the government to shed some light on this issue.

This issue illustrates again the complexity of the whole area of alcohol taxation, not just with regard to the balance between contending interests and the community but also with regard to the balance between different policy objectives. It is an issue that has been examined at some length in various policy processes already, including an extensive inquiry by the Productivity Commission with respect to the issues for the wine industry in 1995. I do not wish to traverse the full extent of these issues here, nor discuss grand visions of alcohol tax reform.
Instead I wish to bring to the government’s attention two limited areas in which it seems to me that further consideration is urgently required regarding the balance between health and other policy objectives.

My first example is cask wine, which—it is well known—is behind so much of the alcohol related harm in our Indigenous communities. It has been argued for some time, of course, that the relatively light taxation of cask wine exacerbates this national tragedy. Professor Tim Stockwell and his colleagues stated baldly in the *Australian and New Zealand Journal of Public Health* in 1998 that, in the comprehensive study of 130 geographical areas across Western Australia, the beverages most associated with rates of night-time assaults and acute alcohol related morbidity are those with the lowest federal taxation per standard drink—that is, cask not bottled wine, regular strength not low alcohol beer. As I indicated earlier, I commend the measures introduced in this bill to subsidise low alcohol beer. Not least amongst the reasons that I do so is that it will make a contribution to addressing alcoholism problems. But, when these measures are in place, I would strongly encourage the government to again turn its attention to addressing the issue of substance abuse in Indigenous communities.

My second example was with regard to ready-to-drink products, which have increased rapidly in popularity in recent years. The uniform excise treatment of RTDs dates back to a period where there were relatively few products on the market, all of which were relatively similar. I consider that it would now be appropriate for the government to review this uniform treatment. In particular, some health professionals argue that RTDs are marketed in a way that encourages binge drinking by teenagers. It may be that, similar to the example of low alcohol beer, subsidising low alcohol RTDs could also lead to a reduction of alcohol related harm.

The explanatory memorandum acknowledges that the issue of extending subsidies was considered in the working party designing the new national beer scheme, but it was deferred to an indeterminate future process. From an administrative point of view, concessional treatment could be extended simply through matching the excise rates on beer for low alcohol packaged and draught RTD products. This would most likely have a revenue cost as some of the increased consumption of concessional taxed low alcohol RTD products would undoubtedly displace higher taxed full strength RTDs and beer. However, the revenue loss from this displacement would need to be weighed carefully against the likely health benefits.

This is obviously one option for addressing this potentially serious health issue. Further evidence and consultation is obviously required before developing a concrete proposal that can be debated in further detail. If the government is willing to enter into discussions in good faith on these issues, we on this side of the House are willing to be part of a process to address this issue, the other example cited above or indeed other potential reforms or simplifications in the current arrangements for the taxation of alcohol.

In conclusion, I note that yet again the parliament has been given a matter of weeks to consider legislation that has been under preparation by the government for many months. The government continues to display contempt for the parliament, even for matters such as these which are relatively routine. It is becoming increasingly difficult to tell if this is arrogance, a basic lack of competence or both. Nevertheless, as I have indicated, the Labor Party support these bills and so we will not hold up their passage despite the shambolic manner in which they have been brought before the parliament.
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (10.18 a.m.)—in reply—I thank the member for Kingston for his contribution on these excise and customs bills. The Excise Tariff Amendment Bill (No. 1) 2002 contains four measures, three of which have already been introduced into the House in the form of tariff proposals. The bill demonstrates, in a small way, the ongoing commitment of the government to clean fuel technologies and the product stewardship arrangements. The bill also gives effect to the national low alcohol beer scheme agreed to by the Commonwealth and the states and territories.

The bill validates three tariff proposals. The first proposal is to exempt the water component of a diesel-water fuel blend from excise. There is evidence to suggest that an emulsified blend of automotive diesel fuel and water is a cost-effective way to reduce harmful emissions from heavy-duty engines without expensive modification to vehicles. The second proposal is to exempt certain oils from the product stewardship oil levy. The intention was always that oils which do not contribute to the waste problem would be excluded from the levy where this is feasible. This is why the government is moving to exempt certain food grade white mineral oils, certain aromatic process oils and certain polyglycol brake fluids.

The third proposal is to give effect to a national subsidy scheme for low alcohol beer and to remove an anomaly in the rate of excise applicable to mid-strength beer. The scheme replaces a range of existing state subsidy schemes with a nationally uniform and administratively efficient concession in the rate of excise on low alcohol beer agreed to by the Commonwealth and the states and territories. The national scheme will reduce compliance costs for industry and eliminate administration costs for the states. The opportunity has also been taken to remove an anomaly in the rate of excise on mid-strength beer, whereby the rate for beer with 3.5 per cent alcohol per litre was higher than the rate for beer with 3.6 per cent alcohol per litre. The rate for mid-strength beer will be dropped to below that for higher strength beer.

The fourth measure in the bill ends indexation of the product stewardship oil levy to remove the inconsistency between the treatment of oils and fuels that arose when indexation was removed from all petroleum fuels in March this year.

The member for Kingston referred to ready-to-drink products and the different treatment of those products and beer. He quite rightly pointed out that there would be a cost to revenue. I am advised that the Distilled Spirits Industry Council of Australia, in lobbying opposition parties with respect to this matter, has claimed that there would be revenue costs of some $82 million if ready-to-drink products were taxed at equivalent rates to beer. I think the member for Kingston said there would have to be some sort of comparison between health benefits and loss to revenue. There could be some considerable loss to revenue.

The member for Kingston also referred to the effects of beer changes on the prices of low alcohol and mid-strength beer. I am advised that each state had different subsidy levels and, as the member for Kingston would know, excise rates must be uniform nationally. Accordingly, there will be different price effects on different products in different states. I think the member for Kingston would accept that this is unavoidable. The changes were agreed to by the Commonwealth and all states and territories in a working party and endorsed by all ministers at the ministerial council meeting in March 2002. That covers the point raised by the member for Kingston.
The government is pleased to receive the support of the opposition in this matter. We regret some of the comments and criticisms extended by the member for Kingston. I commend this bill to the chamber.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

CUSTOMS TARIFF AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 22 August, on motion by Mr Slipper:

That this bill be now read a second time.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

AUSTRALIAN CAPITAL TERRITORY LEGISLATION AMENDMENT BILL 2002

Second Reading

Debate resumed from 28 August, on motion by Mr Tuckey:

That this bill be now read a second time.

Mr GAVAN O’CONNOR (Corio) (10.23 a.m.)—I will not take too much of the Committee’s time on this piece of legislation, because it merely picks up on some minor amendments to acts pertaining to the Australian Capital Territory. I want to place on record my thanks to the minister’s office for providing a brief on this legislation. I think it is important that the opposition is given information on the minor bills as well as on the major bills.

The purpose of the Australian Capital Territory Legislation Amendment Bill 2002 is to make technical amendments to the Australian Capital Territory (Self-Government) Act 1988 and the Australian Capital Territory (Planning and Land Management) Act 1988. The bill deals with two issues: matters relating to the electoral system in the ACT and planning issues. It aligns the self-government act with the Australian Capital Territory Electoral Act 1992, as amended in 1997. It amends references to ACT Public Service offices that have undergone name changes and clarifies when a Chief Minister leaves office in the event of a vote of no confidence. It also removes a requirement under the PALM Act for full-time members of the National Capital Authority to be present at authority meetings for a quorum to be considered. It is a tidying up piece of legislation. I read that outline from the brief provided by the minister’s office on this piece of legislation, and I thank them for it.

Essentially the legislation, which relates to the Electoral Act, cleans up the mess created by the previous Liberal administration in the ACT when it changed the Electoral Act without consultation with the Commonwealth. These amendments are designed to overcome some problems that were created with that misalignment and an anomaly which existed, where the chairperson of the National Capital Authority, for conflict of interest reasons, would have to absent himself from consideration of matters. That affected the quorum and the ability of the body to make planning decisions.
The Minister for Regional Services, Territories and Local Government has graced us with his presence in the chamber today. It is good to see him up so bright and early. We know the minister is boisterous—

Mr Tuckey—And charismatic!

Mr GAVAN O’CONNOR—and charismatic and that he has very definite views on things. But there is a whisper coming through that the minister is interfering a little and pre-empting some of the planning processes in the ACT. I say that cautiously. The minister has been around the political traps for a long while. These issues might not be of great moment to people in the heavy urban areas of Melbourne and Sydney or in the regional areas, but they are important to people in the ACT. Their views on planning issues and the planning processes themselves need to be respected. I am sure the minister will take the opportunity to respond on this matter. This is a minor piece of legislation and the opposition will be supporting its passage through this chamber.

Mr TUCKEY (O’Connor—Minister for Regional Services, Territories and Local Government) (10.28 a.m.)—in reply—As the opposition spokesman, the member for Corio, has indicated, most of these issues were clearly covered in my second reading speech on the Australian Capital Territory Legislation Amendment Bill 2002. The amendments are primarily of a technical nature and, as such, correct problems that have arisen with the legislation. I do not think it is necessary for me to consume too much of the time of the House in repeating the remarks I have made in the second reading speech. I thank the opposition for their support in these matters. As the member for Corio anticipated, in the few moments I have I will take the opportunity to respond to his remarks. I am sure they were made in absolute good faith—and even with a little caution.

The media has done a wonderful job in trying to portray me as having pre-empted activities that are, rightly, first decided in the planning context, where that is appropriate, by the National Capital Authority, which also answers to me in my role as territories minister. I had reason to respond, not that long ago, to the Canberra Times, which informed me that I am not the governor of Canberra. I am quite pleased about that, to be honest. Until more recently, on another matter—it was of concern because it related to public health and safety and other issues—I had not put out one press release on Canberra, but the ACT Assembly had put out a number and the Canberra Times and the electronic media rang me to ask for an expression of view. As the member for Corio has confirmed, I am not a ‘no comment’ minister and I have responded.

In terms of the planning issues, I receive correspondence almost daily on, for instance, the issues associated with Gungahlin Drive, and I have been at great pains to always say that there is a process and I will await the comments in due course of the National Capital Authority. The National Capital Authority have responsibility in these planning matters, which quite properly include the arrangement of community consultation. In fact, I am now referring all correspondence to them in that regard, notwithstanding that the ACT government is yet, I understand, to put to the NCA a formal proposal on its ideas for that particular piece of roadworks. Contrary to an impression that I understand the member for Corio may have received, I have played a very straight bat on the planning issues.
I also of course await—notwithstanding a lot of media speculation—the submission or the resolution that I might receive from the ACT assembly as to the future size of that assembly. In that regard, I have expressed a degree of caution. I will again await their arguments, but in this day and age I think an argument that the ACT assembly is entitled to be as big in per capita terms as other state assemblies is a very weak argument. I think they all have too many members of parliament—which, of course, is an accident of history—with some credit going to New South Wales, which has in fact made some attempts to reduce the size of that body over time. We do have huge technological advantages that were not available in the days of the horse and cart, and I think the number of members of parliament, as compared to the staff they might employ, is an issue that we should take a sensible view about.

I will be very cautious in increasing the size of that parliament based on arguments like ‘everybody else has got it’. I even think that in this day and age—and there might be some who would argue with me—we could have fewer people in this House. But let me make that comparison with Canberra. It is pretty interesting that there are two members of this place who look after all of Canberra and have really all the big people issues. Be it health or social welfare, those present well know whose door they knock on when they have a problem, and it is typically federal members of parliament. So two members of parliament can do that job, as compared to 17 presently elected to represent the Australian Capital Territory. I think that is worth putting on the record. That is not to be deemed a ‘you’re not going to get it’ decision. I will await their arguments, but I do reject the argument that some comparison should be made with other state assemblies. I think the quicker they all had a single house, the better. I do not think that is going to happen, but I think it would be a very good idea.

Of course, there are other questions as to how the business of government and the services they provide might be administered in the future. That is an issue on which both sides of the House are participating at this very moment through the inquiry into cost-shifting. We will await their advice. These are issues of importance. In closing, I thank the opposition for their support in this matter. We will find from time to time a number of these issues arising, and it is good that we have this venue to get them out of the road and we have the cooperation and commonsense bipartisan approach of the opposition.

Question agreed to.

Bill read a second time.

Ordered that the bill be reported to the House without amendment.

FAMILY LAW LEGISLATION AMENDMENT (SUPERANNUATION) (CONSEQUENTIAL PROVISIONS) BILL 2002

Second Reading

Debate resumed from 27 June, on motion by Mr Slipper:

That this bill be now read a second time.

Mr McCLELLAND (Barton) (10.35 a.m.)—The Family Law Legislation Amendment (Superannuation) (Consequential Provisions) Bill 2001 makes amendments consequential to the Family Law Legislation Amendment (Superannuation) (Consequential Provisions) Act 2001. The 2001 act was significant in that it enabled superannuation interest to be split as part of a family law property settlement. While the opposition supports this legislation, which in many respects tidies up some loose ends, I would like to place on record some general mat-
There were a number of issues raised in last year’s report of the Senate Select Committee on Superannuation and Financial Services that remain unaddressed.

In the context of family law, I think it is important to recognise that the committee recommended that the Commonwealth enter into negotiations with the states to achieve a similar regime for separating de facto couples and same-sex couples. However, the government has adopted what can only be described as a discriminatory stance by refusing to accept a referral of powers from the states relating to property settlements involving same-sex couples. This gives little cause for hope that the government will show leadership in responding to this recommendation. Whatever one’s views are as to the appropriateness of different lifestyles, I think it is important for any government of the day to recognise the reality of modern life and to ensure that laws reflect that reality. We believe that, in turn, such inaction does nothing to turn around the government’s poor performance in reflecting itself as a modern and progressive government. My colleague the shadow Assistant Treasurer will outline a number of other concerns that the opposition has, some of which in particular are about technical superannuation aspects in these measures.

Broadly speaking, this bill makes three amendments to the Family Law Act, which clarify aspects of the 2001 act. First, under the 2001 act, a splittable superannuation interest includes a payment to a ‘reversionary beneficiary’, but that term is not defined. The bill inserts a definition of ‘reversionary beneficiary’, which includes ‘a person who becomes entitled to a benefit in respect of a superannuation interest of a spouse after the spouse dies’. This is a broader use of that term than that applying in the superannuation industry, where it is only used to refer to a benefit payable following the death of a superannuation pensioner. This reflects the policy intention of the original bill, that all death benefits, with some exceptions in the regulations, constitute splittable payments.

Second, the 2001 act enables successive splits to be made if a person divorces more than once. But, due to the way the legislation was drafted, this does not apply where someone is a glutton for punishment and the same couple divorces, remarries and divorces again. The bill will rectify that anomaly. Third, under the 2001 act, the entitlement of a spouse under a split is subject to preservation requirements if it is paid to a regulated superannuation fund or retirement savings account. This bill clarifies that the preservation requirements also apply to interest paid to an approved deposit fund or an exempt public sector superannuation scheme. We understand that the government will be moving one amendment to the bill, which will provide that the method of valuing a superannuation interest is that prescribed in the regulations. We will be supporting that proposition.

The bill makes one amendment to the Judges’ Pensions Act, which is necessitated by the situation that a judge is not ordinarily entitled to a paid pension until they turn 60 years of age and have served for at least 10 years as a judge. This bill will authorise the making of regulations, and it sets out factors called accrued benefit multiples for use in calculating the proportion of a judge’s pension that had accrued at the time of the judge’s marital breakdown. This amount can then be used to determine the splittable superannuation interest under the Family Law Act.
In terms of the other steps that the bill sets out, consistency will be brought to the treatment of assets and income tests across the range of social security and veterans’ entitlements acts. It makes amendments to the Social Security Act and the Veterans’ Entitlements Act to enable payments from a family law superannuation interest split to be assessed consistently with other income and assets under the social security and veterans’ entitlements means tests. As well as inserting numerous definitions, the bill authorises the Secretary of the Department of Family and Community Services, in the case of the Social Security Act, and the Repatriation Commission, in the case of the Veterans’ Entitlements Act, to make guidelines for income testing of different kinds of income streams under the superannuation splitting regime. It is obviously desirable that there be consistency between the guidelines produced by the Department of Family and Community Services and those produced by the Repatriation Commission.

In conclusion, the new legislative regime governing the splitting of superannuation interests in family law matters is a complex one which presents challenges for family law practitioners and, indeed, the superannuation industry. We are alive to the fact that there may well be loose ends and anomalies; but the opposition is prepared to work with the government to resolve these as they may confront us.

Mr COX (Kingston) (10.41 a.m.)—The Family Law Legislation Amendment (Superannuation) (Consequential Provisions) Bill 2002 is the most recent of three that, along with three sets of regulations, provide for the splitting of superannuation in the event of a marriage breakdown. This package of more than 360 pages of new law will come into effect on 28 December this year. Labor supported the reform process and supports this bill. However, we have a number of concerns regarding the government’s management of this process, and there are a number of issues that are yet to be adequately resolved. The original legislation introduced was subject to an inquiry by the Senate Select Committee on Superannuation and Financial Services, which tabled its report in March last year. Many of the concerns raised during the inquiry were addressed by the government, but a number of issues remain outstanding. Some consequential issues are dealt with in this bill but many remain unresolved.

While the principle of allowing super to be split in the event of a marriage breakdown is a relatively simple one, the complexities of both family law and superannuation, particularly defined benefit schemes, combine to make this new legislative regime very complex. It poses significant challenges for both the superannuation industry and for family law practitioners. While there is a degree of community awareness that these changes have been made, the level of community understanding is low, particularly in relation to how the legislation affects marriages that are in the process of dissolution before 28 December. This transition period was rendered more confusing by the commencement provision in the original bill that left the door open to an earlier commencement date by proclamation. It now seems certain that no such proclamation will be made and the legislation will commence the full 18 months after receiving royal assent. If this was always the government’s intention, they should have said so without any ambiguity.

To facilitate the transition to the new regime, the government promised the superannuation industry a transition period of at least 12 months from the tabling of the new regulations to their implementation. However, to patch up deficiencies in the regulations, the government made an additional 102 pages of regulations on 25 July this year. This is in addition to further
patch-up work in this bill. Most of the announced amendments to the regulations, made on 25 July, are of a relatively minor and technical nature. However, one area subject to substantial revision is the treatment of allocated pensions for the purposes of payment splits. It is a concern that the rules applying to an entire class of superannuation benefits have been altered so late in the day.

A number of areas of confusion in the new regime remain. One is the extent to which superannuation benefits transferred from one partner to another are subject to preservation. I understand that it is the government’s intention that the preserved and non-preserved components of an interest be transferred on a pro rata basis. However, there are still some in the legal profession who believe that all of a benefit becomes preserved on transfer. We can understand that the government is a little nervous when it comes to talking about preservation, given that Peter Costello has let the cat out of the bag on plans to increase the preservation age across the board, but they should move to clarify this aspect of the new law.

Another area of uncertainty is whether members of defined benefit schemes will be able to make a ‘clean break’ and transfer a proportion of their benefit, as required by a court order or financial agreement, to their former partner straightaway or whether they will need to wait until their benefits become payable in order to do so. Amendments to the Superannuation Industry Supervision Regulations provide for the immediate transfer of accumulation interests to another account in the same fund or a different fund, depending on fund rules and the non-member partner’s preference. During the Senate committee inquiry the Attorney-General’s Department indicated that there were constitutional difficulties in applying this ‘clean break’ principle to certain funds, such as state public sector funds. The government should move to clarify which, if any, defined benefit members will be able to make a ‘clean break’ and take the necessary leadership role in ensuring a national approach where state funds are constitutionally protected.

It would be fair to say that the low level of community awareness and the continuing uncertainty among the so-called experts do not fill me with confidence about the government’s ability to explain complex changes to superannuation either to industry practitioners or the public at large. The government will need to lift its game substantially if and when the time comes to implement so-called choice of funds in order that the superannuation industry, employers and, most importantly, ordinary working Australians understand the changes and can make informed decisions.

Another area of ongoing concern is the resourcing of the Superannuation Complaints Tribunal. The original bill confers new powers on the tribunal to deal with complaints against superannuation providers from prospective members of superannuation funds—that is, spouses or former spouses who are party to, engaged in or considering a property settlement involving superannuation. Given the range of disputes likely to arise in relation to the splitting of superannuation interests and/or payments and from the complex provisions that relate to the provision of information to non-member spouses, the tribunal’s workload will most certainly increase after 28 December. Labor has raised concerns about this in the past that were noted by the Senate inquiry, but as yet we have seen no indication from the government that it intends to increase the resources of the tribunal.
On the contrary, the government sees the tribunal as a retirement village for former politicians, not an integral part of our retirement income system. The appointment of former Liberal Senator Michael Baume on 3 October last year, two days before the federal election was called, by the then Minister for Financial Services and Regulation, Joe Hockey, marks a nadir of cronyism for this government. Clearly, his time in the plum posting of Consul General in New York was not enough for Mr Baume. It is instructive that, when asked what Mr Baume’s qualifications for the job actually were, the current minister, Senator Coonan, could only reply that he has had a ‘long and distinguished career in parliament’. A quick search of Hansard over this ‘long and distinguished career’ reveals that Mr Baume knew next to nothing about superannuation. Despite his appointment to this independent tribunal, Mr Baume continues to act as a shamelessly partisan newspaper columnist in defence of the worst policies of the Howard government.

Before the commencement of the new family law regime, Senator Coonan should commit to providing more resources to the tribunal and to taking the question of appointments more seriously than Mr Hockey obviously did. With the flood of complaints that would emerge in the event of so-called superannuation choice, it is the least fund members deserve.

The final issue in relation to superannuation and family law that this government has done nothing to address is the need for similar arrangements for de facto and same-sex couples. Once again, this is an area where both Labor and the bipartisan Senate inquiry have called for action but nothing has happened. The government must show leadership and enter into the necessary negotiations with the states to ensure that the needs of these couples are met. The chances of this occurring are limited, as illustrated by the government’s unwillingness to accept a referral of powers from the states on property settlements for same-sex couples.

In conclusion, Labor supports this bill as part of a package of necessary reforms to superannuation and family law. However, there remains a number of issues that the government should address. This new and considerable overlap between super and family law presents serious challenges for all involved. The government has an obligation to ensure that any ambiguities are clarified and outstanding issues resolved.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (10.50 a.m.)—On behalf of the Attorney-General, I would like to thank honourable members for their contribution to the debate on this most important legislative reform package, the Family Law Legislation Amendment (Superannuation) (Consequential Provisions) Bill 2002. Passage of these family law and superannuation reforms is a very important milestone and one that no other government has been able to achieve. That is because it is a very complex area of law, as the previous speakers have acknowledged. We will endeavour to make it as streamlined a process as possible, and there has been considerable consultation with the superannuation industry.

We appreciate the opposition talking about their very real commitment to continuing engagement and consultation on the further development of this legislation. I am particularly pleased that the opposition has supported the bill in its current form—this is the final component of the reform package—and the policy intention of the whole reform package to overcome what has been regarded for some time as an anomaly in the family law system.
One of the defects of the current law is that there is no mechanism for superannuation held in one person’s name to be divided or transferred to another. The Family Court has been limited to adjourning proceedings until superannuation is received or merely taking superannuation interest into account as a future financial resource when it divides other property. The current unsatisfactory situation will no longer continue when the reform package commences in December this year.

The member for Barton made reference to property from same-sex couples when there is a dissolution of that relationship. The government believes that the issue of the distribution of property on the breakdown of a same-sex relationship is quite properly a matter for the states and territories to resolve. The member for Kingston was concerned about the new legislation and property arrangements. Let me say that this new legislation will apply to couples who have not finalised their property arrangements when the legislation commences on 28 December 2002. Unfortunately, there are constitutional difficulties which preclude the Commonwealth legislating to split defined benefit interests. The member for Kingston suggested that there had been a rush or undue haste in the June 2002 amendments to the regulations, but let me stress that they were developed in very close consultation with representatives of the superannuation industry.

The Attorney-General would like to publicly record his thanks to all those stakeholders in the superannuation industry who have worked cooperatively with officers from the department and the Treasury to ensure the passage of what we believe will be a most successful set of reforms.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Dr STONE (Murray—Parliamentary Secretary to the Minister for the Environment and Heritage) (10.54 a.m.)—I present the supplementary memorandum to the bill and move:

(1) Schedule 1, page 3 (after line 9), after item 1, insert:

1A Subsection 90MT(2)

Repeal the subsection, substitute:

(2) Before making an order referred to in subsection (1), the court must make a determination under paragraph (a) or (b) as follows:

(a) if the regulations provide for the determination of an amount in relation to the interest, the court must determine the amount in accordance with the regulations;

(b) otherwise, the court must determine the value of the interest by such method as the court considers appropriate.

(2A) The amount determined under paragraph (2)(a) is taken to be the value of the interest.

1B Subsection 90MT(3)

Omit “for the value”, substitute “for the amount”.

Question agreed to.
Bill, as amended, agreed to.
Ordered that the bill be reported to the House with an amendment.

**TAXATION LAWS AMENDMENT (STRUCTURED SETTLEMENTS) BILL 2002**

Second Reading

Debate resumed from 6 June, on motion by **Mr Slipper**:

That this bill be now read a second time.

**Mr McMULLAN** (Fraser) (10.55 a.m.)—The Taxation Laws Amendment (Structured Settlements) Bill 2002 is not one of those bills that, on first consideration, captures the imagination of the public as being one of the sorts of reforms for which they send their elected representatives here, because it sounds very dry. But when you look behind the problems which these amendments are intended to deal with and the consequences which can, and should, flow from the proper resolution of those problems, it is clear that this bill plays a significant part in dealing with a major public policy question which Australians from ordinary walks of life are facing—even though they have never heard of a structured settlement, do not know what the current tax arrangements are and will not be directly affected by these changes.

This bill fits centrally into the package of measures that was agreed at a meeting of Commonwealth, state and territory ministers and the President of the Local Government Association on 27 March 2002 in the context of major problems concerning public liability insurance. This bill proposes changing the way the tax operates on structured settlements in order to encourage their use. A structured settlement is a settlement in which part or all of a damages award for personal injury compensation is paid in the form of an annuity or annuities, although it may also include a deferred lump sum. Encouraging structured settlements is an important step in tackling the problem of rising insurance premiums as they allow the damages awarded to be more closely aligned with the actual needs of an injured person.

The Labor Party has been calling for this reform for a long time. It is good public policy even if there is no crisis in public liability insurance, but it is an even higher priority now, given the current insurance crisis. The opposition welcomes the fact that the government is finally taking up our suggestions in this area. As this bill reflects policy which the Labor Party has been advocating for some years, we will be supporting the bill. However, I foreshadow that we will be moving an amendment to address a legitimate concern raised by trustee representative organisations, which I will deal with in detail a little later.

In looking at the details of the bill, the first point to be made is that this is a bill that is long overdue. The Labor Party has been calling for this reform for a long time. My colleague Kelvin Thomson, the then shadow Assistant Treasurer, announced in June 2000—more than two years ago—that the Labor Party would adopt the policy of changing the tax treatment of structured settlements for injury compensation claims. Structured settlements are usually less costly to an insurer than a lump sum payment and so they have the capacity to lead to a reduction in insurance premiums. It is not the only benefit but it is the central benefit in terms of the current crisis in public liability insurance.

Although the government announced that they would take up this measure over a year later—that is, a year after the Labor Party announcement and on the eve of the election—it has now taken another year to actually produce the legislation. It has taken two years and a
crisis in the insurance industry for the Commonwealth to act. This, I regret to say, is typical of the tardiness in the Treasury portfolio under the leadership of the current Treasurer in dealing with important insurance issues. Nevertheless, I welcome the fact that the government is finally taking up our initiative regarding the tax treatment of structured settlements, even if it is over two years overdue.

Let us look at what the law actually says and does and what the bill proposes. Under the existing law, compensation for personal injury received in the form of a lump sum is generally tax free in the hands of the recipient. This is because most of the payment is held to be of a capital nature, although any component that is directly identifiable as compensation for loss of earnings is taxable. In theory, when annuities are purchased from the lump sum, there is a corresponding allowance for a deductible amount within the annuity corresponding to a return on the capital. However, in practice, annuities have been held to be tax disadvantaged relative to equivalent lump sums, because they have been deemed to be more closely identifiable as compensation for lost earnings. The new bill proposes to amend the income tax law to provide a tax exemption for certain annuities and deferred lump sums awarded as part of personal injury compensation under a structured settlement.

There is, of course, a certain amount of revenue forgone to the Commonwealth due to the tax that would otherwise have been payable on these annuities. This has been estimated to be $12.1 million over the four-year forward estimate period, with the annual cost rising to approximately $20 million after 20 years and stabilising at that level. However, it is reasonable to note, as proponents of structured settlements have done, that these estimates are based only on direct cost to the revenue and do not consider the significant potential for indirect savings to the Commonwealth from reduced payments under the welfare system in the longer term.

The income tax exemption that the bill proposes will only be available if certain eligibility criteria are met. The general principles underlying the eligibility criteria are sound. They aim to restrict the tax-exempt status to genuine cases of personal compensation payments to ensure that the revenue is protected by preventing any other movement of income into this tax-advantaged vehicle and to ensure that the annuities are purchased from a source that is subject to proper financial supervision. However, the Trustee Corporations Association of Australia have made representations that eligibility conditions as they stand unnecessarily constrain the financial manager of the beneficiary. Court-appointed financial managers, such as trustee corporations, are compulsory for minors and the intellectually disabled. In addition, victims with intellectual capacity also choose to utilise trustee corporations where this is appropriate.

The bill currently requires that the annuities are purchased by the defendant or their insurer directly. This would exclude a court-appointed financial manager from purchasing an annuity with the same tax concessions on behalf of the beneficiary at the time of settlement or afterwards. The trustees contend that this gives the insurer a veto over the beneficiary’s access to the tax concession. It seems to me that the trustee association has raised a legitimate concern. So, as I indicated earlier, I foreshadow now that I will be moving an amendment that the eligibility conditions be widened to allow the injured person or their legal personal representative to purchase the annuity. The amendment shows how this can be done without requiring complex additional integrity measures to ensure that these arrangements are not misused for tax-planning purposes. I understand that concern and I certainly do not want to open up new
opportunities for avoidance. Instead, the simple requirement that no more than the original settlement can be converted into an annuity at the time of settlement or afterwards will prevent other sources of funds being moved into these tax-advantaged vehicles. In addition, preserving the requirement that annuities be purchased from a life insurance company or state insurer will continue to ensure proper prudential supervision of the source of the annuities.

I consider that the bill would be substantially improved by the amendment that we are proposing today. It clearly enhances the policy intent of the bill by further encouraging the use of structured settlements by injured parties, and it does so in a responsible manner that protects the revenue. In commending consideration of this amendment to the Main Committee, I hope the government will be able to put aside its 'not invented here' concern and take up the proposition.

I turn now to some more general issues regarding the insurance crisis. This bill and the recent Trade Practices Amendment (Liability for Recreational Services) Bill 2002 are the first concrete signs of reaction by this government to a crisis that has been brewing for years. They fall far short of the comprehensive and energetic solution the government ought to be seeking. Insurance premiums have surged over the past two years, and in many cases customers have not been able to get insurance cover at all. All of us have experience in our own constituencies of community organisations unable to get access to any public liability insurance or unable to get it at any price which they might reasonably be able to pay. Rightly, there has been much attention paid to the community and sporting groups, many operating on a shoestring, that have been badly affected by the crisis. But others have been hurt too, including small businesses—in particular those concerned with high risk activities such as extreme sports and adventure travel, but not only in those areas.

After having been asked for action on this issue for at least two years, the government finally agreed in February to hold a national forum on the issue. Of course, this could not take place without an extraordinary exhibition of conflict over the territorial aspirations of various ministers, between ministers of the Treasury portfolio past and present—that is, the Assistant Treasurer, Senator Coonan, and the small business minister, Mr Hockey—at the beginning of this year. It was pretty obvious to those of us observing that we were seeing New South Wales Liberal Party faction politics played out in the middle of this crisis.

Mr Deputy Speaker, I wonder if someone can have a look at that clock. I know that it seems to a lot of people that I have been speaking for a long time, but I am quite sure that that does not accurately reflect the circumstance.

The DEPUTY SPEAKER (Mr Lindsay)—I agree with the member for Fraser. We will have a look at that and advise you.

Mr McMULLAN—It would be good if someone could give me an indication. I do not think I am going to run over my time anyway, but to be advised that I have taken 30 minutes—

The DEPUTY SPEAKER—The chair will have some tolerance in view of the circumstances.

Mr McMULLAN—Thank you very much. I will not presume on that. Even after we had that conflict between the two ministers and we finally settled it down, we had two such forums as the Commonwealth proposed held in March and in May. Even after that, in the main,
the Commonwealth has failed to take an active role in tackling the problem. It has been left to the states—and in particular New South Wales—to make the running.

The origins of the insurance industry crisis are complex, and, to be effective, solutions will have to cover a number of different fronts. There are four broad factors behind the public liability crisis. First and most dramatic in their impact—which has been felt more broadly than just in the area of insurance—were of course the terrorist attacks of 11 September last year. The attacks led to the biggest insurance payouts in the history of the industry and increased the cost of insurance worldwide as reinsurers sought to recover their losses from the attacks.

Secondly, public liability insurance premiums have also been pushed higher by the collapse of HIH in March 2001. In its highly aggressive—and, as evidence continues to emerge, what seems to have been wildly irresponsible—drive to expand market share, HIH had been underpricing public liability insurance, and its collapse removed that competitive pressure which had prevented a rise in premiums to more appropriate levels. I am not sure that particular aspect is a contributor to the crisis to which the government should be responding. The first and the second, though, are legitimate and serious factors to consider and they are the backdrop against which other measures have occurred.

The third, and what has been seen as the most important, factor behind rising insurance premiums is that the number and cost of claims have been rising. There has been some contest about this, but I think the public perception is that there is clearly some merit in this concern. The Insurance Council of Australia quotes figures from the Australian Prudential Regulation Authority showing the number of public and product liability claims rose from 55,000 to 88,000 between 1998 and 2000. The reasons for this are complex but they include more generous payments by courts; changing practices and regulations in the legal profession allowing ‘no win, no pay’ systems; and, less tangibly but just as important, the increased willingness of citizens to seek compensation for injuries, which is termed the ‘increasing litigiousness in our society’.

Fourth is a factor behind the crisis that the insurance industry and the government have been less willing to acknowledge: the failure by both industry and government to properly regulate and manage their affairs. After the HIH collapse, APRA, the Australian Prudential Regulation Authority, substantially tightened its reporting rules and the capital requirements it imposes on insurers, but of course that was after the horse had bolted. The government was very slow to respond to warnings of problems in the industry that stretch back years, but the industry is just as culpable. It was content to make hay in a relatively underregulated sector. Most of the profit of the insurance industry has come not directly from premium income but from the returns it has earned from investing that income. The industry simply did not make enough provision during the highly profitable years of the 1990s for the inevitable downturn brought by the performance of world equity markets and the fall in interest rates of the past two years. After several years in which public liability insurance premiums have arguably been held at artificially low levels, these factors have combined to create a surge in premiums and, in some cases, have meant insurance has not been available at all. The spike in prices probably will not continue and price increases will return to more moderate levels in coming years. But the crisis has brought substantial disruption and highlighted some serious flaws in the management of the industry that should be addressed.
I have concentrated here on the problems of public liability insurance, but similar forces are at work in other parts of the insurance industry that are also under stress: professional indemnity, medical indemnity and terrorism insurance. All of them have suffered from the rising cost of reinsurance. Medical indemnity insurance has had the added problem of a very poorly regulated market in which the biggest player, UMP, was not subject to any effective regulatory oversight and failed to properly price its premiums. These problems were compounded by a number of large payouts which raised questions about the fund’s ability to meet future claims.

This bill is particularly relevant to the problems in medical indemnity insurance but, as with public and professional liability, it is not on its own a sufficient solution. Although the government is pursuing several proposals, it has once again been very slow to act. This is a part of the solution but it is not a solution by itself. It is also a change that should have been made irrespective of the crisis. It is actually an improvement in the structure of the taxation of compensation payments. It is not an awkward necessity that we must take in the context of an insurance crisis; it is the insurance crisis being a catalyst for a change which should have been made.

The cause of the problems in terrorism insurance is particularly obvious: the increased risk faced by insurers after the September 11 terrorist attacks. Industry sources say that, in the United States, several large construction projects have been cancelled because of the inability to get insurance. Although there are no reports of cancellations in Australia, at least one high-profile Sydney property is believed to have faced substantial increases in financing costs when it was refinanced after September 11. Terrorism insurance faces unusual problems after September 11 because, although those horrific events clearly led to judgments of substantially increased risks of terrorist attacks, it is impossible to know just how much those risks have increased and so how to measure a proper premium for insurance. The government was made aware of this problem soon after September 11 but still has not comprehensively spelled out how it will respond.

With such a complex array of causes, there is no simple solution to the crisis—perhaps better described as crises—in the insurance industry. But there are many avenues worth exploring, and this government has been extremely slothful in pursuing them. The two ministerial summits have canvassed a range of options to tackle the crises, among them this bill and the Trade Practices Amendment Bill 2002 also before the House. Some responsibility legitimately lies with the states. New South Wales has taken the lead in many areas, including introducing legislative limits on damages claims. Unfortunately, its lead has not been followed uniformly, which has led to different legislative regimes. Among other parts of the solution, many states have established insurance pools to provide cover for local councils and community groups to spread the risk and lower the cost of insurance. States have also agreed to provide information in risk management strategies aimed at encouraging businesses to take steps to minimise the risk of accidents and hence insurance claims occurring in the first place. Other steps taken by the states include measures to protect volunteers from litigation, and the development of better claims data.

But there is much, too, that the Commonwealth should be doing. In the first instance, there is the need for better coordination of legal reforms. We should consider a national system of tort law to supplement or incorporate reforms already being made by the states. The govern-
ment has not yet introduced one critical legislative change that must form a key part of the reform package: reform of the Trade Practices Act to ensure consistency with state reforms so that the potential reductions in premiums from tort reforms being undertaken in the states are not lost because of Commonwealth laws. We must remove the risk of damages blowing out on another front. There is another proposal the government has been resisting but which Labor strongly urges it to adopt: it should formally direct the ACCC to monitor public liability insurance premiums to ensure the cost reductions flowing from tort reforms are passed on to consumers.

In making changes to rein in costs, we should be careful not to forget the whole point of insurance: to compensate people for injury. The present system is uneven and inconsistent in the benefits it provides, but we should not go so far in overcoming those inconsistencies that we unduly limit people’s rights to fair compensation. We should not allow the benefit of the proposed changes—some of them painful changes that adversely affect the rights of citizens pursuing compensation—to be captured by insurance companies rather than by consumers in the flowthrough of reduced premiums. When it introduced the new tax system, the government was prepared to give great powers to the ACCC to ensure that the benefits flowed through to consumers. There is no reason why the same powers should not be provided in this circumstance to the ACCC to ensure that the benefits of these changes flow through to the relevant consumers. It is a smaller task, but it is a no less fundamental question of equity.

It is only by taking a coordinated, energetic approach to these issues that we will ensure that the costs of the present crisis are minimised and that future crises are avoided. The Taxation Laws Amendment (Structured Settlements) Bill 2002 is only part of that effort, but it is a welcome part. We will support the bill accordingly. But the procrastination about its introduction, the failure to take leadership on other areas fundamental to a successful, long-term reform package and the lack of leadership by the Commonwealth in the resolution of this matter—where there has been more enthusiasm for passing responsibility to the states than for solving the problem—are regrettable. Nevertheless, because the bill is a necessary part of the package of measures that need to be taken to resolve the insurance crisis—and because, even without the insurance crisis, this proposed change to the way structured settlements are taxed is an overdue reform—we will be supporting the bill. When we come to consideration in detail, we will propose the amendment that has been circulating.

Mr RANDALL (Canning) (11.21 a.m.)—I am pleased to speak on the Taxation Laws Amendment (Structured Settlements) Bill 2002. This bill addresses what seems to be in some cases an anomaly regarding settlements to critically injured people. Currently, lump sums for personal injuries are not taxed, whereas incomes received by way of regular payments of annuities are taxed as income. The Taxation Laws Amendment (Structured Settlements) Bill will ensure that certain types of annuities taken by catastrophically injured plaintiffs as part of a structured settlement are not taxed as income. This will remove any incentive to take large compensation payments as lump sums rather than as income streams.

Following consultation on the bill, amendments are considered appropriate. These amendments will clarify the extent to which the exemption covers plaintiffs who are employees and will provide concessional tax treatment for income earned by life insurance companies offering structured settlements. The amendments will ensure that income tax exemption for struc-
tured settlements is available where the plaintiff is an employee of the defendant and the claim is not work related, will provide income tax exemption for income earned on assets by life insurance companies and will support structured settlements annuities as related lump sums.

I will go to some of the detail about public liability and other reasons that this has been brought before the parliament. In terms of the context, the structured settlements exemption is one of a number of steps agreed to by the Commonwealth, state and territory ministers and the president of the Local Government Association to tackle the problem. This was first addressed in March this year and, as has been mentioned by the member for Fraser, was also addressed at a subsequent meeting in May this year. It was brought about as a result of problems associated with rising premiums and reduced availability of public liability insurance. There has been considerable consultation with structured settlements groups, including the Insurance Council of Australia, the AMA, the Plaintiff Lawyers Association and other bodies, about the drafting of the bill and the content of the amendments. I stress that workers compensation payments and settlements arising from claims by employees against their employers for work related injuries are not covered by structured settlements exemptions.

In addressing the anecdotal detail of the Taxation Laws Amendment (Structured Settlements) Bill 2002, I note that it has been brought about, as we have said, because of the crisis in insurance in this country and the anomaly between lump sum payments, to critically injured people particularly, and the method of annuities payments. In addressing that situation, the federal government is taking a leadership role. I wish the member for Fraser were still here because I want to point out that his opportunism in this area has been noted. It should be made very clear that this legislation of public liability is under the jurisdiction of common law, which is the responsibility of the states. This sort of insurance requires laws enacted by the states, and the role of the Commonwealth government is one of coordination in order to produce uniform legislation. Despite the member for Fraser attacking the Treasurer, the Assistant Treasurer and Joe Hockey—what is his title these days?

Mr Billson—Joe’s a legend.

Mr RANDALL—Besides ‘legend’—the fact is that the federal government does have a specific role and the states need to get their act together. The role of the revenue minister, Helen Coonan, was the proper one to bring the states together to coordinate a response to this crisis. Yes, I agree with the member for Fraser—as would everybody—that this crisis was brought about by a number of factors. It was largely brought about by September 11, when the world was shocked into realising the huge payouts that could come from insurance related to acts of terrorism. In fact, HIH did collapse—and a royal commission is examining the reasons for that. There has been a bit of a sea change in terms of liability insurance world wide. In fact, I am told that you could count on two hands the number of companies that actually control this insurance industry world wide, so it is a pretty tight market in terms of liability insurance.

The government is being attacked for not being more proactive in this area, but it actually has to wait for the states to get their act together on this. The leader to be complimented on this is Bob Carr. I will read out some of the things that Bob Carr has done at a state level which have shown some leadership to the other Labor states—because we know that all the
states now have Labor leaders. I will point out where he has made some important reforms in terms of liability insurance, and the other states would be wise to follow his lead.

One of the identified reasons was the increased cost of claims having grown at an average of more than 10 per cent a year for the past 20 years. This is largely because of personal injury claims. Such claims can be very large and slow to emerge because of the delays in notification resolution, particularly in the area of medical indemnity. We have seen this in the case of births, where the lag time is something like 20 years. That takes some time to flow through the system. Naturally, the HIH collapse did take competitive pressure out of the market and allowed other insurers to increase their premiums and take the opportunity to make themselves more financially viable. As a result, insurance premiums on average will be 30 per cent higher this year than in 2001—in fact, increases of 50 to 100 per cent will be common. Some policyholders will be hit with increases of up to 1,000 per cent and others will be denied cover. For example, I am told that some insurance companies allow you to sign on and then find that they do not have terrorism covered in the fine print. Such companies really are cherry picking the industry.

The cost of claims is driving up the price of insurance and creating a climate of risk. Legal costs account for 50 per cent of this $1.2 billion industry and we know that legal companies are not opening their books. It was quite interesting in Perth, in the lead-up to the previous state election, when on the radio a very vocal lawyer called Paul O’Halloran slagged off Richard Court’s treatment of workers compensation and liability insurance. It certainly had an effect on the election, I am sure. Surprise, surprise, now that Geoff Gallop is the Premier of Western Australia he is putting the same ads on the radio accusing Geoff Gallop of hopping into bed with insurance mates and helping them to make enormous profits and he is asking that their books be opened up.

Ms Julie Bishop—He is non-partisan.

Mr RANDALL—Yes, that is right; he is non-partisan—he just wants a pocketful of money, and he is making very good money out of it.

The issue needed to be addressed. For example, in my electorate of Canning, the Armadale fair went ahead last year only because the Mayor of Armadale, Linton Reynolds, decided that he would take the risk and allow it to go ahead without insurance. Believe it or not, the pumpkin festival in Dwellingup, a small town in my electorate, had to cancel because it could not get insurance. In my electorate white-water rafting is on the brink of collapse because the organisers cannot get insurance, or the insurance premiums are so high that it is financially non-competitive for them to be in business.

As an aside, let me say that structured settlements obviously are a very good idea because they give a flow of income to a person who is in genuine need. They address their needs rather than their wants. We have heard about celebrated cases involving huge payouts. For example, a person who dived into the beach in Sydney last year received an extraordinary lump sum payout. The danger is that if the payout is not managed well, it does not last very long, even though it is an extraordinary amount of money. It is amazing how many friends these injured people suddenly find themselves with when they end up with a huge lump sum—the carers hover around. One starkly sad case in Perth last year, which was finalised in
the courts, involved a man who was critically injured and somewhat retarded by the exercise. His relative was able to get himself into his will, then murdered him, burnt down his house to destroy the evidence and tried to claim the money from his will. Thank goodness he was found out. They are the sorts of things that happen when lump sums are made available to people who are not in a position to manage them properly. In researching lump sums, annuities et cetera on the Internet, I found an interesting industry in America. The member for Curtin might also enjoy this, having been a very high-profile legal representative in the past.

Ms Julie Bishop—A litigation lawyer.

Mr RANDALL—A litigation lawyer, yes. In America they actually advertise for people to bring their annuities to them so that they can convert them into lump sums. I will read some of the advertisements. For example, one web page on lump sum cash payments and structured settlements says:

If you are receiving payments from a structured settlement, an inheritance, a military pension, or from any of the listed items, we can possibly convert your periodic payments to cash in one lump sum payment to you.

Let us look at the detail. An example of the florid language we get states:

Human beings dream. It’s hard-wired into the system. At J.G. Wentworth, we know something about dreams too.

Some dreams are possible with nothing but sweat, talent and ... work. Those are good dreams. But dreams often require money. And very often the traditional sources of capital available to ordinary dreamers are limited.

That’s why there’s Advanced Funding. The fact is, people who have certain financial assets are often forced to wait to receive the full value.

The asset may be a structured settlement or a private mortgage note ...

Now there’s a way to take that guaranteed future asset and turn it into a guaranteed present asset—cash.

We call it Advanced Funding.

Here is another company—FDR Resources—and I will read you this page. I won’t do any more, because there are heaps of them. FDR Resources say:

… offers an innovative approach that will convert: Structured Settlements, Annuity, Lottery even, Mortgage payments and long term income into cash for you today.

For the first time insider information that may help you get cash for your structured settlements payments and make a more information decision.

You get cash for your structured settlements payments to take care of present needs, instead of monthly payments. We will also convert lump sum deferred structure settlement payments into a lump sum cash payment today.

FDR Resources offers highest prices for payments from Structured Settlements. You can cash in your structured settlement payments today and get a Lumpsum buyout. Why wait for future structured settlement payments when you can receive your money now.

Insurance awards are many times paid in the form of a structured settlement, but life has a way of changing your needs, yesterday’s income payments worked, today a structured settlement may not fit into your current plans.
That’s where FDR Resources can help, we can buy all of your structured settlement payments or a partial …

And here is the key: you can have some structured settlement or they will buy part of your structured settlement and give you cash so you receive a reduced payment, and sell the rest of your structured settlement payout. They continue:

Whatever your needs are, we have a solution.

Use the funds for a down payment on a home, a new business venture, to put in that new kitchen you always wanted or you may want to go back to school. Whatever the reason—it’s your reason and it’s your money to do with as you choose.

We’ll buy it! They continue:

Don’t wait a minute longer, take control of your future structured settlement payments today. We guarantee top dollar for your settlement.

The bottom line is the American system in this matter is quite opportunistic. It does not count for the people that I mentioned a while ago who do not have the capacity to manage their needs well into the future; whether it is their medical needs or their daily living needs. Structured settlements are also an opportunity, as mentioned by the previous member, to bring some sanity back into the settlement system. One of the bases for this is that it will actually provide proper, sensible payouts rather than some of these exorbitant payouts, often based on emotion, to people who are critically injured.

I want to use another Western Australian example. Mr Kobelke, the state minister—believe it or not, member for Curtin—has actually done a deal with the larger builders where he has waived their indemnity insurance because of the pressure of the building industry. Yet the smaller contractors, who are below a certain value, do not have the same opportunity. It is quite a cynical exercise that keeps the heat off their backs from large builders that do most of the residential and commercial building operations in Perth. But the smaller builders, the suburban contractor or builder, does not get the same opportunity and they are still racing around trying to get insurance indemnity cover to build houses. I would have thought that a party that purports to look after the workers and the little man would do that. But no, we know that the Labor Party is into looking after the elite these days. Unfortunately, the small business man, as a small contractor, is getting left out of this argument altogether. I do not think that is widely known, but I am certainly saying it today so that it is on the record.

I will not go into the amendment that the member for Fraser will introduce because it will be considered in detail. His amendment would possibly—and this has to be examined—give an opportunity for others to get on the bandwagon of this tax-free status of annuities by whacking money into the funds if some creative accountant or financial planner can find a way to do it. If that can be addressed, I am not the person to argue the detail of that—the minister is.

However, in terms of tort law reform in a national context, the federal government is providing leadership, as we are seeing here today. The proper orderly process is that the states get their legislation in line first so that there can be complementary legislation around Australia in all other houses of parliament. We have a dog’s breakfast at the moment, where Mr Carr is
taking a very proactive line and making sure there is decent reform on behalf of the industry and yet Mr Gallop and Mr Bracks, for example, are fudging it. Commercial interests and litigation lawyers, I would imagine, are making a very strong case to him: are you being very wise, Mr Premier? It is the federal government that is, in this case, showing leadership on this issue, but it must be done in a proper process. I do agree that the ACCC should be making sure that where there are benefits to the industry flowing from this system of annuities it should be used to bring down costs of reinsurance or liability insurance. I think it would be a good and proper role for Mr Fels to involve himself in.

This is good legislation. It addresses a crisis in the industry, it addresses people who are disadvantaged, it addresses the long-term future of people who are critically injured and who want some certainty in their life, it stops the pariahs that hover around them from benefiting, and it is legislation that will flow into other areas. (Time expired)

Ms JANN McFARLANE (Stirling) (11.41 a.m.)—It is with great satisfaction that I rise today to speak on the Taxation Laws Amendment (Structured Settlements) Bill 2002. This bill covers an area of taxation reform that is long overdue. This reform will mean that structured settlements will become more commonly used in Australia as a mechanism for seriously injured people to plan their future. I have been an advocate of structured settlements for nearly 20 years now. I first became attracted to the idea of structured settlement in cases of severe personal injury back in my days as a community worker in the disability field. I came across cases where young people had been awarded lump sum payouts for personal injury which were gone in a number of years, leaving the disabled person with an uncertain financial future. Government was then forced to take up the slack and pay for the income support and medical treatment of these victims of personal injury for the rest of their lives.

The idea of structured settlement is not new. Structured settlements originated in the thalidomide cases in the late 1960s in Canada and the US. An excellent resource to gain a real perspective of the evolution of structured settlements can be found on the Structured Settlements Australia web site. The address of this web site is www.structuredsettlements.com.au.

Up until the introduction of this bill there had been some real barriers stopping the widespread use of structured settlements in the case of personal injury claims. The major impediment to structured settlements is their taxation treatment. Currently, two principles determine the taxation treatment of a compensation payment. The first of these principles is that capital sums are not taxable. However, on the other hand, payments in lieu of income are treated as income and therefore taxed at the applicable marginal rate. The courts have had some difficulty in determining whether a payment is capital or income. They have to examine elements such as the nature of the payment and, if the payment is paid as a result of statute, the nature of the payment as outlined in the statute. However, I will not use this speech to go into a detailed analysis of the determinants of capital or income.

Why has this government all of a sudden accelerated its push for structured settlements? The answer is quite simple—in fact, two words encapsulate the government’s motivation: insurance premiums. Early in the year I held a forum for community groups in my electorate on the issue of rising insurance premiums. At that forum I heard how the spiralling increases in public liability insurance premiums were causing many community groups in the Stirling electorate to close down or radically change the type of activities or services they provided.
Shortly after that community forum there was a second meeting of ministers to deal with the public liability insurance issue. From this meeting a number of recommendations were made. Amongst these recommendations was tort law reform by the states. I would like to congratulate the Gallop Labor government in WA for seizing the initiative and going ahead with these valuable reforms.

A criticism of the ministerial meeting was that once you examined the outcomes from the meeting it became obvious that the Commonwealth government has handballed responsibility to the states on this issue. This is not good enough. Structured settlements alone will not cause insurers to reduce insurance premiums. They will have little real effect on premium prices at all; at best they are only a small part of the solution.

To address the public liability insurance premium crisis, the Commonwealth government needs to take direct action to force insurance companies to take risk profiles and claims histories into account. Currently this is not happening. I am still waiting for an answer from the minister to my question on the Notice Paper about what action the government will be taking to ensure insurance companies are forced to carry their fair share of the burden. It is not fair to reduce common law rights for victims and make other changes to the tort of negligence when the problem is not being addressed from the other side. We only have to look at the government’s disastrous foray into encouraging people to join private health insurance funds. At the time, I received thousands of postcards from constituents who asked Labor to support the 30 per cent rebate. What happened? We did support it, and then we saw it gobbled up straight away in premium increases. It was a cynical, greedy grab for profit.

The government then brought in the lifetime cover rules. On the surface they were also a success. The participation rates in private health insurance in my electorate grew to over 50 per cent. But what happened then? The people who had taken up private health insurance were then slugged with the government approved increase in premiums. For some Western Australians this meant an increase of up to 20 per cent in their health insurance premiums. Now we find that the government has done a secret deal with the health insurance providers that will allow them to further increase their premiums this year by up to five per cent. The loser is the victim. The sick person who was forced to buy private health insurance is forced to feed the profits of the insurance company. I wonder how the people who sent in the postcards and lobbied hard for the 30 per cent rebate are feeling now. I can tell you how they feel: they feel ripped off. What happened with health was that taxpayers, all of us, funded health insurance industry profits.

We need to be careful in the public liability debate that the government does not repeat this folly and develop flawed policy like that involved with the health insurance issues I have just spoken about. Structured settlements will reduce the instances in which a victim blows their lump sum payout in a short period of time and then becomes a burden on the state for the rest of their life. Examples of that have been covered in other speeches made in this place today. In effect, this legislation will prevent double dipping. Although there are preclusion periods, the state often has to take up care in these instances. Structured Settlements Australia encapsulates this argument in the following statement on their web site, which I will quote:
In this more sophisticated world lump sum payments, especially in cases involving catastrophic injuries, can sometimes place an accident victim (and their family) in a difficult position. With a victim and their family focused on adapting to a new lifestyle, there often is not the time, knowledge or experience to know how to manage a large sum of money. That can lead to serious trouble. A person who spends their compensation funds too quickly or invests them inappropriately, when those funds are intended to cover a lifetime of medical care, runs the risk of losing medical care and independence.

This is the essence of the structured settlements debate. In this type of scenario there are two losers: government and the victim. Structured settlements allow a person to live comfortably, with dignity and with a secure future.

The explanatory memorandum to the bill estimates that tax exemptions will cost $1.4 million in 2002-03, $2.5 million in 2003-04, $3.6 million in 2004-05 and $4.6 million in 2005-06. The author of the memorandum estimates that costs will rise to $20 million per year after roughly 20 years and stabilise at that level. These costs are quite modest. What the explanatory memorandum does not do is estimate savings to welfare support for people who have used up their lump sum. The structured settlements group quote a study by Coopers and Lybrand which claims that, with a take-up rate of 100 per cent for settlements over $100,000, there would be a net saving to the government of approximately $219 million. Obviously, 100 per cent of people will not take up the structured settlement option given that this legislation is voluntary. The study claimed that a 30 per cent take-up would result in a net saving of $60 million. This is a more reasonable estimation of potential take-up rates.

However, this bill fails to address the fact that, to encourage victims to take the structured settlement option, an education campaign needs to be run. I have heard of no plans to conduct an education campaign. After 25 years in the community sector, I know from experience that, without proper education, new legislation often fails to deliver what it promises. Government needs to take an active role in promoting structured settlements. It is not the job of lobby support groups such as Structured Settlements Australia to educate victims. Resources need to be allocated to address this issue as a matter of urgency. I challenge the minister to give this commitment.

I have a number of concerns about the current bill. The first is whether or not insurance companies will come to the party with the types of annuities required to gain tax deductibility. I bring to the attention of the House comments made in an article in the Financial Review on 7 June this year. The article states:

However, insurance experts warned that life insurers may baulk at offering the specific annuities needed to gain the tax deductibility.

Insurance tax partner at KPMG Jason Chang, said the exemption does not include asset-linked or market-linked annuities, which generally have higher returns.

"The lack of flexibility may discourage younger victims to take their compensation as an annuity, therefore the legislation may not meet its objectives," Mr Chang said.

The second concern I have with the bill was highlighted in the advantages and disadvantages discussion in the Bills Digest. This was the issue of an up-front profit to the issuer at a cost to the insured where an annuity is issued, and the costs charged by the defendant company in arranging the purchase of the annuity. My questions are: what mechanism is there to stop issuers cashing in on the creation of this type of annuity in Australia as a result of this legislation; and who will regulate the charges taken from the settlement in the purchasing of the an-

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nuity by the defendant company? The insurance company’s profits will come from the damages awarded to the individual, who will bear the cost. Calculating the exact amount of such profits depends on the profit ratios used by the various annuity sellers, their costs and those of the purchasing defendant insurance company. Such information is not publicly available, so until there has been a number of structured settlements settled and made public—if they are—it will be impossible to say what the percentage costs will be. This is an area that needs to be closely monitored by government to stop the victims being ripped off.

My colleague the shadow Treasurer, the member for Fraser, in this debate has raised the final area of concern I have with the legislation. The Trustee Corporations Association of Australia first raised this concern. They feel that the bill in its current form unnecessarily constrains the financial manager of the beneficiary. Why is this important? Court appointed financial managers such as trustee corporations are compulsory for minors and people with an intellectual disability. In addition, victims with reduced intellectual capacity as a result of their accident quite commonly choose to utilise trustee corporations. The bill in its current form requires that the defendant or their insurance company purchase the annuity directly. This would exclude a court appointed financial manager from purchasing an annuity with the same tax concession on behalf of the beneficiary at the time of settlement or afterwards. Trustees contend that this gives the insurer a veto over the beneficiary’s access to the tax concession. I acknowledge that there are integrity issues here that need to be addressed and I feel that my colleague has provided the government with some fairly simple ideas to do so. I hope the government decides to amend this bill to address these issues.

I support this bill. I support the shadow Treasurer’s amendment to clause 54-10, lines 8 to 17. I think it is essentially a strong piece of legislation that has been needed for a while in our community. This is a small step by the government to address some of the issues facing us in the current insurance crisis. I hope that the government does not stop solely at this measure. I recently read a copy of the Ipp review of the law of negligence. There are some interesting recommendations in this report that need to be implemented quickly. However, we should not lose sight of the fact that the insurance industry needs to be brought to account and forced to make some real contributions to solving this problem. I put the insurance industry on notice: do not take advantage of government reforms in this area to increase profits; the community is sick of you, and the backlash from the community through its elected representatives will be felt.

Ms JULIE BISHOP (Curtin) (11.54 a.m.)—The members of this chamber will be well acquainted with the horror stories of insurance cases in a litigious age, and some are worth repeating for the shock value alone. The World Wide Web can be the source of an extraordinary amount of material, but one particular web site caught my eye: www.overlawyered.com. This highlights some North American absurdities that include a law suit lodged against a junk fax company, asking for damages of $US2.2 trillion. I think that is just a little over seven per cent of the world’s annual economic production. How they could keep a straight face in filing that suit is beyond me. There has also been a claim for loss of earnings by prostitutes and beggars in a neighbourhood of Vancouver which had been disrupted by the activities of American film-makers. There has been a $US21 million verdict for damages in a slip and fall case in New York City. A suit has been lodged by the mother of a West Virginian man who walked
out of a bar, crawled under an idling truck delivering to a pizza shop, fell asleep and was subsequently run over. That mother is suing the restaurant, the driver, the truck’s owner and the bar’s owner for failing to take the steps necessary to save her son’s life.

These extreme cases can give plaintiffs and their lawyers a bad name. But of course we should not imagine that we, as a nation, are immune from such legal incongruities. After all, we have already seen a $750,000 judgment in a case where a pub patron used pork chops as shoes, causing a slip and fall; a burglar who was left traumatised when confronted by the owners of a New South Wales property that he was robbing; and a $2.5 million pain and suffering finding in favour of a former school student who had been strapped in 1984. It would be wrong simply to chalk up the chronic difficulties of the insurance industry in Australia—and the related dilemma of their customers—to litigation gone mad, just as it would be wrong to suggest that the majority of plaintiffs do not have a genuine entitlement to compensation. After all, events in the past 12 months, both here and in the United States, have had profound consequences for the provision of insurance and the general profitability of the industry. Nonetheless, the system of litigation, and more particularly of damages judgments, has been an important factor in the present predicaments.

As a litigation lawyer in a previous life, I have seen first-hand the changes in the way plaintiffs’ lawyers frame the claims, the increase in personal injury claims and the seemingly ever expanding application of tort law in terms of the widening—sometimes distorting—of definitions of ‘negligence’, ‘duty of care’, and in particular ‘non-delegable duty of care’. Some judgments in these areas have been positively bewildering to the point where, instead of asking the age-old question, ‘Who is my neighbour?’ for the purposes of attributing who owes a duty of care, the question seems to be, ‘Who isn’t my neighbour?’

The consequences have been most apparent in the areas of public liability insurance and medical indemnity insurance. If we are to ensure that the public activities we enjoy as a community are protected and not closed down by the absence of insurance and the related threat of litigation, and if we are to ensure that patients in Australia have access to adequate medical care, especially in crucial fields such as obstetrics, we must take action. And this government has taken such action. On 27 March 2002, the Commonwealth convened the Ministerial Meeting on Public Liability, bringing together representatives of the federal, state and local branches of government to devise a response to the problems facing public liability insurance in Australia. That meeting produced a joint communique that laid down the required reform strategy. That communique included the following agreement by the Commonwealth:

The Commonwealth will introduce legislation to make tax changes to encourage the use of structured settlements for personal injury compensation.

The states and territories would support this initiative by making ‘such legislative changes as are necessary to remove the barriers to structured settlements as an alternative to lump sum payouts’.

What is a structured settlement? Essentially, this is a damages verdict expressed as a future income stream. Rather than providing a lump sum to a person who has been injured and found to be owed compensation, a structured settlement provides periodic payments to the compensated person over the long term. Such payments would usually take the form of an annuity.
purchased by the defendant insurer, and settlements of this kind may include an initial lump
sum for immediate costs.

As the Minister for Revenue and Assistant Treasurer indicated in her media release, which
followed the release of the communique, structured settlements have a number of advantages.
They can reduce insurance costs by more efficiently meeting the injured person’s actual
needs. They are a positive alternative to lump sum payouts, which can be too often regarded
as windfalls and often do not meet future medical needs. Structured settlements would better
serve the needs of the catastrophically injured.

Nonetheless, there is under present tax law a disincentive to the issuing of structured set-
tlement orders. At present, personal injury compensation in the form of a lump sum is tax free
to the recipient. It is not subject to income tax or capital gains tax. Nonetheless, any compo-
nent of the amount identified as compensation for loss of earnings is taxable. By contrast, an-
nuities are regarded as assessable income, with the exception of that part which is the return
of capital used to purchase the annuity. To correct this disincentive and encourage the broader
use of structured settlements in Australian law, the bill before the chamber will amend the
Income Tax Assessment Act 1997 so as to ensure that where certain eligibility criteria are met
there will be an income tax exemption for annuities and deferred lump sums paid as compens-
sation for seriously injured persons. The eligibility criteria are:

- if the damages or compensation used to purchase the annuity had been paid as a lump sum it would
  have been tax exempt ... The instrument granting the annuity identifies the structured settlement being paid. It must:
  - allow payments only to the injured person—
    obviously—
  - obviously—
    their trustee or as part of an allowable revisionary benefit ...

It must:
  - provide for payments at least annually for a minimum of 10 years
  - specify the first date of payment ...

If applicable, it specifies the final payment date. It specifies the particular amount of each
payment and only allows payment increases in line with indexation measures such as the CPI,
average weekly earnings or a specified percentage.

It is appropriate in this debate to reflect also on the minor amendments being moved by the
government to this bill following further consultations with the Structured Settlements Group,
a group that has been referred to by others in this debate. These are changes to ensure that the
income tax exemption is available in circumstances where the plaintiff is a defendant’s em-
ployee but the claim is not work related and provides the exemption to income earned by life
insurance companies on assets that support structured settlement annuities and similar lump
sums.

In her press release of 28 March, the Assistant Treasurer described structured settlements as
a win-win. That is certainly true. The benefits to Australia’s taxpayers seem clear. The Struc-
tured Settlements Group predicted in its 1999 research paper that the savings on welfare bene-
fits and other public expenditure from a 100 per cent take-up of the use of structured settle-
ments rather than lump sum judgments—and that is obviously a best case scenario—for amounts of more than $100,000 would total $219 million. Even in the event of a, say, 30 per cent take-up rate the group estimated savings to be in the order of $60 million. Insurance companies would win, too, and by extension their investors, their employees and their customers. The Bills Digest points to a Motor Accidents Authority report in 1998 which found:

Overseas, defendant insurers have estimated that the savings made by using structured settlements ranged generally from 8 to 15 per cent of the cost of equivalent lump sum settlements.

Most importantly, Australia’s injured persons and their families will benefit from structured settlements.

Such settlements guard against the dissipation of lump sum payments to third parties. They can also continue for the life of the injured person, even if that term is longer than was predicted in the original settlement. In the same regard, future changes in available treatment can be better accommodated. Investment risks associated with large lump sums are taken out of the hands of the injured and their families. In order to protect these parties and ensure that this reform does turn out to be a win-win, the bill provides for a statutory review of the tax exemptions operation within five years of its commencement.

This legislation is an important contribution to the wider reform of personal injury insurance in Australia. I welcome the leadership the federal government has demonstrated, particularly the role of the Assistant Treasurer in steering the passage of public liability and insurance reforms through meetings with the state and territory representatives and through this parliament. I commend this bill to the chamber.

Mrs BRONWYN BISHOP (Mackellar) (12.04 p.m.)—I rise to speak on the Taxation Laws Amendment (Structured Settlements) Bill 2002 for a number of reasons: firstly, to say that I support the amendments insofar as they go and that I support the concept of structured settlements. However, I am afraid I have to say that I believe the way the legislation is presently in place—and the amendments do not remedy this—means that we are left with the situation where, unbeknownst to a lot of people, the tax exemption applies only to settlements in the literal meaning of the word and that is where a claim is settled prior to a judgment being given. If someone decided that they would not settle their claim and an ordinary judgment were given, and you took that amount of money and you wanted to avail yourself of tax exempt status by buying an annuity, you could not do that. By not amending the legislation further, we are creating two classes of compensation.

The discussion that has brought about the concept of structured settlements being seen as a good thing is outlined very well in the Bills Digest. It points out that one of the reasons for having structured settlements is that some injured people may have difficulty in managing large lump sums. In such a case, the lump sum may not adequately provide for the long-term needs of the person. Where lump sums are dissipated early, injured people may be unable to meet ongoing medical and other costs. The injured become dependent on the public health and welfare services.

Various reports between 1995 and 1998 have been written on the concept of structured settlements. However, until now, the federal government has always said no. I suspect that what has really changed the government’s attitude is the crisis in insurance, which has meant that it
has become necessary to look at a whole range of reforms which previously people had not been prepared to countenance.

The legislation arose from a joint communique from the federal and states ministers. The communique stated that the Commonwealth would introduce legislation to make tax changes—that is, tax initiatives—to encourage the use of structured settlements for personal injury compensation. Anybody reading that would broadly have thought that that was meant to relate to all personal injury compensation, not only those cases settled prior to judgment. The communique said that the states and territories would make such legislative changes that are necessary to remove the barriers to structured settlements as an alternative to lump sum payouts. Again, the ordinary person would think that, wherever there was going to be a judgment for catastrophic injury, they would be able to make use of this tax-exempt status. Well, they cannot.

A number of points about structured settlements were made in the press release from the Minister for Revenue and Assistant Treasurer. It stated:

Structured settlements can assist in reducing insurance costs by more closely aligning the damages awarded with a person’s actual needs.

The press release also stated:

... under the current system there were cases of windfall payouts which were much larger than necessary because of the uncertainty surrounding a claimant’s future medical needs.

The press release went on to state that the legislative changes would give the courts freedom to make a structured settlement order which would ‘better meet the needs of catastrophically injured people’. Of course orders can be made and, where a settlement is reached, it may be necessary for the court to approve of the settlement. However, the fact remains that only settlements which, in the terms of the explanatory memorandum, are actually agreed to by the parties—that is, not a judgment handed down, but one agreed to by the parties—are eligible for this tax concession.

Let us understand this. It means that, if someone takes a lump sum which would have been tax exempt if it had been given by way of judgment, they may take that lump sum and buy an annuity of not less than 10 years. They may also provide for the annuity to continue for a number of years—up to 10—to their next of kin or somebody that they name. The annuity that is paid is not assessable income in the hands of the recipient. But if they get a judgment, they cannot then take the lump sum, even though it would be tax free, and buy an annuity in the same way. To me this is crazy, so I am very pleased to see that there is to be a review, although I do not know that we can wait four years and six months for this anomaly to be addressed.

In speaking about this matter today, I hope that those people who have thought that all compensation payments made either by way of settlement—prior to a judgment being made—or by a judgment itself were covered will see that they are not and will start to discuss this. There is a need to bring forward a further amendment so that we do not have two classes of compensated persons, depending on whether they have even been subjected to pressure to settle prior to proceeding with a hearing because they wanted a structured settlement. I simply repeat that this is an important point to be brought out today. I trust that there will subse-
quently be an amendment to remedy the situation for people who proceed with their hearing and receive a judgment which is not eligible under these amendments.

Mr KELVIN THOMSON (Wills) (12.11 p.m.)—I am very pleased to speak in this debate on the Taxation Laws Amendment (Structured Settlements) Bill 2002. I do not intend to speak for particularly long but there are several points that I wish to make. I listened with some interest to the remarks made by the member for Mackellar as to the question of whether this legislation may need further consideration and amendment during its passage. I want to speak about this because it is an issue that I have taken an interest in since I was visited a couple of years ago by a group of people who were very concerned about the adequacy of compensation for accident victims and the fact that the Australian taxation arrangements effectively prevented accident compensation victims from receiving their money as a periodic payment.

The taxation arrangements have been that if you receive your money as a lump sum it is tax free but that if you receive your money as a periodic payment it is subject to tax. As a result, all accident compensation victims have been taking their money as a lump sum. There are a great many disadvantages to lump sums. The object of personal injury compensation is, as best as it is possible to do this, to put the victim back in the situation they would have been in but for the accident. The difficulty with lump sums—the reason why they are frequently not offered—is that you have to make a whole series of assumptions about what is going to happen in the future about the victim’s life expectancy, inflation, investment returns, the cost of injury related care and medical attention, and their capacity to return to work. All these things are really guesswork and frequently lump sums are wrong.

Sometimes lump sums result in windfall gains. We have the situation of personal injury victims or accident victims who are very seriously injured and some of them have a greatly reduced life expectancy as a result, and in those cases you can have windfall gains. More often the situation has tended to be the other way around, particularly in periods of inflation: the money runs out and victims are forced to look at social security. A Business Review Weekly report suggested that 60 per cent of recipients who receive lump sum payments have dissipated that amount within five years. In fact there are some dreadful stories about what has happened to some accident victims who have received lump sums and effectively the payments have been stolen, often by people close to them. There was a Victorian case that involved a woman who had gambled away her quadriplegic son’s compensation payment on poker machines. Some of those cases have been quite dreadful and it is unfortunately the case that, if someone has a lump sum, occasionally those who are thieves and rogues will try to find a way of getting their hands on it.

Acutely aware of all those shortcomings, there came together a group of people who said, ‘We really need to change the tax law in Australia. We need to open up the path for structured settlements.’ They wanted to move away from lump sums to periodic payments. They sought support from the government. I think the Bills Digest makes reference to the fact that a substantial campaign was commenced in 1999 by the Structured Settlements Group. They were hopeful that they would get the government to agree to their proposed changes in the 2000-01 budget, but in fact that did not happen. The government said no to them. So they came to me. At the time, I was Labor’s shadow Assistant Treasurer and I had some responsibilities in the area of insurance.
The sorts of cases that they were able to talk about were very moving. I should pay tribute to the work of Judie Stephens, who is a Sydney grandmother. Her grandson, Jackson, was just three months old when a car crash killed his father and mother and left him brain injured, blind and quadriplegic. Of course, to be in that situation at the age of three months is appalling—and it has not been a whole lot better for Mrs Stephens herself. She has been campaigning for some years now in support of periodic payments and structured settlements. I pay tribute to her for the work that she did tirelessly, lobbying members of parliament, ministers and so on to get the result that we are talking about today.

When Mrs Stephens and others, such as Jane Ferguson from the Institute of Actuaries, talked with me, I believed that they had a very strong case and that we did need to move in Australia. I understood that other countries like the United States, Great Britain and Canada had made the move to structured settlements. They had similar legal systems to our own and so, in regard to the concerns that people were raising about what might happen if you changed the tax treatment, it seemed to me that if it had been done in other countries then it should be able to be done here. So in June 2000 I spoke in the House concerning this matter, and I said that Labor wanted to make periodic payments for accident victims tax free, as lump sums presently are. During the last parliament, the government used to accuse of us of having no policies, but in fact back in June 2000 I said, ‘Labor believes in structured settlements. We believe in periodic payments. We believe in the tax change.’ I articulated that in the House, and from then on we went out and campaigned on it.

I was pleased that just a few days before the last federal election the Assistant Treasurer, Senator Kemp, announced that the government was now supporting the structured settlements idea and that the Howard government would indeed move to do something about structured settlements. That was certainly a case of the government picking up a Labor policy initiative. I think we played a very constructive role in getting the government to see the wisdom of this proposal, but I certainly want to pay tribute to people like Judie Stephens and Jane Ferguson for the tireless work that they put in, championing the cause of structured settlements and periodic payments.

Of course, that issue has become wrapped up in part in that whole problem of public liability insurance and the public liability crisis that we are experiencing in this country. One of the things that the Commonwealth government and the states agreed on when they were discussing this public liability crisis was that there did need to be action on structured settlements, and so the bill is coming forward. I think it is a pity that it has taken the time that it has. I think it is something that could have been done quite some time ago and, had it been done some time ago, it may have had a positive impact in relation to the public liability issue, because it does bear on the question of payouts. If we have structured settlements, we have the prospect of a win-win situation where there are payouts that meet the real needs of accident victims, and at the same time we may be able to deal with the problem of windfall gains. On that basis, I certainly welcome the legislation and indicate my support for it.

This is part of the general situation in relation to public liability. I think it is regrettable that the government has been as slow in relation to public liability as it has. It was slow in relation to structured settlements. It is slow in relation to public liability, period. It seems to me that there is a problem involving the size of awards and the kind of damages being awarded. It is a
problem in the area of medical negligence. I see Dr Washer opposite—he may have some personal awareness of this issue. Certainly, doctors have a legitimate concern about issues going to medical negligence and the impact of damages payouts on them.

There are some issues which we need to have regard to and some questions of reform of the law of negligence and the like which may well be appropriate. I know that work is being done in this area. I know the Commonwealth and the states are thinking about it. I know Senator Stephen Conroy, who is our shadow minister in this area, is looking at this issue as well. It is clear that many community groups are finding the public liability insurance premiums literally unaffordable. There are many worthwhile community activities that have simply had to shut down because they cannot get insurance at any price. I would suggest that those in the legal profession who say that this problem is entirely due to insurance companies charging too much ought to think about that. The fact that no insurance company is prepared to cover someone at all suggests it is not a question of profitability; it is a question of what are the risks in terms of payouts. So structured settlements are a good step forward—a very welcome step forward from my point of view as someone who has been championing them these last few years—but it is not the end of the road. We need to have regard to the size of the public liability payouts that happen in these circumstances.

When I was pursuing the structured settlements issue, I became aware of a young man who was the victim of poor procedures at a Geelong hospital and was awarded a very large amount of money—$6 or $7 million is my recollection. But then there was a Geelong accountant who managed to steal most of that money and subsequently received a prison sentence for that crime, and so he should have. I discussed the issue of structured settlements with that family, because it seemed to me to be entirely relevant to their situation. Subsequently, I learnt that that young man had died. The interesting thing about that was that most of the $6 or $7 million settlement had been stolen by the accountant. There had been $1 million left and with that remaining money, the family was able to buy their son a house out the back and fit it up with all mod cons to essentially meet his needs. Given that he passed away, if the money had not been stolen by the accountant, it would have gone as a windfall gain to the family. It brings home to me that some of these awards and payouts are out of kilter with an appropriate settlement in the particular case. I believe that further work needs to be done in this area. Further law reform is needed in order that we can have law of negligence that appropriately fits society’s expectations and needs of compensating victims adequately, but which also enables essential community life, including medical community life, to continue.

Dr WASHER (Moore) (12.25 p.m.)—When I ask any small business person or self-employed professional what their major concern is, they say three words: public liability insurance. My good friend the member for Wills has expressed—

Mr Slipper—Not too good a friend.

Dr WASHER—He is a good friend. He has expressed the concern we have in our profession. In fact, a number of obstetricians in Western Australia will cease practising because of public liability insurance, and so this is a massive problem for my profession. The past 12 months have seen the insurance industry almost constantly in the spotlight, with the collapse of a major insurance company, extreme increases in premiums and growing public disquiet at the increasing lack of affordable public liability insurance. It has become very clear to everyone in the community just how vital it is to have insurance cover in many aspects of our day-
to-day lives. Things we have previously taken for granted, like taking kids to the public playground or the local swimming pool, are suddenly under threat. Premiums have blown right out, making public liability insurance unaffordable for a great many community groups, sporting clubs and small business operators. This has had and is continuing to have an adverse effect on a lot of community activities.

The problem facing the insurance industry has evolved over a period of time, in part due to attitudes in society and the proliferation of high risk recreational activities. Young people nowadays—and even some not so young—have embraced a whole new dimension in leisure pursuits, with such things as bungee jumping, parachuting, hang-gliding, whitewater rafting, and the list goes on. So we have a situation where people are engaging in higher risk activities than were engaged in 10 or 20 years ago and where, as a society, we have acquired an attitude that says that, if anything goes wrong, it is someone’s fault and they should be made to pay.

On top of that, we have a situation where lawyers frequently offer their services on a ‘no win, no pay’ basis. Obviously, that is a win-win situation for the plaintiff. Whether the plaintiff wins or loses, they are secure in the knowledge that they will not be out of pocket. This encourages litigation, and payouts are getting out of hand. The situation is fuelled by the financial incentives driving a small but insatiable section of the legal fraternity. Up to 35 per cent of awards go on legal fees. It was not so long ago that an accident was considered to be just that: an accident. According to the *Australian Concise Oxford Dictionary*, an accident is ‘an unfortunate event, especially one causing physical harm or damage, brought about unintentionally’. In days gone by, kids had accidents in playgrounds, fell off bikes, slipped over in public swimming pools and got injured on sports fields. Life was like that. Parents would not have dreamed of seeking a legal solution to these and a myriad of similar problems that beset any human being over the course of a lifetime.

But, in recent years, things have changed. The media have helped people become aware of their right to recover damages from third parties, and frequently report instances of compensation which most members of the public find inexplicable. Just a few weeks ago, we had the case of a teenager who was awarded $50,000 for being injured while trying to break into a Sydney pub. In my own state of Western Australia, reports say that councils are paying up to $70,000 per week for slip and fall injuries on footpaths. The existing system of compensation for negligence through the courts relies on the proposition that generous court awards are ultimately paid for by rich insurance companies. The only problem with that is that the insurance companies’ wealth is largely funded through insurance premiums, and so large payouts are inevitably passed on all to policyholders in the form of higher premiums.

The *Taxation Laws Amendment (Structured Settlements) Bill 2002* addresses some of the problems affecting the spiralling cost of public liability insurance. The bill will amend the Income Tax Amendment Act 1997 by providing an income tax exemption for annuities and deferred lump sums paid as compensation for seriously injured persons under structured settlements. Structured settlements involve periodic payments for life or for a substantial period. It is hoped that the more favourable tax position will encourage people to opt for a structured settlement rather than a one-off lump sum payment.
Structured settlements have a number of advantages over lump sum payments. Structured settlements help to more closely align the damages awarded with a person’s actual needs. There are cases of windfall payouts where courts overestimate the lump sums required, and cases of shortfall payouts where the lump sums provided are inadequate for the long-term care of an accident victim. Many people who receive large lump sums as damages for personal injury may be unable to properly manage the investment of the lump sum. This can result in the early dissipation of compensation payments, leaving the person with long-term injuries unable to provide for his or her future needs. Regular periodic payments would avoid this situation arising.

Structured settlements were adopted in the USA and Canada in the 1970s and were adopted by the UK in 1987 following the changes to its tax laws. In Australia, encouraging the use of structured settlements by accident victims began to be more seriously considered in the late 1990s. Taxation has been the main obstacle to structured settlements in Australia, and that is what this bill proposes to amend by providing a tax exemption for moneys received from certain annuities and deferred lump sums that are received as part of a structured settlement for personal injury claims.

Public liability damages awards should not be seen as some kind of lottery. They were not intended to make some people rich while others struggle to carry on with their lives. They were intended to adequately compensate all those whose damages claims were upheld in the court. We want a situation where there are no windfalls and no shortfalls. Structured settlements will provide better outcomes for both claimants and insurers facing large payouts. Overseas defendant insurers have estimated that the savings made by using structured settlements generally range from eight to 15 per cent of the cost of equivalent lump sum settlements.

This bill is a significant step towards addressing some of the difficulties associated with the availability and affordability of public liability insurance. I notice with some interest the member for Mackellar’s anxieties about some limitations in the bill; however, I commend this bill to the House.

Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.32 p.m.)—in reply—The honourable member for Fraser in his speech on this Taxation Laws Amendment (Structured Settlements) Bill 2002 foreshadowed an amendment that will be moved later. I want to reassure honourable members opposite that the government does not support this amendment moved by the opposition to this bill. This has been a very interesting debate in the parliament this morning. It is an area of policy which excites great interest not only in the parliament but more widely in the Australian community.

When the decision to exempt annuities paid under structured settlements from income tax was first announced, the government was motivated by the desire to encourage injured people into a settlement which would better match the compensation paid and the injured person’s needs, and would provide greater certainty that the compensation would last for as long as required. As honourable members have indicated during the debate, inability to manage a lump sum can lead to early dissipation of compensation, leaving injured people and their carers unable to provide for their ongoing needs and dependent on welfare and the public health systems. Structured settlements, by providing a financial plan, give injured people more secu-
rity and have the added advantage that they can be organised in such a way as to provide for the changing levels of expenditure of people over time.

Since the announcement by the former Assistant Treasurer, issues have emerged in relation to the availability and affordability of public liability insurance. There was criticism from the opposition suggesting that the government in some way was not playing its role in relation to the liability insurance crisis. The government—as you would understand yourself, Mr Deputy Speaker—quite understandably rejects that allegation on the part of the opposition. In fact, the government at a federal level has taken a lead role in dealing with the states and territories to make sure that, as a nation, we bring forward a solution to the endemic problems.

The member for Canning in his speech referred to the cancellation of public events in his electorate because of the difficulty of public liability insurance. Because of the complex nature of Australia’s Constitution, both the Commonwealth and the states do have a role to play. That is why all political parties at all levels of government have been prepared to sit down together at meetings to ensure that there is an outcome, which is what our nation needs. I have to say that the way that the Commonwealth and the states and territories have managed this public liability crisis ought to be a template for cooperation in so many other areas. I think that we can reassure the people of Australia of their faith in our political system when you see the way that people, regardless of their ideological perspective, have been prepared to sit down and work out solutions in the overall interests of the nation.

I mentioned a moment ago the ministerial meetings. At meetings to discuss these problems, Commonwealth, state and territory ministers and the President of the Australian Local Government Association agreed to remove impediments to the use of structured settlements. This bill will allow the Commonwealth to give effect to its commitment. The bill does this by providing an income tax exemption for annuities and deferred tax sums paid to people who have suffered serious personal injuries, when the amounts are paid under certain conditions. The conditions are intended primarily to protect the injured person and to act as an incentive to take a lump sum rather than an annuity. For instance, to protect the security of an injured person’s income stream, the annuity must be paid from a prudentially regulated source and not be commutable or assignable to another party. Honourable members would understand why that provision has been included in the bill. There is also a requirement that settlement provides a minimum monthly level of support basically equal to the age pension. The bill also provides for lump sums paid to claimants at regular intervals to be tax exempt. These lump sums are usually to fund expected purchases—for example, a payment of $5,000 every five years to purchase a new wheelchair.

I would also like to comment briefly on some of the remarks made by honourable members, including members of the opposition. The member for Stirling criticised the government for, as she said, ‘handballing’ responsibility to the states. She wanted to know what had happened to her question on notice to the minister—that is, what is the government doing to rein in insurance companies? There are two issues involved in relation to this. Firstly, state governments have constitutional responsibility for the common law and the courts, and the states have agreed to take action to reform the laws and court procedures. We will just have to wait and see how all of this pans out, but so far there certainly has been a cooperative approach. Secondly, the government has provided the ACCC with an ongoing monitoring role over the
next two years to ensure that the insurance industry is adjusting premiums to take into account cost savings. The government will compel insurance companies to provide detailed data to the Australian Prudential Regulation Authority for analysis and publication to enable better pricing of insurance premiums. So I am pleased to be able to reassure the honourable member in that regard.

The member for Fraser and the member for Stirling claimed that the bill does not allow for court appointed managers—for example, for a minor—to arrange for a structured settlement. The response to this is that, because structured settlements are voluntary settlements, court appointed financial managers will generally be involved in the negotiation of the settlement. There is nothing in this bill that prevents court appointed managers from acting for the plaintiff in arranging a structured settlement.

The member for Stirling clearly does not have a high opinion of life insurance companies. I suspect that she is probably not the only person in the community with that approach. She queried whether life insurance companies are able to supply products that comply with the structured settlement legislation. I am pleased to advise the honourable member that the government expects that products can be developed by life insurance companies that comply with the legislation and that consultations are continuing with the Structured Settlements Group on technical issues as they arise. The member for Stirling also quite rightly pointed out the need to educate the public in relation to structured settlements and the wisdom of taking out structured settlements. I would like to see people advised of the benefits of the opportunities which will flow from the implementation of the bill currently before the chamber.

The member for Stirling, again on a crusade, queried whether life insurance companies or defendants will be able to dictate the terms of structured settlements to plaintiffs. The answer to that question is no. The plaintiff is in a similar position to the current position of plaintiffs in negotiating with defendants. The plaintiff is free to approach life companies and obtain his or her own quotes on annuities, which can form the basis of settlement offers to the defendant. The member for Stirling may not have a full understanding of what a structured settlement is. Ultimately, both parties will agree to a settlement only if they are happy with the terms. The measure increases the likelihood of a voluntary settlement because of the increase in settlement options and the attractiveness of the tax exemption.

The member for Canning referred to statements by the member for Fraser that the Commonwealth was not taking a leadership role. Earlier in my contribution, I pointed out that that is clearly not the case. I am glad that the member for Canning, unlike his Western Australian colleague, has made the point that the Commonwealth is taking a leadership role. After all, it was the Commonwealth that convened the meeting of Commonwealth, state and territory ministers where the states and territories committed to removing obstacles to the introduction of structured settlements.

The member for Curtin, who herself is a former lawyer of very great eminence, fully understands all of the concerns in relation to this matter. She also emphasised the fact that the Commonwealth was taking a leadership role. If the member for Curtin suggested it, then obviously that is a very real reason for all of us to listen very carefully to the wisdom of her words on this occasion.

Mr Ciobo—She’s a very good member too.
Mr SLIPPER—She is a very good member, actually, and I think that she makes a wonderful contribution not only to the Commonwealth parliament but also to the state of Western Australia. I know that the honourable members for Moncrieff and Boothby would like me to recognise the fact that they are excellent representatives for the people of their respective constituencies, and I am pleased to do so.

The member for Mackellar queried why the tax exemption was available only for settlements and not for court imposed awards. I know that this is a matter that the member for Mackellar feels very passionately about, and I just want to point out to her that the exemption encourages out of court settlements, reducing legal costs. The number of cases excluded from the exemption is small because the vast majority of cases are actually settled out of court. As the member mentioned, the exemption will be reviewed in five years.

This has been a long and very worthwhile debate in relation to a very important topic. The government will be moving a number of amendments in the consideration in detail stage. As I said before, I understand that the member for Fraser will be doing likewise or the member for Oxley will be doing so on his behalf. I commend the bill to the chamber.

Question agreed to.

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) (12.44 p.m.)—by leave—I present a supplementary explanatory memorandum to the bill and move government amendments (1) to (4) together:

(1) Schedule 1, item 1, page 4 (line 28) to page 5 (line 3), omit paragraph (c), substitute:

(c) the claim is made against a person (the defendant) and satisfies the following conditions:

(i) the claim is not made against the defendant in his or her capacity as an employer, or an "associate of an employer, of the injured person;"

(ii) the claim is not made under a "workers’ compensation law, and is not made as an alternative to a claim under such a law;"

(2) Schedule 1, page 14 (after line 29), after item 1, insert:

1A Subsection 995-1(1) (at the end of the definition of exempt life insurance policy)

Add:

; or (f) that provides for either or both of the following:

(i) a "structured settlement annuity, payments of which are exempt from income tax under Division 54;"

(ii) a "structured settlement lump sum, payment of which is exempt from income tax under Division 54.

(3) Schedule 1, page 18 (after line 17), after item 12, insert:

12A Subsection 995-1(1) (at the end of the definition of life insurance premium)

Add “or a "structured settlement lump sum".
(4) Schedule 1, Part 3, page 19 (after line 17), after Division 1, insert:

**Division 1A—Amended definitions of exempt life insurance policy and life insurance premium**

**16A Application of amended definitions**

(1) The amendments made by items 1A and 12A apply to assessments for the 2001-2002 income year and later income years.

(2) However, the amendments do not apply unless the date of the settlement (within the meaning of Division 54 of the *Income Tax Assessment Act 1997*) is 26 September 2001 or a later date.

Amendment (1) provides that a structured settlement that arises from claims against the defendant in his or her capacity as an employer, or an associate of an employer, of the injured person is not eligible for a tax exemption. This amendment clarifies that the tax exemption is only available for structured settlements arising from claims made against an injured person’s employer in a non-work related context.

Amendment (2) amends the definition of ‘exempt life insurance policy’ in the *Income Tax Assessment Act 1997*. The amendment ensures that an exempt life insurance policy includes a life insurance policy that provides for a structured settlement annuity or lump sum that is tax exempt under the proposed division 54. This will have the effect that income derived by life insurance companies on assets to support structured settlement annuities and structured settlement lump sums is tax exempt.

Amendment (3) supports amendment (2) by amending the definition of ‘life insurance premium’ in the *Income Tax Assessment Act 1997* to include consideration received by a life insurance company in respect of structured settlement lump sums. Amendment (4) provides that amendments (2) and (3) will apply for the 2001-02 income year and later years where the date of settlement is on or after 26 September last year. I commend those amendments to the chamber.

Question agreed to.

**Mr RIPOLL (Oxley) (12.47 p.m.)—** I move:

(1) Clause 54-10, page 5 (lines 8 to 17), omit subclause (e), substitute:

(e) under the terms of the settlement, some or all of the compensation or damages may be used at any time by the defendant, a person with whom the defendant has insurance against the liability to which the claim relates, the injured person or the injured person’s legal personal representative to purchase from one or more *life insurance companies or State insurers:

(i) an *annuity or annuities to be paid to the injured person, or to a trustee for the benefit of the injured person; or

(ii) such an annuity or annuities, together with one or more lump sums that are also to be paid to the injured person, or to a trustee for the benefit of the injured person.

The total amount used to purchase an annuity or annuities pursuant to the settlement must not exceed the amount of the compensation or damages paid under the settlement and any returns that may have accrued through the investment of the compensation or damages prior to the purchase of the annuity or annuities.
Mr SLIPPER (Fisher—Parliamentary Secretary to the Minister for Finance and Administration) (12.47 p.m.)—As I said in my initial speech, the government cannot in any way, shape or form accept this amendment moved by the honourable member for Oxley, on behalf of the honourable member for Fraser. The amendment moved by the opposition enables plaintiffs to purchase a structured settlement annuity at any time after receiving a lump sum compensation payment.

The government declines to accept this amendment for very good reasons. Firstly, retaining a system where lump sum payments are made will not place any downward pressure on the costs of obtaining a settlement and consequently will not address the public and medical liability issues. The plaintiff may dissipate his or her lump sum before he or she gets around to purchasing the structured settlement annuity. In discussions with the Structured Settlements Group, they have indicated that they were opposed to this particular change. While I do understand that the member for Fraser has had the member for Oxley move this amendment in good faith, it would work against the principles of this bill and thus, after very careful consideration, the government is not prepared to accept it.

Question unresolved.

The DEPUTY SPEAKER (Mr Jenkins)—As the question is unresolved, in accordance with standing order 276, the question will be included in the report on the bill to the House. The question now is that this bill be reported to the House with amendments and with an unresolved question.

Mr McMULLAN (Fraser) (12.49 p.m.)—May I seek some clarification?

The DEPUTY SPEAKER—On indulgence.

Mr McMULLAN—I appreciate that. I will be very brief. There were not as many speakers on this bill as I anticipated, so I have had to dash from another meeting. I heard the point at which we are at in these proceedings, but I wanted to know what the circumstance was with the amendment which I foreshadowed and circulated.

The DEPUTY SPEAKER—The amendment that you foreshadowed and circulated has been put to the Main Committee and is now an unresolved question.

Mr McMULLAN—I assumed your reference to unresolved matters dealt with that, and I am grateful for that clarification. Thank you.

Bill, as amended, agreed to with an unresolved question.

STATES GRANTS (PRIMARY AND SECONDARY EDUCATION ASSISTANCE) AMENDMENT BILL (No. 2) 2002

Second Reading

Debate resumed from 17 September, on motion by Dr Nelson:

That this bill be now read a second time.

upon which Ms Macklin 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:

(1) condemns the Government for:
   (a) failing to provide real increases in Commonwealth capital funding for schools since 1996;
   (b) failing to address adequately the capital needs of schools in disadvantaged and isolated areas;
   (c) displaying a lack of understanding of the implications of demographic trends on the ageing capital stock of many schools in Australia, especially in the public sector;
   (d) inadequate accountability and evaluation processes for reporting on the achievements of the Commonwealth’s capital grants program against stated objectives;
   (e) threatening to make capital funding for schools conditional on agreement with the Government’s industrial relations agenda; and
   (f) a lack of vision on how to position Commonwealth capital support for schools in the future, including:
      (i) Information and Communications Technologies infrastructure;
      (ii) professional teaching support and learning centres;
      (iii) integration with Commonwealth priorities for schools through its targeted programs;

(2) requests the Government to:
   (a) develop clear and effective accountability and evaluation procedures and incorporate these in administrative guidelines; and
   (b) report to the Parliament within twelve months on the achievements of the Commonwealth capital program and its future development, including in relation to the issues raised in this amendment”.

Mr CIOBO (Moncrieff) (12.50 p.m.)—It certainly is a pleasure for me to rise this afternoon to speak to the States Grants (Primary and Secondary Education Assistance) Amendment Bill 2002 and the amendment that is being proposed in relation to the bill. I am pleased to stand here as a member of the Howard government and as a representative of Gold Coast City. The Howard government is committed to the continual improvement of standards in relation to both government and non-government school education that is designed to help better equip and educate young Australians for the future. Funding for all schools is focused on achieving agreed national standards, particularly for literacy and numeracy, and this bill goes a long way to ensuring for the next quadrennium that there will be a funding source for state and non-government schools.

The Howard government’s policy, and in particular the policy that I subscribe to, is predicated upon one main factor—providing choice to parents. All parents in the community should have the opportunity to make an informed decision about where they would like to send their children when it comes to school. They should have the right and the ability to choose between the government schools and non-government schools, and we believe this should be done on the basis of them making that decision in the best interests of their child or their children. Because of this belief and the resolute understanding that pervades this side of the House—and to a certain extent the other side of the House—this bill directly enables the Commonwealth government to go a long way toward ensuring that there is adequate funding for non-government and government schools to achieve this outcome.
I have been disappointed in the past 18 to 24 months witnessing a continual and sustained campaign by, in particular, the Queensland Teachers Union against the direction and the policy this government has adopted in relation to increasing choice for parents. In particular I have noted a number of very false and misleading comments that the Queensland Teachers Union has propagated in the community designed to subvert the policy of this government and to confuse parents about the policy settings and the policy priorities of the Howard government.

I take this opportunity to clarify some of those points. As a government we are completely dedicated to ensuring that literacy and numeracy standards for all students are improved. The coalition is committed to ensuring that there are higher standards available for all children and a greater choice for parents, and that there is transparent accountability to the community for Commonwealth government funding that is provided to all schools. We are determined to ensure that significant and measurable progress is made in closing the gaps between Indigenous and non-Indigenous student outcomes. This is another area in the community where for too long there has been a significant disparity between the haves and the have-nots. This bill goes a long way to ensuring that our policy settings enable government and non-government schools to close this gap.

The coalition is also committed, in broad terms, to providing the national leadership that is required in relation to education policy and the key areas of learning. We have delivered in every respect improved resourcing for all schools and, I would stress, for both government and non-government schools. The Howard government in this most recent budget allocated a record amount of $6.5 billion for the period 2002-03. This unprecedented level of funding continues the trend of the last six Howard government budgets. In total, since 1995-96 Commonwealth government funding for schools—and again I stress for both government and non-government schools—has grown by over 80 per cent. That is an increase of over 80 per cent since 1995-96!

When you look at Commonwealth government funding to government schools in isolation, you see it has increased by 5.7 per cent from the previous financial year to this financial year. In fact, since 1996 we have had an increase of 52 per cent in the level of funding provided by the Commonwealth government to government schools. I would hold these figures up as a stark contrast to the claims made by the Queensland Teachers Union. The Commonwealth government funding figures are the truth of the matter, not the lie that has been perpetuated by the Queensland Teachers Union that in some way the policy settings of this government are designed to diminish the role of government schools and to enhance the role of non-government schools. That is simply not the case.

When we look at the actual increases in funding that have been supplied by the Commonwealth government for state schools, a point becomes very clear: in virtually every single aspect Commonwealth government increases in funding for government schools have outstripped the funding increases that have flowed from the state and territory governments. This is despite the fact that the state and territory governments carry the primary responsibility for government schools.
In broad terms, the policy settings of this government through promotion of choice for all parents has required a fundamental rethink on education policy. This fundamental rethink was achieved through the adoption of the much fairer socioeconomic status, or SES, funding model. This model has replaced the former Labor administration’s policy of ERI funding, a policy that was manifestly unjust and that history has taught us was recognised in the community as being unjust.

I would like to turn the attention of this chamber to what is actually occurring in my electorate of Moncrieff on the ground on the Gold Coast and what is the impact of the policy settings of this government. All members would be aware that I continue to promote the fact that the City of Gold Coast is Australia’s sixth-largest city and that our city, unlike virtually every other area in this country, is (1) getting younger and (2) achieving a very high rate of population growth. It is fair to say that the Gold Coast continues to attract many families to our region and of course young children to our schools. What we see, however, is that concurrent with this high level of growth there are some unique challenges that have to be met, particularly in relation to education. This government is making sure that we face up to the challenges so that we are able to provide adequate outcomes into the future.

The Gold Coast remains an education hub in Queensland, and I am committed to working resolutely to continue the improvement of facilities at local schools, both government and non-government, and the improvement in the standard of education for all our schoolchildren. The export of education overseas also remains a fundamental policy area that I am interested in to ensure that the Gold Coast continues to progress. Education is the kind of industry we need to focus on into the future. So in broad terms it is not only about ensuring that our children receive good outcomes but also about ensuring that the policy settings the Commonwealth government promotes create the kind of education environment that allows us to export education—exports that generate earnings for this country.

As I mentioned, education is a fast-expanding sector of the Gold Coast. In fact there are two key areas that are earmarked as educational precincts: the educational research precinct that surrounds Bond University and the knowledge precinct that is based around Griffith University’s campus. Although these areas are not directly impacted upon by this bill, they are areas that continue the transition that the Commonwealth government is focused upon. This transition aims to develop world-class education facilities so that all children benefit, from preparatory school right through to university. I am fortunate to regularly meet many of the Gold Coast’s young schoolchildren, both in their classrooms and when they come here to Parliament House as part of their government and society studies. I recently had the opportunity to have a discussion with a school group from Southport State School. I was very impressed by their level of interest in politics, their awareness of social issues and the personal regard they have for their future. I think it is extremely encouraging that many students take a great interest in the health of the education system. It is very healthy that many students are not afraid to ask questions about what the government’s policy settings are when it comes to government and non-government schools. As I mentioned, I am certainly very proud to be part of a government that is determined to ensure that we have a continuing improvement in the level of education that is provided for our future leaders. I feel strongly that educating Australia’s future generation is one of our most important tasks, and I believe this government should be congratulated for the way in which we have met the challenge.
Looking specifically at my electorate of Moncrieff, since 1996, in terms of both primary and secondary schools and in terms of both government and non-government schools, we have received almost $131 million in funding under the Howard government. So in the relatively few years since 1996, six or so years, this government has given a total of $131 million to government and non-government schools in my electorate alone. This is a very substantive commitment.

The Howard government’s commitment to improving the standard of education for Australian school children is one of the key reasons why it provides this funding for both government and non-government schools in Moncrieff. It should be highlighted that this funding goes towards both capital grants projects and general recurrent funding. It also provides the funding for important initiatives such as the national literacy and numeracy plan, the expansion of the very successful quality teacher program, the development of online curriculum content, and the Tough on Drugs initiative to fight drugs in schools—one of the key battlegrounds that we have for the hearts and minds of future generations, in order to ensure that they remain healthy and positive into the future.

In short, all schools—both government and non-government—have received more funding from this federal government. For example, the amount of funding for general recurrent grants for non-government schools has almost doubled in the past six years, up from almost $12½ million in 1996 to almost $23,700,000 in 2002. State school funding has increased by over 5.7 per cent compared to the previous year.

When this is compared to the smaller increases that have flowed from state and territory governments, one must really ask some questions about the priorities of state and territory governments. Clearly, their priorities are wrong. I have visited many schools in my electorate and seen examples of buildings that are half-completed or have not been painted or refurbished for many years. I have seen an absolute avalanche of demountable temporary buildings in many schools. I have taken the time to visit schools in my electorate such as William Dun- can School, Southport State School, Benowa High, Emmanuel College, Ashmore State School, Musgrave Hill, The Southport School, St Hilda’s and A.B. Patterson College, to name but a few. In virtually all instances these government and non-government schools have benefited under this government but I believe they continue to be burdened by a lack of commitment from the state government. This bill provides the opportunity to make sure that we demonstrate in a very palpable sense our ongoing commitment to ensuring an improved education sector.

The state government focus in Queensland is on the development of what they call P12 schools. These are schools that operate from preparatory level through to year 12, generally all located on one campus. I think it is a tremendous initiative but I take this opportunity to highlight that I do not believe this initiative should come at the expense of routine funding that needs to be available for the general maintenance of existing schools on the Gold Coast. We have very definite population pressures and challenges that we must meet, and at this point, although the Commonwealth government is increasing funding, in particular in this case to government schools, that same lack of commitment from the state government is resulting in some super schools in the government sector in certain parts of the Gold Coast, while other government schools suffer because there is not that same degree of commitment.
Recently, on the front page of the Gold Coast Bulletin, there was an article with the headline ‘Three strikes and you’re out’. The headline concerned the Queensland Minister for Education, Anna Bligh, and her failure on three separate occasions to make sure that there were adequate educational facilities in a number of key areas. We have schools located beside garbage dumps and next to busy roads. In one school, Arundel State School, we have over 1,000 students crammed onto one campus. This has been the state government response to the booming population that we have on the Gold Coast, and it is a response that I would suggest is grossly inadequate.

In my mind, it comes down to one thing: excellence in both state and non-government schools. I will highlight two schools that I believe demonstrate the kind of excellence that I wish to talk about today. The first is A.B. Paterson College, a non-government school. It is a school that has achieved significant success, along with others such as St Hilda’s and TSS, and is a school that is renowned on the Gold Coast and throughout the country for the excellence it demonstrates in its teaching quality, its sports and its arts program. Similarly successful is Benowa State School, a singular school which I believe is one of the most successful government schools on the Gold Coast. Of particular note is its immersion class, which in this case teaches every single lesson in French. It is a class in which students have the opportunity to immerse themselves in French culture and to learn, in French, mathematics, geography and other subjects, no doubt equipping the students for a strong future. This government school is also renowned for its performing arts program. In this case, the state government has committed to ensuring that the school’s performing arts program is adequately funded and achieves high outcomes.

In terms of funding for capital grants projects for both government and non-government schools, we have provided $3,640,000 to the electorate of Moncrieff in the past six years. This is money that directly benefits the community, through the construction of schools and buildings, and ensures that there are adequate facilities for all students into the future.

The States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002 is a particularly important bill; it goes directly to the heart of ensuring that future generations of not just Gold Coasters but all Australians have adequate educational facilities in both government and non-government schools. The bill ensures that there is adequate funding and clearly demonstrates the Howard government’s commitment to non-government and government schools on an ongoing basis. I certainly take the view—and I would urge all honourable members to take the view—that this is a bill that represents the best of what education is about, and it deserves the support of all members.

Ms JACKSON (Hasluck) (1.07 p.m.)—I begin my comments on the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002 by agreeing with some of the comments of the honourable member for Moncrieff—in particular, his concern about the ageing capital stock in many of our schools and particularly in government schools. It demonstrates that there is a clear need not only for the Commonwealth but also for the states to continue to address this problem. In WA we feel it quite severely following nearly a decade of neglect by the previous Liberal-National government towards the capital stock and the capital upgrades in schools, certainly within my electorate of Hasluck. It is pleasing to be able to stand here today and say that I support this bill, as I think it does provide for much needed capital upgrades in schools within my electorate or at least will assist state govern-
ments in that respect. More importantly, it also ensures that both government and non-
government school authorities will be able to plan for their capital developments over the next
few years. To that extent, the legislation ought to be supported. Having said that, I also sup-
port the amendment moved by the honourable member for Jagajaga.

It is not my intention to canvass in great detail the provisions of the bill. Many general
comments have been made by other speakers in respect of the issue of capital funding of
schools. I would like to concentrate in particular on my electorate of Hasluck. I want to take
the opportunity to talk about some of the capital upgrades occurring in my electorate that are
benefiting in part from funding received from the Commonwealth and the state. Interestingly
enough, when I tried to determine what component of funding was Commonwealth and what
component of funding was state, both Commonwealth and state government authorities told
me that that was not a matter that they really got down to identifying until it came time to de-
termine who should be opening the school or the capital upgrade. I suspect that has something
to do with who takes the credit for it.

There are some significant and long overdue projects occurring in my electorate. In particu-
lar, I refer to the upgrade of Gosnells Senior High School. This year alone, almost $3 million
has been spent on the development of a technology and enterprise upgrade, a student studies
centre, which we hope to have, and expect to see completed, by late this year. Interestingly
enough, the school has quite a substantial capital program plan for the next four years and I
hope that, as a consequence of this bill and perhaps further discussions yet to be had between
the state and Commonwealth government, we will see a further commitment of substantial
Commonwealth funding to the ongoing upgrade of Gosnells Senior High School.

I also have two primary schools in the northern end of my electorate. One is Woodbridge
Primary School, formerly known as the West Midland Primary School, which had fallen into a
terrible state. Its facilities were perhaps among some of the worst that I have seen, including
things such as no covered access for children to get to the toilet block. In the winter months,
there used to be a mad scramble by children of all ages across a concrete playground to get to
the one and only toilet block on the site. I am pleased to say that, as a result of the work done
in particular by the Hon. Michelle Roberts, who is the member for Midland in the state legis-
lative assembly, the situation at Woodbridge Primary School is finally being addressed.

But perhaps one of the most interesting projects in my electorate, and one that I think is di-
rectly relevant to the issue that is being canvassed in this place concerning the needs of chil-
dren in disadvantaged areas, is occurring at Midvale Primary School. Midvale Primary School
is receiving about $3 million this year towards a project which we expect to see completed by
the year 2004. Midvale, for fellow members who know nothing of Western Australia, is an
outer metropolitan area. On ABS statistics, it is apparently the second lowest metropolitan
area in socioeconomic terms—second only to Redfern in Sydney. The school has an extraor-
dinary population in that almost 43 per cent of the students at the primary school are indige-
nous. This is extraordinary in a Western Australian metropolitan school. The school has some-
thing like a 30 per cent turnover in students each year; in other words, the teachers in that
school, who are a fine group, can expect to see over a third of the students leave the school
during the course of the year as a result of families moving on or because accommodation
ceases to be available to them.
The Midvale Primary School are using the capital works program—and, frankly, some ingenuity—to create what they are going to call the ‘Midvale Full Service School’. As part of the capital works program, this is not only replacing a school that was built in the early 1950s but also intending to bring into the school a number of agencies, both government and non-government, to effectively ensure a more proactive response or early intervention to families and children in crisis, which is typical in some respects in the Midvale area. We are also hoping that what we will actually see, as a consequence of bringing these agencies and services into the school, a reduction in the duplication of things like case management amongst those various government and non-government services, better communication between those services and the school, and reduced waiting times for programs available through the Department for Community Development and the Aboriginal liaison services.

Frankly, we also want to re-establish the local school as the focal point in the community and not, as it has been to many in the community, a symbol of alienation. Indeed, for a number of the parents of school children in the Midvale area, their own memories and recollections of their time at school are so bad that they are not very supportive in dealing with issues like truancy and others amongst the children in the school.

I can give you an idea of some of the agencies that have been included in the full service program and already have temporary or permanent accommodation on the school grounds. We have a community policing agent, which includes the Aboriginal liaison officers. We have the Department of Community Development, and in particular the Parenting Information and Support Service, which is coordinated by Jill Pearce. A language development centre is proposed for the support unit. We have the Smith Family, a non-government agency that many members in this House will be familiar with. Their coordinator is Naomi Wright-Evans and they are currently supporting and assisting through their education program over 400 families in the Midvale area. We have an ear health officer from the Swan District Education Centre, as hearing is a significant problem in the school and among the school community. The local Aboriginal parent support service has established an office in the school and, for example, provides lunch and breakfast to children who do not have the opportunity to eat prior to school. We are hoping to see established at the centre a purpose built child-care centre for Aboriginal children. It is currently being run in East Perth—Gurlongga Nininj—which we hope will move to the Midvale area.

Finally, and perhaps at the centre of all this, there is the Midvale Neighbourhood Centre. Its coordinator, Janetta Traylen, runs a variety of different programs from mothers groups to sewing classes to any other service that is demanded by parents or teachers in the school. At one point they even ran the nit checking program, I think, out of the community centre. They have the MELT program as well, which is a fantastic program called the Midvale Empowerment Leadership Trust which is coordinated by Frances Gallagher. It was the brainchild of the community development officer from the Mundaring Shire. This program is building community leaders in the Midvale area to continue to develop a greater community support service. It is truly a wonderful thing to see unfolding in the electorate, and I hope to see the funding continue to be forthcoming from both the Commonwealth government and the state government. Just this year alone the Department of Education in Western Australia has doubled the amount of school land to some four hectares. They retained one house and had to purchase a number of properties to commence the full service plan.
In conjunction with this, an urban renewal project is being undertaken in Midvale. It is called the Eastern Horizons project. This is funded through the Department of Housing and Works and it is working very closely with the schools program. This is an important issue. When you talk about capital funding for schools, it is not only looking at sources of funding from the Commonwealth and state departments of education but also other agencies that interact with parents and families in a particular community. Certainly the Eastern Horizons project has ensured that we continue to have families allocated by the department into the area connected into the programs being offered through the full service school.

There are a number of support services that I will shortly talk about, but most agencies are currently using office space in former housing units immediately adjacent to the school property. The Aboriginal Health Service has moved from its site at the Swan Districts Hospital into offices near the school. We have also seen the police department’s community policing service establish a unit through the school. A project control group is involved—the school principal, Mr John Forwood, school staff, parents’ representatives and representatives from the Eastern Horizons project. They have been regularly meeting to design the full service school model, and it is actually out to tender at this moment as we speak. Hopefully, we will see the buildings completed in the not-too-distant future.

I raise Midvale Primary School in particular to point out two things. This is an area of substantial disadvantage, an area of great need, with a fantastic capital works project that is receiving no funding from the Commonwealth government at all. It is my great hope that some consideration will be given to supporting such an innovative project that is trying to build a community back into the area through the school.

To make matters worse, one of the services that had been operated at the school was a program called the FAST Program, which is families and schools working together. It is supported by the Parkerville Children’s Home in Western Australia and it was receiving funding through the Stronger Families and Community Strategy funding that the Commonwealth government had in place. Many members would be aware that there has been revised funding for that program; indeed, it has been reduced by some $10 million for this next financial year and there will be further reductions in the years following. It is a great shame, because the aim of that program—and it was funding and supporting the FAST Program in Midvale—was to ensure that there were early intervention strategies in place, working with parents and children and the school as well as other services to ensure that we could help dysfunctional families get back on track. To that extent I think that all funding in this area of education, capital works and the like, should not be narrowly focused purely and simply on buildings.

In that sense, I think the government really does need to have a good consideration of how it defines capital works. I know that in my electorate a lot of schools are not only receiving small amounts of funding assistance from agencies other than state and Commonwealth funding but, frankly, if it were not for the hard work of parents and citizens associations, or parents and friends associations, much would not be done at schools. I could sit here and name perhaps all 70 of my P&Cs. I have worked with them over the last 12 months and have seen them fundraising for things such as airconditioning, computers, playground equipment and audio-visual and other equipment for their schools. No matter how you might get up and pat yourselves on the back, I think the government has to have some regard for the fact that there is a
significant task still to be completed. Whilst we can argue about who should fund what, or how much funding has or has not been paid by various governments of various political persuasions, I think this area of education and schooling is of such significance that genuine attention has to be paid to ensuring real increases in the amount of funding. Also, there has to be regard for the developments in our community and things that influence those developments so that we can ensure that we are giving children and their families the best opportunities we can in education and schooling in our local areas.

I will make just a couple of comments in closing. Frankly, I see as an absurd way to go forward what appeared to be threats by the minister for workplace relations that perhaps it was appropriate to attach the Commonwealth government’s industrial relations agenda to Commonwealth funding grants. I think that if your priority is education and support for your community and children, it is not about trying to impose some political agenda, often on people who are unwilling to receive it. I hope that it was that—just a bit of hot air from the minister as opposed to—

Dr Southcott—We are here to help.

Ms JACKSON—You are here to help. Perhaps you could help by telling him to cut the hot air and get on with a bit of practical concentration on what is important to our community and to our families.

The DEPUTY SPEAKER (Mr Jenkins)—Order! The honourable member for Flinders.

Mr Hunt—I ask the member for Hasluck to give way under the new standing orders. I believe that is right.

The DEPUTY SPEAKER—Does the honourable member for Hasluck wish to give way?

Ms JACKSON—Certainly.

The DEPUTY SPEAKER—The honourable member for Flinders.

Mr Hunt—I would like to ask the honourable member very briefly, through the chair, whether or not she feels it is appropriate that the Victorian Labor government rejected the $90 million offer for assistance to the building of the MCG on the basis that the Commonwealth simply sought to have an inspector on site to ensure that there was fair and free movement in the workplace? Does the honourable member feel that was a reasonable request and that it was reasonable to reject it at the cost of $90 million to the state of Victoria?

Ms JACKSON—Without knowing the intimate details of the negotiations between the Victorian government and the Commonwealth, I reiterate my point: it is entirely inappropriate to attach conditions to capital funding from the Commonwealth government that is about a government’s ideological and political agenda. It is a kind of blackmail. It is not dissimilar from the sort of threats that were being thrown around by the Treasurer and the Minister for Family and Community Services over the budget and funding for disability support services. I think it is absolutely wrong to do that. We have a responsibility to try to work together in the best interests of our community without particularly shoving such an ideologically driven agenda down each other’s throats, if you please.

In closing, I formally record my thanks to the parents and citizens organisations within my electorate for their hard work and say to those people involved in the Midvale Primary School full service school program, ‘Good luck to you. I hope to be able to work with you not only to
ensure receipt of the necessary capital funding but also to see a restoration of the stronger families funding so that we can get that FAST Program back on track.’

The DEPUTY SPEAKER—Before giving the honourable member for Flinders the call, I indicate that, whilst the chair is not involved in these discussions, it appears there is an agreement that the sitting be suspended at 1.30 p.m. and I will be interrupting him at that time.

Mr HUNT (Flinders) (1.27 p.m.)—I am delighted to rise in support of the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002. This bill is about providing security of capital works for primary and secondary schools throughout Australia over the period from 2005 to 2007. It is about providing these schools with the opportunity to plan for the long term and to access Commonwealth funding which tops up the principal responsibility of the states for providing educational capital, and it is about helping schools such as the Peninsula Special Development School, which I visited last week; Hillcrest Christian College, which I know well, in Clyde; Cranbourne Christian College; Newhaven Primary School; Bass Primary School—all of which have been, and will be, beneficiaries of these programs.

In considering this legislation, I would like to discuss four elements today which relate to the critical role of the Commonwealth in funding under this States Grants (Primary and Secondary Education Assistance) Amendment Bill: firstly, in relation to educational issues within my own seat of Flinders; secondly, the government’s record and initiatives in education; thirdly, the particular provisions of this bill; and, fourthly, the importance of these provisions within the broader context of educational assistance and redevelopment of the capital stock of educational facilities within Australia.

In turning to my own electorate, I will address the first set of issues. One of the great joys that I have discovered in my first year of being a member of this parliament has been the opportunity to visit both primary and secondary educational institutions. These schools comprise an extraordinary array of committed teachers, committed principals and, in addition, parents and friends of the schools who are great contributors. I will look at this across the primary, secondary and tertiary levels. At the primary level, within the electorate of Flinders, I want to give particular praise to the school of West Park, which exists in an area of great socioeconomic disadvantage. Yet it is a school which does not just instil a program of values but also has a very important breakfast program for children from many of the families in the most difficult of situations.

Sitting suspended from 1.30 p.m. to 4.01 p.m.

Mr HUNT—I would like to continue with the praise that I was giving to the members of the West Park Primary School and in particular to Don and Hilda Hodgins, who have been friends of the school for a considerable period. They have shown extraordinary generosity in the way in which they have worked with not only the school community but also the council and the children in helping to provide for basic needs in an area which has considerable socioeconomic challenges. There are other primary schools in the West Park area—Bittern, Baxter, Red Hill Consolidated, Eastbourne, Mount Martha, Osborne and many others which I
have had the opportunity of visiting—all of which are making extraordinary contributions at the human level and all of which are benefiting from capital contributions in the long term.

I wish to say something more about West Park Primary School. Neale Burgess, who is the current state candidate for that area, and I have worked to establish a literacy and numeracy program involving outside volunteers. We are delighted that there have been so many volunteers who have indicated their interest and support. We invite others to participate in the work of the primary school.

This leads me to the second educational issue within my area of Flinders, and that is at the level of secondary colleges. The most important issue which I have had to deal with during the last year has been the fight for a secondary college at Somerville. That was a battle which was taken up because the state government refused to acknowledge the clear figures which were provided during the recent Commonwealth census. It took a battle of titanic proportions at a local level, and as a result of that battle, which showed that there were over 1,500 secondary school age students within the Somerville area, the Victorian opposition pledged to build a new school at Somerville—not just a secondary school but an entire secondary school precinct. In response to that, the state government finally agreed to do that which it should—to commission the building of a school at Somerville, which is an outstanding result for all of the secondary school age children at Somerville.

I also had the opportunity to work with David Barclay, the principal of Dromana Secondary College. David Barclay is a principal of not just great tenure but great effort and achievement. His principal plan at present is to develop an outdoor education centre with focus and specialisation. This is one area which I hope will in the future benefit from the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002, which we are debating today. I have already spoken with him and with the federal education minister’s office about the possibility of seeking funding for this outdoor education program through a capital works grant.

I come now to the level of tertiary education within the electorate of Flinders. There are three particular projects which I seek to pursue. The first is to work towards the creation of an IT skills centre for Phillip Island and San Remo which would be part of a network program for that area. This is a critical step if we are able to provide both educational and employment opportunities for young people within the electorate and within that area of West Gippsland.

The second tertiary opportunity which I wish to pursue is the creation of a marine and maritime college in Hastings. Hastings is a town with a proud seafaring tradition. In addition, it is also a town which has suffered from significant socioeconomic challenges. It is, however, beginning to proceed at great pace and there are tremendous projects afoot. One project which I believe would be of extraordinary value is the creation of a marine and maritime college.

Only a week and a half ago I met with Jeff Weir, the Executive Director of the Dolphin Research Institute, and a series of other people to begin the initial planning for a marine centre of excellence based at the Dolphin Research Institute in Hastings. I believe that this project offers a great opportunity to integrate with Western Port Secondary College in Hastings and, at primary school level, to create a free-flowing centre of excellence and specialisation based on the marine and maritime environment for children and young people within the area of Western Port.
The third project at the tertiary level which I wish to pursue is to work on an upgrade of options for Chisholm TAFE at Rosebud. I have already met with not only the principal there but also my colleague Bruce Billson, the member for Dunkley, to discuss ways in which we can add broadband facilities and decrease costs for Rosebud TAFE. In so doing, we will also open up a new array of educational opportunities.

Having looked at education issues within Flinders, I want to turn briefly to the second major concern of the day, which is the government’s record of initiatives in education. School education is of critical importance. Since 1996, in every federal budget there have been grants for states and territories, and school funding has increased in every federal budget. In particular, the government is currently providing a total of $6½ billion for schools in 2003, an increase of 7.9 per cent over the previous year. In the 2002-03 budget there is also an $82.4 million program over three years to assist in quality teaching—a program providing for personal development for teachers—and $81.6 million over four years to increase the permanent migrant intake and to provide for new school students arriving in Australia under the Humanitarian Program. In 1997, the government introduced the National Literacy and Numeracy Plan, which was extraordinarily opposed by many teachers unions because it introduced comparative testing. As a result of that, there are now national standards by which children will be tested in years 3, 5 and 7, which is a critical step in promoting education quality and standards.

In turning to the third part of my focus today, I refer to the provisions of the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002, which proposes to amend the States Grants (Primary and Secondary Education Assistance) Act 2000. The original act sets out the levels of Commonwealth capital works funding for schools in 2001 to 2004. These capital grants provide for school infrastructure such as land and buildings, water and electricity, library materials, furniture and government school residential accommodation. In the past year alone within my electorate of Flinders, schools to benefit include the Peninsula Special Development School, which has been given a provisional grant of $600,000 to help in the building of classrooms, an art workshop, library and other areas. I visited the Peninsula Special Development School within the last week and I saw the work that they do with children who have special needs, disabilities, disadvantages and extraordinary challenges. All staff at that school should be extremely proud of the work that they do. I am delighted that we were able to make a capital contribution of well over half a million dollars to their reconstruction program. Similarly, Cranbourne Christian College and Hillcrest Christian College in Clyde have benefited from programs outlined in the last budget year.

The proposed amendment will insert maximum levels of Commonwealth government funding into government and non-government schools for the years 2005 to 2007. An additional $667 million will go to government schools over three years, and an additional $231 million will go to non-government schools. This follows the addition of up to $1.3 billion in Commonwealth grants to schools over the period 2001 to 2004. It is very interesting to note that 72 per cent of that funding went to government schools which constitute 69 per cent of enrolments.

Fourthly, what is important about the bill’s provisions? Because capital grants and capital projects take a significant amount of time to organise, the early creation of a period of cer-
tainty and expectation enables schools and state governments to undertake long-term planning which, above all else, allows schools to pursue state, Commonwealth and any community fundraising they are seeking. The Commonwealth funding is directed to government and non-government schools serving educationally disadvantaged students and communities. That has been a particular focus of this funding. As a result of that, we expect that there will be 250 major capital works programs to be funded annually in addition to another 1,000 minor works projects to be funded annually.

Ultimately, the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002 allows for the creation of certainty and, above all else, it allows for the expansion of school building programs which are normally the province of the states but which benefit from a Commonwealth top-up. Under those circumstances, I am delighted to see that, whether it is Hillcrest Christian Community College, Cranbourne Christian College, the Peninsula Special Development School or any of the magnificent primary schools within my area, they all have a greater opportunity to win Commonwealth funding and to improve the quality of their school buildings for the benefit of the schoolchildren who work, study and learn within their walls.

Ms HALL (Shortland) (4.11 p.m.)—In rising to speak on the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002, may I say that it was most interesting listening to the contribution of the member for Flinders. I realise that he is a new member of the House and I understand how he may think that the fact that the Commonwealth gives money to the states for capital works funding is something new and something which has just eventuated. However, I hate to tell him that that has been happening for a very long time under all governments. Unfortunately, under this government, since 1996 there has been no real increase in the funding level. That is most unfortunate and I hope that the member for Flinders will take that up in his party room and see if we can get a bit more funding for government and non-government schools so that those schools, and particularly the ones that are most disadvantaged, are looked after by the government. It is one of the responsibilities of the Commonwealth government to give money to the states to be expended on capital works programs, including the building of new schools and various other projects in schools.

The government’s commitment to the ongoing needs of all Australian students has been questioned by members on this side of the House. Any government that subsidises wealthy private schools at the expense of disadvantaged schools deserves condemnation, and I am afraid that that is what this government has done and it is something all of us on this side of the House have been most critical of. The Howard government is not committed to fairness and equity in education or educational infrastructure which is what we are talking about today. The States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002 is the vehicle by which the Commonwealth provides funds for approved building programs in government and non-government schools. It is really important to recognise that this relates to approved building programs. I will be talking about that approval process a little later, how it comes about and the role of state and Commonwealth government in that approval.

The Commonwealth capital funding for government schools represents, on average, about one-third of the total expenditure on capital works in that sector. That is a significant contribution which I believe is proper for the Commonwealth government to make. However, there
are accountability requirements from both sectors and they are generally met through reporting on educational outcomes in the Annual National Report on Schooling.

Commonwealth funds for all programs are being allocated through the States Grants (Primary and Secondary Education Assistance) Act 2000 for the period 2001-04. The capital grants program includes provisions for the minister to approve grants. The bill will enable the government to call for applications for capital grants projects for the year 2005. That is really important when you are looking at the planning process, because government and the education sector need to be able to plan properly and to look at the educational, capital and infrastructure needs of schools in their areas.

A number of issues relate to this legislation. For example, there are two areas of need in my electorate. One part of the electorate has ageing infrastructure that has been there for many years. Schools need upgrading; they need some work done in them. The other end of my electorate is a very different kind of area, with rapid growth—it is probably one of the most rapidly growing areas in Australia. It is also a very transient population with enormous needs. First of all, I will concentrate on my concern relating to the areas with ageing infrastructure. In doing that, I will touch on some of the needs of some of the various schools within the Hunter end of my electorate—the area that falls within the Lake Macquarie local government area. I nearly said 'education area', but all the New South Wales education department schools fall within the Lake Macquarie education area.

Gateshead West is a school in a disadvantaged area. It is an old school, a small school, and a school with students attending with very high needs. I will give you an idea of some of the maintenance work that is needed there: walkways between the primary and infant school buildings; update work on their canteen; a multipurpose concrete pad in the playground. And there are drainage problems. They are all capital works programs that I feel are not being addressed simply because there has not been increased funding in this area for some time. At the Hunter Sports High School, the boys and girls toilets need some work and there needs to be some painting and refurbishment. A basketball field needs to be completed. They need amenity blocks on the oval and the painting of external walls. They are all things that can be covered by a capital works grant, but if you do not have enough money to go around you miss out. At Mount Hutton Public School—once again, that is an older school—they need some asphalt in the car park, they need covered walkways and they need better drainage to prevent flooding. At Redhead, they need covered walkways—obviously, there is a real need for covered walkways—a school hall, library and canteen complex. They do not even have a school hall. That is not very good.

The Windale Public School—I do not know if honourable members are aware of Windale—is in probably one of the most disadvantaged areas in the whole of Australia. It has been identified in studies as being an area of very high need. Thankfully, the state government have stepped in and found some funds. They are erecting a fence around the school, which is something that is drastically needed because it is in an area where the students are being put at risk and the building is being affected. As well as that, the school needs a power audit so that it can have its circuits upgraded to cope with the computer and electrical equipment in the school—something as basic as being able to deal with the technological needs and not further disadvantage the young people coming from a very disadvantaged background. Within the
state electorate of Swansea, which is 100 per cent within the Shortland electorate, there are schools like Floraville School—the school my own children attended—which does not have a school hall. It is a school that is bursting at the seams. Its library is too small and it really needs some capital works expenditure. But, unfortunately, once again the barrel of money is too small. This government does not recognise the people of the Shortland electorate who rely on the generosity of government to ensure that their children have access to the type of educational infrastructure that they need.

I think there are some real signs out there that the government has become complacent about its capital support for schools. The signs simply relate to the fact that I have been able to detail these schools that are in dire need of assistance. There is the role of capital funding, too, in developing technology in schools. Technological needs need to be looked at. The government really needs to make a commitment to that. The potential to build community networks through schools for youth and adult learning is an opportunity that I see is being missed, simply because that commitment has not been made.

The thing that probably upsets me more than anything is that the government has sought to politicise these grants: it is politicising the administration of the programs. I could not believe it when I read that Commonwealth government funding for schools in some states had been jeopardised because the Commonwealth disagreed over public announcements and official openings of schools. When I read that, I thought, ‘Where does it end?’ Where does it end when this Howard government—this Commonwealth government—threatens capital funding because somebody did not get an invite to an official opening? I think it is pretty despicable. The Howard government is particularly good at manipulating figures. It is always telling the Australian people how it has increased funding to schools. I call that ‘Howard speak’ or ‘Howard government speak’—or should we call it ‘Brendan Nelson speak’,? I find it really despicable that the government stoops to all these myths to try to trick people into believing that it is giving more money than it is. In actual fact, as I said at the commencement of my speech, since 1996—wasn’t that the year this government was elected?—there has been no real increase in capital funding.

The DEPUTY SPEAKER (Mr Wilkie)—The honourable member for Macquarie has a question.

**Mr Bartlett**—Mr Deputy Speaker, under the new standing orders, could I ask a question of the speaker opposite?

**Ms HALL**—No.

**The DEPUTY SPEAKER**—Order! The honourable member has not got the call at this stage. So you are requesting that the member for Shortland receive a question?

**Mr Bartlett**—In relation to the comments just made by the speaker.

**The DEPUTY SPEAKER**—The member for Shortland has the option to agree or not agree.

**Ms HALL**—No. I wish to continue with my speech.

**The DEPUTY SPEAKER**—The member does not agree with the question. I call the honourable member for Shortland.
Ms HALL—I have considerable information that I want to cover in this speech, and I would like to continue with my speech without interjection from the other side. The honourable member will have an opportunity to make his speech and, if he disagrees with what I say and wants to go back to ‘Howard speak’ or ‘Brendan Nelson speak’ when I do ‘reality speak’—talking about things the way they are—then that is fine. I have demonstrated how the lack of capital grants has created strains for schools that are well established.

Mr Prosser—Mr Deputy Speaker, I would like to ask a question of the member for Shortland.

The DEPUTY SPEAKER—The member does not have the call at this stage. I call the member for Forrest.

Mr Prosser—Mr Deputy Speaker, I would like to ask a question of the member for Shortland.

The DEPUTY SPEAKER—The member for Shortland has the opportunity to accept the question or reject the question.

Ms HALL—No, Mr Deputy Speaker. It is quite obvious that what I am saying is upsetting members on the other side of the House and they are trying to prevent me from completing my speech.

The DEPUTY SPEAKER—Order! The question was: does the honourable member for Shortland wish to receive the question? I believe the answer is no.

Ms HALL—No.

The DEPUTY SPEAKER—The member for Shortland has the call.

Ms HALL—I do understand the concerns of the members on the other side of this House because they do not like what I am saying. They do not like it when they are presented with factual information and they do not like it when the true picture of what is happening is painted. As I was saying, I have now presented the picture of what is happening in the older areas within my electorate. Now I would like to concentrate in a little more detail on what is happening in the newer areas of the electorate—the areas where we have expanding population growth and where the existing school infrastructure has a lot of pressure placed on it.

Recently, we needed a new high school at Lake Munmorah in my electorate. The need for this became apparent when I was a state member of parliament. There were a number of steps that had to be taken for that to be achieved. The first step was for the community of Lake Munmorah and the school communities of Gwandalan, Mannering Park, North Lakes—which takes in San Remo—and Chain Valley Bay to work together to prove that there was a need for this school in the area. And I must say that they had to prove it. Following much research, having overcome many hurdles and having made a substantial case, we finally had the school approved. I am very pleased to advise the House that that school was officially opened a couple of weeks ago. It has been operating now for some 18 months.

What I found quite astonishing was that downstairs in the House of Representatives the member for Robertson stood up and gave this federal government credit for the building of that school. The federal government supplied money through the state grants program and further capital funds but that is a longstanding arrangement. That is an arrangement that all
governments have contributed to for some time. Requirements contained in the legislation state that that is the way governments fund these programs.

The Commonwealth was a hindrance to that process. It was uncooperative during the process. It made requirements that were quite often counter to the project’s proceeding. It was probably one of the areas of highest need within the state of New South Wales. Yet the member for Robertson managed to get a road map, find his way into the electorate of Shortland and say, ‘We’re great; we’re responsible for this building.’ The government is not responsible but contributed funds to it in the way that every federal government has contributed funds and in accordance with the agreement that has existed between the state and the Commonwealth for some time.

As I was saying before, this is an area of great need. There will be a need for more schools in that area because there is a ballooning population. It is an area in which the Commonwealth will have to increase its funding. It will need to take up the demands that are being put on the older and newer areas. In newer areas—not only in the Shortland electorate but throughout Australia—where schools are bursting at the seams, it will be essential. It will be essential to make sure that the students attending schools in the new areas actually have quality schools and the kinds of infrastructure they need. In the older areas, where schools already exist, we cannot have our children learning in substandard conditions.

I call on this government to increase its funding to the programs. This legislation demonstrates the government’s lack of commitment to education and an educational environment conducive to learning. Unfortunately, the government continues to play politics with education, which is the future of Australians. A well educated, highly skilled work force will give us a more secure future here in Australia. It is important to invest in education at the grassroots. The foundation of education and skills starts in school. That foundation cannot be built unless we have the proper schools. This piece of legislation will enable planning for the future—something that is needed. I am saying this to the government: with that planning for the future, please make sure that you invest the right amount of money and make sure the increases in funding to capital works programs are real increases. It is important for the future of Australia that students have that environment that is conducive to learning. They also need the support of professional teaching staff.

Mr BARTLETT (Macquarie) (4.31 p.m.)—The States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002 seeks to amend the States Grants Act 2000 which provided for federal funding for schools for the 2001-04 quadrennium. Specifically, it seeks to amend one aspect of that grant arrangement, capital funding, to allocate capital funding beyond 2004 out to 2007. This bill in itself is fundamental evidence of this government’s commitment to providing our share of school funding—contrary to the nonsense we have just heard from the speaker opposite. I will elaborate on this point in a few moments.

Firstly, I will expand on the details of the legislation itself. As I indicated, the 2000 act included capital funding for government and non-government schools for the quadrennium 2001-04. However, planning for capital projects in schools in both sectors is already occurring—obviously there is a long lead time in planning before actual construction takes place. The decisions for these of course are made by state governments for public school capital works and by the block grant authority for non-government school capital works programs. Because these projects require a long lead time it is important to accommodate now the pro-
posed funding for the years out beyond 2004—that is, to 2005, 2006 and 2007—in order to provide some certainty and security of funding to the state and territory education authorities so that they know the amount of money they have to use out to 2007 and they can plan their projects accordingly. As a result, this requires budgetary allocation for capital works for those three years and this bill does exactly that. It allocates, in fact, $898 million for those three years, 2005, 2006 and 2007. In total, for the quadrennium 2001-04, the figure is $1.3 billion and on top of that there is another almost $900 million for capital works project funding for those three years.

This funding is important—there is no doubt about that—in terms of what that funding will do in meeting needs. In addition to the funding itself there are the implications of that extra funding—what it actually says about the Commonwealth government’s approach to funding of education. I make two points here, and they might just put straight some of the comments we heard from the member opposite. The first thing that this funding signifies is that this government is strongly committed to delivering on its share of funding for all schools—government and non-government. The budget papers year after year under this government have shown it. Since 1996, every year under the Howard government, funding for schools—state and non-government—has increased steadily and substantially. Even in this year’s budget we see further evidence of that very solid increase. In the budget for the 2002-03 financial year, $6.6 billion—that is $6,600 million—of federal money has been allocated directly to schools in this country by this government.

Mr Prosser—That is a substantial commitment.

Mr BARTLETT—It is more than a substantial commitment; it is a massive commitment. It represents an increase of 6.5 per cent over the last year. So, in this year alone, the Howard government has increased funding by 6.5 per cent for schools in this country. In fact, if you look at it over the last six years, since 1996 when we came to office, there has been an increase of 89 per cent. Funding for schools under this government is up from $3.5 billion to $6.6 billion—an 89 per cent increase in funding in six years over what was being delivered under the last year of the Labor government. There is no doubt this is a massive increase in funding for schools in this country. There have been deliberate annual increases of a substantial amount in funding for state and non-government schools in this country.

In addition to that, we could talk about specific programs. This government has a strong commitment to raising standards in literacy and numeracy. The national benchmarking of literacy and numeracy programs was introduced, in some cases bringing some of the state governments and education authorities kicking and screaming to a national agreement on funding but getting to the point where we now have a national standard and a national commitment to achieving satisfactory levels of literacy and numeracy for students right across this country, regardless of what school system they are in.

We could also talk about details of vocational education. One of the areas in which this government has really paved the way is introducing vocational education and training into our secondary schools. We have exponential growth, for instance, in traineeships and apprenticeships in schools. We have seen a much greater commitment by this government to forming that essential link between school and the workplace so that our young people, even while at
school, already have a foot in the door of a workplace if they are not planning on going on to university. So there are some very specific programs there where the Howard government has really led the way in education in our schools.

This government’s funding sheds a lot of light on the whole debate about equity of funding—that is, the share of funding that goes from the Commonwealth to public schools and to non-government schools. This legislation shows—and the funding record over the past six years shows unequivocally—this government’s commitment to a fair approach to funding state schools and non-government schools.

Certainly the coalition is committed to supporting choice for parents as to the type of schooling they choose for their children. I am sure everyone would agree that parents have a right to choose the sort of school in which they want their children educated and to choose whether it is a religious school, a state school or an independent school. It is not the role of the government to dictate to parents where they ought to be educating their children. The government is committed to supporting the choices of parents—whether they be to send their children to non-government schools or to send them to public schools—and supporting those choices with appropriate funding, bearing in mind the delineation of responsibilities between state and federal governments to assist in school funding between the public and the non-government sector and remembering that constitutionally and historically the responsibility for funding state schools—and this is why they are called state schools—lies with the state governments. Certainly, the federal government strongly assists with this—and I will come to the figures in a moment—but the prime responsibility is still with the state governments.

Yet, if you listened to many of our teachers unions—if you listened to the Australian Education Union or the New South Wales Teachers Federation—you would get a totally distorted view of this. For their self-interest or their own deluded ideological reasons, they are opposed to funding for non-government schools. If you listened to members of the Labor Party, for political reasons they have distorted the debate as well to cover their own failure in funding. If you listened to state governments, you would again get a distorted story because they are trying to cover up their own failure to adequately fund state schools in almost every state.

In terms of capital funding, which is what this particular amendment is about, this bill clearly supports both the government and non-government sectors. As we have said, this quadrennium $1.3 billion of federal money—that is, taxpayers’ money through the federal government—is for capital works. Of that $1.3 billion, $936 million will go to public schools. The lion’s share will go to public schools. Some 72 per cent will go to public schools, which have 69 per cent of enrolments and receive 72 per cent of the capital works funding.

Mr Hartsuyker—That sounds fair to me!

Mr BARTLETT—It sounds fair; it is fair. Non-government schools will receive $357 million—that is, they will receive 28 per cent for 31 per cent of enrolments. If you listen to some of the cries from the New South Wales government, the teachers unions and the members opposite, you hear about how unfair it is. Yet in proportion to the number of students, we are funding state schools more for capital works in this country.

If you look further than just capital funding, if you look at the whole funding picture, this commitment of the Howard government to equitable and sustained funding for both sectors is
even more obvious. In just this year’s budget, for instance, direct federal funding for public schools increased by 5.7 per cent. In the last 6½ years, in the seven budgets that we have had under the Howard government, this has brought in a total 52 per cent increase in direct federal government funding for public schools in this country. There has been a 52 per cent increase since 1996—that is, $811 million more this year than in Labor’s last year. There was an increase of $811 million in one year, which is $811 million more a year than we were getting in Labor’s last year.

Another point is worth mentioning. Despite a 52 per cent increase in funding, what happened to enrolments in public schools across the country during that time? We often get people responding by saying: ‘Yes, but enrolments were up massively. You need to give schools a lot more funding.’ Since 1996, public school enrolments in Australia have risen by only 1.4 per cent. We have had a 1.4 per cent rise in enrolments and a 52 per cent rise in direct federal government funding for public schools—in other words, a very substantial increase in direct funding per capita from the federal government. You cannot be fairer than that. This is a strong commitment by this government to funding public education in this country.

I would like to illustrate it by looking at the situation in New South Wales and comparing the strong support of the federal government with the abject failure of the New South Wales government in this regard. This year alone, we have had a funding increase of 5.7 per cent to New South Wales public schools. The New South Wales government itself, supposedly responsible for its own state schools, only increased its funding for state schools by two per cent compared to 5.7 per cent from the federal government. Look at this situation over the past seven years. Since the Howard government has been in office, it has increased funding to New South Wales state schools by more than 50 per cent. The New South Wales government has increased its funding to schools to about half of that level.

In fact, in New South Wales we have seen a decline in enrolments of 2.3 per cent since 1996 but an increase of 50 per cent in federal funding. The sad fact is that the New South Wales government is not living up to its responsibility to adequately fund public schools in that state. It is leaving the running to the federal government. In fact, if this year alone the New South Wales government had increased funding for its schools by 5.7 per cent—that is, by the same amount that the federal government has increased it by—our state schools in New South Wales would have an extra $202 million. But what do we get from the New South Wales government? Not a 5.7 per cent increase but a two per cent increase, robbing our state schools of over $200 million this year alone. The New South Wales government is, sadly, failing public schools in that state.

Let us put that in a broader context, though. It is not as though the New South Wales government is short of money. The present government is the highest taxing government we have had in the state of New South Wales.

Mr Hartsuyker—What about the GST?

Mr BARTLETT—Look at the figures—and the member asks: what about the GST? Every dollar of the GST goes to the state governments. This year alone the New South Wales government will get $8.7 billion in GST revenue, an increase of 7.4 per cent. How much do they give to schools? Two per cent. What about financial assistance grants from the federal gov-
This year financial assistance grants from the federal government to the New South Wales government increased by 4.7 per cent. What do they give to their schools? Only an extra two per cent. So what do we have in New South Wales? We have this year a 7.4 per cent increase in GST revenue to the New South Wales government and a 4.7 per cent increase in financial assistance grants from the federal government. What do they give to their schools? A lousy two per cent.

In other words, the New South Wales government, the Carr Labor government, is siphoning off money that ought to be going into its schools and redirecting it to its other misplaced priorities. That is exactly what it is doing. If you look at the total figures for funding for schools in New South Wales you can see it. In the last five years New South Wales government funding for public schools has fallen from 26 per cent of its budget to less than 23 per cent. It is devoting a shrinking share, a shrinking proportion of its budget, to education, and those who are suffering are the children in our schools.

The New South Wales government ought to hang its head in shame that it is not even coming close to keeping up with the increase in funding that it is getting from the federal government in direct education grants, in GST revenue and in financial assistance grants. The results show it. Let us compare the results in New South Wales with those in other states—and I will just run through this list. For expenditure per primary student in public schools in Australia the New South Wales government averaged $6,300 per student per year—7.9 per cent below the average for every other state. For secondary schools it is four per cent below the average for every other state. For primary school capital grants it is 17.3 per cent below the average for other states, and capital grants in secondary schools are 33 per cent below the average for other states. Not only is the New South Wales government not keeping up with grants from the federal government, not only is it devoting a shrinking share of its tax revenue to its public schools, but also it is performing worse by far than the average for all the other Labor state governments in this country. It is an appalling record, and the New South Wales government needs to lift its game, and to lift it quickly and dramatically. It is failing the students and the teachers in our schools.

I am frequently lobbied by teachers and parents in my electorate about what they see as inadequate funding for their own public schools in our area. They are committed, professional, caring teachers, yet they get so frustrated by the lack of resources. In spite of increased federal funding the New South Wales Department of Education and Training is badly failing the students in our schools. There is increased revenue and there are increased direct grants from the federal government, but the New South Wales government is letting down our students badly.

This bill in itself, as I have said, allocates funding for capital works for those years further out, 200507. It is indicative of this government’s commitment to adequately and substantially doing its share to fund public schools in New South Wales. The federal government is doing its share. It is just a pity that the New South Wales government will not live up to the standard of the federal government and will not increase the funding to the same level that the federal government is doing.

I do agree with the earlier speaker about the absolute importance of education in this country. We need to do what we can to support education and help to raise the achievement of students in all of our schools. The federal government has increased by 89 per cent its funding
for school education since it has been in office in 1996, yet the state government—and particularly the New South Wales government—is failing miserably in its responsibilities. I call on the New South Wales government for the sake of all our schools, for the sake of our teachers, and mostly for the sake of our children in public schools, to take more seriously its responsibility to adequately fund schools in New South Wales.

Ms JANN McFARLANE (Stirling) (4.49 p.m.)—Today I am going to speak on the state of public education. The States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002 amends the Howard government’s States Grants Act 2000, which I voted for in the last parliament. I voted for it to ensure that teachers would get paid, despite my concerns about the unfairness expressed in the funding formulas that it contained. As the explanatory memorandum explains, this bill is technical and provides funding for school capital works of $897.783 million over the program years 2005-07. The states grants argument has been going on for 40 years. We have just passed the 40th anniversary of the Goulburn Catholic school strike of July 1962. This was a remarkable event that forced both state and federal governments to make a commitment to significantly increase private school funding. I am not going to revisit or reignite the states grants debate. I do not think there would be any argument in this place that the Commonwealth more than adequately provides for private schools in Australia.

I would like to put on the record today that I am not against private school education. I am a product of the private school system myself, albeit the Catholic system. I have some fine private schools in the electorate of Stirling. These include Servite Catholic College, St Mary’s Anglican Girls School and John Septimus Roe Anglican Community School. These schools have all at some stage been recipients of Commonwealth assistance in the form of capital grants. I also have a large number of small private primary schools in the electorate. I was at one of these primary schools, St John’s Catholic Primary School in Scarborough, only last week in an assembly. Let me state categorically that I respect the right of parents to choose a private school for their children and I also recognise the responsibility of the Commonwealth to assist them in this choice. However, what I do want to highlight is the neglect of the public school system by this government. This was highlighted by the policy that the Howard government took into the last election.

I think everyone in this place will remember the debate over category 1 schools during the 2001 election campaign. I was a victim of this campaign. Labor quite rightly attacked the Howard government over the skewed funding program that it adopted. Under this program a handful of the country’s richest schools received the lion’s share of the funding. Under the policy the Labor Party took to the last election, this outrageous funding would be frozen at 2000 levels and further funding increases would be distributed to both public and private schools in need. By some quirk of fate, my electorate of Stirling has the only category 1 school in Western Australia. This school is not your Christchurch Grammar, Scotch College, Wesley or Guildford Grammar. It is not your PLC, MLC or St Hilda’s. No, this school is a Japanese school with around 30 students and it is situated next door to the Scarborough Primary School. This school does not have an enormous range of sports facilities such as countless ovals, archery ranges, rowing facilities or a modern gymnasium; it is situated next to a normal local primary school. But this Japanese school is a real asset to our local community. I
have visited the school and I must applaud the staff and students of the school for their dedication and for the innovation of their programs and curriculum. Yet the Liberal Party used this school as a political football at the last election. The Liberal Party ran a scare campaign through the local community newspaper, saying that the Labor Party was going to cut funding to this school. They also ran a scare campaign throughout the electorate, saying that Labor would cut funding to all private schools in my electorate.

This scare campaign had some bite. To dispel this myth I was forced to spend many afternoons during the formal campaign period distributing information and talking to parents as they were picking up their children at private schools in my electorate. What I had to explain to these parents and what I will continue to explain to them is the fact that this government is discriminating against both them and the parents of students attending state schools. The Liberal funding formula saw disadvantaged Catholic schools, Anglican schools, Christian schools, independent schools and state schools—actually, all high schools and primary schools in my electorate—being passed over in favour of a handful of the richest schools in Australia. Which parents does this funding formula affect? I will tell you: parents who make sacrifices and who scrimp and save to give their kids a quality education are being discriminated against. It is also the parents of state school students who cannot afford a private education for their children who are being passed over for the elites in the eastern states, all of whom can afford a boutique education for their children.

It is these parents who make the sacrifices who the Liberal Party targeted at the last election. I admit it: they were very successful in targeting their campaign of lies and misrepresentation; the devil was in the detail. The Liberal Party managed to convince the parents of students at the schools in my electorate that Labor would cut funding to their schools. They failed to mention that the Liberal policy only benefited their elite mates who control the boardrooms of Australia, the establishment, the squattocracy. The fact is that even the most elite schools in Western Australia—the ones where, if you had three children attending, the fees would cost more than the average family earns in a year—were not category 1. Even these elite Western Australian schools were not affected by the Labor policy.

Why did Labor take this policy of halting more payments to category 1 schools to the last election? The answer is quite simple. To illustrate this point, I will examine the facts contained in a research paper produced by the Parliamentary Library. The paper is entitled Commonwealth funding for schools since 1996. This statement sums up the Howard government’s attitudes towards public education. It says:

The current trends in Commonwealth funding for schools, with an increasing proportionate share for the non-government school sector, is expected to continue.

Figures in this research which are interesting for this debate are the comparisons between the funding for government and non-government schools since Labor lost power in 1996. During this period, the share of funding between the two sectors has changed significantly. The share for government schools has dropped from 42.2 per cent in 1995-96 to an estimated 34.7 per cent in 2001-02. This is significant.

What we have seen is a steady decline in the level of funding for government schools since the Howard government came to power. I will concede that some of the decrease in funding is due to an increase in enrolments in non-government schools. However, this increase is small
compared to the decrease in funding. There has only been a 2.1 per cent increase in non-government school enrolments since 1996. It could be strongly argued that parents have chosen to enrol their children in non-government schools as a result of declining standards in government schools caused by a lack of funding.

I would like to take this opportunity to congratulate the Gallop Labor government in Western Australia, who have recently introduced a positive policy to help support parents sending their children to government schools. This assistance comes in the form of a $100 payment for students each year to help with fees. Premier Geoff Gallop announced this measure at the Western Australian Labor conference in Perth. So far, the response to this measure has been positive. I recently spent a couple of afternoons at the Balcatta Senior High School in my electorate with the state member for Innaloo, John Quigley MLA, talking to parents about this measure and the issues facing them in educating their children. John and I both left the school feeling encouraged by the responses of parents.

I would also like to mention some of the schools I visited recently in the electorate. I visited the Mirrabooka Primary School and the Doubleview Primary School in August with Arlene Moncrieff of Greening Australia for National Tree Day. Both of these schools run excellent environmental awareness programs. I would like to thank Principal Noel Bourke and the staff at the Doubleview Primary School for the lovely morning tea. I would also like to thank Jan Bant from Mirrabooka Primary School for the tour of their seedling garden. I also visited Mirrabooka High School’s multicultural day—a great project. The Mirrabooka High School should be commended for its efforts in promoting a harmonious school environment and for promoting among its students the fact that racism should not play a role in our society.

Finally, I would like to acknowledge the staff and students of the Gladys Newton Special School. This school is for students with intellectual and/or physical disabilities. I have a special link with the school, apart from being the local federal member. When I first became the federal member for Stirling, I chose to participate in the Adopt a Politician scheme, which I know many others in this place also participate in. This year is a special one for my special adopter, Mathew Parker. Mathew will be graduating from the Gladys Newton school this year. I would like to wish Mathew all the best in his future life and thank him for adopting me. The Adopt a Politician scheme has been a beneficial experience for me, for Mathew and for his family.

In winding up, I would also like to pay tribute to all the teachers in schools in the electorate of Stirling. Your job is a hard one and, although rewarding, it is not often made easier by government and government policies. Your unions—the State School Teachers Union of WA, the Independent Schools Salaried Officers Association and the Australian Education Union—work hard for you to get the best conditions possible. It is also our duty as parliamentarians to make sure that the resources are available to make your life easier. This bill hopefully goes a little way towards achieving this aim, although it does reinforce the funding imbalance against non-government schools—a situation that will only be addressed by a future Labor government. In the explanatory memorandum the author states that speedy passage of the bill is necessary to ensure that these important projects for schools are not delayed. I do not want to make life any more difficult for local state schools or local private schools and I support its speedy passage. I commend the bill to the House.
Mr HARTSUYKER (Cowper) (5.00 p.m.)—I would like to speak today on the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002. It is a bill that reflects the ongoing commitment of the Liberal-National coalition to delivering improvements in educational standards and choices. The purpose of this bill is quite clear and reasonable and it should receive the support of members on all sides of politics. It is a bill that when enacted will enable the ongoing federal assistance to capital works projects for government and non-government schools for the period 2005 to 2007, carrying on the program of the current act which provides for funding until 2004.

The debate on this bill provides a timely opportunity for me to speak on education issues. I would like to say something about the coalition’s policies in relation to school education. During the last federal election the Labor Party’s campaign tried to attack the coalition’s policies on this issue. The Labor Party generally, at both state and federal levels, seems to occupy much of its time in the education debate trying to generate an untruth that the coalition parties do not concern themselves enough with public education. Nothing could be further from the truth. The reality is that many of us who sit on the conservative benches in parliaments throughout Australia received our education in the public system. We know and understand the importance of having a dual system that gives young people and their parents a choice in education. The coalition is very focused on the desire for choice—choice for those who choose to send their children to a government school and choice for those who choose to send their children to a non-government school.

While school education is primarily the responsibility of state and territory governments, the Commonwealth has demonstrated its interest in and commitment to this area through capital grants programs and other policy initiatives. Providing a progressive education system for our young is fundamental to the future of our nation and public education forms a core part of any debate on the most effective approach.

There are currently 2.2 million students who attend state schools in Australia and they receive more than $14 billion in funding each year. One million students in independent non-government schools receive about $4 billion each year. Any additional resources accruing to non-government schools come out of the pockets of parents over and above the taxes they have already paid. Those who choose private education are making a significant contribution to subsidising the cost of education in this country.

The coalition increased Commonwealth funding for non-government schools because it recognises that families have different capacities to support schools. What seems to have escaped the notice of many commentators is that there has also been a significant increase in federal funding for government run schools. Since being elected to government in 1996, the coalition has increased funding to state schools by some 52 per cent—an increase of about $811 million. This is despite the fact that enrolments over that period have only increased by 1.4 per cent. In the most recent federal budget, federal funding for state schools has increased by 5.7 per cent. When we compare this to the New South Wales state Labor government’s funding for education, which has increased by only a fraction of that amount, this paints a much more complete picture about who is making public education a priority.

Federal capital grants for schools are an important financial source for both government and non-government primary and secondary schools. They assist with capital projects at
schools and thereby improves opportunities available to students and provides for a higher quality of education in this country. Between 1996 and 2000 the federal capital grants totalled approximately $1.5 billion. Over two-thirds of that amount—over $1 billion—was granted to government schools whilst about $450 million was granted to non-government schools. The current act will see almost $1.3 billion directed through Commonwealth capital grants into schools by 2004. The breakdown between allocations between private and public schools reveals that over 72 per cent of the 2001 to 2004 funding will go to government schools, despite the fact that this sector has only about 69 per cent of total enrolments. I think this figure clearly points out that the government has been working in the interests of both the government and non-government sectors in education.

The bill advocates capital funding for schools of almost $900 million, of which $666 million is for government schools and over $230 million is for non-government schools. These allocations will continue the proportional allocation of funding in this area between government and non-government sectors. The passing of this bill will allow schools to go out and plan into their future—and such future planning is very important in education—ensuring that they are able to be competitive with the education they offer their students in what is becoming a more competitive education market. It will allow schools to offer attractive options in education to parents and students. Capital project funding, which will follow as a result of this bill, will assist in achieving an outcome that offers continuing choice in education. As I have said previously, this government is all about offering parents and students choice in education.

The economic policies of this government have provided an added boost to schools’ capital projects during this period with historically low interest rates, meaning that some schools that desire to go out into capital markets and borrow have been more able to take advantage of lower interest rates than they would have under the rather horrific interest rates that existed in the Labor years. Another economic policy of this government that I would like to touch on that assists schools is the introduction of the new tax system. As members will be aware, under the new tax system state governments are provided with the revenue collected by the GST. The growth that exists through the GST enables state governments to divert extra money into education, but it seems that they are still not matching the federal government’s efforts in this area.

Mr Jull—They don’t in Queensland!

Mr HARTSUYKER—They certainly do not in Queensland and they do not in New South Wales either. The amount of revenue collected under the GST is set to grow over time. Not only does this GST provide extra funding but, as I said, it provides for growth in funding—and growth in funding is very important. It allows improved educational outcomes and it allows a better education system.

The member for Shortland in particular was moaning and groaning about the lack of commitment by the federal government to the funding of schools. I found it interesting to cast my eye over a press release by the Minister for Education, Science and Training, Dr Nelson. This press release, dated 26 August and entitled ‘Exposed—the missing state millions’, states:
A preliminary analysis of state and territory budgets by the Commonwealth Department of Education, Science and Training has revealed a universal failure by the states and the territories to match Commonwealth increases in funding for their schools.

In the May Budget the Commonwealth increased funding for state schools, on average, by 5.7%.

The press release then mentions the Northern Territory. It states:

The Northern Territory proved itself the best performer but, even so, only increased funding to its government schools by 5.6%. In comparison the Commonwealth’s increase was 6.9%. If the NT had increased its funding by 6.9%, NT children would have an additional $4 million for their schools.

It goes on to say that, if the states and territories had not short-changed their own schools, if they had matched the federal government’s effort with funding, there would have been an additional $478,500,000 going into education. I think that those collective state education ministers should be kept in—not kept in government but kept in—to write out 478,500,000 times ‘I must match the Commonwealth government expenditure on schools.’ That would be a great thing for them to do. It would allow them to focus on the fact that the Commonwealth government is serious about putting money into education, that the Commonwealth government is not only dealing with the private sector, that the Commonwealth government is putting money into the state sector as well as into the private sector to provide people with a choice in education—a very important choice indeed.

The press release goes on and names the culprits—and certainly New South Wales is way down there. If New South Wales had matched the federal increases in expenditure on education, state schools in New South Wales would have received another $202 million. Indeed, schools in the ACT, if the ACT had matched federal government funding, would have received an extra $13 million. South Australia is $50 million behind. Victoria is $95 million behind. Queensland is $102 million behind the increases—a terrible state of affairs in Queensland. What about Western Australia? How much do you think their education funding lagged behind? Only $8 million. They are probably a little bit closer to the mark but still lagging behind.

I would have to say that any moaning and groaning by the member for Shortland or the member for Stirling is certainly misplaced when you look at this very interesting document produced by our most competent Minister for Education, Science and Training, Dr Nelson—

Mr Snowdon—Braveheart!

Mr HARTSUYKER—Absolutely! The member for Lingiari interjects. The Northern Territory is $4 million behind the federal increases in funding. The member for Lingiari might bear that in mind. In the last few weeks I have had the chance to call in at a number of schools in the electorate of Cowper. We called in on National Flag Day to Tucabia Primary School, a very fine government funded school in the small town of Tucabia in the electorate of Cowper. We were fortunate enough to present the students and the school with an Australian flag on Flag Day, and that was a great thing to do. The most important thing to note is that there was a very positive vibe at the school—the children were happy, they were very proud of their flag, they were very proud to be Australians and they were very keen to see their local member and certainly keen that I was able to give them that flag and acknowledge the Commonwealth’s commitment to public education.

I also went recently to Saint Augustine’s—a Catholic school—and I was most impressed by Michelle Charles, a teacher, who was very comprehensively teaching the children about our
political system. It is a great thing to do—the children learn more about our political system and they are aware of the functions of the House of Representatives and the Senate. I was very impressed by the children’s knowledge of our political system. In fact, I think the children probably teach a lot of adults out there in the general public quite a deal about our political system. It is great to see our private sector education system working, great to see our public sector education system working and great to see both those sectors alive and well in the electorate of Cowper. This is an excellent bill, and it is with great pleasure that I commend the bill to the House.

Mr SNOWDON (Lingiari) (5.11 p.m.)—I rise to speak on the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002. To the member for Cowper, let me say this: before he goes talking about the seat of Lingiari he should establish the facts. What he will know, if he knows anything about the Northern Territory, is that we suffered under 25 years of conservative rule to the point where education infrastructure, particularly in remote areas, is all but non-existent and certainly run down. The responsibility is now put on the new Labor government to try to play catch-up for the very awful job done by successive conservative governments in the Northern Territory.

Mr HARTSUYKER—It’s not reflected in the numbers.

Mr SNOWDON—He may start to learn something if he listens, and that is that the educational outcomes in the Northern Territory bear witness to my statements. I ask him to look through the Hansards. I have spoken in this chamber and the main House on many occasions about the inadequacies of the education system in the Northern Territory and the failure of successive conservative governments to meet their obligations to the citizens of the Northern Territory, particularly Aboriginal Territorians.

I remind the member for Cowper—just so he does start to understand—that about 46 per cent of my electorate are Indigenous Australians living mostly in very remote communities. Not only do most of these people suffer from severe educational disadvantage; they are also the most poverty-stricken people in the nation. Successive CLP governments, conservative governments, in the Northern Territory have done precious little to alleviate the horrible poverty in which they live. Whilst I hear the member for Cowper breast beating about the success of this government and about the role of Braveheart, the Minister for Education, Science and Training, what he ought to understand and start to learn a bit about is the people who really do need some attention from this government—and needed it from previous governments—and the disadvantage that people have suffered directly as a result of the ideological obsession of successive CLP governments in the Northern Territory. It is a matter of fact and a matter of history and something that will not be denied once you understand some of the basic information.

I propose to support this bill but I am also supporting the amendments from the opposition. I remind the House that these amendments go to the question of the failure of the government to provide real increases in Commonwealth capital funding for schools since 1996—the member for Cowper might understand this. That says something quite different from what the member for Cowper and other members of the government would have us believe this government is doing in terms of education. Its failure to address adequately the capital needs of
schools in disadvantaged and isolated areas is the aspect of the proposed amendments that I want to concentrate on.

I want to remind members that in my electorate of Lingiari, as well as the need for the provision of the upgrading of capital infrastructure—including land, buildings, water and electricity equipment, library materials and furniture, and residential accommodation for government school students—there are large numbers of students who have no access to education at all. In my first speech to the parliament in 1987 and earlier this year in my capacity as the first member for the seat of Lingiari, I spoke about the need to provide better opportunities and better outcomes for those most disadvantaged in our community. I want to reiterate that education assistance funding to Indigenous communities continues to remain small in relation to overall spending, and that spending does not take into account the differential costs involved in the provision of services to remote communities.

During the parliamentary recess, like many of my colleagues, I took the opportunity to get about the electorate. It is perhaps worth reminding people that the electorate of Lingiari is 1.34 million square kilometres in area, it has a very widely dispersed population, with many small communities, and it is approximately one-sixth of the Australian landmass. It is characterised by communities separated from the main centres such as Alice Springs, Katherine and Tennant Creek by distances of up to 700 and 800 kilometres. It also includes Christmas Island and the Cocos Islands in the Indian Ocean.

In the mainland remote communities, there are both government and non-government schools that struggle to provide an educational service. These communities lack not only educational infrastructure but almost all infrastructure: health, housing, transport and communications. In fact, when you look at these communities and at the indices of poverty that are commonly used, you are very rapidly satisfied as to how poverty-stricken these communities really are. The obligation that we as legislators have is to redress that disadvantage, to do something about alleviating that poverty. Despite what the member for Cowper might want you to believe, this is a reality. It is not some visage which is drawn up out of an encyclopaedia or some history text; it is the present.

I have just come back from travelling to a number of countries. In the last little while, I have been to Indonesia and Vietnam and I have seen very depressed communities. But in those travels, I have seen no communities as depressed or as poverty-stricken as some of the communities in my own electorate. The reality is that these are struggling communities trying to provide, with limited resources, what most Australians take for granted.

In my travels around the Territory during the break, I was lucky enough to travel with ministers from the Northern Territory and, indeed, in one instance with the federal minister. We observed in many places the appalling state of school infrastructure in some of the communities we visited. I can recall one community where the ceilings were falling out of the classrooms, and where there was little or no water and no airconditioning: there was none of the basic infrastructure that would be seen as acceptable or required if you lived in Alice Springs, in Darwin or—God forbid!—in Canberra.

I have suggested to the Northern Territory government, new government that they are, that they undertake an audit of educational resources in the Northern Territory—a bottom line audit to see what resources are there, where they are and the condition that they are in. I have
made this suggestion because it is obvious that, in the seat of Lingiari—and I guess it would be the same in other electorates—there has been a failure by governments both federally and at a state level, and in this case a territory level, to adequately address the capital needs of schools in disadvantaged areas. In particular, the capital needs of schools for Indigenous students and communities and of rural and remote schools must be addressed as a matter of great urgency.

I am on the record as saying in this House that, in my own electorate of Lingiari, I estimate there are between 3,000 and 4,000 young people between the ages of 13 and 19 who have no access to high school or training. That equates to roughly seven or eight large high schools worth of students in the electorate who have no access to educational infrastructure. Imagine the outrage if that were the case here in the leafy suburbs of Canberra. Imagine the good burghers of Belconnen—and Belconnen is probably not a bad example, as it is probably about the size of Lingiari in terms of population. Imagine if you had 3,000 to 4,000 young people in the area of Belconnen without access to a high school. Of course there would be hell to pay, and so there should be, just as there would be if it were in Sydney at Hunters Hill or in any of the suburbs in Melbourne—or in Perth; it does not matter where. We know, as my colleague the shadow minister for Aboriginal affairs has already pointed out, Indigenous enrolments are growing much quicker than those for non-Indigenous Australians across Australia, by 15 per cent per annum.

The 2001 census data for my electorate of Lingiari, released in June, amply demonstrate this point and exemplify the need for immediate, remedial action to address the infrastructure shortfall. Lingiari has a young, growing population that will increasingly need educational resources. Even off the currently abysmally low base, we know that the stock of capital resources is inadequate for the current school population. It is drastically inadequate and, of course, as I have pointed out there are many who do not have access at all to those services.

It is worth giving a little snapshot of Lingiari compared to the total Australian population, using the census data. Nationally, Indigenous Australians make up two per cent of the population. In the seat of Lingiari, it is 45.3 per cent. Males and females aged 19 and less make up 39 per cent of the population in Lingiari, and nationally it is only 27.6 per cent. In the age group of nine years and less, the baby boom nature of Lingiari’s population can well and truly be identified. Nationally, 13.5 per cent of the population is aged nine or less. In Lingiari, the percentage is 20.1. You do not have to be a demographer to work out what this means for the future. It means that governments must act to address need. It also means that the demand is growing exponentially. Currently, according to the census, in terms of young people aged from 14 to 19 years, nationally 46 per cent of Indigenous youth were recorded as attending school compared with 70 per cent of all Australians in this age group. I can tell you that in the case of Lingiari that figure is much lower, although unfortunately I have not been able to extract it from the census data as yet.

In my electorate, unless there is real action, it will always be a case of one step forward and two—even three or four—steps backwards. It could get a lot worse. Unless government makes a substantial effort to improve the delivery of capital resources to both government and non-government schools in regional and remote Australia, we will see the situation get dra-
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In this place and elsewhere, we hear a lot about the social disruption, the social dysfunction, that is apparent in many depressed, poverty-stricken communities around Australia. We also hear that the basis for getting out of poverty is education, yet it is very clear that there is an enormous demand for Commonwealth resources required to address the disadvantage in Aboriginal education.

I will refer briefly to a report by the Commonwealth Grants Commission on Indigenous funding for 2001. The report addresses a gamut of funding to Indigenous communities across Australia. Whilst the report was restrictive in its nature, what it says to us is very clear. Under the heading ‘Linking Needs and Resource Allocation (Chapter 3)’, under point 8, it says:

(ii) It is clear from all available evidence that mainstream services do not meet the needs of Indigenous people to the same extent as they meet the needs of non-Indigenous people.

To me, this is stating the obvious. Nevertheless, it is important that this august institution—the Commonwealth Grants Commission—should be making the following observations:

(iii) There are many sources of funds available to meet the needs of Indigenous people and allocation methods used for any one program should take account of what is happening in other programs.

(iv) There is no obvious and simple proportional relationship between measures of needs and the funds required to achieve outcomes. An important question is whether new methods of distribution should be applied to existing programs and funds.

(vi) Indigenous people in all regions have high needs relative to the non-Indigenous population. An important question is whether new methods of distribution should be applied to existing resources. Any change in methods of distributing existing resources means that some regions would lose funding and others would gain. Large redistributions risk losing the benefits of investments made over long periods of time, including those in developing organisational capacity and people. The real costs of redistribution may be high.

Of course, this assumes stasis in the condition of funding. It points to the disadvantage and the need to build the funding base, because the redistribution issue does not become a real problem if there is more money. What we have to do is understand that addressing these problems will require a hell of a lot more money—money which has not been forthcoming to date. I am not being critical here of only the Howard government; it is an issue which goes back a generation. Paragraph 52 of the document says:

Commonwealth general recurrent funding for government schools reflects primary and secondary student numbers but does not allow for differential costs of service delivery.

This is an extremely important point. Again, you do not have to be the world’s greatest accountant to work out that it will cost you more to provide a service at Lajamanu, for example—which is some 600 to 700 kilometres north-west of Alice Springs—than it will at Alice Springs; yet the funding distribution does not take account of the differential costs involved in the provision of services. The report goes on to say:

Commonwealth funding for Indigenous-specific programs is allocated on the basis of student numbers, but Indigenous-specific funding is not targeted to regions on the basis of relative need.

Does that raise an issue? I think it is a significant issue.
It seems to me that, if as a community we are going to address the question of disadvantage, we have to allocate funds on the basis of need. In my view, that should be the basis for the allocation of all funds from government. Instead of having a per capita distribution of resources, we should be using a formula based process which looks at need. I know that the Commonwealth Grants Commission’s horizontal fiscal equalisation formula, in terms of general revenue assistance to state and territory governments, takes account of this. But it does not take sufficient account in terms of the allocation of capital grants to state and territory governments—as in this case, under this piece of legislation—when those capital grants are not based on need.

I think I have outlined fairly succinctly a pretty good case for saying that the governments—both here and in the Northern Territory—need to do a great deal more about the allocation of capital resources for educational services in the electorate of Lingiari. If we are going to address the fundamental issues that underlie poverty in this community and address the issues of social dysfunction that have often been spoken about, we must understand that we need more money. We cannot get away from it. More money needs to be allocated—a hell of a lot more money needs to be allocated—and a lot more planning needs to be done to ensure that the services which are provided to people are appropriate to their needs and requirements. Currently, they are not. Literally thousands of Territory students do not have access to educational services. That is a blight on this nation. It is not a situation which would be acceptable in any of the major urban centres, and it is not a situation which is acceptable, or should be acceptable, to us as parliamentarians and legislators looking after the affairs of the community and properly looking after the affairs of the nation. (Time expired)

Mr JOHN COBB (Parkes) (5.32 p.m.)—I rise to speak strongly in support of the States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002. I was interested to hear the member for Lingiari speak, because I come from a big electorate myself, which is probably a third of the size of New South Wales. While it is nowhere near the size of Lingiari it does have quite similar problems. I appreciate very sincerely what he said about the problems in the outback. I am sure that we both have a similar problem in getting state governments to match Commonwealth funding. I am sure that he will be as pleased and as proud as I am of the fact that since 1996 the Commonwealth government has increased spending on state schools by over 50 per cent.

We need to look at some of the problems we have with schools. Quite apart from all the state schools in my electorate, which in recent times have certainly had cause to be thankful that the Commonwealth has increased its funding to the extent that it has, the non-government schools have also had cause to be thankful. Recently, I had the pleasure of seeing money go to schools in Trundle, Forbes and West Wyalong that desperately needed to upgrade their facilities to make it possible for the kids in my electorate to do their schooling in far better circumstances.

If you look at the Catholic Diocese of Wilcannia-Forbes, which certainly covers most of New South Wales and which almost coincides with my electorate and virtually takes in all the outback, there are 21 Catholic schools in that area. There are probably another four or five other non-government schools. Without doubt, the money they get from the Commonwealth, along with the government schools, makes a huge difference in places like Nyngan, Cobar.
and Broken Hill. So the stress taken away from the government schools and the money that both the government and non-government schools are now able to access have made an enormous difference. We have seen it in the last few years. The point to be made about this bill is that we cannot have any hesitation in passing it. Schools tend to look at their proposals a long way ahead; we are looking at the years 2005, 2006 and 2007. The sooner this bill can be wrapped up, the sooner it can move forward and our outback schools can get the benefit of it and plan ahead, the better off they will be.

During the last election, in my electorate I had the Teachers Federation accuse me, and the federal government generally, of not providing money for government schools. This was despite the fact that at the moment $316 million a year is being spent on doing up schools around Australia. Of that, $227 million is going in grants to state schools and only $89 million is going to non-government schools. Given that a third of all children go to non-government schools, it is obvious that far more money is going in the direction of government schools. The facts speak for themselves: the level at which we are funding government schools is increasing at a far greater rate than the level of funding for non-government schools.

Without a doubt the Teachers Federation has been working hand in hand with the Labor Party. Its attack during the last election was certainly political; it was not an attack about the facts or an attack to try to change the funding arrangements in my electorate. Despite the fact that government schools are getting a lot more money than non-government schools, you have to wonder if the Teachers Federation has a point. Why isn’t more money going to government schools, or to schools in general, in New South Wales? The simple fact remains that state financial mismanagement can be the only reason that government schools do not receive a lot more than they do. When you have a simple look at the figures, you can see just how much money is not going to schools in New South Wales. As I said earlier, the Commonwealth government has increased its funding by over 50 per cent since 1966. Well over two-thirds of children—69 per cent—attend state schools and get 78 per cent of the funds that we spend on education. About one million children—31 per cent—attend Catholic and independent schools and receive only 22 per cent of funds.

The federal government increased funding to New South Wales schools by 5.3 per cent, so why haven’t we got more money for our schools? You only have to look at the fact that while we have increased funding of 5.3 per cent, John Watkins, the state education minister, increased funding in New South Wales by only two per cent. I wonder if this is similar to the case of funding for roads. The Roads to Recovery program, over four years, is going to put $1.2 billion more into regional roads in Australia. As a result of that, our spectator in federal parliament today, Carl Scully, the Minister for Roads, is telling the councils around country New South Wales—and certainly in my electorate—to use Commonwealth funding for things that the state has funded in the past.

Is this what is happening with education? Did the New South Wales government, and John Watkins in particular, wait to see what we did? When they saw that we made a 5.3 per cent funding increase, did they say, ‘Here’s a good chance for us to save a quid; let’s only increase our funding by two per cent’? Who are the losers? The Commonwealth government is not the loser; the kids in New South Wales, including the kids in my electorate, are the losers. By comparison, they are losing about $202 million.
The States Grants (Primary and Secondary Education Assistance) Amendment Bill (No. 2) 2002, which we are debating here today, will ensure that approval of Commonwealth capital funding assistance for both government and non-government schools can proceed. This bill maintains and continues the Commonwealth’s commitment to assisting government and non-government schools with important infrastructure projects which will support the aims of the schools and the kids who attend them.

I can assure you that schools in towns like West Wyalong, Hillston and Lake Cargellico in the south of my electorate are waiting to make sure that they can do some planning in the years ahead for the years 2005, 2006 and 2007. During the last election, as I said earlier, the opposition and the Teachers Federation ran a campaign of deliberate misinformation, saying that the coalition favoured the funding of non-government schools. What the public needs to realise is that the Australian Labor Party, with the Teachers Federation, is running a campaign of misinformation with out and out lies. Going and talking with teachers, you realise that the vast majority of them are not raving left-wingers; they are people with a very serious intent to teach children and are probably, on the whole, conservative voters. So the Teachers Federation is not only running the Labor Party platform but it is also neglecting to represent its own people.

As I have said, the federal government provides over $316 million each year for capital works in both government and non-government schools. Government schools receive way over the 68 per cent of funding equating to the proportion of children that attend them. Contrary to what we are told by the Labor Party, as I have said, the amount provided by the Commonwealth for government schools far exceeds the amount commensurate with the number of children going to those schools. In recent times it has been put that over $140 million more goes to government schools than to non-government schools.

Next year, in 2003, the Commonwealth will spend an estimated $811 million more on government schools than the Labor Party spent on them in its last year of office. As I have said, this is an increase of well over 50 per cent. Government schools have always received the majority of public funding for school education. At the same time we need to remember that the Catholic and private school systems save Australia around $2 billion a year. In fact, I know that in New South Wales education would collapse absolutely without the involvement of the non-government system. The existence of these private school systems enables parents to exercise choice—and it is a choice they have every right to. The opposition must understand that any delay could mean a cessation of funding. I cannot believe that anybody would vote not to pass this bill. I listened to the remarks of the member for Lingiari. I note that he must be in as big a hurry as any of us to make sure that this legislation goes through to ensure, hopefully, that the increase in funding to schools in general that has been effected by the Commonwealth government since 1996 continues.

The government has been and will continue to be strongly committed to raising standards and improving outcomes for all students, no matter which sort of school they attend. It is time that the Teachers Federation and the opposition stop misleading the public and admit the extent to which this government has turned around the funding of all schools, public and private. Just imagine how far back the funding of New South Wales schools would be without the increases that have been effected by this government. Certainly they would be down $200 mil-
lion from the New South Wales government, but they would be down many times that without
having had our increases in funding over the last six years.

We are talking about $478 million that is missing in government funding of schools around
Australia. That amount is missing because the state governments have abdicated their respon-
sibility. While I do not like to denigrate my own state, $202 million of that amount is due to a
lack of funding by the New South Wales government. The New South Wales government’s
history in this area is the worst and its failure to provide funding by far exceeds all others: two
percent is the lowest increase in funding of all the states in Australia. The highest increase in
funding is the Northern Territory’s 5.6 per cent. But, as I have said, New South Wales has
only increased its funding by two per cent, or $202 million.

New South Wales funding represents roughly a third of what happens around Australia, but
in this particular case it is well over that amount that is in shortfall. Out of $478 million, New
South Wales has ducked out of $202 million. Obviously, Mr Watkins, the Minister for Educa-
tion and Training, and Mr Scully, the Minister for Transport, and Minister for Roads, have
decided that they will duck out of whatever the federal government puts in—it does not mat-
ter whether it is transport, schools or whatever. That is a disgraceful figure. We have over-
crowded classrooms, and the Teachers Federation points the finger at the federal government
when it should point the finger at the Labor governments around Australia, and New South
Wales in particular.

Small towns in my electorate, such as Tottenham, Menindee, Trundle and Peak Hill, cannot
afford to miss out on the things that the state government is refusing to fund. The states must
apply these additional funds to government schools. They cannot continue to rip off the chil-
dren in the electorate of Parkes. Like the member for Lingiari, we have remote schools,
schools in the outback. The federal government cannot pick up on the things that the state is
refusing to do.

This bill has to be passed. I will be amazed if it is not and if anybody votes against it. It
would well become the Labor Party and the federal government to talk not only to the Teach-
ers Federation but also to the other governments around Australia about getting their facts
right and about doing the things they are meant to do and to look after their children.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism
and Resources) (5.47 p.m.)—First of all, I would like to thank all honourable members who
have contributed to this debate on the States Grants (Primary and Secondary Education Assis-
tance) Amendment Bill (No. 2) 2002. This bill amends the States Grants (Primary And Sec-
ondary Education Assistance) Act 2000 to provide capital grant funding amounts for govern-
ment and non-government schools for the years 2005-07. Specifically, the bill amends sched-
ule 3 and schedule 5 to the act to insert maximum capital grant funding amounts for govern-
ment and non-government schools for the calendar years 2005, 2006 and 2007. Schedules 3
and 5 to the act set out funding amounts for the capital grants program for government and
non-government schools respectively for the period 2001-04.

Schedules to the act setting out capital funding allocations include a specific note stating
that funding allocations for later years will be added by an amending act. The act and previous
acts make specific provision for capital funding allocations beyond the normal four years of
the quadrennium due to the size and complexity of school capital projects, which often re-
quire long lead times for planning, assessment and construction. School capital projects are regularly funded across several years. As there are substantial development costs associated with capital projects, a guarantee of funding is often sought well in advance of the actual construction.

By longstanding arrangement, the state education departments and non-government block grants authority, which administer the programs, are able to recommend funding allocations for projects up to three years in advance of the current calendar year. This enables funding of major projects which require long lead times to be secured at an early stage and payments for large projects to be staged over a number of years. For example, $18 million worth of projects were approved for funding in 2004 as part of the non-government school funding round conducted in 2001.

This bill is not about shifting funding between sectors; it is about giving certainty in Commonwealth funding to all schools as they undertake planning and construction of major projects designed to provide essential educational opportunities to schoolchildren. There have been various misleading claims made, inferring that the coalition is shifting funding away from the government sector to the non-government sector. Indeed, the Commonwealth is increasing its funding to government schools at a faster rate than the states, which have the constitutional responsibility for government schools.

In the last federal budget, the government announced that school funding would be increased by 5.6 per cent compared with an average increase on the part of the states of only 2.7 per cent. The opposition is confusing the issue of need in this debate. The government reformed the general recurrent grants program by addressing the anomalies of the former ERI arrangements and moving to the SES funding model that is based on the relative needs of the school community it serves. Capital grants are also provided on the basis of relative need.

Non-government capital works projects are normally approved in October; schools often undertake building works during the long recess over Christmas to avoid danger and disruption to students. If passage of the bill is delayed beyond October, any urgent projects with 2005 funding that are preparing to let tenders, sign contracts and commence construction during the end of year school recess will be unnecessarily delayed, and some projects may need to be rescheduled.

In response to the amendment to the bill proposed by the member for Jagajaga, I indicate that the government does not support the amendment, and I would like to make the following points. Capital funding for government schools has been maintained in real terms and increased in actual dollars at a time when government school enrolments are falling. The principal responsibility for maintaining the fabric of the Australian school system rests with the state and territory governments. While the Commonwealth has maintained its expenditure in this area, the same cannot be said for many of the state governments.

The member for Jagajaga also fails to take stock of the fact that, as a result of the introduction of the new tax system, states and territories have access to a significant new source of funding through GST revenues. These revenues are expected to rise from $24.4 billion in 2000/01 to $32.6 billion in 2004/05, an increase of 33.6 per cent. I agree that it is imperative that the capital needs of the schools in disadvantaged and isolated areas, including Indigenous
schools, receive priority attention. The Commonwealth program is targeted specifically at these schools. The Commonwealth expects the states to honour their agreements with the Commonwealth and allocate the substantial funding the Commonwealth provides in these areas of need. I acknowledge that the accountability and evaluation processes established for the program by the Labor government were certainly inadequate. This government has tightened accountability requirements and will continue to do so while states such as South Australia contravene their agreements with the Commonwealth and their school communities.

I would also like to correct an allegation made by the opposition. Capital funding for the non-government sector will not decrease by $10 million in 2003, as claimed by the member for Jagajaga. The coalition introduced a three-year, $10 million per annum increase to non-government capital funding in 1997 to honour its 1996 election commitment. This increased level of funding was subsequently extended in the 1999-2000 budget for a further three years, to end in 2003. No decision has been taken to terminate this additional funding and provision for its continuation in 2004 and beyond is included in the forward estimates.

In summary, there is a compelling argument that the bill should be agreed to by the parliament without amendment. This is particularly so as to avoid any unnecessary delay or disruption for those schools waiting on funding approvals to commence important building works. Unless and until the bill is passed, capital projects recommended by state and non-government block grant authorities, which include a 2005 allocation of Commonwealth funding, cannot be approved and projects cannot proceed until approval is confirmed. If the opposition wants to demonstrate that it supports schools and the quality of their education provision, it should support the bill.

The DEPUTY SPEAKER (Mr Mossfield)—The original question was that this bill be now read a second time. To this the Deputy Leader of the Opposition has moved as an amendment that all words after ‘That’ be omitted with a view to substituting other words. The immediate question is that the words proposed to be omitted stand as part of the question.

Question agreed to.
Original question agreed to.
Bill read a second time.
Message from the Governor-General recommending appropriation announced.
Ordered that the bill be reported to the House without amendment.

ACIS ADMINISTRATION AMENDMENT BILL 2002
Second Reading

Debate resumed from 22 August, on motion by Mr Entsch:
That this bill be now read a second time.

Mr GAVAN O’CONNOR (Corio) (5.56 p.m.)—The ACIS Administration Amendment Bill 2002 amends the ACIS Administration Act 1999 to include utilities, panel vans and pick-ups in the definition of passenger motor vehicles. This is for the purpose of the Automotive Competitiveness and Investment Scheme, which is the government’s major vehicle for delivering support to Australia’s automotive manufacturing and component industry. The post-2000 assistance arrangements that were put in place by the government include a tariff pause on imported passenger motor vehicles. The current tariff is 15 per cent and it will remain at
that level until 1 January 2005, when it is scheduled to fall to 10 per cent. With that particular assistance scheme there is a five per cent tariff on four-wheel drives and light commercial vehicles and retention of the additional specific tariff of $12,000 for imported used or second-hand cars.

I notice that Captain Zero has just entered the Main Committee—that is, the honourable member for Corangamite, the zero tariff man. Thank goodness the member for Corangamite never got his way some time ago because Geelong would not have a car industry, and I doubt whether Australia would have one either. He was a Hewson man, that political relic that was discarded by the Liberal Party. They only have to take one more step and disendorse the member for Corangamite and we will get rid of all the free market fossils who are on the other side of the chamber.

Be that as it may, let me refer to the scheme. ACIS commenced on 1 January 2001 and it will conclude on 31 December 2005. It is a substantial package of assistance to the car industry—some $2.8 billion, I understand, over five years—and it is a very important vehicle for the stimulation of innovation, research and export development within automotive manufacturing and component manufacturing. The scheme is supported by the industry and that has been enunciated by it in many submissions made to the Productivity Commission in its report and its assessment of future industry assistance arrangements beyond the current time span of this particular scheme.

It is important to note that the Federated Chamber of Automotive Industries has delivered quite substantial support to the scheme, and I think it is worth mentioning a couple of the benefits they have listed of this scheme. They list ‘underpinning production volumes in the industry pending greater overseas market access being achieved’ and ‘helping vehicle manufacturers bear the costs associated with working with the supplier base to improve their quality and efficiency performance to world standards’. As I go down the list—and there are quite a few here—I see ‘supporting the diversification of product offerings such as sports utility vehicles and sports cars’.

We know the Western District squattocracy are very keen on that particular aspect. Indeed, if you do go down to Corangamite, which I periodically do, it is really great to visit Camperdown. There in the main street is the BMW sports—

**Mr McArthur**—No.

**Mr GAVAN O’CONNOR**—Oh, the honourable member for Corangamite does not have a BMW sports? I bet he does not drive a Ford.

**Mr McArthur**—Yes.

**Mr GAVAN O’CONNOR**—Oh, he does drive a Ford. I take that back; I have made a horrendous error, but I will be checking out the sports car. The honourable member for Corangamite loves going down the Great Ocean Road in his little sports car. I have to check whether in fact it is Australian made.

**Mr Danby**—Is it red?
Mr GAVAN O’CONNOR—It is a red sports car. It is that misspent and forgotten youth that he is yearning for. Not only can he run the sub marathon in quite a good time, he likes that little red sports car.

Mr Danby—Does he wear his boots?

Mr GAVAN O’CONNOR—He wears his cowboy boots in his little sports car as he scoots down the Great Ocean Road. But, Captain Zero, we will get to you later, because I think it—

The DEPUTY SPEAKER (Hon. L.R.S. Price)—Order!

Mr GAVAN O’CONNOR—Sorry—the honourable member for Corangamite—because it is important that this chamber understands the peril that this industry could be in if people like the member for Corangamite were to get their way.

I mentioned supporting the diversification of product offerings that the FCAI says is a significant benefit of the scheme. Other benefits include: helping Australia to build a competitive advantage in a low cost place to perform R&D and of course supporting efforts by component producers to dramatically increase their innovative capabilities. The advantages of delivering government support to this very critical industry to the Australian economy and the local regional economy in Geelong are well documented not only by the FCAI but also by the Geelong Manufacturing Council and the City of Greater Geelong in their submissions to the Productivity Commission.

It is important to canvass just how important motor vehicle manufacturing is to the Victorian economy. Vehicle manufacture, including component parts and accessories, is Victoria’s largest manufacturing industry. It accounts for some 2.3 per cent of gross state product—that statistic is for 1998-99—and it has a turnover of some $9 billion. So it is very important to the state of Victoria. However, if we go to Victoria’s premier provincial city—

Mr Billson—Frankston?

Mr GAVAN O’CONNOR—It is not Frankston. The honourable member for Dunkley really does jest with the Main Committee. It is Geelong, which relies very heavily on car and component manufacturing. Indeed, I am indebted to the City of Greater Geelong for the profile they have given me on the importance of the industry to Geelong. In 1999 there were 532 manufacturing enterprises—so we are a manufacturing city—and 20 of those were directly involved in manufacturing automotive products and components. The employment in that particular industry is over 3,800 people and, when you take into account the multiplier effect which the economists have brought to bear on that direct employment statistic, we find that some 5,800 people are indirectly employed. That makes somewhere in the region of 10,000 people in a work force of some 95,000 who are dependent on automotive manufacturing.

It is a very significant industry to our local regional economy, an industry that would have been decimated if Labor had not won in 1983 and governed for 13 years, during which it restructured the motor vehicle industry right across Australia. There was considerable pain in that, but of course we understand that, if the ‘Captain Zeros’ in the Liberal Party—that is, the proponents of the zero tariff back in the mid-1980s and 1990s—had got their way, we would not be here talking about a strong, vibrant, innovative automotive and components industry in Geelong. The importance of the industry can be seen in the payroll that it provides in Geelong: $210 million and a gross turnaround of some $857 million. It is not an unsubstantial
contributor to the Geelong economy, and it is absolutely critical to Geelong’s economic future.

That future will rely on continued investment in plants and equipment. Let me state in this chamber how pleased the community is, as I am, with Ford’s recent announcement of a substantial investment in its Victorian operations. Much of that new productive capacity will be centred in Geelong, and of course that is a great statement on the healthy future of automotive manufacturing in Geelong. Geelong’s future will rely on innovation, in the context of the automotive and components industry, and further skilling of the work force. To secure that future, Geelong companies have formed an industry cluster group in the automotive area. It is called CARnet, the Combined Automotive Regional Network for Excellence and Teamwork. The major aims of that organisation are to increase awareness nationally and internationally of Geelong’s capacity to produce in the automotive field, and to increase exports from the region. These are objectives that I endorse. They have been endorsed by the City of Greater Geelong and employer groups in Geelong. That networking cluster has achieved quite a lot in its short time in operation in Geelong.

I think we need to reflect on the historical development of the industry to get an idea of where it has come from. In 1990, there were 6,700 people employed in automotive and component manufacturing in Geelong, and in 1999 that figure stood at 3,800. We have seen a massive structural adjustment in Geelong’s automotive manufacturing over that decade. It has been a period of great difficulty for the local economy because it occurred at a time during the 1980s when we also faced difficulties in other areas. We all know of the Pyramid collapse and the restructuring that occurred in textile manufacturing, which is another major area of manufacturing in Geelong.

What occurred in Geelong mirrored what happened in other parts of the Australian economy. That restructuring had to occur, and it had to occur because the former Liberal governments left Australia with a ramshackle, rust-belt industrial base that Labor had to fix up. It always falls to Labor to fix up the mess created by the Liberal Party in government. When we look at the Australian economy in 1983, we see that there were double-digit Liberal inflation, double-digit Liberal interest rates, negative economic growth and the highest levels of industrial relations disputation in our history—which have I missed out? There is a whole lexicon of adverse economic statistics that were the legacy of the Liberal Party. Of course, we put our shoulder to the wheel. We restructured the Australian economy. The poor honourable member for Eden-Monaro shakes his head—of course, he is a newcomer in this place, relatively speaking. He has a marginal seat and he is just new in the place, and of course he does not have the corporate memory that the member for Corangamite and I have. There was a reason why the honourable member for Corangamite spent so long in opposition: because of the double-digit inflation rates, the double-digit unemployment rates, the double-digit interest rates and the negative growth that were the legacy of John Howard as Treasurer—now the Prime Minister of Australia—and the Liberal Party.

Geelong’s strengths are the stability and skill of its work force and the education and training base that it brings to bear to support its automotive manufacturing effort. For example, the Gordon Institute has a manufacturing industry training centre, which was constructed courtesy of Labor in government, and Deakin University has a unique and special training relationship
with Ford which has delivered such excellent benefits to the company and to the regional economy. I think the importance of automotive manufacturing to Geelong and the strength of Geelong manufacturing are summarised in the submission that was made to the industry commission by the Geelong Manufacturing Council. With your indulgence, Mr Deputy Speaker, I will quote from that document. It states:

The Automotive Positioning Project demonstrated that the Geelong Region has a number of advantages as a location for automotive design, research and manufacture. Advantages include: proximity to assembly operations; skilled labour; transport infrastructure; training, research and education. The breadth of capability in the region across design, machining, stamping, components manufacturing and the willingness of local government and tertiary institutions to support industry are also important advantages.

What I am saying is that Geelong supports this industry wholeheartedly, from local government and one federal member, at least, to the state Labor members who support the industry and of course the general community and the business community. They all support this very important industry. We are waiting for the honourable member for Corangamite to come on board. I would be interested to hear what he has to say. He is lining up at the gate; he has his cowboy boots on today to enter this debate. I would be interested to know what he thinks. The honourable member for Corangamite needs to answer this question: if he was a supporter of zero tariffs in the late 1980s and early 1990s, has anything changed in the early 2000s? Does he still support a zero tariff proposition? If so, he should declare it to the House, to the workers in Geelong and their families and to the general community in Geelong.

No doubt the member for Corangamite will get up in this debate and point to the wonderful position that the car industry is in today. Let me tell you why it is in that condition: because Labor restructured it. Labor restructured it, and the export performance that it now enjoys, the massive investment that it now enjoys and the security and stability of the work force that is now evident in this industry are a result of Labor’s efforts. They are a result of ‘hard Labor’, because we were left with a ramshackle manufacturing industry—of which this particular industry was a significant element—and, in the fine Labor tradition, we fixed it up. No doubt there will come a time in the near future when we get to fix up the mess of the current government—just as in every state and territory government across Australia, where there are Labor governments to fix up the mess of the conservatives. In Victoria, as the honourable member for Corangamite knows, Labor were elected to government to fix up the Kennett mess. The task of fixing up the Liberal mess always falls to Labor.

We have the potential for a mess in this industry. We need to look at the market prospects of the industry and get a fix on them. It is very interesting that demand in the Australian economy is fairly high for automotive vehicles. No doubt members opposite will be saying, ‘Look, we have got a market now in excess of 800,000 vehicles and it could go to 830,000 vehicles. Isn’t this wonderful?’

Mr McArthur interjecting—

Mr GAVAN O’CONNOR—I applaud that. You have to understand that there is a very strong demand for imported product. Our exporting performance from this industry has been buoyed by a low exchange rate. As we know, the Treasurer once said, ‘The mark of a poor economy off the boil is the low exchange rate.’ The honourable member for Corangamite would know that the Treasurer made those statements to the House when the exchange rate with the US dollar was around 75c. The Treasurer is a great man with a great vision. He made
the point that the economy would be in extremely diabolical economic circumstances if the
exchange rate fell to 70c. What is it now? The honourable member for Corangamite could tell
me. It is 55c under the Howard Liberal government. Are you going to say to me that, accord-
ing to the Treasurer’s criterion, this great economy that we left you and which you luckily
continued—

Mr McArthur interjecting—

Mr GAVAN O’CONNOR—I know the honourable member for Corangamite is itching to
speak in the debate so I will complete the point that I was making. The market is certainly
buoyant, due to some economic factors and, of course, demographic factors: the ageing of the
population, and people like the honourable member for Corangamite buying sports cars.

There are some threats to Australia’s automotive industry. It is not the international market-
place, the prospect of a sudden drop in demand or the competition from imports. It comes in
the form of the Minister for Industry, Tourism and Resources and the Minister for Employ-
ment and Workplace Relations. They have their own particular vision for the car industry:
they think it is a clever idea for tariffs to be linked to industrial relations changes. I do not
think it is. This is an industry that has been restructured by a Labor government and put on a
sound footing. The industry now has confidence to invest, and it has invested. We now have
good productivity. There are difficulties in industrial relations from time to time in these en-
terprises.

We know that the conservatives in this country take any opportunity they can to run a
cheapjack industrial relations agenda in any industry. They come into the political and indus-
trial relations marketplace saying, ‘We do not want interference from the arbitration comis-
sion. We want employers and employees to negotiate and bargain for wages and conditions.’
When that occurs and there is a bit of strife around the industry, they run away like sooks on
their own industrial relations system, saying, ‘It is all the unions’ fault.’ When we look behind
this—

Mr McArthur—Dougie boy is your mate.

Mr GAVAN O’CONNOR—I know the honourable member for Corangamite has a little
bit of difficulty grasping this and I know industrial relations is part of his personal agenda,
because he is a Howard man. But I beg you to be a little more sophisticated in your analysis
of the problems in the car industry. The head of Holden, Australia’s largest car maker, hit the
nail on the head when he said that the real problem in the Australian automotive industry is
the lack of industrial relations expertise in the smaller component manufacturers—in the tier 2
and tier 3 suppliers. So here you are, and when a few strikes occur and there is a bit of lost
production you run back to the rabbit hole, bring out the old conservative industrial relations
tripe and say, ‘It is all the unions’ fault.’ You never pin the tail on the real donkey in this: bad
management in this country. That is one of the big problems that we have in this and other
manufacturing industries. Here the chief of Holden has given you a really sophisticated analy-
sis of why those problems occur.

We will be supporting this minor amendment on this side of the House. I am sorry that the
honourable member for Corangamite is being kept away from his other pursuits, like the
chardonnay up in the members’ lounge. But I think it is worthy putting on the record in this
place my support for the automotive and component manufacturing industry in Geelong. It is a vital and important industry. The workers deserve something better than what they get from this government.

Mr BILLSON (Dunkley) (6.21 p.m.)—Mr Deputy Speaker, the member for Corio scurries out of here; he is embarrassed by his contribution. It reminded me of Sea World—if you sit too close in the blue seats, you get splashed by the performance. I was worried for a moment there that it would come over to our side but, thankfully, he has left and the flow that was heading our way has abated.

I rise tonight to support the ACIS Administration Amendment Bill 2002, because not only is it a bill that is supported by the industry; it gives further impetus to what is an important industry in our economy. That is probably the only thing on which I agree with the member for Corio—his closing remarks that the car industry, and particularly, in my view, the component industry, is a powerhouse of the manufacturing sector. It is an important element in our economy. It is an exciting, vibrant part of our economy, because being competitive in the manufacturing sector means being world class. It is not like the building industry. If you do not like the product you cannot go and ship your office block off to Auckland. If there is a member of parliament that you are not happy with, you cannot go and buy one offshore; you have to stick with the local product.

But the car industry is highly competitive, and being competitive, productive and profitable means being world class. I guess that is the message that did not come through in the member for Corio’s contribution: our domestic vehicle assemblers are world class. They are world class because not only do they have to be but our industry is realising that being world class brings its own rewards. What distinguishes the ACIS program from a number of other industry programs is that it is actually a reward for performance. It is not a handout just to turn up. It is not a subsidy just to prepare yourself for competition. It is actually an incentive based arrangement, where the more successful you are, the greater your participation in this program. I think that is a design of an industry assistance package that makes sense, because it rewards people who perform. As I said, to perform in the car industry is to be world class.

The bill that we are talking about tonight amends the original bill, introduced in 1999, to fix up what is, frankly, a technical error. We sought to carry forward some of the duty-free allowance arrangements into this new package of industry assistance and, somewhere along the line, the panel vans, the pick-ups and the utes fell off the radar screen. It is helpful that everybody now recognises that they should be included. We did not pick it up and the industry activists and lobbyists did not pick it up either and we are here today to fix that. That is what the amendment is about.

Mr Entsch—You can’t forget Stewart’s panel van.

Mr BILLSON—That is right—the member for Corangamite’s Ford ute, which he drives around the Western District, was a concern. My humble sedan was embraced by the program and I am grateful for that, but Hayseed McArthur is looking after the Western District—the primary industry sector, as well as being the real voice of industry innovation in the greater Geelong area—and his pick-up ute will now be included.

The amendment is intended to allow eligible motor vehicle producers to claim the ACIS uncapped production credits for the production of derivatives of passenger vehicles, such as
panel vans, pick-ups and utilities, with effect from the commencement date of ACIS. That is a good move. The scheme is the single largest assistance package for any Australian industry. As I said, its defining characteristic is that it rewards performance. The funds are not just to make people turn up or to give an opportunity; the funds are an incentive for people who deliver. The scheme is part of the government’s post-2000 arrangements for what is an essential part of our industry and a crucial part of the manufacturing sector.

The member for Corio outlined the key elements of that scheme. The first tier is a tariff pause on imported motor vehicles. The tariff will remain at 15 per cent until 1 January 2005, when it will step down to 10 per cent. The second tier is a five per cent tariff on four-wheel drives and light commercial vehicles. The third tier is the retention of the additional specific tariff of $12,000 on imported second-hand cars that are not eligible for relief under the specialist and enthusiast vehicle category. That is important, because we are trying not to have second-hand vehicles—grey imports—coming in to displace our domestic production. It seems unwise to support an industry which employs so many Australians and brings such wealth to our country and then leave the door open for the importation of vehicles of similar capacity in a similar category. We already manufacture our own, so we should not allow cheaper imports to come in and wipe out the domestic manufacturing industry. The three parts of the package are important.

The scheme provides tradeable import credits for vehicle producers in the automotive industry in two separate packages. The category of particular interest to me is the automotive component manufacturers, toolmakers and design and engineering firms. That second category is primarily where the employment and economic category for the car industry comes into the Dunkley electorate. We have a number of component manufacturers there. In fact, in the south-east area of greater Melbourne we have a vast number of motor vehicle component manufacturers and companies providing specialist advice and products for the car industry. The manufacturing sector is the largest employer in our region, so having world-class companies like Bosch, Australian Arrow, BTR Nylex and others in our part of the world provides employment opportunities and a base for industry collaboration and innovation. I will come back to that point shortly.

The ACIS scheme encourages the development of internationally competitive firms and I have outlined why that is important. These are elaborately transferred, high-value consumer goods that you can get all around the world. If we do not do them well, you can get them from somewhere else. So we do not have the luxury of sitting back and leaving the car industry to its own devices without our support and our nation’s encouragement. Without giving that stimulus to the car industry we could lose an important part of our economy, because what we produce in the car industry can easily be substituted by offshore providers. That is why being internationally competitive keeps us in that game and keeps Australia recognised as a centre of excellence in the car industry.

I was amused by the member for Corio’s discussion about where the car industry was at prior to the election of the Howard government. If my memory serves me correctly, in 1995 we exported one car. We exported one car and that was Jack Nasser’s when he took it back to the US. One car—what sort of benchmark is that? We were exporting one vehicle. That was the renaissance in the car industry that the member for Corio talked about! If you look at what
is going on in the car industry now, a measure of the industry’s competitiveness is its export performance. In 2000-01 car exports from Australia were up by 35 per cent to $3.1 billion, targeting major markets in the Middle East, the United States and that of our Kiwi friends across the Tasman. Those opportunities are hard won, because not only do we have the same brands as ours trying to penetrate those markets but if we are not up to scratch parent companies like General Motors, Ford, Toyota or Mitsubishi can look to their operations in other parts of the world and service those markets from more competitive producers within their own families. Those major owners of the vehicle assembly industry in our country recognise that Australia is the perfect place to create those vehicles for those markets.

Today in the House of Representatives we heard discussions about new market opportunities in Latin America. This is a delicious time for the car industry. Just today the member for Corangamite and I and a number of our colleagues were pleased to be able to join Toyota at its drive morning for the new Camry. We have another world-class vehicle coming into the Australian car fleet and it will provide more export opportunities for Australian workers.

This is an example that builds upon the success of General Motors Holden in now having the muscle car of the United States made in Australia and the Monaro going offshore. Ford is also making inroads into international markets and Mitsubishi is going into the Middle East. This is a great time to be involved in the car industry, because it has a strong base. The member for Corio overlooked the fact that car sales matter. If you are not selling cars, you do not have the momentum to develop new products, to innovate in what you are offering the marketplace and to build that domestic momentum to reach out into export markets. The strength of those 800,000 units—a large proportion of which are made here—matters. The member for Corio misunderstands the car industry if he fails to grasp the fact that, if we do not have domestic activity, we do not have the base and the momentum to reach out into markets internationally. That is important because it is a global business and our base is not one of the largest around.

If you go to other plants around the world within the same family of companies that are in Australia, you will see that production numbers are two and three times that of our plants in Australia. We need to be clever, more innovative and more aggressive in the products that we develop and make available in the marketplace. As I mentioned earlier, the transitional programs had those two elements. The oversight, whereby the derivative vehicles were not included, is being corrected by this bill. That is clearly consistent with the 1997 policy position that the government had, which was to carry forward those key characteristics of the duty-free allowance scheme. So that oversight has been corrected.

This industry is remarkably important to our country. Sales have grown this calendar year by 7.7 per cent over the same period in 2001—and these were bumpy years. We are not talking about growth off small bases; we are talking about substantial sales, the golden era in the Australian car industry. We are seeing growth upon growth, which is exciting. Some 69,647 vehicles were sold in the Australian market in August of this year—five per cent up on the figures for August last year. It is the second-best August on record. So things are happening. There is excitement in the car industry.

The members for Corangamite and Deakin, Senator Tchen from Victoria and I went to the Toyota plant at Altona. It was great to see the beaming smile of the production manager of
Toyota. He had a problem that he had not had for some time: he needed to increase production. He could not make enough cars. In the past, he was out there saying to the sales and marketing fleet, ‘Help us move these vehicles we’re making.’ What a nice problem to have! He had a smile on his face as he looked out and saw a couple of hundred Toyota Camrys being produced, with an alloy engine that is world-class and only made in two other countries in the world. There are two plants in the United States and one plant in Japan, if I recall correctly. They are doing the right things and are being competitive. Here is an industry support package that rewards performance and does not just pay people to turn up.

Sales of passenger motor vehicles over the last calendar year to date accounted for 159,905 vehicles, or about 29 per cent. Sales are growing strongly, and we are excited about that. Holden holds its market leadership position, but Toyota, Ford and Mitsubishi are hungry to take that market. Ford have a new Falcon coming out—thank goodness for that. Mitsubishi have decided to continue their commitment to the country with another Magna and Verada range. This is an exciting time. Peter Sturrock, the Chief Executive of the Federal Chamber of Automotive Industries, states:

... the industry in Australia has demonstrated its capacity with a growing list of international successes as a centre for innovative engineering and cost-effective vehicle design expertise.

Toyota Australia is competing for a research and development centre for the region and that is exciting. General Motors in Port Melbourne are using their virtual design technology: you can see a car created before your very eyes. The metrics that create those holograms can be translated into computer aided design technology, to shorten the build-up times from when you conceive a car to having it on the road. This is a very exciting time for the car industry.

But, as I said, to be competitive means to be world-class, and the world is not standing still. So the work that the industry commission is putting into looking at the post-2005 policy environment is crucially important. The member for Corio again ignores it—whether it is a blind spot or whether he just chooses to ignore it, I do not know. We cannot ignore the importance of the industrial relations climate in our country. If the team are out on the grass, we are not making cars. If we are not making cars, we are not selling cars, and that goes to the question: why make them here in the first place?

The car industry, I believe, works best when all of the stakeholders in the industry collaborate on the future of the manufacturing plants. I am concerned that most of the industrial disputes that affect the car industry—and a disputation rate that is four, five or six times that of the broader economy—come from outside the workplace. The great people that are workers in the car industry of Australia become bunnies for industrial disputes somewhere else. They become pawns in the industrial game. I am seriously concerned that it sends a very negative signal to the parent companies overseas, which, as I mentioned earlier, have options. The option that I want them to exercise is to continue to invest in Australia, and getting that industrial relations climate right has been an important step in seeing the industry’s vitality and health move to the point where it is now probably healthier than your good self at the moment, Mr Deputy Speaker—are you okay there?

The DEPUTY SPEAKER (Hon. L.R.S. Price)—Your concern is appreciated.
Mr BILLSON—You don’t need an industry assistance package? Okay. So that link between health and performance is clear, and the wellbeing of the deputy speaker illustrates that. The car industry needs a productive, collaborative climate that supports innovation and our competitiveness with other options around the world. The industry needs to be world-class, and the car industry is the first to say that the industrial relations reforms that have complemented the Howard government’s industry package have helped. But we need to keep looking forward into the future.

The tariff regime is important too, and there is a lot being said about that. The industry commission’s paper argues well why a pause may be appropriate. As we look around to see what else is going on in the car industry, we see some of the great things we do in this country. We produce—as the member for Corangamite rightly points out—the red Ford ute that goes around the Western District. What a great Australian invention, a symbol of our creativity and our practicality! If we try to import that into the United States, we run into a 50 per cent tariff. I hope the free trade agreement negotiations with the United States cover that area, but I suspect that will be a hot topic. But there is capacity. Even in Thailand there are issues. Thailand is another key market for us where the industry policy in the automotive industry is not terribly helpful to us. Again, a bilateral trade agreement there may open up new opportunities.

That is part of what we need to take account of. We cannot ignore the environment within which we operate. We cannot ignore and turn our backs on the demands that are being placed on this industry. It needs to be world competitive. We have to take into account the impact of those other countries and we need to pursue access to get our world-class products into those countries.

There is the issue of competition for investment. As I said earlier, the parent companies that are the main stakeholders in our domestic assembling capability have options coming out of their sleeves. We need to make sure that we are attractive and appealing as a place to invest so that the next time there is a major investment decision to be made our nation, its productive capacity and the great achievements in the car industry are at the forefront of people’s minds—not another needless industrial dispute imported from another part of the manufacturing sector to bring the car industry to its knees.

There are a number of things still ahead of us, but getting those signals right to encourage further innovation and getting the industrial relations framework right are all part of it. In my electorate, people make the bits that go into the cars, and if we are not selling cars or making cars they do not need the bits my folks make. That is the simple connection that shows why selling cars, a positive industrial climate and an international competitive industry make such a big economic difference to my community.

My final comment relates to manufacturing in general. I mentioned Emtec in the House earlier this week, which is an initiative of the South East Development incorporated organisation, the area consultative committee for south-east Melbourne. As I said, the largest employer in south-east Melbourne is the manufacturing sector, but many young people have some negative perceptions about the sector—that it is grimy, dirty, repetitive, not terribly interesting. Those perceptions are out of date and they are wrong. There is a vast range of delicious career opportunities in the manufacturing sector. In my area about one in five jobs are in the manu-
manufacturing sector and it employs about one-quarter of our population under the age of 25. That youth, talent, vitality, excitement of being part of a globally competitive industry and sector present some delicious career opportunities.

That work to make sure that our manufacturers and the industry generally have the best talent and skill base available to them is part of the picture of making sure the automotive industry is ripe, exciting and vibrant into the future. I commend this bill to my colleagues as another sign that the government is very supportive of the motor vehicle industry and will not let it down.

Mr McARTHUR (Corangamite) (6.41 p.m.)—I rise tonight to speak on the ACIS Administration Amendment Bill 2002. I have just been advised that I am somewhat limited in the time I have, unlike my colleague. Firstly, I refute the allegations and suggestions of the member for Corio. I notice he is not in the chamber. I have driven a Falcon ute for 20 years of my life—my misspent youth. For the member for Dunkley and the member for Batman, I just put that on the record. I have been a great supporter of the Ford Motor Co. both now and previously.

The member for Corio goes on with longwinded speeches. I want to put on the record that the member for Corio was the adviser to Senator Button, he was part of the Button plan, which I commend and say that it did a good job. It changed the automobile industry. The member for Corio did move up. He started as a potato grower out there at Alvie and then he made a bit of progress to Monash University where he became a bit of a left-winger and then gradually he joined Senator Button where he learnt a thing or two. Now he has gone back to be the member for Corio and he has learnt nothing. He does not understand the car industry and he wrongly interprets the member for Corangamite. I just want to get it on the record that he sold out on his good friend John Button, a strong Cats supporter, and here is the member for Corio misrepresenting my position.

On a more serious note, I put on the record my genuine sadness at the passing of Jack Ferguson, the father of Laurie Ferguson, the member for Reid, and of the member for Batman. In my earlier days in reading about politics, Jack Ferguson was always a stalwart of the Labor Party in New South Wales. I use to read about his very great contribution to the Labor Party, and his contribution to the solidarity and the good sense of that party. Coming from the left wing it would have been rather a lonely life in New South Wales. Also with a Catholic background it would have been somewhat lonely in that faction ridden party in New South Wales. I also recognise his contribution as a brickie. I have some sympathy with his great work, coming from the shearing industry. I note that he passed away because of illness he received on the job. I put that on the record in a most genuine way.

A number of speakers have spoken about the package and I will have to be brief. The ACIS program, as people have said, is an assistance part of the package in the current tariff debate, where the current tariff of 15 per cent will remain at that level until 1 January 2005 when it will fall to 10 per cent. There will be a five per cent tariff on four-wheel drives and light commercial vehicles. That is an interesting position. We now have an emerging four-wheel drive industry in Australia with all the four manufacturers developing prototypes and that is an interesting tariff position that maybe needs to be reviewed. I support very strongly the re-
tention of a specific $12,000 tariff on imported second-hand used cars, and I have argued that case for the manufacturers because Australian manufacturers have to have quality standards—they meet very high industry standards here in Australia—and the importation of those second-hand cars was most unhelpful.

As other members have alluded to, the ACIS program provides $2.8 billion in two pools over five years: one pool of $2 billion for the life of the scheme and another pool of $840 million. The bill makes changes to some of the detail in terms of utilities, and there are a couple of unintended consequences. The bill includes pick-ups, panel vans and utilities. However, it gives me, along with the member for Dunkley, an opportunity very quickly to review aspects of the industry. The ACIS program would have attracted investment. All those major manufacturers have indicated to us that they invested in Australia because of the good climate. One of the attractions was the ACIS program. Whilst there was a declining tariff program, there was that footloose investment capital that the major parent companies were prepared to invest in Australia. The result is that we are looking at almost the best outcome in sales—over 800,000 units being sold in the current year, and that is a record for the industry. That is worth putting on the record. The $5 billion of exports is a remarkable achievement by the four manufacturing companies. They have been able to move away from domestic production, where all the tariff argument and debate took place, and have moved to exports. In particular, I commend Toyota and GMH. Mitsubishi is trying in the export market. Obviously, Ford’s export opportunities are rather confined. I mention in passing that the tariff debate will get some more airplay at a later stage.

I commend the minister on looking at the options. As the member for Corio says, I have been an advocate of lower tariffs. I have argued that case in the very difficult area of Geelong, where people had the misguided view that the higher tariffs would keep their jobs and keep the industry in the cities of Geelong and Broadmeadows. Mr Deputy Speaker Jenkins, you operate in that part of the world. It was always my view that more competitive, better quality automotive manufacturing would retain those industries here in Australia. I have been advocating the lowering of tariffs. Again, the Button plan started the ball rolling. Moving from 57 per cent down to 15 or 10 per cent is a very good step in the right direction. When we get to 10 per cent or five per cent, I will advocate that we lower it and change the attitude so that the automobile industry looks at an export culture and at being competitive and profitable.

As my colleague the member for Dunkley said, we visited Toyota, the Ford plant and GMH. In the short time available I will make a couple of remarks. The Toyota plant is remarkable for its quality, quality control, emphasis on industrial relations and the ability to produce cars and parts using the just-in-time technique. The ability of that plant to produce one motorcar of a very high quality every two minutes is to be marvelled at. As for our visit to the Ford company, again I commend Geoff Polites, who talked to the group of members of parliament. He became very close to his work force. I particularly commend senior management in the Ford company on the way in which they have encouraged genuine participation by the work force and an emphasis on quality in that production plant. Likewise, at GMH, they have won export contracts for their engines against tough international competition. Our visits to those plants indicated on the ground the changing culture and the ability of the work force and management to cooperate in the just-in-time technique so that the production of
quality motorcars in Australia is a reality in 2002—very much against the prognostications of people who fought me in the tariff debate some five or six years ago.

Finally, I will make a couple of comments on the assistance review by the Productivity Commission. They raise a couple of matters in their preliminary findings.

Mr Martin Ferguson—Mr Deputy Speaker, I seek to intervene.

The DEPUTY SPEAKER (Mr Jenkins)—Is the honourable member for Corangamite willing to allow an intervention?

Mr McARTHUR—I am happy to allow an intervention.

Mr Martin Ferguson—I have been listening with some interest to the member for Corangamite’s view on tariffs. What is his attitude to the introduction of a new retrospective tax in the form of a tariff on the import of ethanol? Has he discussed with the manufacturers the potential impact of ethanol petrol on the warranties of existing motor vehicles?

Mr McARTHUR—That is an issue for further debate, as the member for Batman would know. He has used that as a divergence when I and others have been under considerable pressure to terminate the debate. As I was saying, the Productivity Commission made this comment in their preliminary findings:
The rationale for ACIS is to provide transitional support in the context of trade liberalisation. While it may have generated additional investment and R&D and is widely supported by the industry, the extent to which it will facilitate necessary adjustment is not easy to establish.

I conclude my remarks by saying that the ACIS program is good. It provides considerable taxpayer assistance but in the long run the automotive industry should support themselves, be internationally competitive and stand on their own two feet, which I am quite confident they will.

Mr ENTSCH (Leichhardt—Parliamentary Secretary to the Minister for Industry, Tourism and Resources) (6.51 p.m.)—First of all, I would like to thank those members who contributed to this debate on the ACIS Administration Amendment Bill 2002. I hope that we will now see agreement to this bill, which makes a number of minor but important amendments to the ACIS Administration Act 1999. The member for Corio stressed the importance and the value of the motor vehicle component industry in Victoria and its very high provision of jobs. However, the honourable member is somewhat misguided in his perception that Labor was the saviour of the motor vehicle industry. Labor’s plan for the car industry was to close down large sections of it, but it was the Howard government that provided industry with certainty on tariffs and, through ACIS, a strong program enabling it to adjust to lower tariffs. The results are obvious: Holden and Toyota are operating at full capacity and are looking to expand that capacity. Our total exports have grown strongly to $4.96 billion in 2001. When the Howard government came to power in 1996, total exports were a measly $2.26 billion and that was the legacy that was left by Labor.

I am very appreciative of the positive contribution by the honourable members for Dunkley and Corangamite and their acknowledgment of the value of the motor vehicle industry in Victoria. We acknowledge that it is a very important national industry as well as the automotive
component manufacturing industry, which is also very important to this country. I certainly share their enthusiasm for the future of the Australian automotive industry.

ACIS was a major plank in the government’s commitment to the Australian automotive industry, which commenced on 1 January 2001 and is scheduled to end on 31 December 2005. The scheme encourages the development of internationally competitive firms in the Australian automotive industry by providing transitional assistance for strategic investment and research and development in the context of trade liberalisation. The ACIS Administration Amendment Bill 2002 contributes to the effectiveness of ACIS by correcting a past legislative oversight which excluded motor vehicle producers from claiming uncapped ACIS incentive for the production of utilities, panel vans—which my good friend the member for Corangamite knows all about—and pick-ups. Prior to the commencement of ACIS, motor vehicle producers received uncapped benefits for the production of passenger motor vehicles, utilities, panel vans and pick-ups through the former duty-free allowance.

The ACIS Administration Amendment Bill 2002 restores the government’s original stated intention to continue the DFA and enables ACIS to be delivered, as was originally intended, by allowing motor vehicle producers to claim uncapped incentives for the production of utilities, panel vans and pick-ups from the commencement of ACIS. By providing ACIS credits for the production of utilities, panel vans and pick-ups from the uncapped elements of ACIS rather than the capped element, unnecessary and unintended pressure is relieved from the capped and thus modulated element of the ACIS. By reducing this unintended pressure on the modulated elements of the ACIS, the ACIS Administration Amendment Bill 2002 provides increased certainty not only for the Australian motor vehicle producers that manufacture these utilities, panel vans and pick-ups but also for over 200 ACIS participants in the Australian automotive industry.

Question agreed to.
Bill read a second time.

Ordered that the bill be reported to the House without amendment.

TRANSPORT SAFETY INVESTIGATION BILL 2002

Cognate bill:
TRANSPORT SAFETY INVESTIGATION (CONSEQUENTIAL AMENDMENTS) BILL 2002

Second Reading

Debate resumed from 20 June, on motion by Mr Tuckey:
That this bill be now read a second time.

Mr MARTIN FERGUSON (Batman) (6.56 p.m.)—I am pleased to indicate that the opposition supports the Transport Safety Investigation Bill 2002. However, in doing so, I want to take this opportunity to highlight the opposition’s concern about the Howard government’s mismanagement of the transport and infrastructure portfolio. Accordingly, while not declining this bill a second reading, the opposition calls on the House to condemn the government’s blatant mismanagement of transport policy, a prime example of which is the government’s blinding incompetence with respect to AusLink to date, and the total abandonment of the
shipping industry and the failing of Australia’s infrastructure needs. A motion to this effect is being circulated as I speak.

I want first to address our support for the legislation before us and I will then turn to Labor’s frustration at the lacklustre administration of the transport portfolio under the current Minister for Transport and Regional Services, the member for Gwydir. Before I refer to the contents of the bills, I want to mention some recent reports on the performance of the Australian Transport Safety Bureau. Some of these issues have arisen since we had discussions with representatives of the department and they go to the intent of the changes embodied in the bills.

Last week I issued a statement on behalf of the opposition responding to the Western Australian Coroner’s criticism of the ATSB. The criticisms were made in relation to his report into the tragic and horrific ghost flight that resulted in the unfortunate loss of the lives of eight Australian workers and the associated impact on their families and communities. The grieving families of those victims also had criticisms about their treatment. In my statement in a media release last week, I called for a detailed public explanation into the circumstances behind these criticisms.

I note that, in the Senate yesterday, the government advised that the Minister for Transport and Regional Services has asked for a detailed review of the coroner’s report. I welcome this response to Labor’s call but do not believe it goes far enough. I still believe that the minister must personally front the parliament as part of the debate on this bill and provide an explanation. Not to do so would show contempt for accountability in terms of the cooperation that has been placed before the government with our willingness to facilitate consideration of these bills in the Main Committee.

Having said that, the opposition has determined not to allow the coroner’s comments to obstruct the passage of the bill. But, in a cooperative way, I think there is a requirement on the minister, as part of his response to the consideration of this debate, to respond to the issues raised by the opposition about the Western Australian Coroner’s criticism of the ATSB. Unfortunately, I note that the Advertiser on Tuesday, 17 September also raised doubts, according to the media reports, about the official report into the cause of the Whyalla Airlines crash that claimed the lives of eight people in May 2000. I quote from the article:

*The Australian Transport Safety Bureau report released in December said bearing failure in a piston’s connecting rod had led to the fatigued cracking of the crankshaft in the aircraft’s left engine.*

It then states:

The report said this cracking had then led to the complete fracture of the crankshaft and that this failure, combined with a later failure in the right engine, led to the crash in Spencer Gulf.

The report goes on to say:

But yesterday Coroner Wayne Chivell heard that tests in the US on the crankshaft had revealed that it had failed from within, which caused the subsequent failure in the big end bearing of the connecting rod.

I raise these issues with respect to both the WA Coroner and the report in the *Advertiser* yesterday, in essence, to say that historically we have been very satisfied and pleased with the performance of the ATSB, and that is why we have given genuine support at the outset to con-
sideration of the changes embodied in the bills. But I also think it is important, in order to maintain that sense of integrity and respect for the ATSB, that the minister take the opportunity during the course of this debate to respond to the issues I have raised with respect to the WA Coroner’s report and also to enlighten the Main Committee on the background to the report in the Advertiser yesterday which suggested that yet again there is conflict between the ATSB and a state coroner.

That goes to the debate concerning the bill. As we appreciate, the bill strengthens the ‘no blame’ approach to safety that is clearly supported by the opposition. We should note that all state coroners were consulted in the design and drafting of this bill, and the principles are correct. Having said that, we have to make sure that, when there is suggested criticism by coroners of the ATSB, we act to investigate them expeditiously and clear up any misunderstandings, difficulties or conflicts with respect to the work of the respective organisations. The circumstances of the investigations—and I specifically refer to Western Australia and, more recently, to South Australia—demand the inquiry agreed to by the minister, as suggested in the Senate yesterday. But I also believe that the minister must front the parliament to give details of the inquiry and confirm that its findings will be released publicly.

It is against that background that I suggest to the House this evening that the Transport Safety Investigation Bill 2002 creates a single legislative framework for the Commonwealth’s investigations of rail, shipping and aviation—and, perhaps I can say, aviation accidents and incidents. In doing so, the roles and responsibilities of the ATSB are clarified, along with the actual objectives and administrative arrangements for investigations and reporting arrangements. In clarifying the roles and responsibilities of the ATSB, Labor notes that these are based on important principles. More importantly, they have the full support of this side of the House.

The principles include, firstly: independence. This is critical and, can I say, the independence and professionalism of the ATSB has been, and will continue to be, fiercely defended from this side of the House. Secondly: no blame. This principle is sometimes one that the community grapples with. When loved ones are lost, there is a natural human reaction to ensure that any individual who is responsible is identified and made to pay for their negligence or oversight. However, there are other justifications and mechanisms to hold those responsible accountable for their actions. This bill reinforces the ‘no blame’ approach to investigating incidents and accidents, and there is no doubt that this principle is critical to ensuring that the reason for an accident is uncovered. The connection is that this approach encourages the necessary operation reporting required for an objective and critical study of an accident. Thirdly: openness in transport investigations; that is, the widespread dissemination of the findings and the fair treatment of all those directly involved.

The opposition contends that these principles combine to ensure that the ATSB and their experts can find out what happened and, most importantly, make any recommendations that may prevent the same or similar accidents recurring in the future. These are all-important principles for Labor and have long been the principles guiding air safety accident investigations, commenced under the Bureau of Air Safety Investigation established by Labor and later renamed ATSB. This bill consolidates and sets out a framework for the use of on board recordings in accident investigations. It is important to state the important principle that these
recordings, such as cockpit voice recordings in aircraft, are only used for accident investigations and prevention.

I received representations from commercial pilot organisations—namely, AIPA and AFAP—reminding us how important this principle is to them. They quite correctly do not want to see a situation such as occurred in New Zealand, where a Dash 8 CVR was used by police in a prosecution to lay blame. The consequence was the disabling of that mechanism by crew. Overall I believe it was a terrible outcome for aviation safety. Labor does not believe that this bill conflicts with the principle that recordings should only be used for investigations. It should be put on the record that any change to the draft regulations to alter that effect would meet strong opposition on clear safety grounds.

The bill before us also extends the scope of the Commonwealth’s reach on rail safety investigations. I note that some of the details are still being resolved with the states and territories but I have been assured, in a departmental briefing on the bill attended by representatives from the minister’s office, that agreement will soon be forthcoming.

I would also like to remind members in the Main Committee that the genesis of the policy being enacted today was in the Labor Party’s years in government. The 1993 Standing Committee on Transport reported on this. Its report was entitled A national approach to rail safety regulation. The findings of this report were reflected in the 1996 intergovernmental agreement in relation to national rail safety. The groundwork was all laid out for the Howard government ministers on transport but they did scant about it. It took a number of parliamentary reports, such as the 1998 Tracking Australia report of the House’s former joint transport committee, and a push by the Labor states and the Australian Transport Council to force action. I should note that the minister did not even give the House’s transport committee the courtesy of a response for two years.

We all know that there has long been a call for a national rail safety investigation body and more uniform national standards in the same vein as the road transport reform process, also commenced under Labor in the early 1990s. At last we have a framework for that body and the opposition therefore welcomes it, although its gestation has been protracted. While not contained explicitly in the bill, the Commonwealth and states have also agreed for the Commonwealth to collect data and publish statistics on rail safety. This is also a welcome and long overdue measure. This will allow an accurate insight into rail safety and better opportunities for states and territories with the assistance of the Commonwealth to improve rail safety. The representatives of the workers in the industry welcome this move. In that regard, I pay tribute to the officers and delegates of the Rail, Tram and Bus Union and officials such as the national secretary, Roger Jowett, who have been tireless campaigners on rail safety.

Contrary to what the minister would have us believe, it must be acknowledged that transport unions have been tireless campaigners on safety issues. If anything, they have been the ones who, on more occasions than not, have had to stand up in the best interests of commuters when there has been a great willingness by government to push those responsibilities aside. The transport unions have done this not only to save lives—yes, there are life and death issues for workers in these industries—but also for the travelling public and the broader community impacted by loss of lives. We must always work on the basis that when a worker goes to work in the morning he or she has the opportunity to return safely home that evening and does not
have the fear of a major accident at work which potentially involves loss of life or maiming. That is why these issues have been pursued so rigorously by the transport unions and that is why the unions are pleased with the intent of the bill that is before the Main Committee this evening.

I and many of my colleagues are therefore grossly offended by the juvenile behaviour in the House of the likes of the Minister for Employment and Workplace Relations and the Minister for Transport and Regional Services when they talk about workers and their unions. They have driven the legislative change which is before the House this evening and unions, rather than being attacked by the government, should be commended for the action they took over a long period to assist in forcing the government’s hand to face up to its responsibilities in respect of the changes embodied in this bill. The ministers I have referred to damn and curse honest workers for exercising their rights, provided to them by legislation made in this chamber, to take action to sometimes advance their wages and conditions of employment and also—this is all too often—to try to overcome unsafe work environments. In doing so, they wish to protect not only themselves at work but, importantly, also the travelling public. I simply say it is about time some people on the other side of the House started to acknowledge that there is a case for legitimate action. Unions who are forced to take such action to defend their right to go to work and to work in a safe environment and to take action to force further safety considerations for the travelling public should be supported rather than attacked and vilified.

The unfortunate fact is that it is more about the politics of division and of being out of touch with ordinary workers and the general community and what is important to those people. For a cheap political point the ministers grossly misrepresent and deny the constructive role that the transport unions have played in policy and safety development and industry reform. We all know their performance is a disgrace, and it is all because the unions do not donate to the Liberal and National parties; that is the attitude of the government.

Implementing the rail components of this bill when enacted will require at least $0.75 million. As I understand it, the government has not yet appropriated those funds. Labor has previously raised issues about the adequacy of ATSB funding. If ATSB is to do the job and retain its independence, credibility and professionalism, it must be given the resources to do so. I would therefore like to hear from the minister, in responding to the remarks in the chamber concerning these bills, his views as to the outstanding issues going to the proper funding of the ATSB for these additional responsibilities. That leads me to some more general remarks on the issue of transport, which goes to the heart of safety in terms of the intent of the bill.

I think it is appreciated that, for the past three years, Labor has campaigned for a national integrated transport plan and planning processes. Prima facie, it is fair to say that the minister has started down that path. But I am not convinced that the minister is doing so with an honest and transparent intent. Instead, I believe that he has virtually been dragged to the altar. At the last federal election the respective parties laid out the direction of their transport and infrastructure policy. Labor was pushing for a national integrated approach to transport planning, a National Infrastructure Advisory Council, and we had a comprehensive regional development policy. The coalition election policy did not include this agenda. In fact, the minister ridiculed Labor’s National Infrastructure Advisory Council as ‘Canberra-centric’. The minister is also on the record opposing plans because they are too centrally driven and cannot be legislated
for. The coalition’s third-term agenda outlined by the Governor-General late last year did not include a hint of the word ‘AusLink’. Similarly the Treasurer’s Intergenerational Report did not mention infrastructure or its delivery, despite its supposed intent to assure us that government policy was planning for our future growth over the next 40 years. I personally found this omission an indictment of the minister for transport’s lack of forward thinking and policy shallowness in the transport portfolio.

The minister announced AusLink, having had no discussion of its content—and that included no discussion being had with any of the state and territory ministers for transport. I simply say today that, if we are to make any progress towards achieving a national transport plan or strategy, we require cooperation at a state and federal level. I understand that there were meetings in Canberra today because of some difficulties that arose at a ministerial meeting relating to the development of the AusLink proposal in terms of the government’s failure to consult the states. I think it would be good if the minister, in responding, also gave a report to the House and the community at large on where his consultations with state ministers about the AusLink proposal are up to. There were meetings in Canberra today and we are all anxious to find out what has occurred to progress the AusLink proposal since the state and Commonwealth ministerial meeting in New Zealand.

The other issue I raise in terms of AusLink is that it is my view that, if it is going to work in a cooperative way, it will need extra money. The AusLink proposal canvasses removing the existing delineation of transport funding responsibilities between Commonwealth, state and local governments. It promises to clear a place at the funding table for the private sector to allow it to join in open competition for a share of government funding for projects. The announcement also opens for debate the arrangements for and parameters of the Commonwealth transport funding programs. The minister for transport clearly chose his words in parliament when he said that the government would guarantee all existing projects. He did not say ‘programs’. There is a clear distinction between ‘existing projects’ and ‘programs’.

Similarly, the minister only talks about not reducing Commonwealth expenditure on transport programs. I draw attention to the fact that all Commonwealth transport programs—at least those with any money to speak of—are road programs. The fact is that AusLink opens Commonwealth funding for road programs to rail and other modes to other tiers of government and the private sector. It clearly therefore raises serious issues about how big the bucket of money is. The problem is that in all public—and, from what I hear, private—discussion going to the AusLink proposal to date, there is no suggestion of any extra money. Instead, all transport infrastructure requirements in areas such as roads, rail, aviation, ports or shipping will be funded from the same money pot. One can only draw the conclusion that this means a reduction in additional allocations to roads. It also raises the spectre of critical national highway works, such as the Deer Park bypass in Melbourne, being neglected or falling to state and local governments to fix. The minister continues to use fancy language to deny that inevitability. But, when one looks at the logic of his proposal in the absence of additional money, the conclusion has to be that this is one fancy cost-shifting exercise onto states in respect of transport responsibilities.
There is also an emerging view at a state and local government level that the AusLink proposal is about the Commonwealth government recouping GST revenue promised to the states by shifting transport responsibilities to them. The minister’s attempt at rebutting this in his address to the National Rail Summit in July was unconvincing. Similarly, his announcement of $870 million in investment by the Commonwealth and the ARTC in rail infrastructure was deceptive and an insult to the intelligence of industry players. When you read on in the speech, you can see that the $870 million is actually from the Commonwealth, the states and the private sector—again with no agreement from or consultation with the states before the announcement.

It also reveals that the investment is totally contingent—and this is relevant to the work of the member for Newcastle, who is in the chamber to speak on the debate—on the New South Wales government handing over its tracks on the terms dictated by the federal minister. In essence, we are talking about the coal tracks in New South Wales, which are part of one of its revenue raising operations—as the former minister for transport, the member for Cook, would understand, having had those responsibilities previously. So much for cooperative federalism! I am sure his view would be the same as the view of the current New South Wales minister for transport with respect to this Commonwealth grab for responsibility without being willing to actually put more money into it.

Rail work in Australia demands additional funding. We still have huge problems on our roads. I also believe we have an emerging problem with respect to urban congestion and the state of our cities. I simply say that there is a Commonwealth responsibility on all those fronts. I also clearly say today that I disagree with the Commonwealth’s proposal to walk away from the existing arrangement between state and federal governments with respect to national highway responsibilities.

In the AusLink proposal, the Commonwealth is seeking to water down Commonwealth responsibilities to undertake and fully carry out national highway work. I take the view that with respect to the development of the AusLink proposal we ought to have a nationally integrated plan. We ought to have local, state and federal governments working together. There ought to be a willingness by the Commonwealth not only to work on road infrastructure but also to do more work on railway infrastructure and to look at the issue of public transport as a priority, especially in our major congested cities. In order to do this, we need state and federal governments to cooperate in the development of the green paper. We also need to accept that to make progress on this front we will need additional Commonwealth revenue to do something of merit on the ground around our states and territories, including in regional Australia.

For that reason, I also raise today, in passing, the need to involve the private sector in infrastructure development in Australia. Our problem at the moment is that in relation to revenue, irrespective of who is in government, there is a need to make the government dollar go further. That effectively means we have to seriously develop and implement public-private partnerships, as I have said on a number of occasions. We have major state governments exploring these options at the moment. At a state level, there have correctly been some successes and some failures in more recent years with respect to these issues. That is also part of a learning process—and I know the former minister for transport in New South Wales appreciates these issues—but it is not an issue of point scoring this evening with respect to the importance
of public-private partnerships. At least state governments of various political persuasions have been willing to test the water around Australia to try and make government dollars go further to bring forward infrastructure development in Australia.

What dismays me is the lack of Commonwealth support across a variety of portfolios to fully develop our infrastructure development potential by embracing public-private partnerships. We have not only had an unwillingness by the transport minister to do this. We have also, unfortunately, in more recent months, had a clear signal from the Minister for Finance and Administration, Senator Minchin, that the involvement of the private sector in infrastructure development in Australia by such modes as public-private partnerships and the Commonwealth’s consideration of such arrangements are not on. I simply say that, with a willingness to progress this issue, the Labor Party believes that there is a Commonwealth responsibility, irrespective of who is in government, to sit down and work with states to fully explore this issue. In Western Sydney, despite the fact that we could have played political games, I supported the introduction of a toll on the Western Sydney Orbital. The choice was either to embrace a toll and bring forward that road by 20 years or further stifle economic growth and job growth in Western Sydney if we did not do the orbital.

I simply say that, if the Commonwealth says across a variety of portfolios that in terms of infrastructure and leadership it is not interested in such opportunities, we are condemning Australia to a lesser economic future than could be achieved by trying to work out how we bring forward infrastructure development. If we actually want to develop a properly integrated national transport plan, it is not just an issue of working out a green paper about how we might do it. It is also a more fundamental issue of working out how we might pay for it. I have to appreciate that some of our decisions in more recent times—such as abolishing the automatic indexation of petrol excise—have reduced the revenue stream in terms of what is available for government operations at a state and federal level. Both sides of the House actually supported that policy decision.

Having supported it, it is also our responsibility to try to work out how we overcome the revenue gap created by those decisions. I simply say that these bills are about transport safety, but you have to understand that infrastructure makes a huge contribution to transport safety. Substandard roads, inadequate rail infrastructure and a lack of access to public transport in the growth corridors of our major capital cities all contribute to accidents. The developments in the investigative role of the A TSB are correct, but side by side with those developments must be a common cause in terms of the role of the Commonwealth parliament to do more on infrastructure. Yes, a plan—but a plan will fail unless there is a commitment to work out how we raise the revenue to implement that plan. Local, state and federal governments have to sit down and work out how we can overcome some of the funding gaps that exist around Australia at the moment. Rail development, port development, airport development and road development are crying out for assistance.

I thank the House for the opportunity to speak on the bills today. In doing so, it is my pleasure to move the second reading amendment, our position clearly being that we support the bills but set out in this amendment the requirement for the Commonwealth to do more on
infrastructure and planning and in working out how to fund the outstanding gaps in infrastructure around Australia. 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—

(1) condemns the Minister for Transport and Regional Services for botching the whole Auslink policy process which will clearly impact on the safety and efficiency of transport; and

(2) calls on the Government to bring more old fashioned honesty, integrity and leadership to the debate on how to provide transport and infrastructure needs for the safety, prosperity and well-being of this and future generations”.

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

Mr Brendan O’Connor—I second the amendment and reserve my right to speak later.

Debate (on motion by Mr Baird) adjourned.

Main Committee adjourned at 7.27 p.m.
QUESTIONS ON NOTICE

The following answers to questions were circulated:

**Immigration: Skills Category**

(Question No. 621 amended answer)

Mr Laurie Ferguson asked the Minister for Citizenship and Multicultural Affairs, upon notice, on 26 June 2002:

1. What are the current entry-level knowledge and skills requirements regarding migration procedure that must be met by applicants for registration as a migration agent?

2. How many providers are currently approved to conduct programs of education to assist applicants to meet these requirements?

3. Has any review been conducted into the adequacy of the requirements concerned; if so, what were the findings of any review and what action, if any, has the Government taken in response.

Mr Hardgrave—While my answer to parts (1) and (3) of the honourable member’s question (Hansard, 19 August 2002, page 5093) was timely, incomplete information was provided. The revised answer to the honourable member’s question is as follows:

1. Section 290(2)(b) of the Migration Act 1958 (the Act) requires an applicant for registration as a migration agent to either:
   (a) hold a prescribed qualification (ie provide evidence of possessing an Australian law degree or being admitted to practice before the High Court or a State or Territory Supreme Court in Australia); or
   (b) possess sound knowledge of migration procedure (ie provide certified evidence of a pass in the examination conducted by the Migration Institute of Australia, or successful completion of a course in migration/law procedure approved by the Migration Agents Registration Authority (MARA)).

   Pursuant to section 290(2)(h) of the Act, MARA also requires applicants to demonstrate competency in the English language.

2. There are currently five providers that are approved to conduct sound knowledge courses.

3. The Knowledge Requirement for Registration as a Migration Agent: A Review of Current Procedures (1998) examined the knowledge requirement for registration as a migration agent. The key recommendations were:
   (a) applicants for registration as a migration agent must either hold a current practising certificate, undertake a mock file exam or a simulated interview, or complete a traineeship; and
   (b) applicants must pass a written examination.

   The recommendation that an applicant for registration pass a written examination or hold a current practising certificate is in the process of being implemented. This has been in preference to the proposal to undertake a mock exam, simulated interview or traineeship which may be implemented at a later stage.

   The Review of Statutory Self-Regulation of the Migration Advice Industry (1999) recommended MARA should develop strategies to provide a more consistent basis on which to assess sound knowledge requirements at entry to the profession.

   This recommendation was also implemented, and it is anticipated that the first “common exam” for entry to the profession will be held in 2003.

   The 2001-02 Review of Statutory Self-Regulation of the Migration Advice Industry, which is currently being finalised, also examines the adequacy of the entry-level knowledge and skill require-
ments regarding migration procedure that must be met by applicants. The Government will consider these issues carefully once the Review reports.

**Migration Agents Registration Authority**

(Question No. 693)

Mr Martin Ferguson asked the Minister for Citizenship and Multicultural Affairs, upon notice, on 19 August 2002:

(1) Further to the answer to question No. 346 (Hansard, 3 June 2002, page 2723) concerning the Migration Agents Regulation Authority (MARA), what are the names of the migration agents cautioned and suspended for involvement in migration cases that had no prospects of success.

(2) Since MARA’s inception in March 1998, what are the names of the 20 migration agents who have deregistered themselves or allowed their registration to lapse while complaints against their conduct were being investigated and how many complaints were made against each of the agents.

(3) Did any migration agents who de-registered seek to be re-registered; if so (a) how many and (b) were any outstanding professional standard matters re-activated against such agents.

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

(1) The Migration Agents Registration Authority has cautioned Elaine Shang and Christopher McGrath, and suspended Samir Dalla, for their involvement in migration cases that clearly had no prospects of success.

(2) We have privacy concerns regarding the release of the names of the 20 agents who have deregistered themselves or allowed their registration to lapse while complaints against their conduct were being investigated as they have not previously been published and one of the agents has subsequently applied to be re-registered as a migration agent. We have therefore offered to brief the honourable member privately. As at 16 May 2002, a total of 28 complaints had been made against the 20 agents. Since this date, a further 8 complaints have been made against the agents. The investigation of the complaints made against the 20 agents ceased upon deregistration and therefore it is not known whether the complaints were justified.

(3) A total of 34 migration agents had deregistered themselves or allowed their registration to lapse while complaints against them were being investigated by the MARA.

As at 16 May 2002, only 20 of these agents had avoided any possible sanction because the MARA had reactivated their investigations against 14 agents (involving 24 professional standards matters) when they applied for re-registration. On 22 July 2002, one of the 20 agents referred to above applied for re-registration and the MARA, in the context of considering this application, reactivated their investigation of the complaint against him (involving a professional standards matter). The investigation of this complaint is continuing and therefore his application for registration has not yet been decided.

**Aviation: Freedom Air**

(Question No. 827)

Mr Martin Ferguson asked the Minister representing the Minister for Justice and Customs, upon notice, on 20 August 2002:

(1) Has the Minister been contacted by Freedom Air in relation to a proposal to conduct flights from New Zealand to Maroochydore Airport; if so, when and what was the Minister’s response.

(2) What aviation and customs related charges are imposed by the Commonwealth or Commonwealth agencies on a foreign airline landing at Maroochydore airport.
(3) How do those costs compare with the costs for a foreign airline to conduct the same flights to Brisbane airport or Cairns airport.

(4) Are there any infrastructure, technical or policy barriers to the operation of foreign airline operations to Maroochydore airport; if so, what are they and what sum would they cost to provide.

Mr Williams—The Minister for Justice and Customs has provided the following answer to the honourable member’s question:

(1) No.

(2) Under section 28 of the Customs Act 1901, a person requesting that an officer (or officers) be made available to perform customs functions at a place other than one where these functions are normally performed is liable to pay:

- a location fee, presently set at $40.10 per hour or part hour during which an officer performs the functions and engages in any related travel, within prescribed hours;
- outside prescribed hours an overtime fee presently set at $43.35 per hour or part hour;
- any travel expenses associated with the officer(s) performing the function. Present rates are:
  (a) for travel by taxi:
    (i) if Cabcharge is used – 110% of the fare; or
    (ii) if Cabcharge is not used – the fare; or
  (b) for travel by motor vehicle other than taxi – 58 cents per kilometre; or
  (c) for travel by bus, aircraft, boat or train – the fare.
- The whole of any accommodation allowance paid to the officer(s) by Customs in order for the officer(s) to perform the function.

The Australian Quarantine and Inspection Service and the Department of Immigration and Multicultural and Indigenous Affairs also apply cost recovery measures, the details of which would need to be provided by the respective Ministers.

(3) There are no direct Customs costs payable for processing international passengers at designated major international airports including Brisbane and Cairns. All departing passengers, other than a small number of exempt individuals pay a $38 Passenger Movement Charge (PMC). This charge is the same regardless of whether or not the departure point is designated international.

(4) From a Customs perspective there are several barriers to any ongoing operation of international flights to Maroochydore airport:

- The current infrastructure at the airport is suitable for occasional charter operations or even a closed charter program but any continuous program would necessitate infrastructure improvements including the construction of primary immigration modules and improvement to the baggage reclaim and examination area.
- The cost of providing necessary works is a matter for the airport owner to determine having regard to existing facilities and the owner’s intended approach to meeting additional requirements.
- Resourcing is a major concern particularly during peak periods as staff would need to be deployed from Brisbane airport to process passengers at Maroochydore.

The direct costs involved in providing staffing is as listed above in response to question 2. Indirect costs would also arise if overtime is paid to other officers in Brisbane to backfill behind officers deployed to Maroochydore.

International Labour Conference
(Question No. 844)
Mr Latham asked the Minister for Employment and Workplace Relations, upon notice, on, 22 August 2002:

(1) Did the International Labour Conference at its 88th session in June 2000 adopt Conclusions concerning Human Resources Training and Development.

(2) Has he brought the Conclusions to the attention of any Federal, State and Territory ministers; if so, on what dates, by what means and with what outcomes did he contact the ministers.

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

(1) Yes.

(2) No, as such matters are usually dealt with at officials’ level. Accordingly, my department brought these Conclusions to the attention of State and Territory governments at the meeting of Commonwealth, State and Territory officials on ILO matters held in Perth on 20 October 2000.